

المركز
MARKAZ

Annual Report
2025



المركز MARKAZ



Al-Shaheed Park, an iconic landmark symbolizing Kuwait's remembrance, resilience, and renewal since its establishment in 2015, stands as a reflection of the nation's respect for its history and its commitment to a sustainable future. In the same spirit, Markaz continues to play a pivotal role in supporting Kuwait's long-term development through responsible investment, innovation, and enduring value creation.



H.H. Sheikh
Meshal Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait



H.H. Sheikh
Sabah Al-Khaled Al-Hamad Al-Mubarak Al-Sabah
Crown Prince of Kuwait

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About Markaz

Established in 1974, Kuwait Financial Centre 'Markaz' is one of the leading asset management and investment banking institutions in the MENA region. Markaz was listed on the Boursa Kuwait in 1997. Since its inception, Markaz has attracted and retained a client base of high-net-worth individuals, governments, quasi-government institutions, and corporations. The Company caters to its client base through the following products and services:



Asset Management

- Equity Mutual Funds
- Fixed Income Mutual Funds
- Real Estate Mutual Funds
- Private Equity Funds
- Portfolio Management
- Market Maker



Investment Banking

- Mergers and Acquisitions
- Advisory
- IPOs and Listings
- Equity and debt issuances
- Credit rating advisory
- Restructuring



Real Estate

- Middle East and North Africa
- International



Wealth Management

- Tailored portfolios across all asset classes
- Investment advisory mandates



Research

- Economic and Policy Research
- Consulting Services

Vision

Your partner in wealth creation.

Mission

Offer best-in-class investment opportunities and tailored solutions.

Board of Directors



Mr. Diraar Yusuf Alghanim
Chairman
Non-Executive Member

Chairman of the Board Nomination and Remuneration Committee.

Mr. Alghanim's career spans the financial services industry, asset management, insurance, and various commercial and professional enterprises in the Middle East and internationally.

Founding Chairman of the Union of Investment Companies (UIC) from 2004-2009 and active member of various NGOs in Kuwait and abroad.



Mr. Faisal AbdulAziz Al-Jallal
Vice Chairman
Non-Executive Member

Chairman of the Board Audit Committee and member of the Board Nomination and Remuneration Committee.

Partner and Manager at Al-Baseet Trading Co. and General Manager at Al-Jallal Real Estate Co.

Holds a university degree from Alexandria University.



Mr. Ayman Abdullatif Alshaya
Non-Executive Member

Member of the Board Nomination & Remuneration Committee.

Member of the Board of Directors of the Alshaya International Holding Company.

Chairman of Al Ahleia Insurance Company, and Member of the Board of Directors of Mabanee Company KPSC.

Holds a bachelor's degree in mechanical engineering from Kuwait University.



Mr. Fahed Yaqoub Al-Jouan
Non-Executive Member

Chairman of the Board Risk Management Committee and member of the Board Audit Committee.

General Manager of Kuwait Projects Group Company.

Member of the Board of Directors of Al-Dorra Petroleum Services.

Holds a bachelor's degree in business administration from Eastern Washington University.



Mr. Adel Mohammed Alghannam
Independent Member

Member of the Board Risk Management Committee and the Board Nomination & Remuneration Committee. Member of the Board of Directors of Kapico Group Holding Co. since 2003 and holds managerial positions in several companies such as Abdulaziz Ahmad Alghannam & Bros Co., SAMA Medical Service (Royale Hayat Hospital), Kuwait Auto Parts Imports Co., and The National Spare Parts Co. Member of the Board of Directors of Al Ahleia Insurance Company since 2005. Holds a bachelor's degree in business administration from the U.S.A.



Mr. Omran Habib Hayat
Independent member

Member of the Board Risk Management Committee. Managing Partner of Al-Mehan Holding Company WLL., and member of the Board of Directors of Almutawir Regional Real Estate Developers (S.A.K) and Chairman of Dar SSH International Consultants (B.S.C). Member of the Industrial Advisory Board to the Australian College of Kuwait, the Real Estate Academic Initiative (REAL) at Harvard University and the Kuwait Society of Engineers. Holds a bachelor's degree in architectural engineering from the University of Miami and a master's degree in project management and finance from Northeastern University, Boston. Completed the Advanced Management Development Program in Real Estate - Office of Executive Education from Harvard University.



Mr. Fahad Sulaiman Aldalali
Independent Member

Member of the Board Audit Committee. Managing Partner in Cornerstone Consulting. Member of the Board of Directors of Al Mulla International Finance (Kuwait) and Al Etihad Co-operative Insurance Co. (Kingdom of Saudi Arabia). Served in several positions at Halliburton Overseas Limited, Kuwait, since 2003, and as Vice President of Moelis & Company at the Dubai International Financial Center. Holds a bachelor's degree in electrical engineering from Michigan State University and a master's degree in finance and accounting from the University of Pennsylvania.



