



KFIC كفيك

INVEST إنفست

20 25 Annual Report

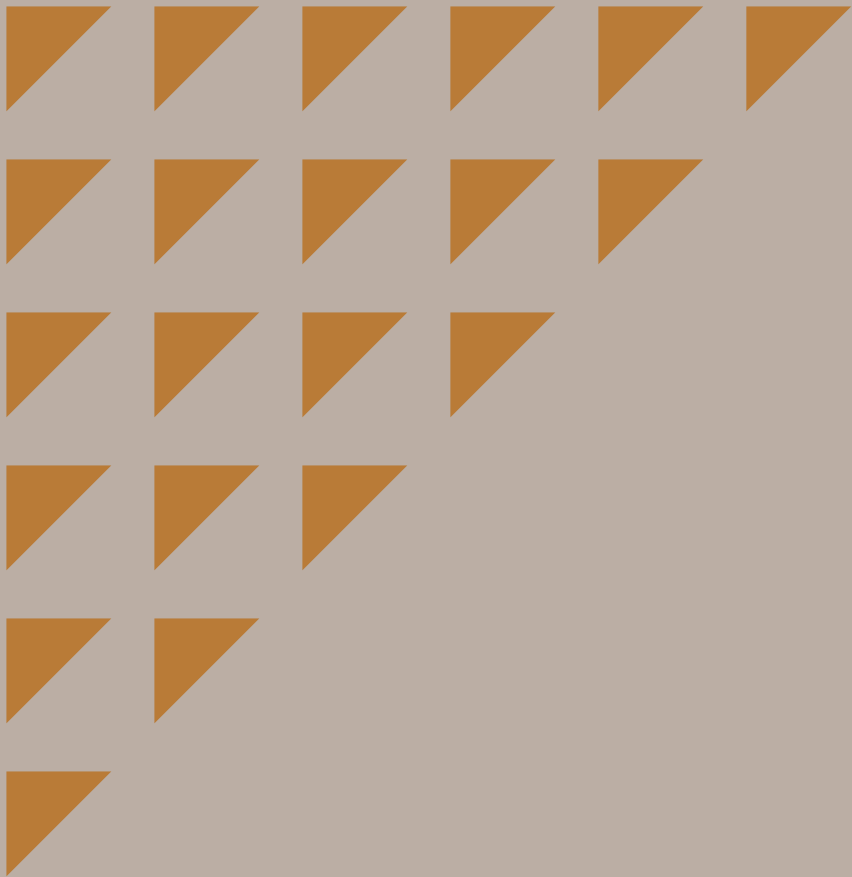
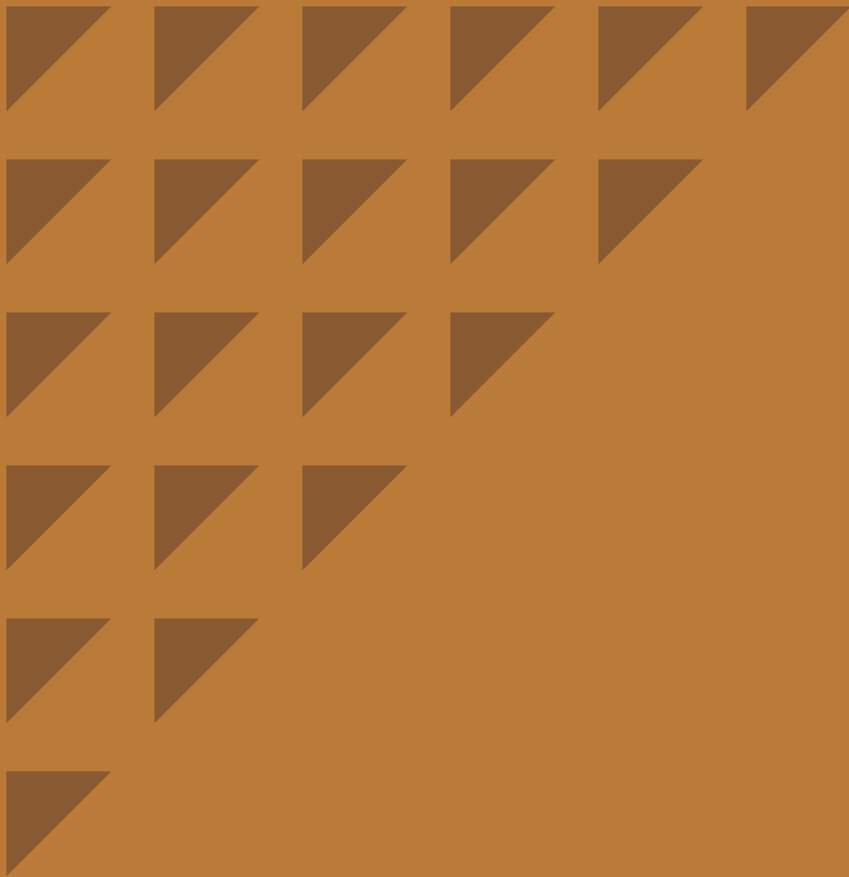


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H. H. Shaikh

Mishal Al-Ahmad Al-Jaber Al-Sabah

The Amir of the State of Kuwait

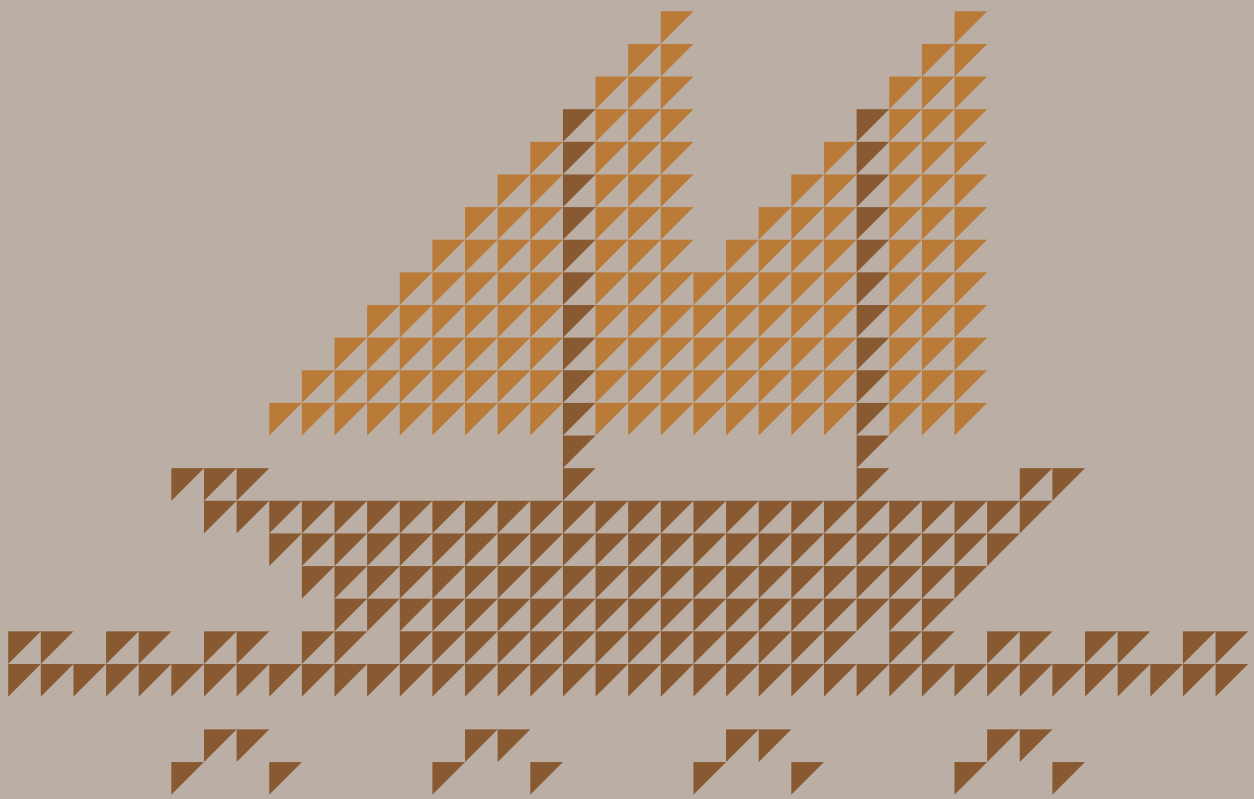


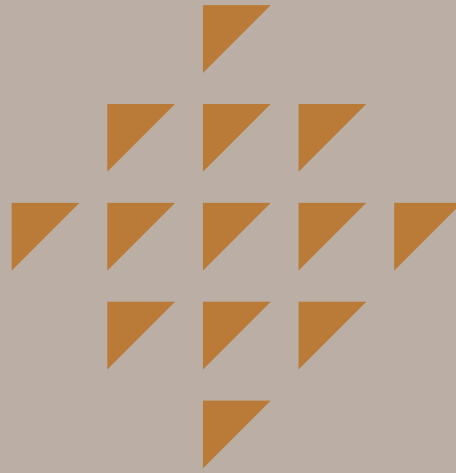


H. H. Shaikh

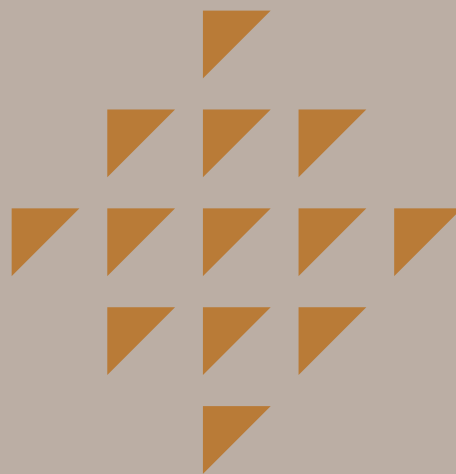
Sabah Khaled Al-Hamad Al-Sabah

The Crown Prince of the State of Kuwait





Board of Directors





Mr. Waleed Mohammad Al Sager
Chairman



Mr. Eisa A A E AlHasawi
Vice Chairman & CEO



Mr. Ali Abdulrahman Al Wazzan
Board Member



Mr. Ahmad Hamad Al-Humaidhi
Board Member



Mr. Bader Ali Tifouni
Board Member



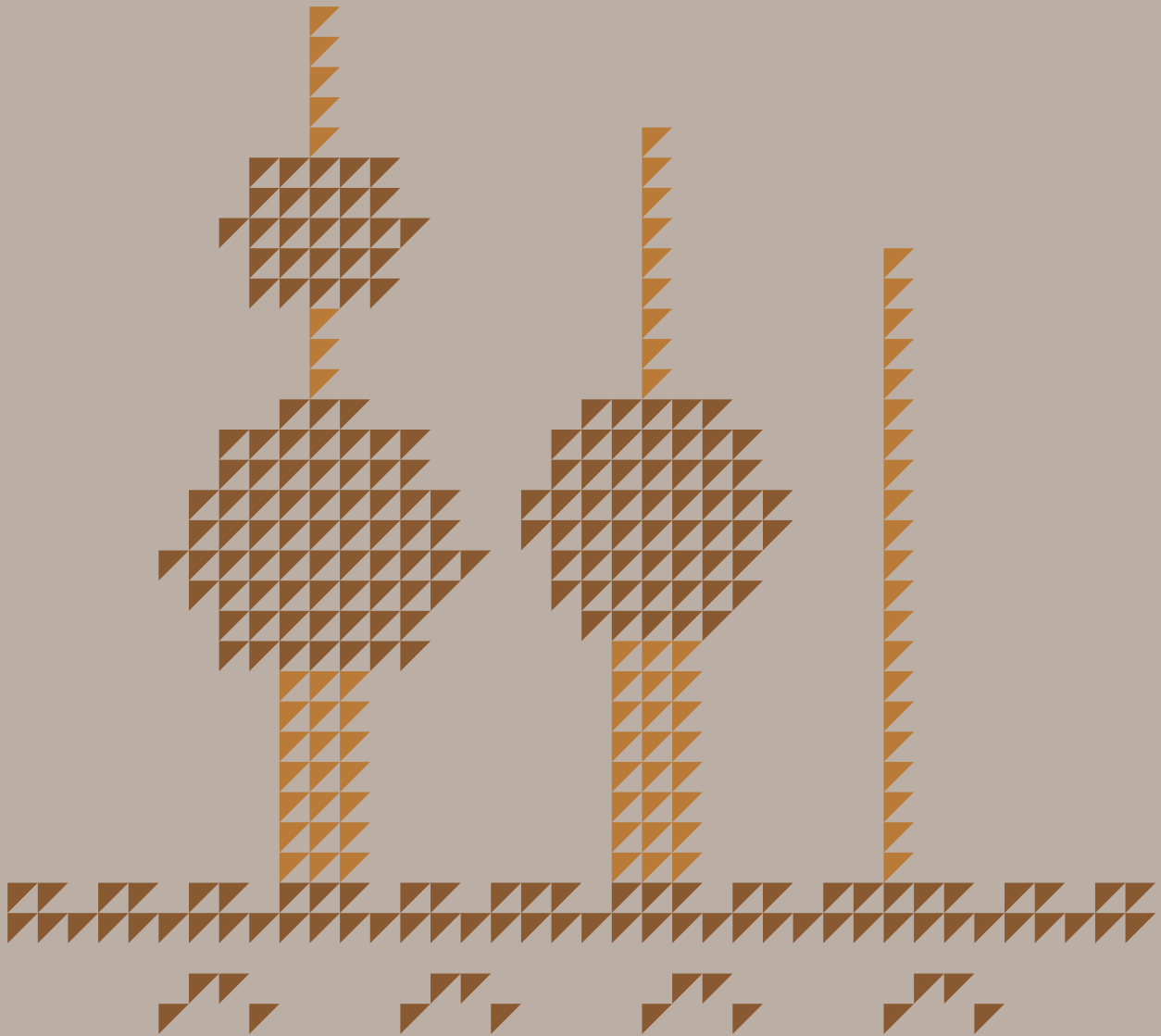
Mrs. Nouriya Imad Al Sagar
Board Member

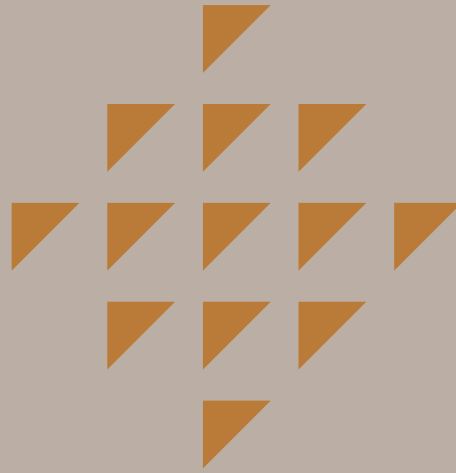


Mr. Osama Rashed Al Armeli
Board Member

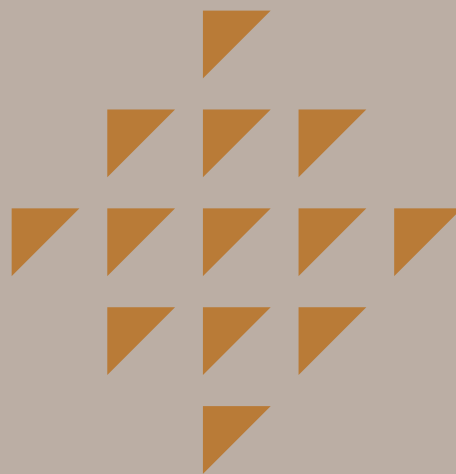


Mr. Saud Faried Al Aujan
Board Member





Chairman Letter





Dear shareholders,
After greetings,

It gives me a pleasure, on my own behalf and the members of the Board of Directors and the executive management to present to you the annual report of KFIC Invest” the Group” for the year 2025, in which we present the results of the Group’s activities and financial position for this year.

Global Economy and Kuwait:

During 2025, the global economy witnessed resilience despite heightened risks and increased uncertainty following the US administration’s announcement of high tariffs on all its trading partners. According to the International Monetary Fund (IMF)

report, the global economy grew by 3.3% in 2025. During 2025, global inflation rates were moderate compared to previous years. According to IMF estimates, global inflation averaged around 3.7%, with a clear difference between advanced and emerging economies.

Overall, 2025 delivered positive economic performance with ongoing challenges, calling for international cooperation to address potential risks and ensure sustainable economic growth.

Oil prices came under significant pressure throughout 2025 due to concerns about oversupply and weak global demand growth, with Brent crude ending the year down around 20% at \$60.9 per barrel. With growing concerns about a widening supply surplus and considering these developments, the OPEC group and its allies were forced to announce a temporary suspension of production increases during the first quarter of 2026 in order to limit the pace of inventory accumulation.

Estimates indicate that Kuwait’s economic growth rate reached approximately 2.3% in 2025, thanks to rising oil production and improved performance in non-oil sectors. The decision by OPEC and its allies to accelerate the pace of production cuts provided Kuwait with an opportunity to raise its average oil production to around 2.47 million barrels per day, contributing to a 2.4% growth in oil GDP compared

to 2024. The non-oil sector also benefited from growing institutional activity and accommodative monetary policy. Non-oil GDP growth is expected to have risen to around 2.3% in 2025, compared to 1.8% in the previous year.

The State of Kuwait has managed to maintain its financial stability thanks to its large oil reserves and the ability to adapt to fluctuations despite the challenges caused by falling oil prices. The Kuwaiti government also seeks to strike a balance between promoting economic growth and diversifying revenue sources away from oil.

The Kuwaiti dinar also witnessed a slight increase against the US dollar during 2025, with the exchange rate reaching 0.3054 as of 31 December 2025 compared to 0.3081 as of 31 December 2024.

2025 Results

During 2025, the Group achieved a net profit before provisions and taxes of approximately KD 5.7 million for 2025 compared to a loss of approximately KD 588 thousand for 2024 reflecting a decrease in losses by approximately KD 6.3 million, additionally the Group achieved a net profit of approximately KD 4.1 million for 2025 compared to a net loss of approximately KD 3.2 million for 2024 reflecting a decrease in losses by approximately KD 7.3 million.

The Parent Company achieved a net profit for 2025 of approximately KD 4 million at a profit per share of 16.3 fils, compared to a net loss of approximately KD 3.3 million at a loss per share of 13.6 fils for 2024.

This significant increase in the Group's results resulted from the increase in brokerage commissions, which amounted to approximately KD 4.5 million for 2025, compared to approximately KD 658 thousand for 2024, in addition to the increase in unrealised gains from financial assets at fair value through profit or loss, which amounted to approximately KD 2.4 million for 2025, compared to approximately KD 11 thousand for 2024.

Below are the results of the Group's segments for 2025 compared to 2024:

2025	Finance KD	Asset management KD	Investment & corporate finance KD	Financial brokerage online & trading KD	Total KD
Revenues	2,645,057	872,392	2,130,552	5,392,704	11,040,705
Expenses	(1,942,883)	(1,130,311)	(1,931,814)	(1,910,460)	(6,915,468)
Segment results	702,174	(257,919)	198,738	3,482,244	4,125,237
Unallocated revenues					20,375
Unallocated expenses					(79,917)
Profit for the year					4,065,695
Segment assets	23,817,320	811,900	12,945,406	12,294,497	49,869,123
Unallocated assets					291,382
Total assets					50,160,505
Segment liabilities	10,725,080	178,712	1,135,227	864,435	12,903,454
Unallocated liabilities					3,834,406
Total liabilities					16,737,860

2024	Finance KD	Asset management KD	Investment & corporate finance KD	Financial brokerage online trading & KD	Total KD
Revenues	2,826,860	735,446	(162,977)	635,043	4,034,372
Expenses	(2,827,700)	(1,181,638)	(941,401)	(2,085,064)	(7,035,803)
Segment results	(840)	(446,192)	(1,104,378)	(1,450,021)	(3,001,431)
Unallocated revenues					21,944
Unallocated expenses					(266,002)
Profit for the year					(3,245,489)
Segment assets	15,212,849	697,373	9,556,491	10,221,474	35,688,187
Unallocated assets					163,916
Total assets					35,852,103
Segment liabilities	3,650,630	165,775	905,325	543,646	5,265,376
Unallocated liabilities					4,829,324
Total liabilities					10,094,700

The year 2025 witnessed an increase in financing costs of approximately 10%, despite the decline in the average borrowings during the year and the decrease in the discount rate announced by the Central Bank of Kuwait during the year to reach 3.5% as in December 2025 compared to 4.0% as in December 2024. However, this increase is mainly due to the financing cost associated with the financing portfolio managed by the Group on behalf of some local banks, amounting to approximately KD 97 thousand for 2025, compared to nil for 2024. This amount is offset by an income of approximately KD 97 thousand for 2025 compared to nil for 2024, which is included in financing income in the Group's consolidated statement of profit or loss.

It is worth mentioning that due to the good credit reputation of KFIC Invest as a result of its commitment to pay all dues to creditor banks on its due dates, KFIC Invest was able to sign a new credit facility agreement of KD 9 million from local Kuwaiti bank with easier credit terms than before, which will give the company time and flexibility to pay the new debt obligations and provide the necessary liquidity to expand its investment activities in the coming years. These facilities carry a floating interest rate between 1.5% to 1.75% per annum above the discount rate announced by CBK. The total amount of these facilities of KD 9 million is divided into term loan facility of KD 2 million and revolving facility of KD 3 million for the purpose of settling existing borrowings, where the company used approximately KD 4.4 million from that limit to repay existing borrowings in full, in addition to a revolving facility of KD 4 million for the purpose of investing in shares listed on Boursa Kuwait.

During 2025, the Group partially settled approximately KD 1 million of the second facility (revolving loan) to release one investment property with a carrying value of KD 2.3 million.

The Parent Company also obtained a new borrowing from one of the major shareholders (related party) by KD 155 thousand, which carries an interest rate of 2% per annum above the CBK discount rate.

The year 2025 also witnessed an increase in staff costs by 11% and increase in other operating expenses by approximately 34%, which is in line with the increase in operating revenues compared to the previous year.

During 2025, the Group recorded expected credit losses on other assets by approximately KD 1.2 million compared to KD 1.4 million for 2024, mainly as follows:

- An additional provision of approximately KD 297 thousand for 2025 compared to KD 1.1 million for 2024 recorded in KFIC Financial Brokerage Company. K.S.C.C (subsidiary) on the outstanding balance due from another party of approximately KD 6.6 million, while the debt fair value net of the collateral held by the Group is approximately KD 3.8 million as at 31 December 2025 compared to approximately KD 4.1 million as at 31 December 2024. This outstanding amount resulted from the irrevocable agreement signed in 2020 and its amendments. The Group has a promissory note of KD 12.5 million which represents the total value of the transaction. On 22 January 2023, the Group's subsidiary, KFIC Financial Brokerage Co. K.S.C.C.) filed a legal case against the other party to claim approximately KD 6.6 million. On 12 June 2024, the Court of Appeal obliged the counterparty to pay approximately KD 6.6 million to the Group's subsidiary company «KFIC Financial Brokerage Co. K.S.C.C. « while both parties to the case filed a cassation appeal. On 23 September 2025, the Court of Cassation decided to accept the appeal and set a hearing. On 21 October 2025, the Court of Cassation ruled to annul the appealed judgment for lack of jurisdiction, referring the case to the Capital Markets Court – First Instance Circuit for reconsideration. A session was scheduled on 27 January 2026 for hearing, in which the other party submitted a defence memorandum that includes a counterclaim requesting the annulment of the asset swap agreement. The court decided to postpone the case to 24 February 2026 then postponed it to 17 March 2026 for judgement.

- A provision of approximately KD 873 thousand for the year 2025 compared to approximately KD 252 thousand for the year 2024 which is recorded in KFIC Invest (Parent Company) which represents KFIC Invest investment balance in preferred shares of an associate (Calhoun Equity Co. Limited and Calhoun Debt Co. Limited) and classified as other assets in the Group's financial position of approximately KD 207 thousand as on 31 December 2025 after deducting the amount of the provision compared to approximately KD 885 thousand as on 31 December 2024. In addition, a provision of approximately KD 102 thousand was recorded for 2025 compared to nil for 2024 and recorded in KFC Invest (the Parent Company), representing a loss on impairment of receivables from Calhoun Equity and Calhoun Debt classified under other assets in the Group's financial position.
- During prior years, the Parent Company recorded a provision of approximately KD 0.6 million, Nil during 2025, which represents the remaining balance from the sale of certain assets during December 2019. The Group has collaterals consisting of unquoted shares and cash against these receivable balances as well as a promissory note for KD 0.6 million. During 2023, the Group estimated the fair value of the collateral pledged for the unquoted shares and recognised a provision for the full amount of KD 0.6 million. On 3 May 2023, the parent company filed a legal case against the counterparty for a claim of KD 0.6 million. On 21 May 2024, it was ruled that the court had no jurisdiction over the case and it was referred to the Commercial Department of the Capital Markets Authority (CMA). On 30 July 2024, it was referred to the General Department of Experts - Ministry of Justice to prepare the report. On 28 October 2025, the Capital Markets Court - Commercial Civil Division Government ruled in favor of the Parent Company and obligated the counterparty to pay the due amount, then both parties appealed the judgement where the first session was scheduled on 18 December 2025 then postponed to 12 February 2026. On 12 February 2026 the court ruled to suspend the case until the criminal case registered under No. 49/2023 is decided.