Maha Abdulsalam Imad
Board Secretary

Mrs. Maha joined Markaz in 1997 and currently manages "Corporate Affairs – Legal & Board Secretariat". Before joining Markaz, she worked for seven years in the credit department at Banque de la Méditerranée (BankMed) in Lebanon. Mrs. Maha holds a Bachelor of Science in business management from Lebanese American University – Beirut.

Board of Directors' Report for 2025

Dear Shareholders,

In a year shaped by substantial change in global conditions and investment dynamics, 2025 presented both challenges and opportunities; it was a good year for Markaz. The performance was driven by its long-standing investment philosophy, deep institutional experience, and an enduring commitment to creating value for its stakeholders.

During 2025, the Kuwait equity market emerged as one of the strongest performers in the GCC with 21% return and ranking second-best performer after Oman. Performance was supported by positive earnings, particularly in the banking sector, future growth expectations resulting from new legislated laws including the real estate development and mortgage laws and rising foreign investor participation. Interest rate cuts by the Central Bank of Kuwait, progress in reforms and Kuwait Vision 2035, supported market sentiment throughout the year.

The MSCI GCC Countries Domestic Index in 2025 rose by 5.5%, incorporated varied returns across markets. Internationally, the economic environment in 2025 reflected a balance of investment opportunities despite geopolitical challenges. Global GDP growth was estimated at 3.1%, supported by moderating inflation following the implementation of effective monetary policies. Emerging markets remained resilient, benefiting from lower interest rates and improvements in local demands. However, ongoing geopolitical developments and tariff related measures continued to pose risks to a sustained global economic recovery.

Business Strategy

Markaz continues to strengthen its core business lines across asset management, investment banking and real estate, guided by its growth strategy. As part of its regional expansion, Markaz is expanding into Saudi Arabia, establishing a licenced presence to enhance its investment origination and distribution capabilities across the GCC. In addition, Markaz opened a new branch for its research arm, Marmore, in Abu Dhabi, offering institutional research capabilities regionally.

Globally, Markaz has been conducting real estate transactions in the US through Mar-Gulf Management since 1988 and strategically expanded into the European market nearly a decade ago. Building on this established

international presence, Markaz continues to pursue selective opportunities across key global markets, leveraging disciplined investing and deep sector expertise.

Markaz continues to focus on broadening its product offerings giving our investors access to global investment opportunities across the range of public and private asset classes. For example, we launched the Private Real Assets Strategy for qualified investors targeting returns and mitigating inflationary impact on their portfolios.

Drawing on more than five decades of experience and innovation, Markaz continues to contribute to the progress of investment banking and asset management in the region. Markaz has introduced several market-first products, including Mumtaz, Kuwait's first domestic mutual fund; MREF, the country's first real estate investment fund; and the Forsa Financial Fund, the GCC's first offeror and market maker of exchange traded stock options. Markaz also launched the GCC Momentum Fund, a pioneering passive strategy recognized for innovation, reinforcing its role in developing Kuwait's capital markets.

Markaz continued to develop its digital platforms during 2025, strengthening operational quality, efficiency and improving client experience.

Sustainability principles remain integral to Markaz values. During the year, Markaz strengthened its corporate social responsibility initiatives, reinforcing its commitment to lasting community impact in Kuwait and beyond.

Markaz maintained its commitment to youth development and education through ongoing partnerships. Working with Loyac, Markaz supported over 60 initiatives for skill-building, job creation, and leadership. Collaborations with Boursa Kuwait and CODED Academy enabled the sponsorship of the UNICODE Program, equipping students and graduates with digital skills. Additionally, an initiative with The English School offered practical experience in sustainable agriculture and environmental awareness.

Furthermore, Markaz sponsored and participated in the "Kuwait – The Beacon of a New Era: Foundations for Economic Transformation" forum, organized by the Kuwait Banking Association (KBA) in Washington, D.C; affirming Markaz's commitment to economic diversification and attracting foreign direct investment in Kuwait, promoting Kuwait as a financial hub.

In 2025, Markaz received five awards from EMEA Finance, Euromoney, and MEED, reflecting its leadership in asset management, investment banking, and advisory services. These recognitions reinforce Markaz's standing as a trusted regional institution, recognised for delivering integrated investment solutions and demonstrating institutional strength in a competitive financial services environment.

Financials

Markaz's financial performance in 2025 highlights the effectiveness of its strategic approach. Revenues for the year reached KD 28.59 million, an increase from KD 20.31 million in 2024. Net profit attributable to shareholders rose to KD 10.82 million, compared to KD 4.46 million in the previous year. Assets under management stood at KD 1.52 billion as of December 31, 2025, representing an 8% year-on-year increase. The Board of Directors proposed a cash dividend distribution of 8% of the nominal share value, or 8 fils per share (subject to General Assembly approval)¹.

Outlook

GCC equities are set to perform well due to solid fiscal positions, sovereign investments, foreign inflows, and ongoing reforms, with infrastructure spending supporting construction, finance, and industrials. Saudi Arabia is likely to rebound, while Kuwait benefits from reforms and investments; however, oil volatility and geopolitical risks remain concerns.