A comparative statement of expenses for the Group for 2025 and 2024 is set out below:

	2025	2024
Finance costs	404,082	366,952
Staff costs	3,086,103	2,787,858
Operating expenses	1,391,054	1,037,863
Lease liability interest expenses	28,842	33,407
Depreciation and amortization	412,224	418,719
Charge of credit losses provisions for finance receivables	365,350	1,050,625
Charge of credit losses provisions on other assets	1,239,160	1,449,939
(Recovery) charge of provision for expected liabilities	(87,093)	156,442
	6,839,722	7,301,805

The following is an overview of the Group's segments:

Finance Segment

The Finance Segment witnessed a decline in annual revenues level by 6%, reaching approximately KD 2.6 million in 2025 compared to approximately KD 2.8 million in 2024.

During this year, despite the decline in revenues, the improvement in the credit financing portfolio, with the company continuing to collect from its customers on a regular basis, led to a decrease in credit loss provisions, which amounted to approximately KD 365 thousand in 2025 compared to approximately KD 1,051 thousand in 2024, with a decrease of 65%. which in turn led to the sector achieving positive results during 2025, with net profit of approximately KD 702 thousand during 2025 compared to a net loss of approximately KD 1 thousand during 2024.

The carrying value of the financing portfolio after provisions increased significantly by 70% to approximately KD 15.3 million as of 31 December 2025 compared to approximately KD 9 million as of 31 December 2024, as during the year, the Group entered into an agreement with a local financial institution to transfer part of its retail portfolio with a carrying value of KD 7.2 million as of 31 December 2025, which did not meet the criteria for exclusion from the balance sheet. Therefore, the Group continues to recognise the financial receivables with a corresponding financial liability, as the Group retains the servicing responsibilities and continues to collect the contractual cash flows on behalf of the local financial institution.

The value of the financing portfolio managed by the Group on behalf of local banks amounted to approximately KD 15.5 million during 2025 compared to approximately KD 14.3 million during 2024, with an increase of 8%.

The finance segment was able to reduce the non-performing credit facilities by 45% of the total value of the financing portfolio during 2025, which represented approximately 5% of the total value of the financing portfolio as of 31 December 2025, compared to approximately 9% of the total value of the financing portfolio as of 31 December 2024 where the value of non-performing credit facilities amounting to approximately KD 0.8 million as of 31 December 2025, compared to approximately KD 0.9 million as of 31 December 2024.

The strategy of this segment is represented by KFIC financing services company:

- Executive management structure of KFIC financing services company was amended to promote national cadres with competence and financial expertise, and some amendments were reviewed and made to the loan granting policy to keep pace with market requirements while maintaining an acceptable risk level consistent with the various financing products.
- Management has developed a comprehensive plan to collect bad debts (bad and overdue) by contracting strategic partners inside and outside Kuwait, which is expected to have positive effects in the coming financial periods.
- The management has adopted plans to improve the business environment and raise the efficiency of employees and the level of service provided, which will lead to increasing the company's profits to higher levels than before through (hiring experienced and competent people - digital transformation through the acquisition of a loan management system that supports the company's plans for expansion and business development - raising the efficiency of existing employees through the necessary training programs).

In addition, the plans of this segment through KFIC financing services company are directed towards expanding and increasing market share by targeting customers with good creditworthiness and providing new products and services while maintaining an acceptable level of portfolio size that achieves financial efficiency and is sufficient to cover operating costs and achieve a return that exceeds the cost of capital.

Asset Management Segment

The Asset Management segment was able to increase its annual revenues level by 19%, as revenues increased by KD 137 thousand to reach approximately KD 873 thousand in 2025 compared to approximately KD 736 thousand in 2024. Funds under management and those held in trust amounted to approximately KD 204.4 million in 2025 compared to approximately KD 208.9 million in 2024, with a decrease of 1%, while managements fee income increase by approximately KD 243 thousand, with an increase of 38% which is due to the outstanding performance of clients portfolios management by the company, which resulted in incentive income of approximately KD 240 thousand in 2025, compared to approximately KD 7 thousand in 2024. The Segment's net losses decreased by 42%, as the sector recorded a net loss of approximately KD 258 thousand in 2025 compared to a net loss of approximately KD 446 thousand in 2024.

This Segment has been strengthened with specialized professional cadres in the international and local markets to be able to provide better services to customers and attract new funds to help it raise the level of performance.

Investment and Corporate Finance Segment:

This segment adopts a business model based on generating recurring revenue through advisory fees and returns from profitable investments distributed across multiple geographies such as Kuwait, the GCC and North America, this segment also provides advisory services for solutions and products that suit both our clients in Kuwait and KFIC Invest Strategic Investment Partners in the Arabian Gulf region.

This segment recorded a net profit of approximately KD 199 thousand for the year 2025 compared to a net loss of approximately KD 1.1 million for the year 2024, due to the Parent Company recording an investment income of approximately KD 2,479 thousand in 2025 compared to approximately KD 122 thousand in 2024 which is mainly due to the increase in unrealised gains from the revaluation of financial assets at fair value through profit or loss, which amounted to approximately KD 2.4 million for 2025 compared to approximately KD 11 thousand for 2024, in addition to recording share in losses of associates of approximately KD 1,042 thousand during 2025 compared to a share in losses of associates of approximately 876 thousand during 2024, which is mainly due to a decline in the fair value of an investment property in the United States of America that is indirectly owned by the associates, where the value of that property decreased from 47.5 million US dollars as of 31 December 2024 to approximately 37 million US dollars as of 31 December 2025, with a decline of approximately 10.5 million US dollars during the year equivalent to approximately KD 3.2 million. In addition to the charge of a provision for expected credit losses for other assets during 2025 amounting to approximately KD 977 thousand compared to approximately KD 242 thousand during 2024, which represents the value of the provision on the balance of this segment's investment in preferred shares of associate company (Calhoun Debt Co. Ltd. and Calhoun Equity Co. Ltd.) classified as other assets in the Group's financial position, in addition to the current account balance with associates companies and classified under other assets in the Group's financial position, these losses are offset by real estate investment valuation gains of KD 240 thousand in 2025 compared to real estate investment valuation gains of KD 166 thousand in 2024.

On 3 May 2023, the Parent Company filed a legal case against the counterparty claiming KD 0.6 million representing the remaining balance from the sale of certain assets during December 2019. The case was registered at the Commercial Department. On 15 November 2023, a judgment was issued in the case as never existed. On 30 November 2023 a new case was filed, and it was ruled that the court had no jurisdiction over the case, and it was referred to the CMA's Commercial Department. On 30 July 2024, it was referred to the General Department of Experts - Ministry of Justice to prepare a report. On 28 October 2025, the Capital Markets Court - Commercial Civil Division Government ruled in favor of the Parent Company and obligated the counterparty to pay the due amount, then both parties appealed the judgement where the first session was scheduled on 18 December 2025 then postponed to 12 February 2026. On 12 February 2026 the court ruled to suspend the case until the criminal case registered under No. 49/2023 is decided. During 2023, the Group estimated the fair value of the collaterals pledged for unquoted shares and provided a provision for the full amount of approximately KD 0.6 million.

Financial Brokerage and Online Trading Services:

Brokerage revenues witnessed a significant increase during 2025 compared to 2024 because of the increase in the trading value in Boursa Kuwait, as the trading value in Boursa Kuwait increased from approximately KD 14.8 billion during 2024 to approximately KD 26.6 billion during 2025, an increase of 79%, in addition to the improvement in the average market share of the segment from 2.59% during 2024 to 8.24% during 2025,

which positively impacted the results of this segment, where brokerage revenues and commissions amounted to approximately KD 4.5 million in 2025 compared to KD 650 thousand in 2024, an increase of 596%. In addition to recording investment income amounting to KD 846 thousand during 2025 compared to KD 78 thousand during 2024, which is due to exit from a real estate investment property for KD 3 million and recording of a capital gain from exit by KD 700 thousand during 2025.

On 22 January 2023, KFIC Financial Brokerage Co. (Closed) filed a legal case against the other party claiming KD 6.6 million, represents the value of real estate investments not yet transferred to the Group and other residual balances as a result of the irrevocable agreement signed in 2020 and its amendments.

The legal case was registered in the commercial division of the local court and the first hearing date was scheduled for 6 March 2023. On the date of the first hearing, the case was postponed to a hearing on 20 March 2023 and then on that date the case was suspended for two months.

On 12 June 2024, the Court of Appeal obliged the counterparty to pay approximately KD 6.6 million to the Group's subsidiary company «KFIC Financial Brokerage Co. K.S.C.C «while both parties to the case filed a cassation appeal. On 23 September 2025, the Court of Cassation decided to accept the appeal and set a hearing. On 21 October 2025, the Court of Cassation ruled to annul the appealed judgment for lack of jurisdiction, referring the case to the Capital Markets Court – First Instance Circuit for reconsideration. A session was scheduled on 27 January 2026 for hearing, in which the other party submitted a defense memorandum that includes a counterclaim requesting the annulment of the asset swap agreement. The court decided to postpone the case to 24 February 2026 then postponed it to 17 March 2026 for judgement. On 3 December 2024, the Public Prosecution referred the case to the Supreme Court - Criminal - CMA which was registered under No. 49/2023.

During the year, the Group assessed the fair value of the pledged collateral and made an additional provision of KD 297 thousand during 2025 without considering the value of the promissory note compared to KD 1.1 million during 2024.

Group's financial position:

Total assets were approximately KD 50.2 million as of 31 December 2025, with an increase of 40% from total assets of approximately KD 35.9 million as of 31 December 2024. Total liabilities amounted to approximately KD 16.7 million as of 31 December 2025, with an increase of 66% from total liabilities of approximately KD 10.1 million as of 31 December 2024.

The equity of Parent Company KFIC Invest increased by 16% to approximately KD 30 million for 2025 compared to approximately KD 25.8 million for 2024.

The key indicators of the Group's financial position as of 31 December 2025, compared to 31 December 2024, are as follows:

Indicators	2025	2024
Borrowing rate	-45.07 %	-3.82 %
liabilities: Equity	0.50 times	0.39 times
Liquidity ratio	84 %	55 %

The above indicators, which reflect low gearing ratios and high liquidity ratios, reflect the strength of the Group's financial position, which provides it with opportunities for growth in its activities.

The Board of Directors of the Parent Company in their meeting held on 20 March 2025 proposed to extinguish accumulated losses as of 31 December 2024 through utilizing voluntary reserve of KD 36,321 and a partial reduction in share capital by KD 7,700,144 from KD 32,249,138 to KD 24,548,994.

This proposal has been approved by the shareholders at the general assembly meeting (“AGM”) and extraordinary general assembly meeting (“EGM”) held on 18 May 2025. The capital reduction was authenticated in the commercial register on 2 June 2025.

At its meeting held on 10 March 2026, the Parent Company's board of directors recommended an in-kind distribution with total shares of 11,627,907 share which represents a portion of the Parent Company's share in Estate Capital Investment Company K.S.C.C. (formerly Dimah Capital Investment Company K.S.C.C.) (classified in the consolidated statement of financial position as financial assets at fair value through profit or loss), at a rate of approximately 4.737 shares for each 100 shares of the Parent Company's current shareholders.

Furthermore, in the event of implementing the in kind capital increase related to the merger between the Parent Company (the merger company) and Rasameel Investment Company K.S.C.C. (the merged company) in the amount of KD 5,342,098, the ratio of in-kind distributions of the Estate Capital Investment Company K.S.C.C. (formerly Dimah Capital Investment Company K.S.C.C.) shares will at a rate of approximately 3.890 shares for each 100 shares for the existing and new shareholders of the Parent Company after the merger.

This proposal is subject to the approval of shareholders at the Annual General Meeting.

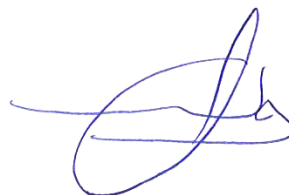
Conclusion

I would like to extend sincere thanks and appreciation to all KFIC Invest shareholders for their support to the company as well as to KFIC Invest's clients for their valued confidence in KFIC Invest Board of Directors and executive management.

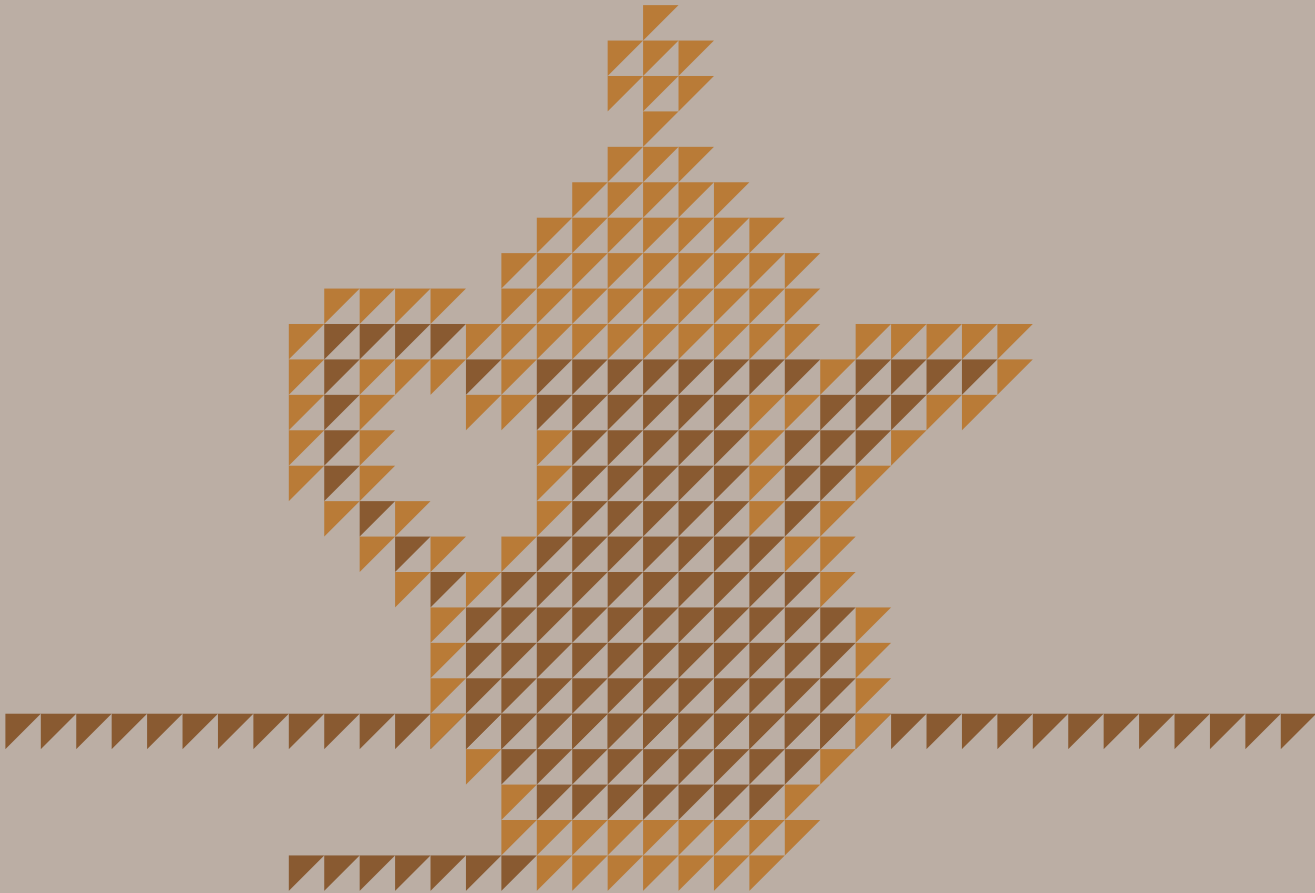
I would also like to extend thanks to the regulatory authorities, notably Capital Markets Authority “CMA”, Central Bank of Kuwait “CBK” and Ministry of Commerce and Industry for their productive directives and continuous follow up to ensure the stability and integrity of financial sector in the State of Kuwait.

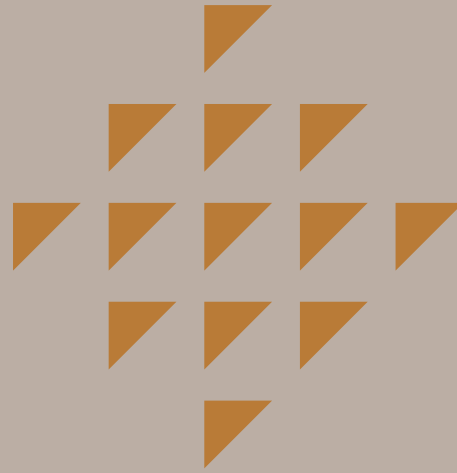
Finally, on behalf of the members of Board of Directors I would like to thank the executive management and all employees for their efforts to achieve KFIC Invest's strategy and objectives.

May God make us successful!



Waleed Mohammad Jassim Al-Sager
Chairman





Audit Committee Report

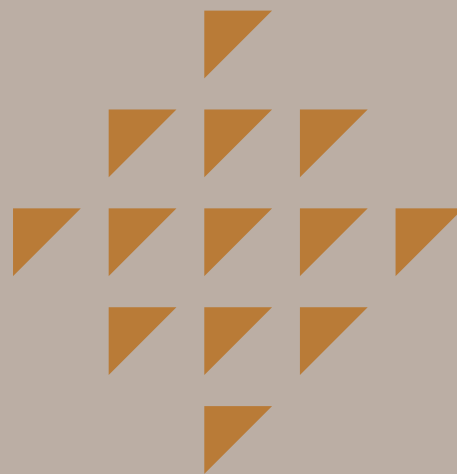


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Dear shareholders,
After greetings,

On behalf of myself and Audit Committee members, I am pleased to present the Audit Committee Report, prepared exclusively for KFIC Invest Company (KFIC Invest) for the year 2025. This report details the committee's supervision of all internal and external audit activities in accordance with the approved work plan of the Board of Directors and in compliance with the Executive Bylaws of Law No. (7) of 2010 and its amendments regarding the establishment of the Capital Markets Authority and the regulation of securities activities, as issued by the Government.

A handwritten signature in blue ink, consisting of stylized initials and a long horizontal stroke extending to the right.

Bader Ali Tifouni
Audit Committee Chairman

1. Objectives of the Audit Committee

Assisting the Board in fulfilling its obligations regarding ensuring the integrity of financial reports and internal control systems, as well as understanding, analyzing, and mitigating the risks facing the company's activities, in accordance with corporate governance rules and the requirements issued by the Capital Markets Authority.

2. Audit Committee Members

Sr.	Committee Member Name	Membership in the Board	Membership in AC
1	Bader Ali Tifouni	Board Member (non-executive)	Chairman
2	Ali Abdulrahman AlWazzan	Board Member (independent)	Committee Member
3	Saud Farid Saud AlAujan	Board Member (non-executive)	Committee Member

3. Committee's Key Tasks:

The following is a summary of the committee's responsibilities based on CMA's Corporate Governance guidelines:

1. Review of periodical financial reports, prior to presenting them to the board of directors, as well as expressing an opinion, providing a recommendation, and endorsing it.
2. Recommending appointments or re-appointment of external auditors to the Board of Directors, as well as determining their fees, ascertaining their independence, and reviewing their engagement letter.
3. Evaluation of the sufficiency of the internal control systems that are applied within the company and preparation of a report that includes the committee's endorsements concerning it.
4. Supervision of the internal audit functions, including evaluating its performance.
5. Ensuring the company's compliance with internal policies, as well as regulatory guidelines.
6. Endorsing the estimated Company's budget for the year 2026 and recommending to the Board for approval.

4. Audit Committee Meetings:

The CMA guidelines were met regarding the conduct of meetings in each quarter. The details are as follows:

Meeting No.	1	2	3	4	5	6	7	8	9	10	11	Total	%
Meeting date	09	19	16	20	17	12	19	13	07	11	17		
Member name	Jan	Feb	Mar	Mar	April	May	June	Aug	Oct	Nov	Dec		
Mr. Bader Tifouni	√	√	√	√	√	√	√	X	√	X	X	8/11	73%
Mr. Ali AlWazzan	√	√	√	√	√	√	√	√	√	√	√	11/11	100%
Mr. Saud AlAujan	√	√	√	√	X	√	√	√	√	√	√	10/11	91%

5. Audit Committee Achievements:

The committee accomplished several achievements in its current year, which are summarized below:

1. Periodical review of financial statements and reports to ensure fairness and transparency.
2. Provide Recommendations to the Board of Directors concerning matters related to External Auditors.
3. Supervision of Internal Audit Division and ensure its effectiveness.
4. Approved the Budget for the year 2026 and provide the committee recommendation to the Board of Directors.
5. Review and approval the following:
 - a. The annual internal audit plan for the year 2026.
 2. The periodical internal audit reports and status.
 3. CMA Reports:
 - I. Anti-Money Laundering (AML) Report.
 - II. Internal Controls Report (ICR) for the year ended 2025.
6. Ensuring Company compliance with the instructions and decisions of the regulatory authorities concerned, “Capital Markets Authority”

6. Auditor fees for audit and other service engagements:**a. Audit Fees:**

Audit fees include the auditor fees for audit of the Group consolidated financial statements on which the auditors express an opinion.

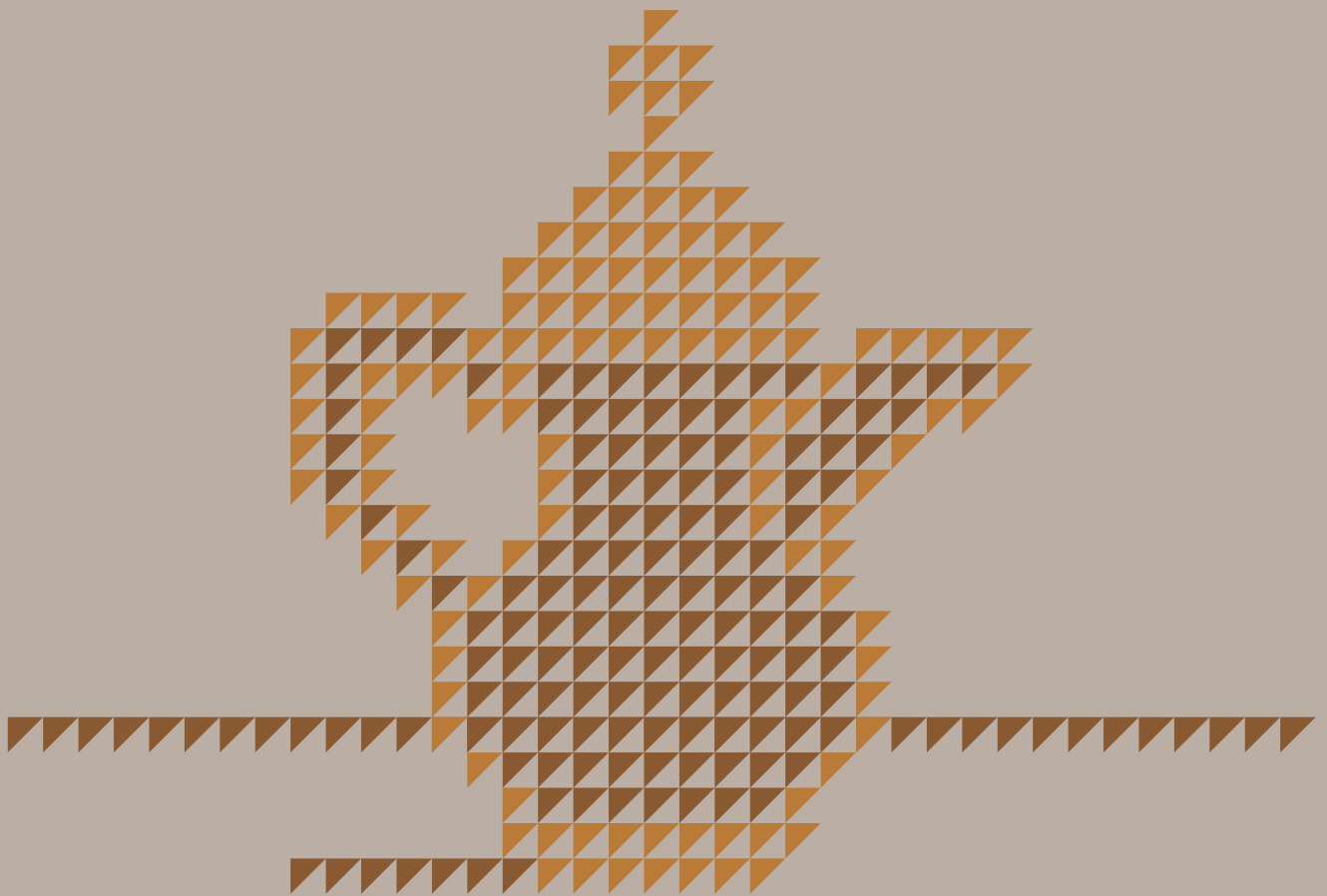
	2025 KD	2024 KD	2023 KD
The Parent Company	18,000	18,000	20,750
Consolidated Controlling Entities	27,177	33,100	29,300
Total Audit Fees	45,177	51,100	50,050

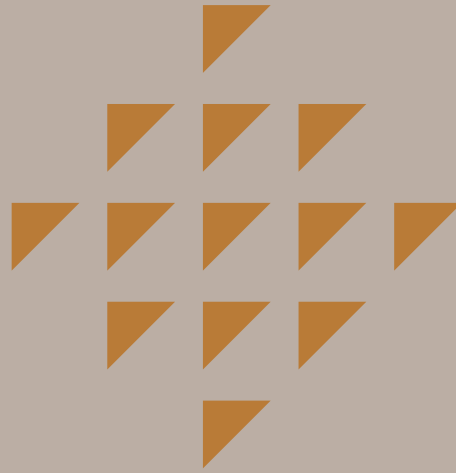
b. Other Services Fees:

Other services fees include the auditor fees for other assurance and non-assurance services for the Group and its controlled entities, such as reviews, as well as agreed upon procedure services provided to the Group and its controlled entities.