Global economic growth is expected to reach 3.3% (as per IMF report in January 2026). Markaz outlook is cautiously positive on equities, supported by rising real wages, resilient earnings, and easing inflation. Gold remains a portfolio hedge, along with near-term value in private markets and real estate. Investment grade credit remains strong for corporates.

Markaz continues to focus on broadening its product offerings giving our investors access to global investment opportunities across the range of public and private asset classes.

In a steady growth environment where optimism is largely priced in, Markaz maintains a neutral view on fixed income, favouring shorter maturities and government bonds given tight corporate spreads.

Markaz remains focused on disciplined investing to help clients achieve long-term goals. Over the coming years, Markaz is well positioned to capitalize on the rapidly evolving investment opportunities in private credit and other alternative assets, while integrating digital and artificial intelligence applications to enhance client experience and operational efficiency. At the same time, Markaz will continue to expand its international real estate activities with a focus on high-quality assets in the US and Europe, supported by prudent structuring and active asset management. Markaz continues to build on its well-established leadership position in regional wealth creation and be a trusted adviser to its institutional and corporate clients.

The Board of Directors of Markaz sincerely appreciates the role of the Central Bank of Kuwait, the Capital Markets Authority, and the Ministry of Commerce and Industry in providing effective oversight and a stable regulatory framework for the financial sector. Markaz is equally grateful to its shareholders, clients, and business partners for their continued confidence and constructive engagement.



Diraar Yusuf Alghanim
Chairman

10 February 2026

¹ The Annual General Meeting of the shareholders' assembly, held on 8 April 2026, has approved the Board of Directors' recommendation to distribute a cash dividend of 8% or 8 Fils per share.

Executive Management



Ali H. Khalil
Chief Executive Officer



Abdullatif W. Al-Nusif
Managing Director
Wealth Management and
Business Development



Amani I. Al-Omani
Managing Director
MENA Equities



Ahmed F. AlFalah
Managing Director
Investment Banking



Raja Farrukh Abrar
Chief Financial Officer



Ghazi A. Al-Osaimi
Executive Vice President
MENA Equities



Alexander W. Salamoun
Executive Vice President
Strategic Planning and Custody
Services

Other Executives



Rasha A. Othman
Executive Vice President
Investment Banking (Capital
Markets and Fixed Income)



Milad A. Elia
Executive Vice President
MENA Real Estate



Maha A. Imad
Executive Vice President
Corporate Affairs



Deena Y. Al-Refai
Executive Vice President
Investor Relations



Pradeep Rajagopalan
Executive Vice President
Internal Controls



Ali A. Al-Shamali
Executive Vice President
Treasury, Operations and
Corporate Services



Kashish Tandon
Executive Vice President
Investment Advisory

Executive Management's Report

Dear Shareholders,

Building on Markaz's legacy over the last 51 years, we drove our growth strategy by focusing on excellence in serving our clients with disciplined execution. We continued creating sustainable value for Markaz by broadening the asset management products and offerings and providing high-quality investment banking services, reinforcing Markaz's position as a trusted regional financial institution. Our products and services are constantly evolving as we navigate rapidly changing markets to fulfil their investments and financial objectives.

Strategic Initiatives

Markaz's strategy is centred on high-quality client engagement, expanding its range of investment solutions, exploring selected regional expansion, and continuously streamlining and digitizing our internal operations.

A major milestone in 2025 was expanding our presence in the Saudi Arabian market from real estate investments to licensed activities, where we have received initial regulatory approvals. Our Saudi presence will allow Markaz to improve its origination capabilities and broaden its distribution capabilities across the region. With established platforms in the US and Europe, our growing international footprint strengthens our ability to scale differentiated real estate opportunities and alternative investment solutions while maintaining the disciplined execution that defines Markaz.

The wealth management platform continued to evolve to meet the needs of institutional, high-net-worth clients and family offices, focusing on long-term capital growth. By expanding collaborations with international investment managers, Markaz enhanced client access to a broad range of investment strategies. Our ongoing product innovation reflects Markaz's commitment to offering our clients the best risk-return investment products aligned with anticipated changes in market conditions.

Markaz's investment banking platform continues to serve its corporate clients across debt and equity capital markets, as well as advising on balance sheet restructuring, mergers and acquisitions. Markaz reinforces its position as a creative advisor for executing complex investment banking mandates.

A main strategic initiative is to lead and invest in a build-operate-transfer (BOT) in Kuwait. In 2025, we were awarded our first BOT regional real estate project to build and operate a commercial property in Kuwait.

Markaz has increased its commitment to digitization as technology plays an increasingly transformative role for financial services. Our executed initiatives included integrating existing systems, developing and extending our data warehouse, and streamlining our operating model to enhance collaboration and accelerate decision-making. Our new state of the art CRM system enhances Client engagement and experience.