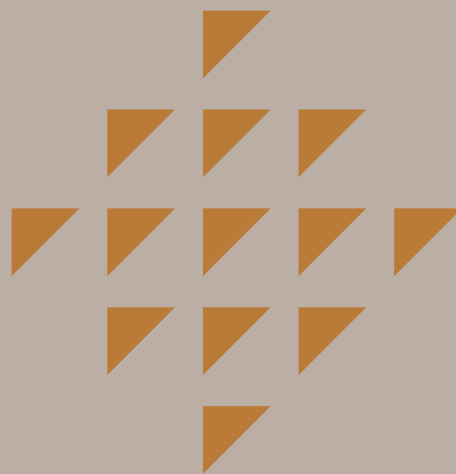
	2025 KD	2024 KD	2023 KD
The Parent Company	7,360	5,800	4,000
Consolidated Controlling Entities	11,200	7,280	7,000
Total Other Fees	18,560	13,080	11,000

Members name	Signature
Bader Ali Tifouni Audit Committee Chairman	
Ali Abdulrahman AlWazzan Audit Committee Member	
Saud Farid AlAujan Audit Committee Member	





Corporate Governance Report



The Board of Directors of Kuwait Financial Investment Company “KFIC” is fully aware that it is responsible for the effective management of the company and bears a legal obligation to act in the best interests of the company. The Board is also committed to operating and exercising oversight independently from executive management, while remaining accountable to the company’s shareholders. The Board sets the company’s strategy and monitors management in implementing that strategy. It also establishes appropriate arrangements to ensure a clear and proper distribution of key responsibilities between the Board of Directors and senior management in a structured and organized manner.

The Board of Directors has a “Charter” that includes all details related to the roles and responsibilities of the Board, its meetings, its committees, and the responsibilities of the Chairman, Vice Chairman, and members, in addition to the Corporate Secretary, as well as the Chief Executive Officer and senior management. The Board of Directors of “KFIC,” including the Chairman, consists of five non-executive members, one executive member, and two independent members.

• **Extent of Compliance with Corporate Governance Rules during 2025**

Kuwait Financial Investment Company “KFIC” is committed to disclosing the extent of its compliance with sound governance rules as set out in Book Fifteen (Corporate Governance) of the Executive Bylaws of Law No. 7 of 2010, regarding the establishment of the Capital Markets Authority and the regulation of securities activities, and their amendments, as follows:

Rule		Compliance Status (Compliant / Partially Compliant / Non-Compliant)	Reasons for non-compliance
First	Building a balanced Board structure	Compliant	None
Second	Proper definition of roles and responsibilities	Compliant	None
Third	Selection of qualified individuals for Board and executive management	Compliant	None
Fourth	Ensuring integrity of financial reporting	Compliant	None
Fifth	Establishing sound risk management and internal control systems	Compliant	None
Sixth	Promoting professional conduct and ethical values	Compliant	None
Seventh	Accurate and timely disclosure and transparency	Compliant	None
Eighth	Respecting shareholders’ rights	Compliant	None
Ninth	Recognizing the role of stakeholders	Compliant	None
Tenth	Enhancing and improving performance	Compliant	None
Eleventh	Emphasizing the importance of social responsibility	Compliant	None

Rule One: Building a Balanced Board Structure

First: Formation of KFIC’s Board of Directors:

The company maintains a balanced Board structure, whereby the majority of Board members are non-executive members, and the Board includes two independent members. In forming its Board of Directors, the company has also ensured the inclusion of members with diverse and extensive experience in the company’s field of

business, as well as in financial and accounting areas, thereby contributing the expertise required when discussing matters presented to the Board.

The current Board of Directors was formed on 9 October 2024, and no changes have occurred to the Board up to 31 December 2025.

Below is a statement outlining the classification, qualifications, and experience of the current Board members:

Name	Representing / Member Classification (Executive / Non-Executive / Independent)	Academic Qualifications and Professional Experience	Date of Election / Appointment
Mr. Waleed Mohammed Jassim Al-Saqer Chairman of the Board	Future Holding Company Non-Executive	Mr. Waleed Al-Saqer has over 17 years of professional experience in financial analysis and investment advisory, and currently serves as a Financial Advisor at Al-Dhow Capital Holding Company. He also possesses distinguished executive and leadership experience through holding several leadership positions in financial and investment institutions. Waleed holds a Bachelor of Science in Business Administration, majoring in Management, from Suffolk University in the United States of America.	Appointment 30-05- 2024
Mr. Essa Ali Abdulrahman Al-Hasawi Vice Chairman & Chief Executive Officer	Executive	Mr. Essa Al-Hasawi has over 20 years of professional experience in the financial services and investment sector, and also possesses distinguished executive and leadership experience through holding several leadership positions in financial and investment institutions. He is characterized by effective strategic leadership, strong analytical skills, and a high ability to make decisions and develop and implement plans and visions that contribute to enhancing growth and institutional sustainability. He is also known for his ability to build high-performance teams and promote a culture of excellence and transparency within investment work environments. He currently serves as Vice Chairman and Chief Executive Officer at Kuwait Financial Investment Company (KFIC) since November 2024. Mr. Essa holds a Bachelor's degree in Administrative Sciences, majoring in Management and Organization, from Kuwait University.	Election (in personal capacity) 30-05- 2024
Mrs. Nouriya Imad Jassim Al-Sager Board Member	Non-Executive	Ms. Noura Al-Saqer has over 14 years of experience in developing plans, policies, and strategies. She has been serving as a Board Member and Chief Executive Officer at Al-Andalus Commercial Establishment since 2013 to date, and has also been serving as a Board Member at KFIC since 2020 to date. Ms. Noura holds a Bachelor of Science degree in International Finance from the American University of Paris and a Master's degree in Strategic Business Unit Management from Paris.	Election (in personal capacity) 30-05-2024

Name	Representing / Member Classification (Executive / Non-Executive / Independent)	Academic Qualifications and Professional Experience	Date of Election / Appointment
<p>Mr. Ahmad Hamad Mishari Al-Humaidhi</p> <p>Board Member</p>	<p>Non-Executive</p>	<p>Mr. Ahmad Al-Humaidhi has extensive experience in financial analysis and managing local and international investments exceeding 22 years in leading companies in the State of Kuwait, including Kuwait Petroleum Corporation and the National Technology Enterprises Company. He currently serves as Store Manager of IKEA Kuwait and is responsible for finance and development at the store, as well as operations for IKEA stores in Jordan and Morocco, including conducting financial studies and analyses for opening branches in those countries. He has served as a Board Member at KFIC since 2018 to date, and also at Kuwait Food Company (Americana Group) since 2007 to date. Mr. Ahmad holds a Bachelor of Science degree in Industrial Engineering from the United States of America.</p>	<p>Election (in personal capacity)</p> <p>30-05-2024</p>
<p>Mr. Osama Rashid Saqr Al-Armali</p> <p>Board Member</p>	<p>Independent</p>	<p>Mr. Osama Al-Armali has extensive experience of 36 years, during which he held numerous leadership positions and roles in the investment and banking sectors. He currently serves as Chairman of the Board and Chief Executive Officer at United Universe Holding Group, and as a Board Member at Burgan Bank and the Kuwait National Cinema Company. It is worth noting that he was a former member of the Kuwait Stock Exchange Committee. Mr. Osama holds a Bachelor's degree in Commerce from the Modern Academy for Computer Science and Management Technology – Arab Republic of Egypt, and also holds a Higher Diploma in Banking Sciences from the Institute of Banking Studies – State of Kuwait.</p>	<p>Election (in personal capacity)</p> <p>30-05-2024</p>
<p>Mr. Ali Abdulrahman Jassim Al-Wazzan</p> <p>Board Member</p>	<p>Independent</p>	<p>Mr. Ali Al-Wazzan has over 18 years of experience across the industrial, real estate, and investment sectors, covering areas such as acquisitions, investment, corporate restructuring, and strategic expansion. He currently serves as Managing Director – Healthcare at Mezzan Holding Company and represents the company on several boards of directors. He is the Vice Chairman of the Kuwait Company for Oils & Fats Production (K.S.C. Closed) and the Kuwait Saudi Pharmaceutical Industries Company (K.S.C.), in addition to other affiliated companies within the Mezzan Group. It is worth noting that he supervised the listing of Mezzan Holding Company on Boursa Kuwait and worked with the Chief Executive Officer on strategic transformation initiatives for the Group. Mr. Al-Wazzan holds a Bachelor's degree in Business Administration with a minor in Finance from the American University of Beirut.</p>	<p>Election (in personal capacity)</p> <p>30-05-2024</p>

Name	Representing / Member Classification (Executive / Non-Executive / Independent)	Academic Qualifications and Professional Experience	Date of Election / Appointment
Mr. Bader Ali Mahmoud Tifouni Board Member	Non-Executive	Mr. Bader Tifouni has over 18 years of experience in the financial, investment, and real estate sectors. He currently serves as General Manager of Ali Mahmoud Tifoni Real Estate Establishment, in addition to being General Manager at Wahran Holding Company. He also serves as Real Estate Portfolio and External Assets Manager at Ali Mahmoud Tifoni Real Estate Establishment and is considered one of the independent members of the Board of Directors of Gatehouse Capital for Economic and Financial Consultancy. Mr. Bader is also an owner and active member of Yarmouk KBG Contracting Company. Mr. Bader holds a Bachelor of Science degree in Business Administration from the Lebanese American University, in addition to completing a number of financial and banking courses accredited by the Institute of Banking Studies.	Election (in personal capacity) 30-05-2024
Mr. Saud Fareed Saud Al-Aujan Board Member	Wahran Holding Company Non-Executive	Mr. Saud Al-Aujan has extensive experience exceeding 18 years in the financial and investment sector. He currently serves as Chief Investment Officer at Al-Oujan Holding Company. Mr. Saud holds a Bachelor's degree in Business Administration, majoring in Finance and Accounting, from the American University of Beirut, and a Master's degree in Business Administration from INSEAD University in the French Republic.	Election (Alternate Member) 09-10-2024
Mrs. Georgette Layoun Board Secretary	Board Secretary	Ms. Georgette Layoun has extensive professional experience of 25 years in administrative work and board and senior management secretariat functions, among others. She served as Deputy Board Secretary and Secretary of the company's Board committees since 30-05-2024, and has been serving as Board Secretary and Secretary of the company's Board committees since 01-09-2024 to date. Ms. Georgette holds a Bachelor's degree in Business Administration from the American University in London.	Appointment 01-09-2024

Second : Board of Directors Meetings during 2025:

The Board of Directors convened regularly and held thirteen meetings during 2025. Below is a statement of the Board meetings and members' attendance:

Meeting No.	1	2	3	4	5	6	7	8	9	10	11	12	13	Total	Attendance %
Meeting Date	09 Jan	04 Mar	20 Mar	17 Apr	12 May	19 Jun	30 Jul	13 Aug	22 Sep	07 Oct	11 Nov	17 Dec	24 Dec		
Member Name	Jan	Mar	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dec		
Mr. Waleed Al-Sager	V	V	V	V	V	V	V	V	V	V	V	V	V	13/13	%100
Mr. Essa Al-Hasawi	V	V	V	V	V	V	V	V	V	V	V	V	V	13/13	%100
Mr. Osama Al-Ammali	V	V	V	V	V	X	X	X	V	V	V	X	V	13/9	%69
Mr. Ahmad Al-Humaidhi	V	V	V	V	V	V	V	X	V	V	V	V	V	13/12	%92
Ms. Nouriya Al-Sager	V	V	X	X	V	V	V	V	V	V	V	V	V	13/11	%85
Mr. Ali Al-Wazzan	V	V	V	V	V	V	V	V	V	V	V	V	V	13/13	%100
Mr. Bader Tifouni	V	X	V	V	V	V	X	X	V	V	X	X	V	13/8	%62
Mr. Saud Al-Aujan	V	V	V	X	V	V	V	V	V	V	V	V	V	13/12	%92

Third: Implementation of Requirements for Recording, Organizing, and Maintaining Minutes of Board Meetings:

The Board of Directors is committed to discussing all matters included in meeting agendas with full transparency, ensuring that members are provided with the information necessary to make decisions. All resolutions and proceedings, including any reservations (if any), are recorded in the meeting minutes. The minutes of meetings include the following:

1. Serial numbering of Board meetings in sequence for the year in which the meetings are held.
2. The location of the meeting, its date, start time, and end time.
3. Recording the names of attendees and absentees, along with the reasons for absence.
4. Mentioning any attendees from outside the Board members.
5. Approval of the agenda by the Board of Directors; in the event that any member objects to the agenda, details of such objection are recorded in the minutes.
6. Documentation of meeting proceedings in accordance with the agenda items, as well as any additional matters, decisions, recommendations, and observations made.
7. Approval and signing of the meeting minutes by all attending Board members and the Board Secretary.
8. Maintaining the original copies of the meeting minutes.
9. Providing Board members with copies of all approved meeting minutes and relevant documents at least three working days prior to the meeting.
10. Maintaining a dedicated register in which summaries of Board meetings are recorded, including all the aforementioned details.

Independent Board Member Declaration

I, the undersigned / **Osama Rashid Saqr Al-Armali** Date: **10 March 2026**

In my capacity as a Board Member of Kuwait Financial Investment Company (KFIC), and with full knowledge of the independence criteria set forth in the instructions of the Capital Markets Authority, hereby declare the following:

1. I do not own 5% or more of the Company's shares, nor do I represent any shareholders who own 5% or more of the Company's shares.
2. I have no first-degree relationship with any member of the Board of Directors or executive management of the Company, or any of its group companies, or with any major related parties to the Company.
3. I am not a Board member of any company within the Company's group.
4. I am not an employee of the Company, any of its group companies, or any of the Company's stakeholders.
5. I am not employed by any legal entities that hold controlling stakes in the Company.
6. I have no interest or relationship with the Company that may affect my independence. I acknowledge that I am aware of the roles and responsibilities of an independent Board member, and I undertake to immediately inform the Board of Directors in the event of any change that may affect my independence in accordance with the provisions stated above. I bear responsibility for any obligation or violation that may be imposed on the Company as a result of my failure to notify the Company of any change affecting my independence.

Acknowledged and confirmed by:

Member Name	Signature
Mr. Osama Rashid Saqr Al-Armali	

Independent Board Member Declaration

I, the undersigned / **Ali Abdulrahman Jassim Al-Wazzan** Date: **10 March 2026**

In my capacity as a Board Member of Kuwait Financial Investment Company (KFIC), and with full knowledge of the independence criteria set forth in the instructions of the Capital Markets Authority, hereby declare the following:

1. I do not own 5% or more of the Company’s shares, nor do I represent any shareholders who own 5% or more of the Company’s shares.
2. I have no first-degree relationship with any member of the Board of Directors or executive management of the Company, or any of its group companies, or with any major related parties to the Company.
3. I am not a Board member of any company within the Company’s group.
4. I am not an employee of the Company, any of its group companies, or any of the Company’s stakeholders.
5. I am not employed by any legal entities that hold controlling stakes in the Company.
6. I have no interest or relationship with the Company that may affect my independence. I acknowledge that I am aware of the roles and responsibilities of an independent Board member, and I undertake to immediately inform the Board of Directors in the event of any change that may affect my independence in accordance with the provisions stated above. I bear responsibility for any obligation or violation that may be imposed on the Company as a result of my failure to notify the Company of any change affecting my independence.

Acknowledged and confirmed by:

Member Name	Signature
Mr. Ali Abdulrahman Jassim Al-Wazzan	

Rule Two: Proper Definition of Roles and Responsibilities

First: Policy on the Roles and Responsibilities of the Board of Directors and Executive Management:

1. Approving the Company's objectives, strategies, major plans, and key policies, including at a minimum the following:
 - The overall corporate strategy, main business plans, and their review and direction.
 - The optimal capital structure of the Company and its financial objectives.
 - A clear dividend distribution policy in its various forms (cash / in-kind), in a manner that serves the interests of both shareholders and the Company.
 - Setting objectives and monitoring performance and execution.
 - Approving the organizational and functional structures of the Company and conducting periodic reviews thereof.
2. Approving the annual estimated budgets and endorsing the interim and annual financial statements.
3. Overseeing the Company's major capital expenditures, ownership of assets, and their disposal.
4. Ensuring the Company's compliance with policies and procedures that guarantee adherence to applicable laws, regulations, and internal policies.
5. Ensuring the accuracy and integrity of data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and systems.
6. Disclosing and announcing periodically the progress of the Company's activities and all material developments affecting its business.
7. Establishing effective communication channels that enable shareholders to continuously and periodically access information on the Company's various activities and material developments.
8. Establishing the corporate governance framework, overseeing it, monitoring its effectiveness, and amending it when necessary, in line with best practices.
9. Forming specialized committees emanating from the Board in accordance with charters that define each committee's term, authorities, responsibilities, and the Board's oversight mechanism. The formation decision shall include naming members and defining their duties, rights, and obligations, in addition to evaluating the performance and activities of these committees and their key members.
10. Ensuring that the Company's organizational structure is characterized by transparency and clarity, enabling effective decision-making and the achievement of sound governance principles, including segregation of powers and authorities between the Board of Directors and executive management. Accordingly, the Board shall:
 - Approve internal bylaws and regulations governing the Company's operations and develop them, including defining roles, competencies, duties, and responsibilities across different organizational levels.
 - Approve the delegation policy and execution of tasks assigned to executive management.
11. Determining the authorities to be delegated to executive management, the procedures for decision-making, and the duration of such delegation. The Board also determines the matters for which it retains decision-making authority, and executive management submits periodic reports on the exercise of the delegated powers.

12. Supervising and overseeing the performance of executive management members and ensuring that they carry out all assigned duties. The Board shall:
 - Ensure that executive management operates in accordance with policies and regulations approved by the Board of Directors.
 - Hold periodic meetings with executive management to discuss workflow, challenges, and issues, as well as review and discuss key information related to the Company's activities.
 - Establish performance standards for executive management that are aligned with the Company's objectives and strategy.
13. Determining the remuneration bands to be granted to employees, such as fixed remuneration, performance-based remuneration, and share-based incentives.
14. Appointing or dismissing any member of executive management, including the Chief Executive Officer and equivalent positions.
15. Establishing a policy governing the relationship with stakeholders to safeguard their rights.
16. Establishing a mechanism to regulate transactions with related parties in order to mitigate conflicts of interest.
17. Periodically ensuring the effectiveness and adequacy of the internal control systems applied within the Company and its subsidiaries, including:
 - Ensuring the soundness of financial and accounting systems and systems related to the preparation of financial reports.
 - Ensuring the implementation of appropriate control systems for measuring and managing risks by identifying risk factors and types that the Company may face, creating a risk-aware culture across the Company, and addressing such risks transparently with stakeholders and related parties.
 - Recommending the appointment of independent external auditors.
 - Approving codes of conduct, business ethics, and the Company's policies and procedures.

Second: Achievements of the Board of Directors During the Year:

1. Approval of the estimated budget for 2025.
2. Approval of updates to the Risk Appetite Statement, Risk Management Manual, Corporate Governance Manual, Disclosure and Transparency Manual, guidelines for file retention and retrieval, regulatory compliance policy, and customer complaints policies and procedures for 2025.
3. Approval of updates to the Board of Directors and its committees' charters for 2025.
4. Approval of updates to the authority matrix for 2025.
5. Approval of amendments to policies and procedures related to internal audit, operations management, financial control, and microfinance.
6. Review of auditors' reports regarding internal control systems, anti-money laundering, and compliance with Book Seven of the Executive Bylaws of Law No. 7 of 2010 for 2025.
7. Ratification of the Audit Committee report and the Corporate Governance report for 2025.
8. Holding the Annual General Assembly for the financial year ended 31 December 2024 on 18-05-2025.
9. Approval of interim and annual financial statements during 2025.
10. Review of field inspection reports issued by regulatory authorities for 2025.

Third: Formation of Board Committees:

1. Requirements for Committee Membership:

- The member must possess the appropriate capabilities, qualifications, sufficient experience, and integrity to perform their duties and responsibilities, with adequate knowledge of financial, accounting, and administrative rules, particularly for Audit Committee membership.
- The member must not have any direct or indirect interest in businesses and contracts carried out for the Company.
- Committee members must adhere to the same obligations as Board members in maintaining strict confidentiality and not disclosing the Company's secrets.

2. Committee Membership:

- The number of members in each committee must not be less than three.
- The term of committee membership must not exceed the term of the Board of Directors.
- The Board of Directors shall appoint a replacement member if a committee seat becomes vacant.
- Each committee shall elect a Chairman from among its members at its first meeting, and a secretary shall be appointed from among the Company's employees.

Fourth: Board Committees:

1. Audit Committee:

The objective of establishing the Audit Committee is to promote a culture of compliance within the Company by ensuring the integrity and reliability of the Company's financial reports, as well as verifying the adequacy and effectiveness of the internal control systems implemented within the Company.

Audit Committee Members, Chairman, and Number of Meetings Held During the Year:

Meeting No.	1	2	3	4	5	6	7	8	9	10	11	Total	Attendance %
Meeting Date	09 Jan	19 Feb	16 Mar	20 Mar	17 Apr	12 May	19 Jun	13 Aug	07 Oct	11 Nov	17 Dec		
Member Name	Jan	Feb	Mar	Mar	Apr	May	Jun	Aug	Oct	Nov	Dec		
Mr. Bader Tifouni Chairman of Audit Committee	√	√	√	√	√	√	√	X	√	X	X	8/11	73%
Mr. Ali Al-Wazzan Audit Committee Member	√	√	√	√	√	√	√	√	√	√	√	11/11	100%
Mr. Saud Al-Aujan Audit Committee Member	√	√	√	√	X	√	√	√	√	√	√	10/11	91%

Date of Committee Formation: 30 May 2024

Term of Membership: Same as the term of the Board of Directors

Duties and Achievements of the Audit Committee During the Year:

- Reviewing and recommending the report on compliance with FATCA requirements and Common Reporting Standard (CRS) submitted by the external auditor for 2025.
- Reviewing and recommending periodic reports related to internal audit plans for 2025.
- Reviewing and recommending inspection reports issued by regulatory authorities for 2025.
- Reviewing and recommending the external auditor's reports on the Company's financial statements.

- Reviewing and recommending the external auditor’s reports regarding anti-money laundering, internal control systems, and compliance with Book Seven for 2025.
- Preparing the Audit Committee report for 2025.
- Ensuring that Audit Committee members receive copies of all approved Audit Committee minutes and related documents at least three working days prior to meetings.

2. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee aims to assist the Board of Directors in fulfilling its supervisory responsibilities by ensuring the nomination of qualified individuals for Board membership and executive and managerial positions within the Company. It also ensures that such nominations are conducted within an institutional framework characterized by efficiency and full transparency, primarily serving the interests of the Company and ultimately achieving shareholders’ objectives.

In addition, the Committee undertakes supervisory responsibilities to ensure the integrity and accuracy of the remuneration and compensation policies adopted by the Company for Board members and executive management. It also ensures that such policies are fair and contribute to attracting highly qualified professionals with strong technical capabilities, as well as reinforcing a sense of belonging to the Company.

Nomination and Remuneration Committee Members, Chairman, and Number of Meetings Held During the Year:

Meeting No.	1	2	3	4	5	6	7	8	9	Total	Attendance %	
Meeting Date	09 Jan	16 Mar	17 Apr	12 May	19 Jun	07 Oct	11 Nov	10 Dec	17 Dec			
Member Name												
Mr. Osama Al-Armali Chairman of Nomination & Remuneration Committee	√	√	√	√	√	√	√	√	√	9/9	100%	
Mr. Waleed Al-Saqer Committee Member	√	√	√	√	√	√	√	√	√	9/9	100%	
Mr. Essa Al-Hassawi Committee Member	√	√	√	√	√	√	√	√	√	9/9	100%	

Date of Committee Formation: 30 May 2024

Term of Membership: Same as the Board of Directors

Duties and Achievements of the Nomination and Remuneration Committee During the Year:

- Recommending amendments to the organizational structure for 2025.
- Recommending financial remuneration for employees for 2025.
- Recommending the independent member’s remuneration for 2025, with the independent member abstaining from voting on the decision.
- Recommending the incentive system for fundraising activities.
- Ensuring that members of the Nomination and Remuneration Committee receive copies of all approved committee minutes and related documents at least three working days before meetings.

3. Risk Management Committee:

The Risk Committee assists the Board of Directors in fulfilling its supervisory responsibilities to ensure proper risk management within the Company, establishing controls to mitigate risks, determining the Company’s risk appetite, acceptable risk levels versus expected benefits, and submitting recommendations accordingly.