Markaz won several industry awards during the year, highlighting our continued market recognition across asset management and investment banking. These acknowledgements underpin our consistent focus on expertise, execution quality, and delivering meaningful outcomes for clients across core business lines.

2025 Performance Overview

Within the GCC, Kuwait's market outperformed most of the GCC markets due to high future prospects stemming from reforms, combined with lower borrowing costs. The development of non-oil sectors, a long-standing Government priority, is expected to yield encouraging results. From a broader perspective, the strong performance of global markets was supported by a favourable interest rate environment and increased investor participation.

Overall, the Markaz funds and client portfolios performed well against their respective index benchmarks, and our investment banking business successfully executed high-profile mandates. The results were ahead of our budgets, with AUM reaching KD1.52 billion, and management fees and commissions growing by 6%, KD10.4 million.

During the year, Markaz expanded its product offerings with the introduction of its Private Real Assets Strategy. This new offering allows qualified investors to access a carefully curated and diversified portfolio of real assets globally. The strategy aims to provide stable current income and long-term growth.

Fixed income markets delivered strong returns in 2025, supported by Federal Reserve rate cuts, easing economic conditions that also benefited Emerging Market bonds. With these favourable conditions, GCC governments actively tapped debt markets amid strong institutional demand. The Markaz Fixed Income Fund (MFIF), a private placement fund, achieved its objectives through a balanced, high-quality bond portfolio aligned with client return expectations.

MENA real estate saw stronger activity in 2025, supported by renewed transactions, a decline in interest rates, rising rents, and liquidity favouring income resilient assets. Markaz's GCC real estate portfolio continued to generate stable cash flows, driven by solid leasing performance and strong collections across its funds. MREF closed the year with a total return of 9.7%, including 4.7% from cash distributions and 5.0% from asset appreciation. (For more information on the Fund's performance, please visit www.markaz.com/mref.)

Markaz's international real estate platform completed multiple exits from international industrial real estate investments in the US and Europe, demonstrating disciplined execution across development and structured credit strategies. We remain focused on selective equity and mezzanine debt opportunities in industrial and living

sectors, with increased emphasis on senior housing, positioning the portfolio for resilient long-term growth.

In investment banking, the team executed several mandates, including valuations, corporate debt restructuring, feasibility studies, and supporting corporate and family-owned businesses through complex strategic transactions with a client-focused, end-to-end approach. Markaz issued the First Tranche of bonds with a total value of KWD 35 million issued under KWD 50 million Senior Unsecured Bond Program at a favourable spread, reinforcing its active role in Kuwait's debt capital markets.

Our People and CSR

We stay adaptable and invest in our people to sustain leadership in a changing environment. The Markaz Graduate Development Program (MGDP) develops future leaders through hands-on experience in asset management, investment banking, and research. Our CSR initiatives support financial literacy, youth development, and partnerships with non-profit organizations, contributing to positive and lasting social impact.

At Markaz, we foster a supportive workplace through initiatives that promote employee well-being, professional development, and flexible work practices. A strong focus on diversity and inclusion encourages varied perspectives and innovation. Supported by continuous learning, leadership development, and capability-building initiatives, these efforts strengthen our talent base and support sustainable organizational performance in an evolving business environment.

Outlook

The global economy remains volatile and uncertain as emerging technologies challenge the existing business environment, with uncertain outcomes, while unprecedented geopolitics is recharting new trade routes and alliances, altering competitive advantages across regions. These challenges are also creating pockets of opportunity for well-researched and disciplined investors.

In this environment, Markaz remains focused on navigating complexity by offering more resilient products and services, identifying opportunities that deliver long-term results despite short-term volatility, promptly selecting appropriate partners, and maintaining consistent client engagement. Guided by rigorous analysis and a structured investment approach, we remain committed to sustainable outcomes.

As we progressed through 2025, we refined our investment approach. We believe we can identify investment

Markaz's strategy is centred on high-quality client engagement, expanding its range of investment solutions, exploring selected regional expansion.

themes emerging from disruptions. The economies that are unfolding will require energy, infrastructure, and new logistical ecosystems. Additionally, demographics in developed economies will drive demand for services and

facilities, reshaping living space, lifestyles, and consumption, enabled by new technologies. We are well positioned, through our internal capabilities and partners, to access attractive investment opportunities across our targeted asset classes, including private and public equities, debt, and real estate. Looking ahead, our international real estate platform across the US and Europe provides valuable exposure to resilient, income-producing sectors, supporting portfolio diversification and long-term value creation as global markets normalize.

In Kuwait, we anticipate the ongoing reforms will yield substantial windfalls. Over KD50 billion is expected to be incrementally allocated over the next 10 years, namely in housing, oil and gas development, logistics, infrastructure, and technology. The government's mindset is geared toward public-private partnerships, which will foster business formation, create growth opportunities for the financial sector, and have a multiplier effect across all sectors of the economy. Our real estate and investment banking capabilities are ahead of the market and ready to benefit from it.

Markaz is built on a strong foundation and benefits from an experienced board, executive team, and professional staff. Our governance has proven effective over 51 years, and we continue to build resilience, respond to market changes with agility, and deploy capital with discipline across cycles. We place innovation, execution excellence, and prudent, risk-adjusted decision-making at the center of our strategy. By maintaining a client-first mindset and investing in capabilities that deepen insight and improve efficiency, Markaz aims to create lasting value and support long-term, sustainable growth for our stakeholders.

Ali H. Khalil
Chief Executive Officer

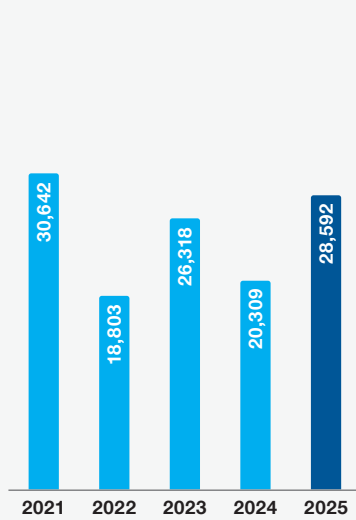
10 February 2026

A Year of Achievements

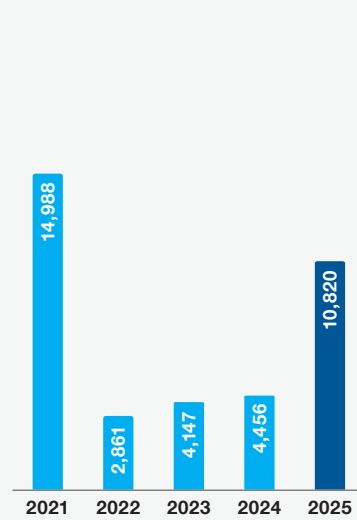
Financial Highlights

Consistently delivering shareholder value underpinned by attractive dividend payouts

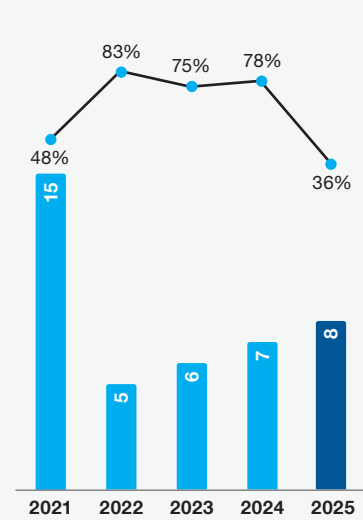
Revenue (KD thousands)



Net Profit (KD thousands)



Dividend²(Fils) & Pay-out (%)



² The Annual General Meeting of the shareholders' assembly, held on 8 April 2026, has approved the Board of Directors' recommendation to distribute a cash dividend of 8% or 8 Fils per share.

2025 Awards



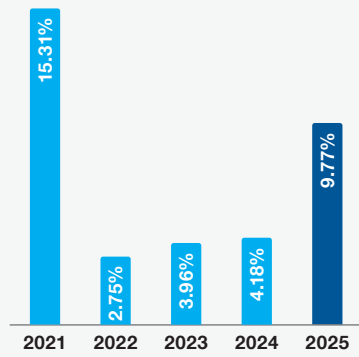
EMEA Finance

- Best asset manager in Kuwait
- Best local investment bank in Kuwait

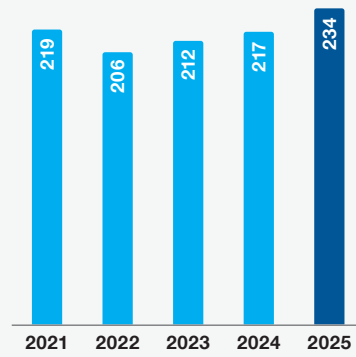
Euromoney 2025 Market Leaders

- Kuwait's Best Securities House

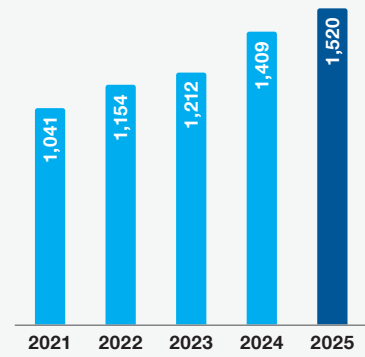
Return on Equity (%)



Book value per share (fils)



Assets Under Management (KD million)



MEED

- Excellence in Investment Advisory
- Excellence in Real Estate Investment

Business Review

Asset Management³

MENA Equity Funds

During the year, key indices on Boursa Kuwait ranked among the top performing financial benchmarks in the GCC and globally with this positive sentiment supported by encouraging regulatory and economic developments. This included the approval of the Public Debt Law, which allows the state to diversify funding and expand infrastructure spending, and the Mortgage Law, expected to transform the banking and real estate sectors by increasing demand for housing. Against this backdrop, the All Share Index rose 25.3%, the Premier Market Index gained 25.3%, and the Main Market Index led with a 25.8% increase.