Risk Committee Members, Chairman, and Number of Meetings Held During the Year:

Meeting No.	1	2	3	4	5	6	7	8	9	10	11	12	Total	Attendance %
Meeting Date	09 Jan	20 Feb	17 Apr	12 May	30 Jun	30 Jul	13 Aug	22 Sep	07 Oct	11 Nov	17 Dec	24 Dec		
Member Name														
Ms. Nouriya Al-Sager Chairperson of Risk Committee	√	√	X	√	√	√	√	√	√	√	√	√	11/12	92%
Mr. Ali Al-Wazzan Committee Member	√	√	√	√	√	√	√	√	√	√	√	√	12/12	100%
Mr. Essa Al-Has-sawi Committee Member	√	√	√	√	√	√	√	√	√	√	√	√	12/12	100%
Mr. Saud Al-Aujan Committee Member	√	√	X	√	√	√	√	√	√	√	√	√	11/12	92%

Date of Committee Formation: 30 May 2024

Term of Membership: Same as the Board of Directors

Duties and Achievements of the Risk Management Committee During the Year:

- Approval of the annual plan for the 2025 self-assessment of risk control systems.
- Recommending to the Board of Directors amendments to the 2025 Authority Matrix.
- Recommending to the Board of Directors updates to the 2025 Risk Management Manual.
- Reviewing the results of quarterly Business Continuity Plan tests.
- Ensuring that members of the Risk Management Committee receive copies of all approved committee minutes and related documents at least three working days before the meetings.

4. Executive Committee:

The Executive Committee assists the Board of Directors in fulfilling its supervisory responsibilities to monitor the Company’s operations, implement and develop the strategic plan, and support the Board in achieving the Company’s objectives.

Executive Committee Members, Chairman, and Number of Meetings Held During the Year:

Meeting No.	1	2	Total	Attendance %
Meeting Date	17 Apr	16 Jun		
Member Name				
Mr. Waleed Al-Sager Chairman of Executive Committee	√	√	2/2	100%
Mr. Essa Al-Hassawi Committee Member	√	√	2/2	100%
Mr. Badr Tifouni Committee Member	√	√	2/2	100%
Mr. Ali Al-Wazzan Committee Member	√	√	2/2	100%

Date of Committee Formation: 30 May 2024

Term of Membership: Same as the Board of Directors

Duties and Achievements of the Executive Committee During the Year:

- Discussing and making recommendations regarding financing clients’ allocations.
- Ensuring that members of the Executive Committee receive copies of all approved committee minutes and related documents at least three working days before the meetings.

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

1. Ensuring that data and information are accurate and provided in a timely manner.
2. The Board Secretary ensures that members have full and rapid access to all minutes of Board and Board Committee meetings, as well as all related documents, records, and correspondence. This includes archiving, organizing, and maintaining the records of Board and Committee meetings, relevant documents, reports, and communications.

Sixth: Executive Management:

The Company’s activities are carried out by the Executive Management under the supervision and guidance of the Chief Executives, aiming to balance the relationships between the Company, its employees, investors, and clients. Executive Management ensures that operations align with the Company’s objectives and that resources are appropriately allocated to achieve the Company’s strategy and policy.

Rule Three: Selecting Competent Individuals for Membership of the Board and Executive Management

First: Overview of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee consists of 3 Board members, ensuring that one member is independent. It is chaired by a non-executive member. Members were selected based on their professional experience in human resources and management, consistent with the Committee’s and Company’s nature of work. Members were also chosen for their technical, leadership, and administrative abilities, allowing them to work independently and fully comprehend all technical requirements and developments related to operations.

Second: Report on Remuneration Granted to Board Members and Executive Management:

Below is an overview of the remuneration policy for Board members and Executive Management, based on the Board-approved remuneration policy. This includes the incentive system and benefits granted, as well as a

statement of the actual remuneration provided, ensuring transparency in calculation and granting.

1. Board of Directors Remuneration Policy:

- a. The total remuneration must not exceed 10% of the Company’s net profits after deducting depreciation, reserves, and shareholders’ profits, which must be no less than 5% of the Company’s capital or any higher percentage as stipulated in the Company’s Articles of Association.
- b. Board members’ remuneration must be approved by the General Assembly at its annual meeting, based on the recommendation of the Nomination and Remuneration Committee.
- c. With approval from the Ordinary General Assembly, an independent Board member may be exempted from the maximum remuneration limit.

Board of Directors’ Remuneration and Incentives:

- At the Ordinary General Assembly held on 18 May 2025, it was decided not to distribute any remuneration to Board members for the financial year ended 31 December 2024, based on the Board’s recommendation.
- No financial remuneration was proposed for Board members or independent members, namely Mr. Osama Rashid Saqr Al-Armali and Mr. Ali Abdulrahman Jassim Al-Wazzan, for the financial year ended 31 December 2025.
- Approval was granted to provide a cash allowance to members for attending Board Committee meetings during 2025, totaling 42,000 KWD, in recognition of their time, efforts in serving the Company, active participation in periodic meetings, and contribution to strategic decision-making.

Remuneration and Benefits for Board Members (Total Members: 8)						
Benefits Through Parent Company				Benefits Through Subsidiaries		
Fixed Remuneration & Benefits (KWD)		Variable Remuneration & Benefits (KWD)		Fixed Remuneration & Benefits (KWD)		Variable Remuneration & Benefits (KWD)
Health Insurance	Monthly Salaries (Total for the Year)	Annual Bonus	Committee Allowance	Health Insurance	Annual Bonus	Committee Allowance
-	-	-	42,000	-	8,000	-

Executive Management Remuneration and Incentives Policy:

The Company ensures a proper balance between fixed and variable remuneration. Variable remuneration can be adjusted in case of poor or negative financial performance. The ratio of fixed to variable remuneration is reviewed annually and determined by the Board based on the recommendation of the Nomination and Remuneration Committee.

Executive Remuneration and Incentives:

The following table shows the total remuneration and benefits for the company’s senior executives, including the CEO and CFO, for the fiscal year ending 31 December 2025:

Total Number of Executive Positions	Total Remuneration and Benefits Granted to the Five Senior Executives with the Highest Compensation, plus the CEO and CFO (or their equivalents if not already included)														
	Benefits Through Parent Company						Benefits Through Subsidiaries					Variable Remuneration & Benefits (KWD)			
	Fixed Remuneration & Benefits (KWD)						Fixed Remuneration & Benefits (KWD)								
	Monthly Salaries (Total for 2025)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Education Allowance	Annual Performance Bonus for 2025	Monthly Salaries (Total for 2025)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Education Allowance	Special Cash Bonus	Annual Bonus
6	251,650	9,768	0	1,500	0	0	328,299	-	-	-	-	-	-	-	-

Any material deviations from the remuneration policy approved by the Board:

None.

Rule Four: Ensuring the Integrity of Financial Reports

1. Written undertakings by the Board and Executive Management regarding the accuracy and integrity of financial reports:

All Board members, the CEO, and the Chief Financial Officer provided an undertaking confirming that the financial statements are presented fairly and accurately, covering all financial aspects of the company, including data and operational results, and are prepared in accordance with the International Accounting Standards approved by the Capital Markets Authority and other regulatory bodies.

Date: 10 March, 2026

Declaration and Commitment of the Board Members and Executive Management on the Accuracy and Integrity of Financial Data

We, the Chairman and members of the Board of Directors of KFIC, along with the CEO and the Chief Financial Officer, hereby acknowledge and commit to the accuracy and integrity of the financial data provided to the external auditor. We confirm that the company's financial statements have been presented fairly and accurately, in accordance with International Financial Reporting Standards (IFRS) applied in the State of Kuwait and approved by the Capital Markets Authority, and that they reflect the company's financial position as of 31 December, 2025. This is based on the information and reports received from the executive management and the external auditor, and we have exercised due diligence to verify the correctness and accuracy of these reports.

Name	Position	Signature
Mr. Waleed Mohammed Jassim Al-Saqer	Chairman of the Board	
Mr. Essa Ali Abdulrahman Al-Hasawi	Vice Chairman of the Board & Chief Executive Officer	
Mrs. Nouriya Imad Jassim Al-Saqer	Board Member	
Mr. Ahmad Hamad Mishari Al-Humaidhi	Board Member	
Mr. Osama Rashid Saqr Al-Aramli	Board Member	
Mr. Ali Abdulrahman Jassim Al-Wazzan	Board Member	
Mr. Bader Ali Mahmoud Tifouni	Board Member	
Mr. Saud Fareed Saud Al-Aujan	Board Member	
Mr. Ihab Abdulraouf Nada	Chief Financial Officer	
Mr. Abdulaziz Al-Ghemlas	Vice Chief Executive Officer	

2. Role of the Audit Committee in Reviewing Financial Statements:

The Audit Committee assists the Board of Directors in fulfilling its corporate governance responsibilities regarding the management of internal control systems, accounting policies and practices, financial reporting, and both internal and external audit functions. It also helps define acceptable risk levels related to the Company's activities according to the Board's guidance. The Audit Committee's report includes a detailed statement of its responsibilities and achievements during 2025. There were no conflicts between the Committee's recommendations and the Board's decisions during 2025.

3. Ensuring the Independence and Objectivity of the External Auditor:

The Audit Committee manages the process for appointing the external auditor, maintains a professional relationship with them, and recommends to the Board the appointment of Ms. Sheikha Adnan Abdulaziz Al-Fulaij from Al-Eiban & Al-Ossaimi & Partners (Ernst & Young), as approved by the General Assembly meeting

held on 18 May 2025.

The Committee ensured that the external auditor remains independent from the Company and the Board and verified that no additional services outside the scope of auditing were provided that could compromise independence or objectivity.

Rule Five: Establishing Proper Risk Management and Internal Control Systems

1. Independent Risk Management Unit:

The Company has an independent Risk Management Unit whose personnel maintain full technical independence through direct reporting to the Risk Committee. They are granted substantial authority to perform their duties fully, without any financial powers or authorities.

2. Risk Committee:

The Risk Committee assists the Board in fulfilling its oversight responsibilities to ensure proper management of risks the Company may face. It establishes controls to mitigate these risks, identifies the Company’s risk appetite and acceptable risk levels relative to expected benefits, and raises recommendations accordingly.

3. Internal Control and Risk Management Systems at KFIC:

The Company has internal control and risk management systems that are efficient and effective. The Board has approved an organizational structure aligned with the Company’s strategy and operations, detailing job descriptions, functions, responsibilities, and formal policies and procedures for all roles and operations. Implementation is monitored by an independent Internal Audit Unit.

Policies, procedures, responsibilities, authorities, and reporting lines are defined for all managerial levels to ensure dual control and segregation of duties, avoiding conflicts of responsibility.

The Company conducts Internal Control Reviews (ICR) through an accredited independent audit firm, separate from the external auditors, to ensure adequacy of internal controls. An annual report is issued and submitted to the Capital Markets Authority.

Controls exist allowing employees to contact the Board Chairman to report concerns about potential violations, supported by a Whistleblower Policy posted on shared employee drives and with reporting forms available on the Company’s website.

4. Independent Internal Audit Unit:

The Company maintains an independent Internal Audit Unit that is fully technically independent, reporting to the Audit Committee and, by extension, the Board. The head of the Internal Audit Unit is appointed with the Audit Committee’s approval and registered with the Capital Markets Authority. The Unit may also engage internal audit firms to assist in its responsibilities.

Rule Six: Promoting Professional Conduct and Ethical Values

1. Code of Conduct: Standards and Guidelines for Professional Behavior and Ethical Values

The Board of Directors has established standards and guidelines to embed the Company’s ethical values. The Executive Management is responsible for implementing the Company’s objectives in accordance with these standards. The Code of Conduct clearly defines the responsibilities of the Board and all employees and includes principles that reinforce:

1. Commitment by every member of the Board and Executive Management to comply with all laws and regulations.
2. Representation of all shareholders.

3. Acting in the best interests of the Company, its shareholders, and other stakeholders, not in the interest of a specific group.
4. Ensuring that no Board member or Executive Management personnel uses their position to gain personal benefit or advantages for themselves or others.
5. Preventing the misuse of the Company's assets and resources for personal gain and ensuring optimal use of these assets to achieve the Company's objectives.
6. Establishing strict procedures to prevent Board members and employees from using information acquired through their positions for personal gain and prohibiting disclosure of Company information except where legally permitted or required.

2. Policies and Mechanisms to Mitigate Conflicts of Interest

KFIC follows conservative policies to minimize conflicts of interest at both the Executive Management and employee levels, as well as at the Board level. These policies include:

1. No employee or Board member may engage in activities that could create a conflict between their personal interests and the Company's interests, even if no actual conflict exists. Employees responsible for procurement, contracting, and other company services may not hold significant shares in any company supplying goods or services to KFIC.
2. Family members of employees or Board members are also prohibited from holding such interests. The term "significant share" refers to any financial interest that could influence an employee's decision-making in favor of personal gain. A potential or actual conflict arises when an employee is in a position to make a decision that could result in personal benefits for themselves, another employee, or their family, friends, or associates.
3. The Conflict-of-Interest policy requires disclosure of any interest by employees, Board members, or their relatives in any contracts or dealings with the Company. They must refrain from decision-making or voting on matters related to that interest.
4. The Board has established a clear and approved policy for transactions with related parties, ensuring such transactions are reviewed by the Risk Committee and ultimately approved by the Board. Approval from the Ordinary General Assembly is obtained for related-party transactions at the end of the fiscal year.
5. The Company has also implemented mechanisms to ensure compliance by Board members, Executive Management, and employees with the Conflict-of-Interest policy.

Rule Seven: Disclosure and Transparency in an Accurate and Timely Manner

1. Summary of Disclosure and Transparency Mechanisms and Policies:

KFIC adopts a disclosure and transparency policy toward its Board of Directors, shareholders, and stakeholders on one hand, and toward relevant regulatory and supervisory authorities in compliance with the laws and regulations applicable in the State of Kuwait on the other. The policy emphasizes the need for accurate, organized internal and external disclosure of all financial matters and material information related to the Company, including its financial position, performance, ownership structure, and any practices related to control over the Company or its decisions.

Such transparency creates an environment of trust and confidence both internally and externally and helps eliminate conflicts of interest with related parties. It also ensures clear communication between shareholders, the Board of Directors, and Executive Management, fostering a credible and effective work environment. This responsibility is shared by all parties.

KFIC is committed to complying with all disclosure-related laws, regulations, and instructions issued by various regulatory authorities in a timely manner, recognizing the importance of transparency in strengthening shareholder and stakeholder confidence and maintaining the Company's reputation in the markets in which it operates.

Material information is disclosed through announcements on the stock exchange website, by notifying the Capital Markets Authority using the prescribed disclosure forms, and through the Company's official website.

2. Overview of the Disclosure Register for Board Members and Executive Management:

The Company maintains a dedicated disclosure register for Board members and Executive Management, containing all required data and information in accordance with applicable laws, regulations, and Company policies. This register also includes details of remuneration, salaries, incentives, and other financial benefits, which are disclosed in the annual report presented to the General Assembly. Relevant stakeholders have the right to review this register during normal working hours.

3. Overview of the Investor Relations Unit:

The Investor Relations Unit is responsible for providing shareholders and potential investors with the necessary data, information, and reports. It also maintains a copy of the Company's shareholder register and coordinates updates with the Kuwait Clearing Company to ensure shareholder information is current.

Additionally, the unit facilitates the provision of information to shareholders through various channels, including official correspondence, recognized disclosure methods in coordination with relevant departments, and the Company's website.

4. Use of IT Infrastructure in Disclosure Processes:

The Company has developed its IT infrastructure and relies heavily on it for disclosure processes. It utilizes a dedicated financial management system that ensures segregation of duties and proper approval workflows. A dedicated corporate governance section has also been established, where all relevant information and data are made available to help current and potential investors exercise their rights and evaluate the Company's performance.

Rule Eight: Respecting Shareholders' Rights

1. Summary of Identifying and Protecting Shareholders' General Rights:

The current shareholders of KFIC are those registered in the records of the Kuwait Clearing Company. Each share entitles its holder to an equal proportion of ownership in the Company's assets and distributed profits without discrimination.

As the Company's shares are nominative, the last registered owner in the Company's register is solely entitled to receive any amounts due on the share, whether dividends or a share in the Company's assets.

Every shareholder, regardless of the size of their ownership, is entitled to the following:

1. Entitlement to receive dividends based on the Company's results and the recommendations of the Board of Directors as approved by the General Assembly, whether in the form of cash dividends or bonus shares.
2. Participation in electing and dismissing Board members in accordance with applicable laws.
3. Participation in the management of the Company by nominating oneself for Board membership, attending General Assembly meetings, engaging in deliberations, and voting on resolutions in accordance with the law, the Memorandum of Association, and the Articles of Association.

4. The right to receive, at least seven days prior to the Ordinary General Assembly meeting, the financial statements for the concluded financial period, the Board of Directors' report, the external auditor's report, and the annual report.
5. Monitoring the Company's overall performance and the Board's activities in particular, holding Board members or Executive Management accountable, and filing liability claims individually on behalf of the Company if the Company fails to do so, in case of failure to perform their assigned duties. A shareholder may also file a personal claim for compensation if the error has caused them direct harm.
6. The right to dispose of and transfer owned shares in accordance with the law, and priority rights to subscribe to new shares, bonds, or sukuk if they express their intention within a period not exceeding fifteen days from the date of invitation, in accordance with the provisions of the Companies Law.
7. The right to obtain information and data related to the Company's activities and its operational and investment strategy in a regular and accessible manner, without prejudice to KFIC's interests, in accordance with applicable laws and regulations.
8. Shareholders representing 25% of the capital have the right to request the replacement of the external auditor during the financial year.
9. Shareholders holding 5% of the Company's capital may request the Ministry to appoint an auditor to conduct an inspection of the Company regarding alleged violations by the manager, Board members, the external auditor, or the CEO, provided there are justified reasons for such a request.

Second: Share Register Maintained with the Clearing Agency for Continuous Monitoring of Shareholder Data:

A shareholder register custody agreement is maintained with the clearing agency (Kuwait Clearing Company), which is licensed by the Capital Markets Authority and is responsible for maintaining, safeguarding, and updating the shareholder register. It retains details including shareholders' names, number and type of shares, paid-up value per share, ownership percentages, identification details, and contact information through the Investor and Shareholder Affairs Department. The Company is also provided with an updated copy of the register on a weekly basis.

Third: Encouraging Shareholders to Participate and Vote in General Assembly Meetings:

The Company ensures that stakeholders have access to relevant financial information and data related to their activities and dealings with the Company, in a manner that upholds fairness in providing appropriate and timely information. This supports stakeholders in making informed decisions and ensures equal access to information, preventing selective disclosure.

Information is made available through the Company's website, annual reports, newspaper and magazine announcements, as well as press releases and statements.

The Board of Directors has also approved a whistleblowing policy, under which the Company is committed to integrity and ethical professional conduct in all dealings. This policy enables stakeholders to report any violations or unlawful, unethical, or improper activities, while ensuring confidentiality in the investigation process and providing protection to whistleblowers without causing them harm.

Rule Nine: Recognizing the Role of Stakeholders

1. Systems and Policies Ensuring the Protection of Stakeholders' Rights:

To safeguard stakeholders' transactions with the Company, whether contracts or dealings, the Company has adopted several internal policies and regulations, including but not limited to:

- Stakeholders' Rights Protection Policy
- Conflict of Interest Mitigation Policy
- Whistleblowing Policy
- Related Party Transactions Policy
- Procurement and Contracting Policies and Procedures

2. Encouraging Stakeholders to Participate in Monitoring the Company's Activities:

The Company enables stakeholders to access financial information and data relevant to their activities and dealings with the Company, ensuring fairness in providing appropriate and timely information. This helps stakeholders make informed decisions based on accurate and complete information, while ensuring equal access and preventing selective disclosure.

Information is made available through the Company's website, annual report, newspaper and magazine announcements, as well as press releases and publications.

The Board of Directors has also approved a whistleblowing policy under which the Company is committed to integrity and ethical professional conduct in all transactions. This policy allows stakeholders to report any violations or unlawful, unethical, or improper activities, while ensuring confidentiality during investigations and protecting whistleblowers from any harm.

Rule Ten: Enhancing and Improving Performance

1. Mechanisms to Ensure Continuous Training for Board Members and Executive Management:

The Company has established orientation programs for the financial year ending 2025, particularly for newly appointed Board members and employees, to ensure they have a proper understanding of the Company's operations and activities. These programs cover legal and regulatory obligations, responsibilities and duties, authorities and rights, as well as the financial and operational aspects of the Company's activities, strategy, and objectives.

In addition, relevant training programs, workshops, and conferences have been proposed for current Board members and Executive Management to enhance their skills and expertise and keep them up to date with developments, enabling them to effectively perform their responsibilities.

2. Evaluation of the Performance of the Board, Individual Board Members, and Executive Management:

The Company has a self-assessment policy for evaluating the performance of Board members and Executive Management on an annual basis. The evaluation is reviewed and approved by the Board of Directors and is based on a set of key performance indicators (KPIs) linked to the achievement of the Company's strategic objectives, the quality of risk management, and the effectiveness of internal control systems.

The performance of the Board and its committees has been evaluated in accordance with the KPIs Policy, as well as the performance of each Board member and committee member. A dedicated register is maintained to document these evaluations.

3. The Board of Directors' Efforts in Creating Institutional Value (Value Creation) Among Employees:

The Board of Directors makes significant efforts to create institutional value among the Company's employees by achieving objectives, improving performance levels, and ensuring that Executive Management continuously motivates employees. This is done by linking rewards and promotions to performance, which is evaluated based on clear criteria communicated to employees, encouraging them to exert maximum effort in achieving the Company's strategic objectives in line with the approved annual business plan.

The Company is also committed to developing employee performance by organizing training programs and encouraging and supporting employees in obtaining professional certifications relevant to their respective fields. The Company is characterized by high employee retention and a low turnover rate, reflecting the positive work environment fostered by Executive Management, which motivates employees to perform at their best.

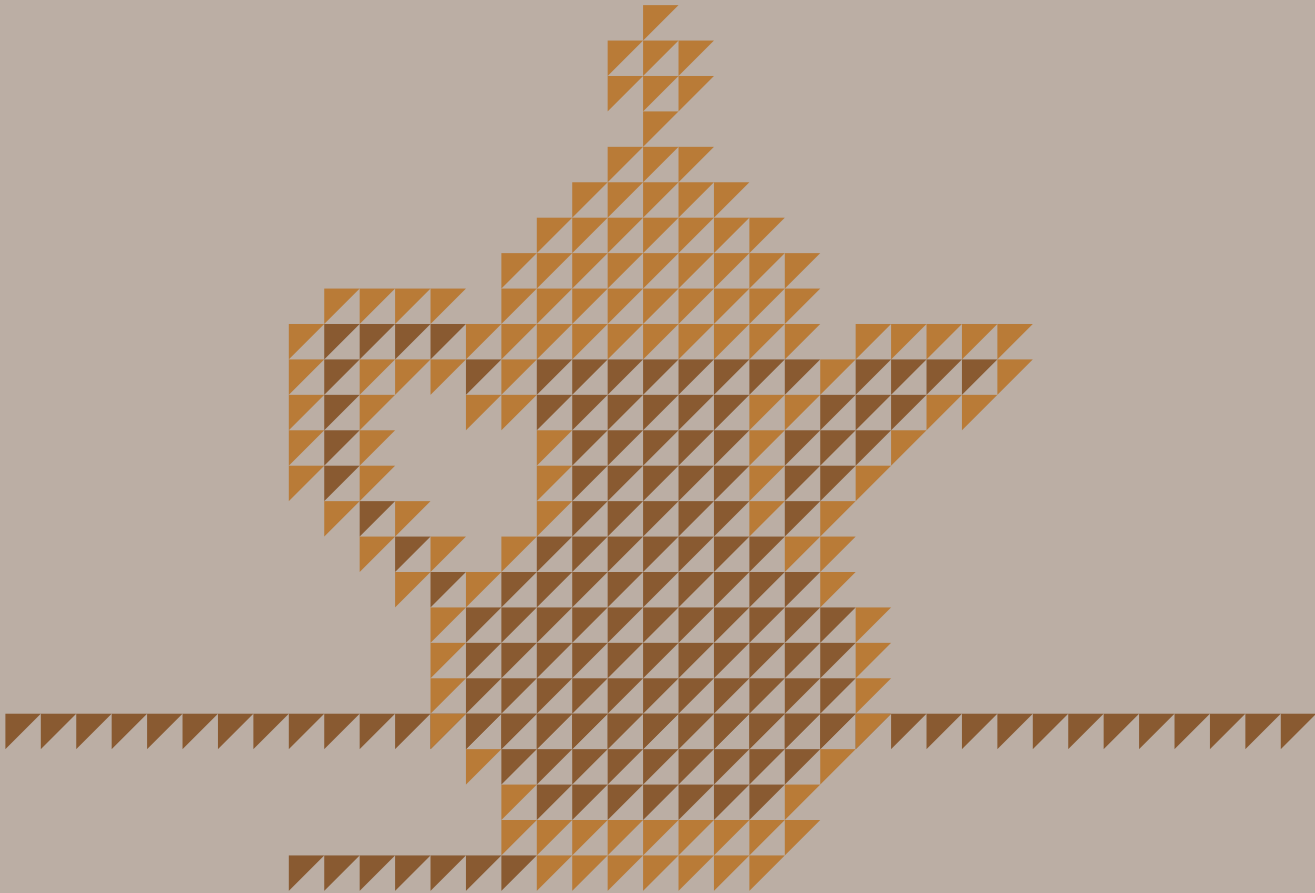
Additionally, the Company has established a Code of Conduct that defines employees' responsibilities toward compliance with applicable laws and institutional values, including maintaining confidentiality of information and adhering to personal and professional conduct aligned with the Company's values.

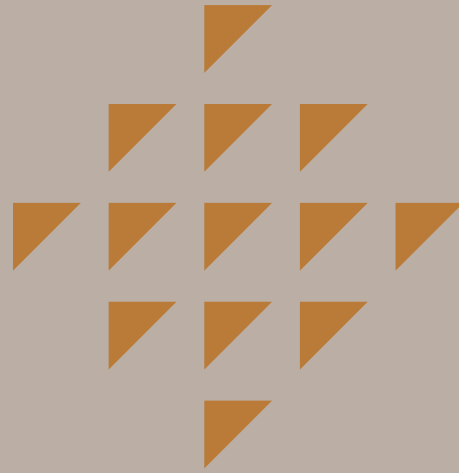
Rule Eleven: Emphasis on Social Responsibility

1. Overview of the Company's Policy to Balance Corporate and Societal Objectives:

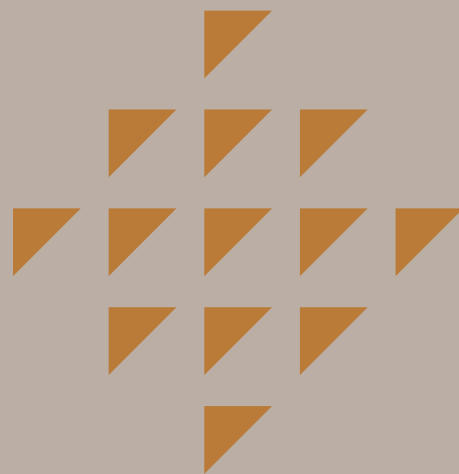
KFIC is committed to adopting a policy that ensures a balance between the Company's objectives and the interests of society. The Company actively contributes to social responsibility initiatives in line with its strategic goals.

Accordingly, in collaboration with the Kuwait Food Bank and Relief Organization, KFIC implemented the "Iftar Saem" initiative during the holy month of Ramadan 2025.





Independent Auditors' Report





INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KFIC INVEST COMPANY K.S.C. (PUBLIC)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of KFIC Invest Company - K.S.C. (Public) (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the Central Bank of Kuwait for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our reports, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying

consolidated financial statements.

We have identified the following key audit matter:

Measurement of Credit Losses

The recognition of credit losses on financing receivables to customers is the higher of Expected Credit Loss (“ECL”) under International Financial Reporting Standard 9: Financial Instruments (“IFRS 9”), determined in accordance with Central Bank of Kuwait (the “CBK”) guidelines, and the provision required by the CBK rules based on classification of credit facilities and calculation of their provision (the “CBK rules”) as disclosed in the accounting policies in Note 2.7 and Note 6 to the consolidated financial statements.

Recognition of ECL under IFRS 9, determined in accordance with CBK guidelines, is a complex accounting policy, which requires considerable judgement in its implementation. ECL is dependent on management’s judgement in assessing significant increase in credit risk and classification of financing receivables into various stages; determining when a default has occurred, development of models for assessing the probability of default of customers and estimating cash flows from recovery procedures or realization of collateral.

Recognition of specific provision on impaired facility under the CBK rules is based on the instructions by CBK on the minimum provision to be recognized together with any additional provision to be recognised based on management estimate of expected cash flows related to that financing facility.

Due to the significance of credit facilities and the related estimation uncertainty and judgement in the impairment calculation, this was considered as a key audit matter. This is further heightened by the high degree of estimation uncertainty due to the inflationary pressure and high interest rate environment.

Our audit procedures included assessing the design and implementation of controls over the inputs and assumptions used by the Group in developing the models, its governance and review controls performed by the management in determining the adequacy of credit losses. Further, our audit procedures were updated to incorporate consideration of the inflationary pressure and high interest rate environment.

With respect to the ECL based on IFRS 9, determined in accordance with the CBK guidelines, we have selected samples of financing facilities outstanding as at the reporting date and checked the appropriateness of the Group’s determination of significant increase in credit risk and the resultant basis for classification of the credit facilities into various stages. We have reviewed the ECL model in terms of key data, methods and assumptions used to ensure they are in line with IFRS 9 requirements, determined in accordance CBK guidelines. For a sample of financing facilities, we have checked the appropriateness of the Group’s staging criteria, Exposure at Default (“EAD”) Probability of Default (“PD”) and Loss Given Default (“LGD”) including the eligibility and value of collateral considered in the ECL models used by the Group, in order to determine ECL taking into consideration CBK guidelines. We have also checked the consistency of various inputs and assumptions used by the Group’s management to determine ECL.

Further, for the CBK rules provision requirements, we have assessed the criteria for determining whether there is a requirement to calculate any credit loss in accordance with the related regulations and, if required, it has been computed accordingly. For the samples selected, we have verified whether all impairment events have been identified by the Group's management. For the selected samples which also included impaired financing facilities, we have assessed the valuation of collateral and checked the resultant provision calculations.

Other information included in the Group's 2025 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs Accounting Standards as adopted by the Central Bank of Kuwait for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any material violations of provisions Law No 7 of 2010 concerning establishment of Capital Market Authority "CMA" and organization of security activity and its executive regulations, as amended during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.



SHEIKHA AL FULAIJ

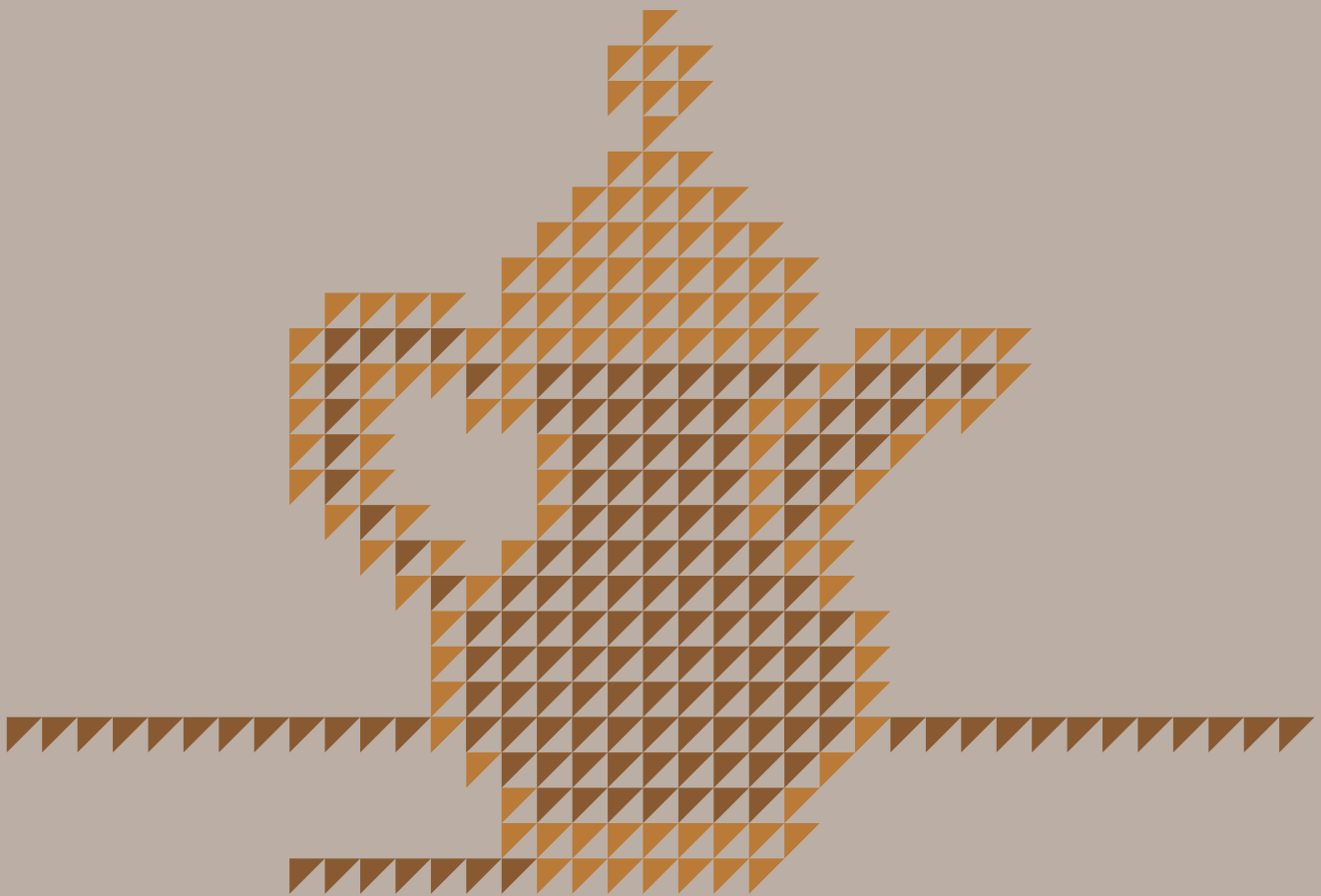
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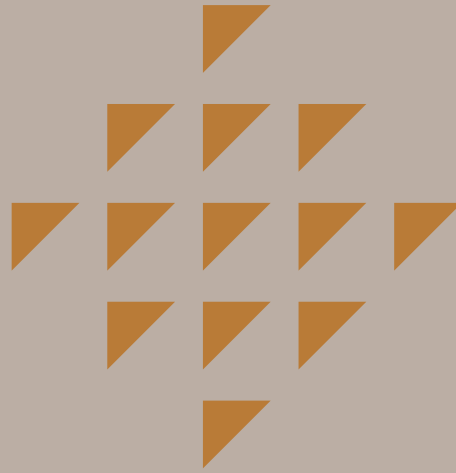
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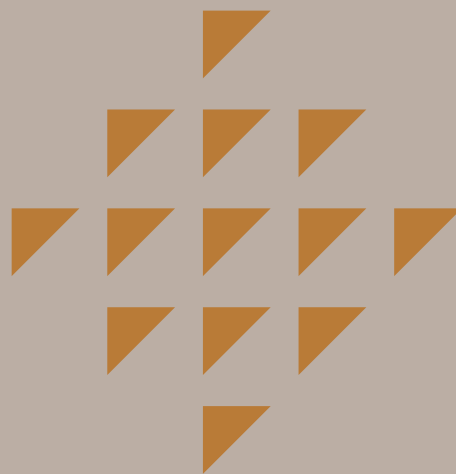
10 March 2026

Kuwait





Consolidated Financial Statements



KFIC Invest Company K.S.C. (Public)
and its subsidiaries

Consolidated Financial Statements
for the year ended 31 December 2025



**Shape the future
with confidence**



	Notes	2025 KD	2024 KD
ASSETS			
Bank balances and cash	4	14,114,376	5,545,150
Financial assets at fair value through profit or loss	5	7,702,801	2,821,627
Financial assets at fair value through other comprehensive income		107,781	119,860
Finance receivables at fair value through other comprehensive income	6a	14,273,771	7,647,481
Finance receivables at amortized cost	6b	1,970,480	1,997,545
Other assets	7	5,734,354	6,373,821
Investments in associates	8	-	1,051,435
Investment properties	9	5,022,918	8,776,591
Property and equipment		982,056	1,266,625
Intangible assets	10	251,968	251,968
TOTAL ASSETS		50,160,505	35,852,103
LIABILITIES AND EQUITY			
Liabilities			
Borrowings	11	3,730,000	4,596,666
Other liabilities	12	13,007,860	5,498,034
Total Liabilities		16,737,860	10,094,700
Equity			
Share capital	13.1	24,548,994	32,249,138
Statutory reserve	13.2	2,847,437	-
Voluntary reserve	13.3	-	36,321
Fair value reserve		365,735	(48,011)
Foreign currency translation reserve		74,848	93,566
Equity transactions reserve		976,900	1,156,426
Retained earnings (accumulated losses)	13.6	1,134,408	(7,736,465)
Equity attributable to the equity holders of the Parent Company		29,948,322	25,750,975
Non-controlling interests	17	3,474,323	6,428
Total Equity		33,422,645	25,757,403
TOTAL LIABILITIES AND EQUITY		50,160,505	35,852,103



Waleed Mohammad Jassim Al-Sager
Chairman



Eisa Ali Al Hasawi
Vice Chairman & CEO

	Notes	2025 KD	2024 KD
REVENUES			
Finance income	14	1,964,855	2,226,208
Management and advisory fees		1,204,275	1,017,998
Brokerage commissions		4,527,978	658,272
Investment income	15	3,704,458	277,611
Rental income		314,674	427,847
Share of results of associates	8	(1,041,900)	(876,199)
Foreign currency exchange (loss) gain		(79,062)	40,181
Other income		465,802	284,398
		11,061,080	4,056,316
EXPENSES			
Finance costs		(404,082)	(366,952)
Staff costs		(3,086,103)	(2,787,858)
General, administrative and marketing expenses		(1,391,054)	(1,037,863)
Lease liability interest expenses		(28,842)	(33,407)
Depreciation and amortization		(412,224)	(418,719)
		(5,322,305)	(4,644,799)
PROFIT (LOSS) BEFORE PROVISIONS, ZAKAT AND TAXES		5,738,775	(588,483)
Provision charge for expected credit losses for finance receivables	6c	(365,350)	(1,050,625)
Provision charge for expected credit losses on other assets	7	(1,239,160)	(1,449,939)
Provision recovery (charge) for expected liability		87,093	(156,442)
PROFIT (LOSS) BEFORE ZAKAT AND TAXES		4,221,358	(3,245,489)
National Labour Support Tax		(132,920)	-
Zakat		(22,743)	-
PROFIT (LOSS) FOR THE YEAR		4,065,695	(3,245,489)
Attributable to:			
Equity holders of the Parent Company		4,003,357	(3,269,934)
Non-controlling interests		62,338	24,445
PROFIT (LOSS) FOR THE YEAR		4,065,695	(3,245,489)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)	16	16.3	(13.6)

	Notes	2025 KD	2024 KD
Profit (loss) for the year		4,065,695	(3,245,489)
Other comprehensive income (loss):			
Items that may be reclassified to consolidated statement of profit or loss in subsequent years:			
Net change in fair value of finance receivables at fair value through other comprehensive income		81,329	38,491
Fair value reserve transferred to consolidated statement of profit or loss on sale of finance receivable at fair value through other comprehensive income		-	4,428
Net charge in provision for expected credit losses of finance receivables at fair value through other comprehensive income	6c	720,119	415,185
Write-off of finance receivables at fair value through other comprehensive income	6a	(405,506)	(769,517)
Exchange differences on translation of foreign operations		(18,767)	16,122
		377,175	(295,291)
Items that will not be reclassified to consolidated statement of profit or loss in subsequent years:			
Net change in fair value of equity instruments classified at fair value through other comprehensive income		(1,628)	(3,984)
Other comprehensive income (loss) for the year		375,547	(299,275)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		4,441,242	(3,544,764)
Attributable to:			
Equity holders of the Parent Company		4,376,873	(3,569,087)
Non-Controlling interests		64,369	24,323
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		4,441,242	(3,544,764)

Attributable to equity holders of the Parent Company

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Fair value reserve KD	Foreign currency transition reserve KD	Equity transactions reserve KD	(Accumulated losses)/ retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2025	32,249,138	-	36,321	-	(48,011)	93,566	1,156,426	(7,736,465)	25,750,975	6,428	25,757,403
Profit for the year	-	-	-	-	-	-	-	4,003,357	4,003,357	62,338	4,065,695
Other comprehensive income (loss) for the year	-	-	-	-	392,234	(18,718)	-	-	373,516	2,031	375,547
Total comprehensive income (loss) for the year	-	-	-	-	392,234	(18,718)	-	-	4,376,873	64,369	4,441,242
Disposal of certain shares in a subsidiary (Note 17)	-	-	-	-	-	-	(179,526)	-	(179,526)	3,403,526	3,224,000
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	21,512	-	-	(21,512)	-	-	-
Extinguishment of accumulated losses (Note 13.6)	(7,700,144)	-	(36,321)	-	-	-	-	7,736,465	-	-	-
Transfer to statutory reserve	-	2,847,437	-	-	-	-	-	(2,847,437)	-	-	-
As at 31 December 2025	24,548,994	2,847,437	-	-	365,735	74,848	976,900	1,134,408	29,948,322	3,474,323	33,422,645
As at 1 January 2024	32,249,138	2,431,535	750,000	(3,145,214)	267,264	77,444	1,156,426	(4,466,626)	29,319,967	705,470	30,025,437
(Loss) profit for the year	-	-	-	-	-	-	-	(3,269,934)	(3,269,934)	24,445	(3,245,489)
Other comprehensive (loss) income for the year	-	-	-	-	(315,275)	16,122	-	-	(299,153)	(122)	(299,275)
Total comprehensive (loss) income for the year	-	-	-	-	(315,275)	16,122	-	(3,269,934)	(3,569,087)	24,323	(3,544,764)
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(120)	(120)
Dividends distribution (Note 13.5)	-	(2,431,535)	(713,679)	3,145,214	-	-	-	-	-	-	-
Net gain on sale of treasury shares (Note 13.4)	-	-	-	-	-	-	-	95	95	-	95
Net movement in non-controlling interests relating to disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(723,245)	(723,245)
As at 31 December 2024	32,249,138	-	36,321	-	(48,011)	93,566	1,156,426	(7,736,465)	25,750,975	6,428	25,757,403

إن البيانات المترجمة من 1 إلى 22 تشكل جزءاً من هذه البيانات المالية المجمعة.

	Notes	2025 KD	2024 KD
OPERATING ACTIVITIES			
Profit (loss) for the year		4,065,695	(3,245,489)
Adjustments to reconcile profit (loss) for the year to net cashflows:			
Dividend income		(158,869)	(155,728)
Share of results of associates	8	1,041,900	876,199
Change in fair value of investment properties	15	(243,350)	67,624
Gain on sale of subsidiary	15	(140,576)	-
Gain on sale of investment properties	15	(700,000)	-
Finance costs		404,082	366,952
Lease liability interest expenses		28,842	33,407
Depreciation and amortization		412,224	418,719
Provision charge for expected credit losses for finance receivables	6c	365,350	1,050,625
Provision charge for expected credit losses on other assets	7	1,239,160	1,449,939
Provision (recovery) charge for expected liability		(87,093)	156,442
Provision charge for employees' end of service benefits		138,091	323,271
National Labour Tax charge		132,920	-
Zakat Charge		22,743	-
		6,521,119	1,341,961
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(3,374,833)	1,731,352
Finance receivables at fair value through other comprehensive income		(6,950,467)	(390,688)
Finance receivables at amortised cost		381,834	1,660,734
Other assets		(496,790)	(787,838)
Other liabilities		7,677,530	347,497
Cash flows from operations		3,758,393	3,903,018
Employees' end of service benefits paid		(154,599)	(584,573)
Net cash flows from operating activities		3,603,794	3,318,445
INVESTING ACTIVITIES			
Net movement of property and equipment		(127,655)	(414,884)
Proceeds from sale of investment properties	9	3,000,000	-
Net proceeds from sale of a subsidiary		318,229	-
Dividends received		59,775	82,047
Proceed from sale of equity instruments at fair value through other comprehensive income		10,439	-
Fixed deposits with original maturity greater than three months placed		(2,000,349)	(326)
(Placement) release of restricted cash at banks		(1,140,118)	324,346
Net cash flows from (used in) investing activities		120,321	(8,817)
FINANCING ACTIVITIES			
Proceeds from borrowings		4,480,000	4,596,666
Repayments of borrowings		(5,346,666)	(6,083,333)
Finance costs paid		(403,453)	(359,989)
Payment of lease liabilities		(249,237)	(118,285)
Purchase of treasury shares		-	(2,945)
Sale of treasury shares		-	3,040
Consideration for sale of a subsidiary		3,224,000	-
Net movement in non-controlling interests		-	(723,245)
Dividend paid by subsidiary to non-controlling interests		-	(120)
Net cash flows from (used in) financing activities		1,704,644	(2,688,211)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,428,759	621,417
Cash and cash equivalents as at 1 January		4,568,107	3,946,690
CASH AND CASH EQUIVALENTS AS AT 31 DECE	4	9,996,866	4,568,107
Non-Cash items excluded from the consolidated statement of cash flows:			
Addition of financial assets at fair value through profit or loss against disposal of subsidiary		(1,506,341)	-

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

1 INCORPORATION AND ACTIVITIES

KFIC Invest Company K.S.C. (Public) (the “Parent Company”) is a Kuwaiti Shareholding Company incorporated on 29 March 2000 in accordance with Commercial Companies Law No. 15 of 1960 which was replaced by Law No. 1 of 2016 (New Companies’ Law). The Parent Company is regulated by the Capital Markets Authority (CMA) as an investment company.

The Parent Company’s shares are listed on the Kuwait Stock Exchange (Boursa Kuwait).

The Parent Company’s registered office is at Khaled Tower, Al Qebla, P.O. Box 21521, Safat 13037 Kuwait.

The Parent Company and its subsidiaries (together referred to as “the Group”) are principally engaged in consumer and commercial lending activities, lease, sell and buy vehicles, collection services, managing funds and portfolios on behalf of clients, investment banking activities, brokerage activities, providing financial and consulting services and investing in securities and real estate.

The consolidated financial statements of KFIC Invest Company K.S.C. (Public) (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025 were authorised for issue by the Board of Directors on 10 March 2026 and are subject to the approval of the shareholders of the Parent Company in the Annual General Assembly Meeting.

The consolidated financial statements for the year ended 31 December 2024 were approved by the Parent Company’s shareholders at the annual general assembly meeting (“AGM”) held on 18 May 2025.

The main activities for which the Parent Company is incorporated are as follows:

1. Carry on the following securities activities in accordance with the provisions of Law No. (7) of 2010 concerning the Establishment of Capital Markets Authority and Regulation of Securities Activity and its Executive Regulations, as amended:
 - a. Investment Portfolio Manager. b. Collective Investment Scheme Manager. c. Investment Advisor. d. Subscription Agent. e. Securities Broker not registered on the Stock Exchange Market.
2. Purchase and sale of shares and bonds for the Parent Company’s own account.
3. Conduct studies and provide consulting services related to financial matters, provide technical and management services for projects, and prepare economic feasibility studies.
4. Incorporate or participate in incorporating companies of different types, objects, and nationalities, and deal in selling and purchasing shares of such companies and the bonds and financial rights they issue.
5. Sell and purchase the necessary real estate properties for the Parent Company’s objectives.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the IFRS Accounting Standards with an amendment for measuring the expected credit loss (“ECL”) on credit facilities at the higher of ECL computed under IFRS 9 - ‘Financial Instruments’ in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures (collectively referred to as IFRS Accounting Standards, as adopted by CBK for use by the State of Kuwait).

The consolidated financial statements have been presented in Kuwaiti Dinar which is also the Parent Company’s functional and presentation currency.

The consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, finance receivables at fair value through other

comprehensive income and investment properties.

The Group presents its consolidated statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in Note 21.3.

2.2 Changes in accounting policies

Amended standards adopted by the Group

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

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2025:

Lack of exchangeability - Amendments to IAS 21

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

The amendments did not have a material impact on the Group's financial statements at 31 December 2025.

Other amendments to IFRS which are effective for annual accounting period starting from 1 January 2025 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.3 New and amended standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The Group will adopt it when the new standard and amendments become effective.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2025, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

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

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (investees which are controlled by the Group) (collectively the “Group”) as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting

policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the net assets (excluding goodwill) of consolidated subsidiaries not attributable directly, or indirectly, to the equity holders of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in the consolidated statement of profit or loss.

2.5 Business combinations and goodwill

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

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

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed). If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of profit or loss.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the

operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 or the amount initially recognised less (when appropriate) cumulative amount of income recognized in accordance with the requirements of IFRS 15.

2.6 Bank balances and cash

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash at banks, cash in portfolios, and fixed deposits with banks and financial institutions less restricted cash and deposits, whose original maturities periods exceeding three months from the date of placement.

2.7 Financial instruments

(a) Classification and measurement of financial assets

The Group classifies its financial assets upon initial recognition into three classification categories: amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”).

The Group determines the classification and measurement approach for its financial assets that reflect the business model in which assets are managed and its contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group’s business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on observable factors such as:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within this business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

If cash flows after initial recognition are realised in a way that is different from the Group’s original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. ‘Interest’ is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin.

1- Financial assets carried at amortised cost

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

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

Financial assets carried at amortised cost are debt instruments initially recognized at fair value plus directly attributable costs and subsequently measured at amortised cost using the effective interest rate method. Interest income, foreign exchange gains and losses and charge for expected credit losses are

recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

The Group's financial assets carried at amortised cost comprise of finance receivables carried at amortised cost (which include originated loans where loan is provided directly to the borrower, participation in a loan from another lender and purchased loans), \, other assets and bank balances.