The Markaz Fund for Investment and Development (MIDAF) delivered a return of 16.4%, while the Markaz Fund for Excellent Yields (MUMTAZ) generated a slightly higher return of 17.3%. In addition, the Markaz Islamic Fund (MIF) achieved a notable return of 28.3%, closely matching the KIA Kuwait Shariah Liquid Capped Index. The Forsa Financial Fund also performed well, delivering a return of 21.4%. The GCC Momentum Fund generated a net return of -0.63% and outperformed the GCC Composite price index, which declined -1.5% in 2025.

While the overall outlook for the GCC remains broadly positive, Markaz will adopt a measured approach in 2026, navigating an environment shaped by global oil market dynamics and elevated regional geopolitical uncertainty. Shifting global interest rate expectations and trade flow disruptions add a layer of complexity to near-term market visibility. Nevertheless, the GCC countries continue to demonstrate resilient fundamentals: Kuwait benefits from infrastructure development momentum, the UAE from its diversified economic base and tourism growth, and Saudi Arabia from continued progress under Vision 2030. The region's structural reform agenda and sovereign balance sheet strength remain supportive of long-term growth, and while external headwinds require disciplined risk management, they do not alter the region's underlying trajectory.

Fixed Income Fund

All major fixed income indices during the year posted positive returns, though performance varied across regions and sectors. Emerging market bond indices continued to outperform their developed market counterparts, with the Bloomberg Emerging Market Index leading the way at 11.1%. The GCC fixed income indices followed closely, with the Bloomberg GCC Fixed Income rising 8.8% and the S&P MENA Bonds & Sukuk Index increasing by 8.6%. The FTSE World Government Bond Index recorded a return of 7.6%, slightly lagging behind the regional and emerging market benchmarks.

The Markaz Fixed Income Fund (MFIF), a privately placed fund, continued to demonstrate resilience and consistent positive performance in 2025, supported by a disciplined and conservative investment approach, reflecting the effectiveness of its balanced allocation strategy and long-term investment focus, despite market volatility driven by geopolitical tensions.

Markaz provides tailored fixed-income solutions, aligning portfolios with diverse risk profiles through a prudent selection process and risk-adjusted methodology. The Fund is focused on capturing opportunities in the GCC fixed-income market while pursuing sustainable long-term returns for investors.

Real Estate Funds

The Markaz Real Estate Fund (MREF) is an open-ended fund focused on income-generating properties in Kuwait, including commercial, residential and industrial properties. The Fund continued its strong performance in 2025, supported by disciplined asset management, tenant retention efforts, and selective rental rate optimization. At the end of the year, MREF reported net assets of KD 81 million, achieved an occupancy ratio for 2025 of 90.3% and collection rate of 99.6%. The annual total return was 9.7%, comprising a 5% capital gain and a 4.7% cash distribution.

Markaz also manages the Markaz Gulf Real Estate Fund (MGREF), a privately placed open-ended fund investing in commercial, residential and industrial income-generating assets across Kuwait, KSA and UAE.

Portfolio Management

Markaz has an established track record in providing investment advisory and portfolio management services, aligning client portfolios with return objectives while maintaining clearly defined risk parameters. The investment process is structured and disciplined, integrating market insights, rigorous risk assessment, and strategic asset allocation to deliver consistent and sustainable outcomes across varying market cycles. Emphasis is placed on preserving capital while identifying opportunities that enhance long-term portfolio performance.

Both discretionary and non-discretionary services are offered to HNIs, family offices, corporates, and institutional investors across the GCC. Through close engagement with clients, tailored investment strategies are developed to match financial objectives, liquidity needs, risk tolerance and long-term growth aspirations. These strategies are supported by in-depth research, diversified asset allocation and active portfolio monitoring, enabling the delivery of structured investment solutions.

³ For more information regarding funds' performances, please visit the website markaz.com

Real Estate

MENA Real Estate

The MENA Real Estate Department is responsible for originating, managing, and exiting institutional real estate investments across the GCC, with an emphasis on income-generating assets and selective development opportunities. The team's activities include acquisitions, asset management, leasing optimization, capital enhancement initiatives, and structuring investment solutions for clients across Kuwait, Saudi Arabia, and the UAE.

In Kuwait, the real estate market remained supported by a stable macroeconomic environment, although transaction activity was moderated by interest rate conditions and the pace of government capital spending. Demand for quality income-generating assets remained steady.

Saudi Arabia's economic expansion and government led development initiatives continued to support demand across real estate segments, particularly in Riyadh, driven by infrastructure investments and ongoing economic diversification initiatives.

Dubai continued to record positive momentum in liquidity, valuations, and rental levels. Abu Dhabi also witnessed improving liquidity and valuations, while rental levels remained largely stable across key segments.

During the year, the department progressed its pipeline of B.O.T opportunities in Kuwait and continued evaluating municipal and public sector projects. The team also advanced product development and distribution initiatives to broaden investor participation, including targeted marketing efforts for MREF.