2- Financial assets carried at fair value through other comprehensive income (FVOCI)

(i) Debt instruments

A debt instrument is carried at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instrument carried at FVOCI are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and charge for expected credit losses are recognised in the consolidated statement of profit or loss. Fair value changes which are not part of an effective hedging relationship are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of consolidated statement of changes equity until the asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the consolidated statement of profit or loss.

(ii) Equity instruments

Upon initial recognition, the Group makes an irrevocable election to classify some of its equity instruments as investments at FVOCI if they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading neither nor contingent consideration recognized by the Group in a business combination. Such classification is determined on an instrument by instrument basis.

Equity instruments at FVOCI initially recognized at fair value plus directly attributable transaction costs and are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of consolidated statement of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated statement of profit or loss. Dividends income are recognised in the consolidated statement of profit or loss unless they clearly represent a recovery of part of the cost of the investment in which case they are recognised in other comprehensive income. Equity instruments at FVOCI are not subject to impairment assessment.

3- Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets in this category are those financial assets held for trading, financial assets which have been designated by management as FVTPL upon initial recognition or debt instruments with contractual cash flows that do not represent solely payments of principal and interest. Management can designate an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise from measuring financial assets and liabilities on a different basis.

Financial assets at FVTPL initially recognized at fair value and transaction costs are recognized as expenses in the consolidated statement of profit or loss. Subsequently they are measured at fair value. Changes in fair value are recognised in the consolidated statement of profit or loss. Interest income is recognised using the effective interest method. Dividend income is recognised in the consolidated statement of profit or loss when the right to the payment has been established.

Reclassification of financial assets

The Group does not reclassify its financial assets subsequent to their initial recognition other than in

the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line “change business model”.

(b) Classification and measurement of financial liabilities

Classification of financial liabilities

Financial liabilities “other than classified at fair value through profit or loss” are represented in borrowings and other liabilities.

Measurement of financial liabilities

Financial liabilities other than classified at fair value through profit or loss are initially recognized at fair value, net of transaction costs incurred, and subsequently measured and carried at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss using the effective interest method.

(c) Recognition and de-recognition of financial assets and financial liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is de-recognized when: the rights to receive cash flows from the asset have expired, or the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement, or the Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where

an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and a recognition of a new liability.

All regular way purchase and sale of financial assets are recognized on the trade date, which is the date on which the Group commits to purchase or sell the financial instrument.

(d) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legal enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(e) Impairment of financial assets

The Group computes Expected Credit Losses (ECL) for financial assets carried at amortised cost and debt instruments classified as FVOCI. Equity investments are not subject to Expected Credit Losses.

This will require considerable judgment about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

Under IFRS 9, the impairment requirements apply to financial assets carried at amortised cost and debt instruments classified as FVOCI. At initial recognition, allowance is required for expected credit losses (‘ECL’) resulting from default events that are possible within the next 12 months (‘12-month ECL’). In the event of a significant increase in credit risk, allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’).

The Group provides for credit losses on finance receivables carried at amortised cost and finance receivables carried at FVOCI according to the CBK guidelines and shall record the impairment of finance receivables in the consolidated financial position at the higher of ECL under IFRS 9 according to the CBK guidelines, or the provisions required by the CBK instructions (described below in provision for credit losses in accordance with CBK instructions).

Impairment of financial assets other than finance receivables

The Group recognizes ECL on investment in debt instruments measured at amortised cost or FVOCI and on balances and deposits with banks.

Expected Credit losses

The Group has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

To calculate ECL, the Group will estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive, discounted at the effective interest rate.

The Group applies a three-stage approach to measure the ECL based on the applied impairment methodology, as described below:

Stage 1: 12-month ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition.

Stage 2: Lifetime ECL - not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3: Lifetime ECL - credit impaired

The Group measures loss allowances at an amount equal to 100% of net exposure i.e. after deduction from the amount of exposure value of collaterals determined in accordance with CBK guideline.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of expected credit loss

At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are more than 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2, except for retail finance receivables (consumer and housing) that are more than 60 days past due are deemed to have a significant increase in credit risk since initial recognition and migrated to stage 2.

At each reporting date, the Group also assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are more than 90 days past due. All credit impaired financial assets are classified as stage 3 for ECL measurement purposes. Evidence of credit impairment includes observable data about the following:

- Significant financial difficulty of the borrower or issuer.
- A breach of contract such as default or past due event.
- The disappearance of an active market for a security because of financial difficulties.
- Purchase of a financial asset at a deep discount that reflects the incurred credit loss.
- All rescheduled facilities.
- Retail facilities from commencement of legal recourse.

At the reporting date, if the credit risk of a financial asset or group of financial assets has not increased significantly since initial recognition or not credit impaired, these financial assets are classified as stage 1.

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cashflows due to the Group in accordance with the contract and the cashflows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit factors of the assets, nature and value of collaterals, forward looking of macroeconomic scenarios as well as other factors.

- **The Probability of Default (“PD”)** is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial asset has not been previously derecognized and is still in the portfolio. The Group uses point in time PD (PITPD) for each rating to calculate the ECL.
- **The Exposure at Default (“EAD”)** is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including payments of principal and interest.
- **The Loss Given Default (“LGD”)** is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the financier would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. CBK guidelines have prescribed list of eligible collaterals and minimum hair-cuts that are applied in determination of LGD. Further, as per CBK guidelines, for unsecured senior and subordinate financing facilities minimum LGD threshold applied is 50% and 75% respectively.

The maximum period for which the credit losses are determined is the contractual life of a financial asset, except for financial assets in Stage 2, the Group considers a minimum maturity of 7 years for all finance receivables (excluding consumer financing, and personal housing financing which is regulated by CBK) unless financing facilities have non-extendable contractual maturity and final payment is less than 50% of the total facility extended. For consumer financing and personal housing financing which is regulated by CBK in Stage 2, the Group considers minimum maturity of 5 years and 15 years respectively.

Incorporation of forward-looking information

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking information into the ECL models. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The consideration of such factors increases the degree of judgment in determination of ECL. The management reviews the methodologies and assumptions including any forecasts of future economic conditions on regular basis.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets carried at amortised cost. In the case of debt instruments measured at FVOCI, the Group recognises the ECL charge in the consolidated statement of profit or loss and a corresponding amount is recognised in other comprehensive income with no reduction in the carrying amount of the financial asset in the consolidated statement of financial position.

Provisions for credit losses in accordance with CBK instructions

The Group is required to calculate provisions for credit losses on credit facilities in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the interest or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due but not impaired and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

Category	Criteria	Specific provision
Watch list	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgment of a customer's financial and/or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning. The following classification of credit exposures is considered by the Group in accordance with the instructions of CBK on the classification of credit facilities.

Number of days past due	Classification
Within 90 days	Watch list
More than 90 days but not exceeding 180 days	Substandard
More than 180 days but not exceeding 365 days	Doubtful
More than 365 days	Bad

2.8 Investments in associates

Associates are those entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recognized as goodwill. Goodwill on acquisition of associates is included in the carrying values of investments in associates. Investments in associates are initially recognized at cost and are subsequently accounted for using the equity method of accounting from the date of obtaining significant influence to the date it ceases. Under the equity method, the Group recognizes in the consolidated statement of profit or loss, its share of the associate's post acquisition profit or loss, and in other comprehensive income, its share of post-acquisition movements in reserves that the associate directly recognizes in equity. The

cumulative post acquisition adjustments, and any impairment, are directly adjusted against the carrying value of the associates.

Appropriate adjustments such as depreciation, amortization and impairment losses are made to the Group's share of profit or loss after acquisition to account for the effect of fair value adjustments made at the time of acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

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

After application of the equity method, the Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount as 'Impairment loss of investment in associates' in the consolidated statement of profit or loss.

Profit and loss resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates are to be changed when necessary to ensure consistency with the policies adopted by the Group.

2.9 Goodwill and intangible assets

Goodwill is measured as described in (Note 2.5). When calculating gains and losses on disposal of an entity or a part of an entity, the carrying amount of goodwill relating to the entity or the portion sold is taken into consideration as part from the carrying amount of that entity or that portion sold.

Intangible assets comprise separately identifiable intangible items arising from business combinations and certain purchased license. Intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, while intangible assets with indefinite useful lives are not amortised and carried at cost less accumulated impairment losses. Subsequently, intangible assets with definite useful lives are amortized using the straight-line method over their estimated useful economic life, generally not exceeding 20 years, while intangible assets such as brokerage license with an indefinite useful life are not amortised and tested for impairment annually.

2.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate appraisers. The Group uses the lesser valuation in determining the fair value. The Group reevaluates investments properties at least annually or upon occurrence of any material changes in the market conditions whichever is earlier. Changes in fair value are taken to the consolidated statement of profit or loss.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are de-recognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer

from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy followed in recognizing and measuring property and equipment up to the date of change in use.

2.11 Property and equipment

Property and equipment include own-used properties, software and other office equipment. Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses, and are periodically reviewed for impairment. Cost comprises of purchase cost and all directly attributable costs of bringing the asset to working conditions for its intended use. The useful life of property and equipment is estimated on the basis of the economic utilization of the asset. Depreciation of property and equipment is calculated using the straight-line method to allocate their depreciable values over their estimated useful lives. The estimated useful life of property and equipment are determined to be from three to five years.

The property and equipment's residual values and useful lives are reviewed, and adjusted if appropriate, at the beginning of each reporting period.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within other income in the consolidated statement of profit or loss.

2.12 Impairment of assets other than financial assets within the scope of IFRS 9 and investment properties

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units (CGUs). Goodwill is allocated to CGUs to benefit from the synergies of the combination. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the five-year period.

Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry and geographical region.

The Group shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group shall estimate the recoverable amount of the asset. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

2.13 Provisions

Provisions for liabilities are recognized when the Group has a current or a future constructive obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle this obligation and the amount can be reliably estimated.

2.14 End of service benefits

The Group provides end of service benefits to all its employees. As per the Kuwaiti law and the Parent Company's internal policy, the entitlement to these benefits is based upon the employees' final salaries and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The Group expects this method to produce a reliable approximation of the present value of this obligation.

In addition, with respect to its national employees, the Group makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries.

2.15 Share capital and treasury shares

Share capital

Ordinary shares are classified as equity.

Transaction costs related to share issuances

Incremental costs directly attributable to the issue of new shares or other instruments classified as equity instruments are recognized in equity as "transaction costs related to share issuances", and are deducted from the proceeds.

Treasury shares

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

Any capital reduction by amortizing the accumulated losses is considered economic losses which reduces the number of shares. Reserves including equity transactions reserve, equal to the cost of treasury shares held.

2.16 Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars which is the functional and presentation currency of the Group using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as FVOCI are analyzed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to amortised cost are recognized in the consolidated statement of profit or loss, while other changes are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognized in the consolidated statement of profit or loss. Translation differences on non-monetary financial assets, such as equity instruments classified as FVOCI, are included in other comprehensive income.

Net assets in foreign subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency at the exchange rates prevailing at the reporting date. Revenues and expenses of those entities are translated at the average exchange rates

for the year. All resulting exchange differences are recognized in the foreign currency translation reserve in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in other comprehensive income in respect of that operation attributable to the equity holders of the Parent Company are reclassified to the consolidated statement of profit or loss.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for service provided. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below:

- Financing income is recognized as income on a time proportion basis to yield a constant periodic interest rate on the balance outstanding based on the effective interest rate method. The recognition of financing income is suspended when loans become impaired.
- Management and advisory fees are recognized based on the terms of the applicable service contract. The portfolio management fees are usually recognized on a time proportionate basis.
- Commission on brokerage services are recognized as the service is provided.
- Rental income from operating leases is recognized on a straight line basis over the lease term.
- Dividend income is recognized when the Group's right to receive payment is established.

2.18 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Right-of-use assets

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

Lease liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease

payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Finance lease

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessee are classified as finance leases.

Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

When the Group is a lessee, each lease payment is allocated between the liability and finance costs. The interest element of the finance cost is charged to the consolidated statement of profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

When the Group is a lessor, finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Interest income arising from finance leases are recognized by the effective interest rate method and classified as part of finance income.

2.19 Finance costs

Finance costs on borrowings, finance receivables factoring payable and finance leases are recognized as expenses in the consolidated statement of profit or loss using the effective interest rate method, unless the finance costs are related to qualified assets for capitalization, in which case they are capitalized and considered part of the cost of the qualified assets.

2.20 Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated using the same method as for basic earnings per share by adjusting the weighted average number of ordinary shares outstanding to reflect the potential dilution through the increase in the ordinary shares that could occur if options, warrants, convertible debt securities or other contracts to issue ordinary shares were converted or exercised.

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

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from the profit for the year base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

2.22 National Labor Support Tax (NLST)

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations.

2.23 Zakat

Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent before contribution to KFAS, Zakat, and Board of Directors' remuneration, and after deducting the Group's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations.

2.24 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Group's businesses are organized into four business segments "Finance, Asset Management, Investment and Corporate Finance, and Financial Brokerage and Online Trading". These operating segments are reported in (Note 19).

2.25 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated statement of financial position.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Group's accounting policies, management has used judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The followings are the areas involving a high degree of judgment or areas where assumptions and estimates are significant to the consolidated financial statements.

Accounting judgments**Classification of financial assets**

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Judgments are required in determining the business model at an appropriate level that best reflects an aggregated group or portfolio of assets which are managed together to achieve a particular business objective. The Group also applies judgment to assess if there is a change in business model in circumstances when the assets within that business model are realised differently than the original expectations. Refer (Note 2.7) classification of financial assets for more information.

Uncertainty of accounting estimates

The Group determines assumptions relating to the future. The outcome of accounting estimates are rarely equal to the actual results. Management undertakes these assumptions based on the information that has been available during the year, taking into consideration the economic and political circumstances of the region. Estimates and assumptions that have a material impact attributable to adjustments affecting the carrying values of the assets and liabilities during the next financial year are as follows:

Impairment of intangible assets

The Group calculates the recoverable amount for its intangible assets that have indefinite useful lives annually to determine whether there is an impairment loss to be recorded as per the accounting policy (Note 2.12). Recoverable amount is calculated based on the value in use which involves high degree of estimates. In estimating value in use, cash flows based on the business plans are discounted using relevant discount rate and the terminal value is calculated by estimating the terminal growth rate.

Valuation of investment properties

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement. Investment properties are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in

estimating the fair value of investment property are set out in (Note 9).

Impairment of investments in associates

The Group calculates the recoverable amount for its investments in associates if there is an indication of an impairment to determine whether there is any impairment loss to be recorded.

Recoverable amount is calculated based on the value in use or fair value less cost to sell whichever is higher. In estimating the value in use, cash flows which are based on the associates' business plans are discounted using the relevant discount rate and the terminal value is calculated by estimating the terminal growth rates. Fair value of the unquoted associates is determined by using valuation techniques that take into consideration the market conditions and the difficulties that may be faced by the investee. These involve high degree of estimates.

Fair value of unquoted equity investments

Estimates are used in applying the valuation techniques used to estimate the fair value of unquoted investments. Those techniques include the expected cash flows, recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques used by the participants in the market generally which is mainly represented in adjusted net book value method. The Group calibrates the valuation techniques periodically and tests these for validity using either prices from observable current market transactions in the same instrument or other available observable market data.

Impairment of financial assets

The measurement of Expected Credit Losses (ECL) across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining Expected Credit Losses (ECL) and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group estimates Expected Credit Loss (ECL) for all financial assets carried at amortised cost or fair value through other comprehensive income except for equity instruments.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their dependencies. Elements of the ECL models that are considered accounting judgements and estimates, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for measurement of ECL
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Establishing group of similar financial assets for the purpose of measuring ECL.

The Group has the policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Impairment losses on financing receivables - as per CBK guidelines

The Group reviews its financing receivables on a regular basis to assess whether an impairment loss should be recorded in the consolidated statement of profit or loss. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods

covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. This consider all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4 CASH AND CASH EQUIVALENTS

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

	2025 KD	2024 KD
Cash at banks and on hand	6,641,200	4,034,492
Cash in investment portfolios	1,564,605	2,436
Fixed deposits	5,908,571	1,508,222
Bank balances and cash	14,114,376	5,545,150
Fixed deposits with a maturity greater than three months from the date of placement	(2,008,571)	(8,222)
Fixed deposit blocked	(500,000)	(500,000)
Cash at banks and cash in investment portfolios blocked	(1,608,939)	(468,821)
Total cash and cash equiva	9,996,866	4,568,107

Fixed deposits duration varies from one to twelve months and carry an average effective interest rate of 3.9% per annum as at 31 December 2025 (2024: 3.9%) per annum.

A subsidiary company (KFIC for Financing Services Co. - K.S.C "Closed") pledged a fixed deposit of KD 500,000 (2024: KD 500,000) to a local bank against the financing portfolio purchased by the bank.

Cash at banks disclosed above include restricted bank balances of KD 1,608,939 (2024: KD 468,821) represents the Group's share in the new regime of guarantee fund established by Boursa Kuwait. This amount is restricted for use by the Kuwait Clearing Company to fulfill the Group's obligations against the short fall in the trade (if any).

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 KD	2024 KD
Quoted equities	141,000	773,921
Unquoted equities	7,561,801	2,047,706
	7,702,801	2,821,627

The hierarchy for determining and disclosing the fair value of financial instruments by valuation technique is presented in (Note 20).

6 FINANCE RECEIVABLES

The provisions computed as per IFRS 9 according to the CBK guidelines relating to finance receivables carried at fair value through other comprehensive income and finance receivables at amortised cost before the effect of intercompany elimination is amounted to KD 1,198,666 (31 December 2024: KD 1,075,105) which is higher (31 December 2024: lower) than the provisions computed as required by the CBK instructions before the effect of intercompany elimination amounting to KD 1,135,267 (31 December 2024: KD 1,305,528). Hence, the provision for credit losses against the finance receivables is based on IFRS 9 according to the CBK guidelines as of 31 December 2025 (31 December 2024: based on CBK instructions).

The reported provisions computed as per IFRS 9 according to the CBK guidelines to finance receivables carried at fair value through other comprehensive income and finance receivables at amortised cost after elimination is KD 1,179,450 (31 December 2024: KD 1,283,528 as per CBK instructions).

The Parent Company has secured a loan from its subsidiary, “KFIC for Financing Services K.S.C.C.”, classified as finance receivable at amortised cost. The loan amount is KD 2,200,000 and carries an interest rate of 1% per annum above the CBK discount rate and is repayable in full on 30 June 2030. The loan has an intercompany effect over provisions computed as required by the CBK instructions relating to finance receivables at amortised cost by KD 22,000 (31 December 2024: KD 22,000) and provisions computed as required by the expected credit losses calculated as per IFRS 9 according to the CBK guidelines by KD 19,216 (2024: KD 17,480) (Note 18).

a - Finance receivables carried at fair value through other comprehensive income

	2025 KD	2024 KD
Gross finance receivables	16,147,059	8,716,119
Less: deferred income	(1,944,267)	(1,058,288)
	14,202,792	7,657,831
Fair value adjustment (Net)	70,979	(10,350)
	14,273,771	7,647,481

The provision of credit losses for finance receivable carried at fair value through other comprehensive income calculated as per IFRS 9 according to the CBK guidelines is KD 965,447 (31 December 2024: KD 650,834 as per CBK instructions).

During the year, the Group entered into an agreement with a local financial institution to transfer a portion of its retail portfolio with a carrying value of 7,197,716 at 31 December 2025. The transaction did not meet the derecognition criteria and hence, the Group continues to recognize the finance receivables with a corresponding financial liability (Note 12). The Group retains the service responsibilities and continues to collect contractual cash flows on behalf of the local financial institution.

The movement in the provision of credit losses for finance receivable carried at fair value through other comprehensive income is as follows:

	2025 KD	2024 KD
Opening balance as per CBK instructions (1 January 2024: under IFRS 9 as per CBK guidelines)	(650,834)	(1,005,166)
Charge during the year (Note 6c)	(720,119)	(415,185)
Write off during the year	405,506	769,517
Ending balance calculated under IFRS 9 as per CBK guidelines (2024: calculated as per CBK instructions)	(965,447)	(650,834)

The below analysis shows the provision for credit losses as per CBK instructions:

	General		Specific		Total	
	2025 KD	2024 KD	2025 KD	2024 KD	2025 KD	2024 KD
As at the beginning of the year	(70,384)	(71,723)	(580,450)	(598,006)	(650,834)	(669,729)
(Charge) recovery of provision during the year	(64,359)	1,339	(338,412)	(751,961)	(402,771)	(750,622)
Write off during the year	-	-	405,506	769,517	405,506	769,517
As at the end of the year	(134,743)	(70,384)	(513,356)	(580,450)	(648,099)	(650,834)

The analysis below shows the carrying amount in relation to finance receivables carried at FVOCI:

Carrying amount	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
As at 31 December 2025	13,329,970	211,135	661,687	14,202,792
As at 31 December 2024	6,927,153	150,228	580,450	7,657,831

The below analysis shows the changes of expected credit losses computed under IFRS 9 in accordance with CBK guidelines in relation to finance receivables carried at FVOCI:

2025	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Expected credit losses as at 1 January 2025	(119,401)	(36,032)	(580,450)	(735,883)
Charge during the year	(325,968)	(32,231)	(276,871)	(635,070)
Impact due to transfer between stages	195,793	14,079	(209,872)	-
Write off during the year	-	-	405,506	405,506
As at 31 December 2025	(249,576)	(54,184)	(661,687)	(965,447)
2024	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Expected credit losses as at 1 January 2024	(137,203)	(47,841)	(820,122)	(1,005,166)
Charge during the year	(229,924)	(25,116)	(245,194)	(500,234)
Impact due to transfer between stages	247,726	36,925	(284,651)	-
Write off during the year	-	-	769,517	769,517
As at 31 December 2024	(119,401)	(36,032)	(580,450)	(735,883)

As of 31 December 2025, finance receivables of KD 661,687 (2024: KD 580,450) were impaired and provided for. The related provision for those receivables amounted to KD 661,687 as of 31 December 2025 (2024: KD 580,450).

As of 31 December 2025, finance receivables amounting to KD 13,541,105 (2024: KD 7,077,381) were performing. Included in these receivables are finance receivables installments that are classified as past due for less than three months but not fully impaired amounting to KD 250,895 as of 31 December 2025 (2024: KD 133,315). These receivables are not considered fully impaired. The following is the aging of finance receivables installments which are past due but not fully impaired:

	2025 KD	2024 KD
One month	185,988	102,074
More than one month till two months	48,939	25,880
More than two months till three months	15,968	5,361
	250,895	133,315

The hierarchy for determining and disclosing the fair value of finance receivables by valuation techniques are in (Note 20).

b - Finance receivables carried at amortised cost

	2025 KD	2024 KD
Gross finance receivables	2,334,027	2,947,050
Less: deferred income	(149,544)	(316,811)
	2,184,483	2,630,239
Less: Expected credit losses	(214,003)	-
Less: General provision*	-	(322,424)
Less: Specific provision	-	(310,270)
	1,970,480	1,997,545

*The General provision includes CBK precautionary provision KD 299,438.

The provision of credit losses for finance receivable carried at amortised cost calculated under IFRS 9 as per CBK guidelines is KD 214,003 (31 December 2024: KD 632,694 as per CBK instructions).

The movement of provision for credit losses for finance receivable carried at amortised cost is as follows:

	2025 KD	2024 KD
Opening balance as per CBK instructions (1 January 2024: under IFRS 9 as per CBK guidelines)	(632,694)	(541,013)
Recovery (charge) during the year (Note 6c)	354,769	(635,440)
Write off during the year	63,922	543,759
Ending balance calculated under IFRS 9 as per CBK guidelines (2024: calculated as per CBK instructions)	(214,003)	(632,694)

The below analysis shows the provision for credit losses as per CBK instructions:

	عام		مبدد		المجموع	
	2025 KD	2024 KD	2025 KD	2024 KD	2025 KD	2024 KD
As at the beginning of the year	(322,424)	(342,170)	(310,270)	(521,498)	(632,694)	(863,668)
Recovery (charge) of provision during the year	2,668	19,746	100,936	(332,531)	103,604	(312,785)
Write off during the year	-	-	63,922	543,759	63,922	543,759
As at the end of the year	(319,756)	(322,424)	(145,412)	(310,270)	(465,168)	(632,694)

The analysis below shows the changes in the carrying amount in relation to finance receivables carried at amortised cost:

Carrying amount	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
As at 31 December 2022	1,927,002	69,843	187,638	2,184,483
As at 31 December 2024	2,312,748	7,221	310,270	2,630,239

The analysis below shows the changes of expected credit losses computed under IFRS 9 in accordance with CBK guidelines in relation to finance receivables carried at amortized cost:

2025	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Expected credit losses as of 1 January 2025	(11,472)	-	(310,270)	(321,742)
(Charge) recovery during the year	(67,618)	-	111,435	43,817
Impact due to transfer between stages	68,341	(15,616)	(52,725)	-
Write off during the year	-	-	63,922	63,922
As at 31 December 2025	(10,749)	(15,616)	(187,638)	(214,003)
2024	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Expected credit losses as of 1 January 2024	(16,936)	(2,579)	(521,498)	(541,013)
Charge during the year	(201,339)	(15,448)	(107,701)	(324,488)
Impact due to transfer between stages	206,803	18,027	(224,830)	-
Write off during the year	-	-	543,759	543,759
As at 31 December 2024	(11,472)	-	(310,270)	(321,742)

As of 31 December 2025, finance receivables of KD 187,638 (2024: KD 310,270) were impaired and fully provided for. The related provision for those receivables amounted to KD 187,638 as of 31 December 2025 (2024: KD 310,270).