Looking ahead, the department will prioritize maintaining portfolio occupancy and improving rental income through active asset management, advancing B.O.T opportunities, pursuing selective acquisitions aligned with mandate objectives, evaluating REIT structuring opportunities, and enhancing reporting, digitization, and operational efficiency.

International Real Estate

During the year, commercial real estate markets in the U.S. and Europe had to navigate various macroeconomic challenges such as rising interest rates, selective credit conditions, and a cooling inflationary environment. In both regions, the tightening of bid-ask spreads highlighted ongoing price adjustments for core assets. While secondary assets remained under pressure due to increased capital expenditure demands and a shift in tenants toward higher-quality spaces. Investor underwriting continued to prioritize income sustainability, leasing risk, and the pace of new supply, with transaction liquidity improving inconsistently across different sectors and asset types.

The U.S. commercial real estate market mirrored broader economic trends, with investment activity adjusting to changing market conditions. Asking rents declined 1.5% YoY, with increased incentives in softer markets. The office market stabilized, supported by high-quality assets and limited supply, with a vacancy rate of 20.5%. The multifamily market remained balanced, with strong absorption, stable vacancies, and positive rent growth, boosting investment activity. The U.S. retail market remained tight, with vacancy rates at historic lows, driven by strong tenant demand and limited supply, particularly for grocery-anchored centers.

European logistics remained one of the region's most resilient sectors, driven by strategic locations, supply chain constraints and a tightening development pipeline. The office market had mixed trends, with steady demand for top-tier spaces, while secondary assets faced challenges from higher capex, ESG requirements, and overall weaker demand. The European residential sector remained the strongest asset class, supported by housing shortages, strong demographic demand, and low vacancy rates. The retail market showed sustained recovery, with prime high street locations, shopping centers, and retail parks leading the way.

Markaz strategically allocated capital to a diversified portfolio, focusing on industrial developments, structured financing, and social housing. Key investments included industrial projects in Portland, Oregon and a multifamily development in Phoenix, Arizona. There were two industrial asset exits in Chicago and St. Louis. These initiatives highlight our commitment to development-driven value creation, market diversification, and long-term partnerships, supporting the expansion of our global real estate platform in the U.S. and Europe.

As we look forward to 2026, Markaz will continue its disciplined investment approach, prioritizing development and value-add opportunities in the industrial and multifamily sectors, along with select real estate credit strategies. With market fundamentals stabilizing and the potential for a more accommodative interest rate environment, the department aims to expand its senior lending and value-add platforms, building on strategic relationships to capture long-term value across the real estate cycle.

Investment Banking

Capital Markets

During the year GCC sovereigns and corporates issued primary debt amounting to USD 189.5 billion across 515 issuances, a 28% decline compared to 2024. Saudi Arabian entities led the region, raising USD 78.7 billion, which represented 42% of the total issuance value.

Business Review (continued)

In the GCC Initial Public Offering market, proceeds decreased to USD 5.1 billion, down from USD 13.2 billion in 2024. Saudi Arabia maintained its position, generating USD 4.1 billion from 36 IPOs, accounting for 79% of the total regional IPO activity. The UAE, Oman, and Kuwait also participated, collectively raising USD 545 million, USD 333 million, and USD 180 million, respectively. These IPOs were across three offerings from the UAE and one from both Oman and Kuwait. There were no IPOs in either Qatar or Bahrain during this period.

Overall, Markaz has continued to play a pivotal role in the development of Kuwait's capital markets, securing key debt and equity capital market mandates throughout the year. This included the successful execution of the first issuance of Kuwaiti Dinar-denominated bonds by a multilateral development bank for the Arab Fund for Economic and Social Development, in addition to acting as Joint Lead Manager on bond and sukuk issuances by Kuwaiti banks and corporates in both Kuwaiti Dinars and US dollars. The team also acted as advisor on several equity capital markets (ECM) transactions.

Advisory and M&A

Shifts in market conditions and evolving client needs resulted in a broad spectrum of requests for transaction advisory services during 2025, including M&A, capital raises, expansion plans, and valuations. Our business development efforts engaged both existing and prospective clients, and we successfully submitted a robust number of proposals for various services across industries. Corporate clients continued to seek opportunities for portfolio growth and sectoral exposure, although there was uncertainty around the economic and geopolitical landscape. The Kuwaiti M&A market saw continued activity during 2025, with transactions involving strategic acquisitions, mergers, and ownership changes.

The Advisory and M&A team supported a range of mandates, including advising on acquisitions, facilitating mergers, and overseeing governance transitions. The team also provided strategic guidance on ownership structuring and supported financial restructuring initiatives, working across various sectors such as retail, education, real estate, and aviation. These engagements reflect continued involvement in shaping significant market movements and corporate developments in Kuwait. Looking ahead, we aim to foster new client relationships and reinforce existing ones, driving progress toward our strategic growth goals.