As of 31 December 2025, finance receivables amounting to KD 1,996,845 (2024: KD 2,319,969) were performing. Included in these receivables are finance receivables instalments that are classified as past due for less than three months but not fully impaired amounting to KD 14,587 as of 31 December 2025 (2024: KD 23,266). These receivables are not considered fully impaired. Following is the aging of

finance receivables instalments which are past due but not fully impaired:

	2025 KD	2024 KD
One month	12,949	11,290
More than one month till two months	1,638	6,741
More than two months till three months	-	5,235
	14,587	23,266

The finance receivables secured by collateral amounted to KD 1,405,165 as at 31 December 2025 (2024: KD 1,324,835). The fair value of collateral held against these finance receivables before IFRS 9 regulatory haircut in accordance with CBK instructions, amounted to KD 2,793,929 as at 31 December 2025 (2024: KD 2,403,939).

The fair value of finance receivables as of 31 December 2025 is KD 2,023,318 (2024: KD 2,287,040) was determined by using current discount market rates prevailing at the end of the reporting year.

Finance receivables carried at amortized cost are denominated in the following currencies:

	2025 KD	2024 KD
Kuwaiti Dinar	1,234,859	1,246,827
US Dollar	735,621	750,718
	1,970,480	1,997,545

c - Finance receivables credit loss

Provision for credit losses for finance receivables carried at amortized cost and finance receivables carried at fair value through other comprehensive income (FVOCI) as follows:

	2025 KD	2024 KD
Provision charge for finance receivables carried at FVOCI (Net)	(720,119)	(415,185)
Provision recovery (charge) for finance receivables carried at amortized cost (Net)	354,769	(635,440)
	(365,350)	(1,050,625)

7 OTHER ASSETS

	2025 KD	2024 KD
Accrued income	1,401,493	1,125,364
Other receivables*	4,009,320	4,237,750
Associates preferred shares (Note 8)	207,064	884,783
Prepayments	116,477	125,924
	5,734,354	6,373,821

The below analysis shows the gross carrying amount of other assets and corresponding expected credit loss:

	2025 KD	2024 KD
Other assets	11,782,965	11,232,377
Provision for expected credit loss	(6,048,611)	(4,858,556)
	5,734,354	6,373,821

Provision for Expected credit loss movement:

	2025 KD	2024 KD
Opening balance	4,858,556	3,505,108
Charge during the year	1,239,160	1,449,939
Write off during the year	(49,105)	(96,491)
	6,048,611	4,858,556

*As at 31 December 2025, other assets include other gross receivables amounting to KD 6,648,782 (31 December 2024: KD 6,702,454) which represents three properties that have not been yet transferred to the Group as of the reporting date and other remaining balances as a result of the irrevocable agreement signed in 2020 and its amendments. The irrevocable agreement in 2020 was signed to acquire real estate properties with a total fair value of KD 12,500,000 in exchange for some of the Group’s assets. The Group has pledged collaterals representing quoted, unquoted securities and cash against such gross receivable in addition to a promissory note of KD 12,500,000 as collateral to proportionally cover the non-transferred assets. The Group has executed their part of the agreement and has transfer all the assets. The other party has transferred investment properties amounting to KD 6,463,665 and the remaining balance is recorded as other assets in the Group’s subsidiary books.

On 22 January 2023, the Group’s subsidiary “KFIC Financial Brokerage Company K.S.C.C” filed a legal case against the other party claiming an amount of KD 6.6 million. The case was registered in the Commercial Division of the Regional Court. On 27 November 2023, the court dismissed the case as a preliminary judgement on the basis that the original promissory note was not submitted. The preliminary judgement was appealed, and on 12 June 2024, the Court of Appeals ruled against the preliminary judgement dismissing the case and obliged the counter party to pay to the Group’s subsidiary “KFIC Financial Brokerage Company K.S.C.C” an amount of KD 6,615,475, while both parties to the case filed a cassation appeal. A session was scheduled on 23 September 2025 on whether to reject the appeal and thus the judgement issued in the Group’s Favor will be considered final, or to decide on the viability of the appeal and subsequently set a session to hear it. On 23 September 2025, the Court of Cassation decided to accept the appeal and set a hearing date on 14 October 2025 then postponed to 21 October 2025 for judgement. On 21 October 2025, the Court of Cassation ruled to annul the appealed judgment for lack of jurisdiction, referring the case to the Capital Markets Court - First Instance Circuit for reconsideration. A session was scheduled on 27 January 2026 for hearing, in which the other party submitted a defence memorandum that includes a counterclaim requesting the annulment of the asset swap agreement. The court decided to postpone the case to 24 February 2026 then postponed to 17 March 2026 for judgement.

On 4 August 2024, the appellant filed a petition for reconsideration, and on 18 December 2024, the Court of Appeals has rejected the petition for reconsideration of the verdict submitted by the appellant. On 20 August 2024, a decision was issued by the Court of Cassation to approve the temporary suspension of the execution of the Court of Appeals’ judgment until a decision is made in the Court of Cassation.

During the year, the Group assessed the fair value of the pledged collaterals and have provided an additional provision of KD 296,915 other than the provision of 2,595,799 provided in previous years. As at 31 December 2025 the total provision for those receivables is KD 2,892,714 (31 December 2024: KD 2,595,799) without taking in consideration the promissory note. The net outstanding balance from this counter party amounts to KD 3,756,068 (31 December 2024: KD 4,106,655).

Furthermore, this deal has been transferred to the Public Prosecution as referred by the Capital Markets Authority. On 3 December 2024, the Public Prosecution transferred the case registered under No. 49/2023 to the High Court - Criminal - Capital Markets Authority, then referred it to General Department of Experts - Ministry of Justice for reporting.

Moreover, on 3 April 2024, the counter party's subsidiary filed a lawsuit in Bahrain for financial compensation against the Group and others, where the first session was scheduled to be on 5 June 2024. On 26 February 2025, the court ruled to suspend the case pending the issuance of a final judgement in the criminal case filed in the State of Kuwait registered under No. 49/2023 of the Kuwait Capital Market Prosecution.

During the year, the other party filed a lawsuit against the Parent Company as a portfolio manager where the first session is scheduled to be on 11 January 2026 for judgement. On 11 January 2026, the court rejected the case and referred it to the Capital Market Court where the first session is scheduled to be on 3 February 2026 then postponed to 17 February 2026 for judgement. On 17 February 2026 the Capital Market Court rejected the case which is considered in the Parent Company's favour.

*Other receivables also include gross receivables amounting of KD 0.6 million (31 December 2024: KD 0.6 million) which represents the remaining balance from sale transaction of certain assets during December 2019. The Group has pledged collaterals representing unquoted securities and cash against such receivable in addition to a promissory note of KD 0.6 million.

On 3 May 2023, the Parent Company filed a legal case against the other party claiming an amount of KD 0.6 million. The case was registered in the Commercial Division and on 15 November 2023 the judgement was rendered in the case and considered as never existed.

On 30 November 2023, a new case was filed, and its first hearing was scheduled on 20 February 2024. On 21 May 2024, the case was ruled that it lacks jurisdiction and has been referred to the Commercial Division of Capital Markets Government. On 8 October 2024, the case was referred to General Department of Experts - Ministry of Justice for reporting. The General Department of Experts - Ministry of Justice issued the report in the Parent's Company favor and a session is scheduled on 14 October 2025 to discuss it, then postponed to 28 October 2025 for judgement, On 28 October 2025, the Capital Markets Court - Commercial Civil Division Government ruled in favor of the Parent Company and obligated the counterparty to pay the due amount, then both parties appealed the judgement where the first session was scheduled on 18 December 2025 then postponed to 12 February 2026. On 12 February 2026 the court ruled to suspend the case until the criminal case registered under No. 49/2023 is decided.

The other receivable balance of KD 0.6 million is fully provided for in previous years.

8 INVESTMENTS IN ASSOCIATES

Name	Incorporation	Activity	Ownership %		Carrying value	
			2025	2024	2025	2024
Calhoun Equity Company Ltd.	Cayman Islands	Real estate investments	27.21	27.21	-	-
Calhoun Debt Company Ltd.	Cayman Islands	Real estate investments	26.49	26.49	-	1,051,435
					-	1,051,435

The following table provides summarised information of the Group's investment in associates

	Calhoun Equity Co Ltd. KD	Calhoun Debt Co Ltd. KD
31 December 2025		
Assets	3,336	985,851
Liabilities	(915,162)	(985,851)
Equity	(911,826)	-
Loss for the year	(533,439)	(3,946,824)
Group's share of loss for the ye	-	(1,041,900)
	Calhoun Equity Co Ltd. KD	Calhoun Debt Co Ltd. KD
31 December 2024		
Assets	447,339	4,671,886
Liabilities	(833,659)	(702,893)
Equity	(386,320)	3,968,993
(Loss) profit for the year	(3,919,496)	362,506
Group's share of (loss) profit for the year	(963,917)	87,718

The Parent Company subscribed to preferred shares issuance by Calhoun Equity Co. Ltd. for a consideration of KD Nil (2024: KD 461,250) which has been recorded under other assets (Note 7).

During the year, the Parent Company subscribed to preferred shares issuance by Calhoun Debt Co. Ltd. for a consideration of KD 203,354 (2024: KD 320,544) which has been recorded under other assets. (Note 7).

These redeemable preference shares are entitled to dividends at the rate of 8% per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available. Preference shares are mandatorily to be paid by the associates at some future date, and hence classified as receivables under other assets. The Group has recognized dividend income on these preference shares of KD 99,094 (2024: KD 73,681) and also recorded an impairment loss during the year on the preference shares from Calhoun Equity and Calhoun Debt of KD 254,929 and KD 618,127 (2024: KD 252,107 and Nil), respectively.

9 INVESTMENT PROPERTIES

Following is the movement on investment properties:

	2025 KD	2024 KD
As at 1 January	8,776,591	8,832,696
Disposals	(3,983,994)	-
Change in the fair value (Note 15)	243,350	(67,624)
Foreign currency translation differences	(13,029)	11,519
As at 31 December	5,022,918	8,776,591

During the year, the Group has sold certain investment properties amounting to KD 1,690,028 relating to a subsidiary and recognized gain of KD 140,576 (Note 15). It also sold another investment property amounting to KD 2,300,000 for KD 3,000,000 to a third party and resulting in gain on sale amounting

to KD 700,000 included in the consolidated statement of profit or loss (Note 15).

Investment properties with carrying amount of KD 4,230,000 (2024: KD 6,290,000) are pledged against borrowings (Note 11).

The fair value of investment properties has been determined by independent valuers who are specialized in valuing such type of properties. The valuers have used the following methods:

- Some properties have been valued using the income capitalization approach.
- Other properties have been valued using the market approach based on recent transactions for properties with characteristics and location similar to those of the Group's property.

As at 31 December 2025, the Group has investment properties amounting to KD 4,230,000 (2024: KD 6,290,000) which generate rental income. The significant assumptions made relating to the valuation of such properties are set out below:

	2025 KD	2024 KD
Total area available for rent (sqm)	1,880	2,880
Average monthly rent per sqm (KD)	13	14
Average yield rate	6.65 %	7.3 %
Average occupancy rate	100 %	90 %

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation:

	Changes in valuation assumptions	Impact on statement of profit or loss for the year	
		2025 KD	2024 KD
Average monthly rent (per sqm)	+5 %	211,500	314,500
Average yield rate	-5 %	222,632	331,053
Occupancy rate	-5 %	(211,500)	(314,500)

10 INTANGIBLE ASSETS

	2025 KD	2024 KD
As at 1 January	251,968	251,968
Balance as of 31 December	251,968	251,968

Intangible assets represent a brokerage license in the Group's subsidiary, KFIC Financial Brokerage K.S.C.C. with indefinite useful life. The recoverable amount is determined using a value in use determined by using discounted cash flow model, which uses inputs that consider features of the brokerage business and its regulatory environment. The recoverable amount is calculated by estimating streams of free cash flows available to shareholders over the next five years, discounted to their present values. The terminal value reflecting all periods beyond the fifth year is calculated on the basis of the forecast of fifth-year profit, the applicable cost of equity is 10.7% (2024: 9.6%) and the long-term growth rate 1.71%

(2024: 2.8%) after applying a further illiquidity discount of 20% (2024: 27%).

The model used to determine the recoverable amount is most sensitive to changes in the forecast free cash flows available to shareholders in years one to five, the cost of equity and to changes in the long-term growth rate. The applied long-term growth rate is based on real growth rates and expected inflation. Free cash flows available to shareholders are estimated on the basis of forecast results, which take into account business initiatives and planned capital investments.

No impairment charge has been recognized on the brokerage license during the year since the recoverable amount is higher than the carrying value.

11 BORROWINGS

Borrowings include local term loans and revolving loans which bear a floating interest rate between 1.75% to 2.5% per annum above CBK discount rate (2024: 2.5% per annum above CBK discount rate).

Following is the classification of borrowings based on their maturity:

	2025 KD	2024 KD
Current	1,775,000	217,334
Non-current	1,955,000	4,379,332
Total	3,730,000	4,596,666

The Parent Company has obtained borrowings from one of its major shareholders with an amount of KD 405,000 (31 December 2024: KD 250,000) with a tenor of 2 years which bear a floating interest rate from 2% to 2.5% (31 December 2024: 2.5%) per annum above CBK discount rate (Note 18).

During the year, the Parent Company obtained a new facility from one of its major shareholders with an amount of KD 1,000,000 with a tenor of 1 year which bears a floating interest rate of 1.75% per annum above CBK discount rate. This facility is not utilised during the year.

The Parent Company has met all borrowings' covenants as of the reporting date. Borrowings obtained by the Parent Company are in Kuwaitis Dinar and are collateralized against investment properties (Note 9).

The Parent Company received approval from one of the lenders to partially release some collaterals provided against the facilities granted during prior year of KD 9.3 million, as follows:

1. Release 31% of the Group's entire stake in a subsidiary "KFIC Financial Brokerage Company K.S.C.C".
2. Cancel the obligation set on the Group's subsidiary "KFIC for financing services Company K.S.C.C" to issue an undertaking to transfer at least KD 12 million per annum to its bank account with the lender.

During the year, the Parent Company signed a new facility limit agreement of KD 9,000,000 with local bank to settle existing borrowings. The facility limits are as follows:

1. Term loan facility with amount of KD 2,000,000 with a tenor of 7 years which bear a floating interest rate 1.75% per annum above CBK discount rate.
2. Revolving facility with amount of KD 3,000,000 with a tenor of 12 months which bear a floating interest rate 1.75% per annum above CBK discount rate.
3. Revolving facility with amount of KD 4,000,000 with a tenor of 12 months which bear of floating interest rate 1.5% per annum above CBK discount rate. This facility is collateralized by an investment portfolio under the custody of the lender.

During the year, the Parent Company fully utilized first facility (term loan) and partially utilized second facility (revolving loan) with a total amount of KD 4,376,847 to settle existing borrowings with a bank and released the remaining stake in the Group's subsidiary "KFIC Financial Brokerage Company K.S.C.C".

The Parent Company partially utilised the third facility (revolving loan) which has been settled before the reporting date.

During the year, the Parent Company partially settled KD 1,051,847 of the second facility (revolving loan) to release one investment property with a carrying value of KD 2,300,000.

12 OTHER LIABILITIES

	2025 KD	2024 KD
Due to suppliers and others	2,742,777	2,652,704
Liabilities associated to finance receivables*	7,197,716	-
Employees' leave and end of service benefits	1,180,323	1,190,000
Lease liabilities	382,493	602,363
Accrued expenses and other payables	1,468,314	1,052,442
KFAS payables	36,237	525
	13,007,860	5,498,034

*As disclosed in Note 6A, these liabilities represent proceeds received in respect of the retail loans transferred during the year, which carried an interest rate of 3% over the Central Bank of Kuwait (CBK) discount rate. This liability is settled by collections of installments received from the retail portfolio clients in accordance with the contractual agreements.

13 EQUITY

13.1 Share capital

	Authorised, issued and paid capital	
	2025 KD	2024 KD
Capital (KD)	24,548,994	32,249,138
Capital (shares)	245,489,943	322,491,383
Nominal value (fls)	100	100

The Board of Directors of the Parent Company in their meeting held on 20 March 2025 proposed to extinguish accumulated losses as at 31 December 2024 through utilizing voluntary reserve of KD 36,321 and a partial reduction in share capital by KD 7,700,144 from KD 32,249,138 to KD 24,548,994.

This proposal has been approved by the shareholders at the general assembly meeting ("AGM") and extraordinary general assembly meeting ("EGM") held on 18 May 2025. The capital reduction was authenticated in the commercial register on 2 June 2025.

The Board of Directors of the Parent Company in their board resolution dated 17 December 2025 proposed an in-kind capital increase of KD 5,342,098. This increase in share capital is associated with the merging process between the Parent Company (the acquirer) and Rasameel Investment Company K.S.C.C. (the acquiree), which was approved by the Capital Markets Authority on 22 December 2025 and the shareholders of the Parent Company in the extraordinary general assembly meeting held on 1 February 2026.

13.2 Statutory reserve

In accordance with the Companies' Law and the Parent Company's Articles of Association, a minimum of 10% of the profit for the year before contribution to Kuwait Foundation for Advancement of Sciences,

directors' remuneration, National Labor Support Tax and Zakat expense shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend of 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice unless such reserve exceeds 50% of the issued share capital.

During the year, the Parent Company transferred KD 415,902 (2024: Nil) to the statutory reserve, representing 10% of the profit for the year before contribution to Kuwait Foundation for Advancement of Sciences, directors' remuneration, National Labor Support Tax and Zakat expense. In addition, KD 2,431,535 distributed to shareholders in 2024 was refunded back to the statutory reserve in line with requirements of the Company's law.

13.3 Voluntary reserve

In accordance with the Companies' Law and the Parent Company's Article of Association, the Board of Directors may propose appropriation from the profit for the year to the voluntary reserve. The Parent Company's Board of Directors has not proposed to transfer any amount to the voluntary reserve for the year 2025 (2024: KD Nil).

13.4 Treasury shares

On 25 July 2024, the Parent Company distributed all its treasury shares as a dividend to its shareholders (Note 13.5).

The Group purchased treasury shares of Nil shares (2024: 41,135) for total consideration amounting to KD Nil (2024: KD 2,945) and sold treasury shares of Nil (2024: KD 41,135) with total consideration amounting of KD Nil (2024: KD 3,040).

13.5 Dividends

The Parent Company's shareholders annual general assembly meeting ("AGM") for the year ended 31 December 2023 held on 30 May 2024 approved the distribution of non-cash dividend in the form of treasury shares at the rate of 4.42%. The non-cash dividend was recorded as a reduction in treasury shares of KD 3,145,214 with a corresponding adjustment to voluntary reserve of KD 713,679 and statutory reserve of KD 2,431,535. On 25 July 2024, the Parent Company distributed all its treasury shares to the shareholders.

At its meeting held on 10 March 2026, the Parent Company's board of directors recommended an in-kind distribution representing a portion of the Parent Company's share in Estate Capital Investment Company K.S.C.C. (formerly Dimah Capital Investment Company K.S.C.C.) (classified in the consolidated statement of financial position as financial assets at fair value through profit or loss), at a rate of approximately 4.737 shares for each 100 shares of the Parent Company's current shareholders.

Furthermore, in the event of implementing the in kind capital increase related to the merger between the Parent Company (the acquiring company) and Rasameel Investment Company K.S.C.C. (the acquired company) in the amount of KD 5,342,098 (Note 13.1), the ratio of in-kind distributions of the Estate Capital Investment Company K.S.C.C. (formerly Dimah Capital Investment Company K.S.C.C.) shares will at a rate of approximately 3.890 shares for each 100 shares for the existing and new shareholders of the Parent Company after the merger.

This recommendation is subject to the approval of shareholders at the Annual General Meeting.

13.6 Extinguish of accumulated losses

The Board of Directors of the Parent Company in their meeting held on 20 March 2025 proposed to extinguish accumulated losses as at 31 December 2024 through utilizing voluntary reserve of KD 36,321 and a partial reduction in share capital by KD 7,700,144 from KD 32,249,138 to KD 24,548,994.

This proposal has been approved by the shareholders at the general assembly meeting ("AGM") and

extraordinary general assembly meeting (“EGM”) held on 18 May 2025. The capital reduction was authenticated in the commercial register on 2 June 2025.

14 FINANCE INCOME

Set out below is the disaggregation of the Group’s revenue from contracts with customers:

	2025 KD	2024 KD
Type of service		
Interest income	856,806	768,646
Other fee income	1,108,049	1,457,562
	1,964,855	2,226,208
Geographical markets		
Kuwait	1,964,855	2,226,208
Timing of revenue recognition		
Services transferred over time	856,806	768,646
Services transferred at a point in time	1,108,049	1,457,562
	1,964,855	2,226,208

15 INVESTMENT INCOME

	2025 KD	2024 KD
Financial assets at fair value through profit or loss		
Cash dividends	16,925	37,375
Net realized gain on sale	56,709	178,691
Unrealized gain	2,404,954	10,816
	2,478,588	226,882
Financial assets at fair value through other comprehensive income		
Cash dividends	42,850	44,672
Income from preferred shares		
Dividends income (Note 8)	99,094	73,681
Sale of subsidiary		
Gain on sale of subsidiary (Note 17)	140,576	-
Investment Properties		
Gain on sale of investment in property (Note 9)	700,000	-
Change in the fair value (Note 9)	243,350	(67,624)
Total	3,704,458	277,611

16 EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic EPS are calculated by dividing the profit (loss) for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit (loss) for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2025	2024 (restated)
Profit (loss) for the year attributable to equity holders of the Parent Company (KD)	4,003,357	(3,269,934)
Weighted average of issued shares	245,489,943	245,489,943
Weighted average of treasury shares	-	(5,631,138)
Weighted average number of outstanding ordinary shares	245,489,943	239,858,805
Earnings (loss) per share attributable to equity holders of the Parent Company (fils)	16.3	(13.6)

Loss per share for the year ended 31 December 2024 was 10.3 fils, before the retrospective adjustment to the weighted average number of shares following the reduction in share capital (Note 13.1).

17 SUBSIDIARIES

Following are the Group's subsidiaries:

Subsidiary Name	Activity	Incorporation	Ownership %	
			2025	2024
Held directly through the parent company				
KFIC Financial Brokerage Company - K.S.C.C. (a)	Brokerage	Kuwait	69	100
KFIC for Financing Services Company - K.S.C.C.	Financing	Kuwait	99.96	99.96
KFIC for Management Consulting Company - S.P.C	Consultancy	Kuwait	100	100
KFIC Real Estate Company - S.P.C.	Real Estate	Kuwait	100	100
KFIC for Selling and Buying Cars Company- S.P.C.	Cars Trade	Kuwait	100	100
KFIC for Third Party Amicable Fund Collection Company - S.P.C.	Collection	Kuwait	100	100
KFIC Rental and Leasing Cars Company - S.P.C. (b)	Car Rental & Leasing	Kuwait	100	100
Al-Wafra Future for Agriculture Contracting Company - W.L.L	Agricultural contracting	Kuwait	99	99
Held through KFIC Financial Brokerage Company - K.S.C.C				
Riffa District for Shares and Securities - W.L.L.	Real Estate	Bahrain	100	100
Al Salbookh Al Oula for General Trading - S.P.C.	General Trading	Kuwait	100	100

Al Takmilia Al Oula Holding Company. - S.P.C. (c)	Holding	Kuwait	-	100
Jadwa International Marketing Consulting Company - S.P.C.	Consultancy	Kuwait	100	100
KFIC Kuwaiti Bahraini for Real Estate Development Company - W.L.L (d)	Real Estate Development	Bahrain	-	100

- During the year, the Parent Company signed an agreement to sell 31% stake in its wholly owned subsidiary - KFIC Financial Brokerage Company "K.S.C.C." - to a related party for a consideration of KD 3,224,000. The sale resulted in increase in non-controlling interest by KD 3,403,526 and loss of KD 179,526 which is recognized in an equity transactions reserve.
- During the year, the license of KFIC Rental and Leasing Cars Co. - S.P.C. has been revoked by the Ministry of Commerce and Industry. The final steps are currently being completed in accordance with the established procedures.
- During the year, the Group transferred the ownership of Al Takmila Al Oula Holding Company - S.P.C, non-operational subsidiary to a third party for no consideration.
- During the year, the Group's subsidiary - KFIC Financial Brokerage "K.S.C.C" - has sold its entire equity interest in its wholly owned subsidiary, KFIC Kuwaiti Bahraini for Real Estate Development W.L.L, which primarily owns investment properties, to a third party for a consideration of KD 1,824,570 net of transaction costs of KD 69,357. The net consideration comprises of a net cash of KD 318,229 and financial assets at fair value through profit or loss with a fair value of KD 1,506,341. The sale of a subsidiary resulted in a net gain of KD 140,576 recognized in the consolidated statement of profit or loss (Notes 9 and 15).

Financial information of the subsidiary with material non-controlling interest is provided below:

The summarized financial information of this material subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Proportion of equity interest held by non-controlling interests:

	2025	2024
KFIC Financial Brokerage – K.S.C.C.	31 %	-

Accumulated balances of material non-controlling interests:

	2025 KD	2024 KD
KFIC Financial Brokerage – K.S.C.C.	3,467,530	-

Summarized statement of comprehensive income of KFIC Financial Brokerage:

	2025 KD	2024 KD
Revenues	5,392,704	634,998
Expenses	(2,105,303)	(2,097,635)
Profit (loss) for the year	3,287,401	(1,462,637)
Other comprehensive (loss) income	(3,704)	2,496
Total comprehensive income (loss)	3,283,697	(1,460,141)
Profit attributable to non-controlling interests	62,128	-

Summarized statement of financial position of KFIC Financial Brokerage

	2025 KD	2024 KD
Total assets	12,156,534	9,961,113
Total liabilities	(970,950)	(559,226)
Total equity	11,185,584	9,401,887
Attributable to non-controlling interests	3,467,530	-

18 RELATED PARTIES

Related parties represent shareholders who have representation in the Parent Company's Board of Directors and their close relatives, directors and key management personnel of the Parent Company, and associate entities, and entities controlled, jointly controlled or significantly influenced by such parties. All related parties' transactions are carried out on terms approved by Parent Company's management.

The related parties' balances and transactions included in the consolidated financial statements are as follows:

	2025 KD	2024 KD
Related parties' balances		
Financial assets at fair value through profit or loss – entities under common control	7,561,796	2,047,701
Other assets net - associates	841,619	1,440,540
Other assets – key management personnel	61,648	57,779
Other assets – shareholders	417	417
Borrowings - major shareholders	(405,000)	(250,000)
Other liabilities – key management personnel	(443,516)	(203,528)
Other liabilities – major shareholders	(8,785)	(668)
Other liabilities – board of directors	(42,000)	-
Transactions with related parties		
Finance income - shareholders	-	25,527
Management and advisory fees – associates	62,148	57,420
Management and advisory fees – major shareholders	257,689	89,073
Dividend income – associates	99,094	73,681
Unrealized gain on financial assets at fair value through profits or loss – entities under common control	2,404,204	-
Finance cost – major shareholders	(24,385)	(4,676)
Provision for expected credit losses for finance receivables recovery - shareholders	-	9,868
Provision for expected credit losses on other assets – associates	(977,288)	(252,107)

	2025 KD	2024 KD
Fiduciary assets		
Investments and funds managed in a fiduciary capacity	41,720,648	46,166,136

During the year, the Parent Company signed an agreement to sell 31% stake in its wholly owned subsidiary- KFIC Financial Brokerage Company K.S.C.C - to a related party (Note 17).

During the year, the Parent Company acquired a financial asset classified at fair value through profit or loss from a related party, amounting to KD 2,996,341.

The Parent Company has secured a loan from its subsidiary, “KFIC for Financing Services K.S.C.C.”, classified as financing receivables at amortised cost. The loan amount is KD 2,200,000 and carries an interest rate of 1% per annum above the CBK discount rate (Note 6).

Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Parent Company.

The aggregate value of transactions related to key management personnel were as follows:

	2025 KD	2024 KD
Key management compensation		
Salaries, other short-term benefits and end of services indemnity – Key members of the management	(581,578)	(397,696)
Committees’ allowances – Board of Directors	(42,000)	-

19 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers (i.e. the Executive Committee) in order to allocate resources to the segments and to assess their performance. The Group’s main activities are organized and managed through four major segments as follows:

Finance

This segment provides consumer loans to individuals and commercial loans to corporate entities and individual customers.

Asset management

This segment provides services of portfolio management and custody services for clients, as well as management of mutual funds.

Investment and corporate finance

This segment monitors the Parent Company’s direct investments and also provides investment banking services as well as financial consultancy services for clients.

Financial brokerage and online trading

This segment provides the brokerage and online trading services to the clients

The following table presents revenue, results for the year, total assets and total liabilities information regarding the Group’s reportable segments.

2025	Finance KD	Asset management KD	Investment & corporate finance KD	Financial brokerage & online trading KD	Total KD
Revenues	2,645,057	872,392	2,130,552	5,392,704	11,040,705
Expenses	(1,942,883)	(1,130,311)	(1,931,814)	(1,910,460)	(6,915,468)
Segment results	702,174	(257,919)	198,738	3,482,244	4,125,237
Unallocated revenues					20,375
Unallocated expenses					(79,917)
Profit for the year					4,065,695
Segment assets	23,817,320	811,900	12,945,406	12,294,497	49,869,123
Unallocated assets					291,382
Total assets					50,160,505
Segment liabilities	10,725,080	178,712	1,135,227	864,435	12,903,454
Unallocated liabilities					3,834,406
Total liabilities					16,737,860

2024	Finance KD	Asset management KD	Investment & corporate finance KD	Financial brokerage & online trading KD	Total KD
Revenues	2,826,860	735,446	(162,977)	635,043	4,034,372
Expenses	(2,827,700)	(1,181,638)	(941,401)	(2,085,064)	(7,035,803)
Segment results	(840)	(446,192)	(1,104,378)	(1,450,021)	(3,001,431)
Unallocated revenues					21,944
Unallocated expenses					(266,002)
Loss for the year					(3,245,489)
Segment assets	15,212,849	697,373	9,556,491	10,221,474	35,688,187
Unallocated assets					163,916
Total assets					35,852,103
Segment liabilities	3,650,630	165,775	905,325	543,646	5,265,376
Unallocated liabilities					4,829,324
Total liabilities					10,094,700

20 FAIR VALUE MEASUREMENTS

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices for identical or similar instruments in market that are considered less than active or other valuation techniques in which all significant inputs are observable from market data.

Level 3: valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the fair value measurement hierarchy of the Group's financial assets recorded at fair value:

	Level 1 KD	Level 2 KD	Level 3 KD	Total fair value KD
2025				
Financial assets at fair value through profit or loss	141,000	-	7,561,801	7,702,801
Financial assets at fair value through other comprehensive income	-	103,252	4,529	107,781
Finance receivable at fair value through other comprehensive income	-	-	14,273,771	14,273,771
Investment properties	-	792,918	4,230,000	5,022,918
2024				
Financial assets at fair value through profit or loss	773,921	-	2,047,706	2,821,627
Financial assets at fair value through other comprehensive income	-	115,494	4,366	119,860
Finance receivable at fair value through othe comprehensive income	-	-	7,647,481	7,647,481
Investment properties	-	2,486,591	6,290,000	8,776,591

The following table represents the changes in Level 3 for the years ended 31 December 2025 and 2024:

	As at 1 January 2025 KD	Change in fair value KD	Additions / (Settlements & Write off) KD	Net results in the consolidated statement of profit or loss KD	As at 31 December 2025 KD
Financial assets at fair value through profit or loss	2,047,706	2,404,204	3,109,891	-	7,561,801
Financial assets at fair value through other comprehensive income	4,366	163	-	-	4,529
Financial receivables at fair value through other comprehensive income	7,647,481	81,329	6,544,961	-	14,273,771
Investment properties	6,290,000	240,000	(3,000,000)	700,000	4,230,000
	15,989,553	2,725,696	6,654,852	700,000	26,070,101
	As at 1 January 2024 KD	Change in fair value KD	Additions / (Settlements & Write off) KD	Net results in the consolidated statement of profit or loss KD	As at 31 December 2024 KD
Financial assets at fair value through profit or loss	2,047,706	-	-	-	2,047,706
Financial assets at fair value through other comprehensive income	4,717	(351)	-	-	4,366
Financial receivables at fair value through other comprehensive income	7,983,391	38,491	(378,829)	4,428	7,647,481
Investment properties	6,074,000	216,000	-	-	6,290,000
	16,109,814	254,140	(378,829)	4,428	15,989,553

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year.

21 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market, credit, and liquidity risk. Market risk is being subdivided into foreign currency risk, equity price risk, interest rate risk and prepayment risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group has a Risk Management Division ('RMD') whereby risks are identified, measured and monitored.

The following is the general framework of the risk management policies applied in the Group.

Risk Management Structure

Board of Directors

The Board of Directors of the Parent Company is responsible for developing the overall risk management framework, and approving risk management strategies.

The Board has established a Risk Management Committee (the 'RMC'), as required by the regularities parties, comprising of members from the Board, to set the framework and monitor the Group's risks and controls related requirements covering all risk types such as credit, market, liquidity, operational, and any other risk that applies. The RMC is assisted in these activities by the Head of the Risk Management Division.

The Board has also established an Audit Committee (the 'AC'), as required by the regularities parties, which, amongst other functions, is also required to monitor adherence with the Group's Risk Management principles, policies and procedures. The Group's AC is assisted in these activities by Internal Audit Division.

Risk Management and Reporting System

Risk monitoring is managed through reports provided by RMD and through appetites set by the Board of Directors. These benchmarks reflect the Group's business strategy, market conditions, and the environment in which the Group is operating in.

Risk management is the systematic process of identifying, assessing, mitigating, and monitoring risks that could impact an organization's ability to achieve its objectives adequately whilst ensuring adherence to the risk appetite limits. Risk management policies are subject to an annual review, to reflect changes in economic and regulatory environment, market conditions, products and services offered by the Group.

21.1 Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, foreign currency risk and other price risks.

a. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group is exposed to foreign exchange risk arising from currency exposures mainly with US Dollar and Bahraini Dinar.

Foreign currency risk management framework

The Group monitors foreign currency exposure on an ongoing basis, appropriate decisions are taken to minimize the exposure to a specific currency when required.

Had the exchange rate of the following currencies increased/ decreased by 5% against the Kuwaiti Dinar, with all other variables held constant, the Group's consolidated statement of profit or loss and comprehensive income would have been shifted by the following amounts:

Currency	2025		2024	
	Impact on the consolidated statement of profit or loss	Impact on consolidated OCI	Impact on the consolidated statement of profit or loss	Impact on consolidated OCI
	KD	KD	KD	KD
USD	+/- 83,590	+/- 730	+/- 115,292	+/- 53,622
BHD	+/- 39,720	-	+/- 129,338	+/- 7,944

b. Equity price risk

Equity price risk is the risk that the fair values of equity investments will fluctuate as a result of changes in the level of equity indexes or the value of the individual share prices. The Group is exposed to equity price risk arising from financial assets that are classified as “investments at fair value through other comprehensive income”, or “at fair value through profit or loss”.

Equity price risk management framework

To manage this risk, the Equity Price Risk Management Framework aims to identify, assess, and mitigate risks from fluctuations in equity prices by diversifying investments, setting risk limits, and using hedging strategies to minimize financial impact. These policies are implemented through the authority matrix approved by the Board of Directors.

For unquoted investments, the Group prepares, on a regular basis, studies to determine the fair value of these investments.

The table below summarizes the impact of an increase in the various stock exchange indexes on the Group’s consolidated statement of profit or loss . The following analysis is based on the assumption that the equity indexes would increase/decrease by 5% with all other variables held constant.

Description	Impact on the consolidated statement of profit or loss	
	2025 KD	2024 KD
Kuwait stock exchange	+/- 4,653	+/- 35,213

c. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s borrowings and financing receivables with floating interest rates.

Interest rate risk management framework

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities. Further, the Group’s policy is to manage its interest cost by availing competitive credit facilities from local financial institutions and constantly monitoring interest rate fluctuations.

The Group manages this risk by monitoring the changes in the interest rates and studying the effects on its cash flows.

Had interest rates increased by 50 basis points of the interest rate applied, the net profit for the year of the Group would have decreased by KD 26,762 for the year ended 31 December 2025 (2024: KD 27,155).

d. Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its clients and/or counterparties repay or request to repay the loans earlier; for example, for loans which have fixed interest rate during the periods of witnessing a decline in interest rate. The Group is not significantly exposed to prepayment risk.

21.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the Group by failing to pay for its obligation. This includes the risk of decline in the credit standing of the customer. While such a decline does not imply default, it increases the probability of the customer defaulting. Financial instruments that are exposed to credit risk are bank balances, finance receivables at fair value through other comprehensive income ('FVOCI'), finance receivables at amortised cost, financial assets at amortised cost, and other assets.

Credit risk management framework

The Group manages the credit risk related to bank balances and cash in investment portfolios through dealing with local and foreign financial institutions, which have a good credit reputation, while for the finance receivables (FVOCI and amortised cost) the Group established credit policies to mitigate the credit risk of such receivables.

The Group has in place a credit policy to define the criteria of credit granting which is approved by the Board of Directors. Any amendment to that policy has to be approved by the Board of Directors. Furthermore, authority matrix in credit granting has been set as part of the credit policy. The Board has also approved the Executive Committee (the 'EC') Charter. Moreover, the role of the Executive Committee includes the decision on granting credit that exceeds a specific limit. The Board of Directors has the ultimate authority to grant credit if the credit amount is above the authority limit of the Executive Committee.

RMD provides independent opinions and assessments of risk for every financing and investment proposal presented to the approving authorities for decision making.

The Group manages its credit facilities portfolio with the objective of ensuring that it is well diversified, and it earns a level of return commensurate with the risks it assumes, at the same time, seeks to ensure the quality of the credit portfolio.

In addition, the Group endeavors to manage the credit exposure by obtaining collaterals where appropriate and limiting the tenor of exposure or structures that are beneficial to the overall risk profile of the Group's credit risk exposure.

As required by the CBK, the Group has established an internal Credit Provisioning Committee (CPC) at the executive level, which is primarily responsible for the study and evaluation of the existing credit facilities of the Group, to identify any abnormal situations and difficulties associated with a customer's position which may require the exposure to be classified as irregular, and to determine an appropriate provisioning required for impaired/ potential impairment of assets.

Assessment of expected credit losses ("ECLs")

Definition of default and cure

The Group considers a financial asset to be in default and therefore Stage 3 (credit impaired) for ECL calculations when:

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as default or past due event
- The disappearance of an active market for a security because of financial difficulties
- Purchase of a financial asset at a deep discount that reflects the incurred credit loss
- All rescheduled facilities

- Retail facilities from commencement of legal recourse

Any credit impaired or stressed facility that has been restructured during the year would also be considered as in default.

The Group considers a variety of indicators that may indicate unlikelihood to pay as part of a qualitative assessment of whether a customer is in default. Such indicators include:

- breaches of covenants
- borrower having past due liabilities to public creditors or employees
- borrower is deceased

The Group considers financial assets as “cured” (i.e no longer be in default) and therefore reclassified out of stage 3 when it no longer meets any of the default criteria. In respect of restructured facilities which are classified in stage 3, there would require to complete the moratorium period (if any) and meet the scheduled payments for at least 1 year (except for retail facilities) or as determined by the Group for consideration for classifying the facility in stage 2/stage 1.

Significant Increase In Credit Risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assess whether there has been a significant increase in credit risk since initial recognition.

All financial assets, except retail finance (consumer and housing loans), that are more than 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria don't indicate a significant increase in credit risk. Retail finance (consumer and housing loans) however, migrate to stage 2 based on more than 60 days past due movement.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represents the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models, nature and value of collaterals, forward-looking macro-economic scenarios, etc.

The Group calculates ECL on credit facilities classified in stage 3 at 100% of the defaulted exposure net of value of eligible collaterals after applying applicable haircuts.

The Group in estimating ECL for credit facilities has taken into consideration the following key parameters based on inputs from CBK:

- Floor for estimating PDs for specific portfolios
- Eligible collateral with haircuts for determining LGD
- Deemed maturity for exposures in stage 2

Internal rating and PD estimation process

In managing its portfolio, the Group utilises ratings and other measures and techniques which seek to take account of all aspects of perceived risk. The Group has its internal model that is then leveraged for PD estimation process.

The Probability of Default (PD) is the likelihood that an obligor will default on its obligations in the future. IFRS 9 requires the use of separate PD for a 12-month duration and lifetime duration depending on the stage allocation of the obligor. A PD used for IFRS 9 should reflect the Group's estimate of the future asset quality. The through-the cycle (TTC) PDs are generated from the model based on the internal credit assumptions. The Group converts the TTC PDs to point-in-time (PIT) PD term structures using appropriate models and techniques.

The Group assesses the PD for its retail portfolio through days past due. The retail portfolio is further segmented statistically and risk pools with shared risk characteristics.

Exposure at default

Exposure at default (EAD) represents the amount which the obligor will owe to the Group at the time of default. EAD is estimated taking into consideration the contractual terms such as interest rates, frequency, maturity, pre-payment options, amortization schedule, etc.

Loss given default

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset.

Incorporation of forward-looking information

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking information into the ECL models. Key economic variables include, Gross Domestic Product and Unemployment rate. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The consideration of such factors increases the degree of judgment in determination of ECL. The Group employs statistical models to incorporate macro-economic factors on historical default rates. The Group considers 3 scenarios (base, best and worst) of forecasts of macro-economic data separately for each segments and appropriate probability weights are applied to these scenarios to derive a probability weighted outcome of expected credit loss. The management reviews the methodologies and assumptions including any forecasts of future economic conditions on a regular basis.

Provisions for credit losses in accordance with CBK instructions

The Group is required to calculate provisions for credit losses on credit facilities in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the interest or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due but not impaired and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

Category	Criteria	Specific provision
Watch list	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgment of a customer's financial and/or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning. The following classification of credit exposures is considered by the Group in accordance with the instructions of CBK on the classification of credit facilities.

Number of days past due	Classification
Within 90 days	Watch list
More than 90 days but not exceeding 180 days	Substandard
More than 180 days but not exceeding 365 days	Doubtful
More than 365 days	Bad

Maximum exposure to credit risk without taking account of any collateral

The maximum exposure to credit risk as at the reporting date is the carrying values of the financial assets net of impairment recorded in the consolidated financial statements that are subject to credit risk without considering any collaterals.

Bank balances are neither past due nor impaired and are placed with high credit rating institutions.

Maximum exposure to credit risk without taking account of any collateral (continued)

Hereunder, the assets exposed to credit risk without considering the collateral.

	2025 KD	2024 KD
Bank balances and cash – excluding cash on hand	14,110,376	5,541,176
Finance receivables at FVOCI	14,273,771	7,647,481
Finance receivables at amortised cost	1,970,480	1,997,545
Other assets – excluding prepayments	5,617,877	6,247,897
	35,972,504	21,434,099

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could give rise in the future as a result of changes in value.

Risk concentrations of the maximum exposure to credit risk

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region or exposed to similar economic environment that would cause their ability to meet contractual obligations and be similarly impacted by changes in economic, political and/or other conditions.

The Group is not significantly exposed to risk concentration, except for exposure of KD 3.8 million (2024: KD 4.1 million) to certain counter party included in other assets (Note 7).

Credit risk mitigation

Credit risk mitigation techniques that the Group is permitted to use are obtaining collateral where appropriate and limiting the tenor of exposure or structures that are beneficial to the Group's management of risks to an exposure.

Collaterals

Commercial finance receivables are secured against investments in quoted and unquoted securities, real estate properties, bank guarantees and vehicles. Management monitors the market value of collaterals and may request additional collaterals in accordance with the underlying agreement, during its review of the adequacy of the provision for credit losses.

As of 31 December 2025, the finance receivables, which are fully covered by collaterals, represent 9% (2024:13%) of the gross balance of finance receivables less deferred income.

Credit quality per class of financial assets

The table below shows the credit quality and the maximum exposure to credit risk for the year ended 31 December 2025 and 2024 based on year-end stage allocation for consolidated statement of financial position lines by class of assets. The amounts presented are gross of impairment allowances.

2025	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Bank balances and cash	14,110,376	-	-	14,110,376
Finance receivables at FVOCI	13,329,970	211,135	661,687	14,202,792
Finance receivables at amortised cost	1,927,002	69,843	187,638	2,184,483
Financial assets at amortised cost	-	-	30,421	30,421
Other assets – excluding prepayments	1,506,926	-	10,159,562	11,666,488
As of 31 December 2025	30,874,274	280,978	11,039,308	42,194,560

2024	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Bank balances and cash	5,541,176	-	-	5,541,176
Finance receivables at FVOCI	6,927,153	150,228	580,450	7,657,831
Finance receivables at amortised cost	2,312,748	7,221	310,270	2,630,239
Financial assets at amortised cost	-	-	30,421	30,421
Other assets – excluding prepayments	1,300,979	-	9,805,474	11,106,453
As of 31 December 2024	16,082,056	157,449	10,726,615	26,966,120

Financial assets at amortised costs represents gross amount of KD 30,421 (2024: KD 30,421) offset by ECL provision of KD 30,421 (2024: KD 30,421).

The Group internally classified the various credit risk exposure which are neither past due nor impaired into two categories of credit quality (high quality and standard quality).

The Group classifies its regular commercial clients for which collaterals are obtained according to risk exposure as the following:

- High Quality: Regular exposures with a normal risk covered fully by securities collaterals in excess of 100% of the outstanding amount.
- Standard Quality: All other regular exposures.

The following is the degree of exposure to the credit risk for the finance receivables at amortized cost as of 31 December 2025:

	Regular commercial clients		
	High quality KD	Standard quality KD	Total KD
Finance receivables:			
Commercial finance	1,405,165	569,983	1,975,148
	1,405,165	569,983	1,975,148

The following is the degree of exposure to the credit risk for the finance receivables at amortised cost as of 31 December 2024:

	Regular commercial clients		
	High quality KD	Standard quality KD	Total KD
Finance receivables:			
Commercial finance	1,317,618	822,939	2,140,557
	1,317,618	822,939	2,140,557

21.3 Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities.

Liquidity risk management framework

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. To provide liquidity, the Group is managing its assets to provide the required liquidity and monitoring the cash flows on regular basis by estimating the future cash flows and keeping liquid assets at a minimum 10% from its liabilities.

The table below analyzes the Group’s financial assets and liabilities into relevant maturity groupings based on the remaining period at the consolidated financial statements. Balances due within 12 months from the reporting date equal their carrying balances, as the impact of discounting is not significant. Finance receivables at FVOCI and finance receivable at amortised cost represents only performing loans (neither past due or impaired).

		Up to 3 months KD	3 - 6 months KD	6 months – 1 year KD	1 – 3 years KD	Over 3 years KD	Total KD
2025							
Assets							
Bank balances and cash		13,614,376	500,000	-	-	-	14,114,376
Financial assets at fair value through profit or loss		-	-	141,000	7,561,801	-	7,702,801
Finance receivables at FVOCI		1,360,894	1,158,565	2,245,150	7,418,759	2,912,462	15,095,830
Finance receivable at amortised cost		247,319	420,099	689,909	693,333	46,100	2,096,760
Investments at fair value through other comprehensive income		-	-	-	107,781	-	107,781
Other assets (excluding prepayments)		1,506,926	-	-	4,110,951	-	5,617,877
		16,729,515	2,078,664	3,076,059	19,892,625	2,958,562	44,735,425
Liabilities							
Borrowings		247,135	46,739	1,636,648	716,409	1,579,364	4,226,295
Other liabilities		5,274,648	638,490	1,266,928	4,993,834	1,920,868	14,094,768
		5,521,783	685,229	2,903,576	5,710,243	3,500,232	18,321,063
2024							
Assets							
Bank balances and cash		5,036,928	500,000	8,222	-	-	5,545,150
Financial assets at fair value through profit or loss		-	-	773,921	2,047,706	-	2,821,627
Finance receivables at FVOCI		754,117	622,372	1,212,909	4,014,043	1,448,949	8,052,390
Finance receivable at amortised cost		189,630	175,510	406,376	1,556,452	267,783	2,595,751
Financial assets at fair value through other comprehensive income		-	-	-	119,860	-	119,860
Other assets (excluding prepayments)		1,300,979	-	-	4,946,918	-	6,247,897
		7,281,654	1,297,882	2,401,428	12,684,979	1,716,732	25,382,675
Liabilities							
Borrowings		73,011	96,862	367,090	1,672,248	5,625,966	7,835,177
Other liabilities		3,989,170	68,628	137,256	1,326,710	27,500	5,549,264
		4,062,181	165,490	504,346	2,998,958	5,653,466	13,384,441

21.4 Capital risk management

The Parent Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. To maintain or change the capital structure, the Parent Company may adjust the dividends paid to the shareholders, or return the capital, or issue new shares or sell assets to reduce its debts. In order to maintain or adjust the capital structure, as followed by other companies in the same business, the Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less bank balances and cash. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

The gearing ratio as of 31 December is as follows:

	2025 KD	2024 KD
Total borrowings	3,730,000	4,596,666
Less: Bank balances and cash	(14,114,376)	(5,545,150)
Net surplus debt	(10,384,376)	(948,484)
Total equity	33,422,645	25,757,403
Total capital	23,038,269	24,808,919
Gearing ratio	-45.07 %	-3.82 %

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Capital Markets Authority in supervising the Group.

The Group's regulatory capital and capital adequacy ratios for the year ended 31 December 2025 and 31 December 2024 are calculated in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

22 FIDUCIARY ASSETS

Portfolios, funds, finance portfolios and other portfolios under the management of the Parent Company amounted to KD 213,344,196 (2024: KD 226,230,290).

Management fees related to these fiduciary assets amounted to KD 1,038,584 for the year ended 31 December 2025 (2024: KD 843,862).