Wealth Management & Business Development

Markaz remains focused on capitalizing on market opportunities, particularly in Private Equity, Private Credit, and Secondary Local Fixed Income. Strong performance across asset classes, especially in debt

markets, has reinforced relationships with high-net-worth individuals and family offices, boosting confidence in Markaz's long-term investment growth.

In 2025, our team continued delivering personalized investment portfolios aligned with client objectives. We strengthened relationships with local and regional institutions, expanded our client base, and appointed additional Wealth Managers to enhance engagement. We also focused on developing international partnerships in Private Credit and Private Infrastructure to meet growing demand for global investments. Our efforts to enhance distribution capabilities provided clients with access to high quality solutions across markets.

Looking ahead to 2026, we aim to deepen collaborations with global partners and expand into new geographies, particularly Saudi Arabia, where we plan to work with international partners to offer investment opportunities and strengthen our regional presence.

International Advisory

Market volatility remained elevated in 2025, driven by changing trade policies, geopolitical developments and fluctuating monetary policies. Global markets ended 2025 strongly, led by the MSCI World 19.5%, S&P 500 16.4%, and Nasdaq 20.2%. This was due to moderate inflation and stable labour market trends, despite varying economic growth. In Europe and Japan, performance was also solid, with MSCI Europe up 31.9% and Nikkei 225 up 26.2%. Among commodities, crude oil declined by 18.6%, while precious metals performed strongly, with gold rising 64.4% and silver emerging as the top performer with gains of 146.7%. Gold benefited from declining yields, persistent geopolitical uncertainty, and continued central bank demand pushing prices to record highs.

In the U.S., economic growth remained resilient, supported by strong consumer spending, while moderating inflation led the Federal Reserve to lower interest rates towards the year end. This environment, supported by attractive yields and a weaker U.S. dollar, enabled global bond markets to deliver strong returns during the year.

During 2025, macro environment continued to support investor demand for private assets. Markaz believes that private credit remains an attractive source of risk adjusted returns, offering both steady income and meaningful diversification within portfolios. During the year, strategic initiatives focused on strengthening investment solutions and expanding partnerships. This included the launch of Markaz's Private Real Assets Portfolio, offering both capital appreciation and stable income generation to professional and qualified clients, along with flexible exit options to enhance portfolio liquidity. Collaborations with marquee asset managers further strengthened our

platform and supported a more structured approach to wealth management. These efforts enabled investment strategies aligned with client risk profiles and long-term objectives, while reinforcing a disciplined and adaptable investment framework.

Looking ahead to 2026, the focus will remain on maintaining agility in an ever-evolving market environment to capture new opportunities while managing risks prudently. Markaz will continue to closely monitor market and economic developments to ensure its strategies remain relevant and aligned with evolving conditions. We will continue to deliver tailored investment solutions while maintaining high service standards and long-term relationships built on trust and transparency, with the objective of creating sustainable value.

Published Research

Marmore MENA Intelligence, the research division of Markaz, specializes in providing market intelligence across the GCC, offering detailed economic, capital markets, and industry analysis to businesses, financial institutions, and policymakers. Through comprehensive insights and advisory services, the department supports data-driven decision-making and strategic growth.

During the year, Marmore expanded its client base by adding new clients from banking, asset management, and real estate sectors, while strengthening existing relationships. The department continued to provide valuable insights to banking clients, with a strong focus on data accuracy and in-depth analysis.

Marmore further strengthened its regional presence by opening a new branch in Abu Dhabi, engaging more closely with clients and stakeholders. In 2025, it onboarded more than fifteen new clients across the GCC and published more than 30 reports on its research portal (www.marmoremna.com). The “Macro & Markets” newsletter continued to offer insights into global and regional events affecting economic and capital markets.

Looking ahead, Marmore expects sustained demand for its consulting, research, and advisory services from financial sector clients, while targeting expansion into other sectors. It is well-positioned to capture opportunities in strategic consulting, competitor analysis, industry insights, and market entry strategies.

Corporate Communications

In 2025, the Corporate Communications Department (CCOM) continued to play a strategic role in strengthening Markaz’s brand presence across local and regional markets. The department focused on elevating brand visibility, enhancing stakeholder engagement, and reinforcing Markaz’s position as a thought leader in investment management.

Throughout the year, CCOM leveraged an integrated mix of traditional and digital media, adopting innovative tools and data-driven approaches to deliver impactful communication strategies. A key highlight was the successful execution of high-profile client engagement events, most notably ‘Markaz 2026 Outlook: Navigating Trends and Investment Opportunities’, which provided investors with forward-looking insights on global and regional market trends. In addition, CCOM organized a dedicated event spotlighting Private Real Assets investment strategy, further reinforcing Markaz’s offerings leadership.

CCOM continued to develop and enhance ‘Investor’s Vantage’, the Company’s bi-annual newsletter, as a key platform for sharing insights, market perspectives, and thought leadership with clients and stakeholders. The publication remains an important channel for reinforcing Markaz’s knowledge-driven approach and maintaining consistent engagement with its audience.

CCOM also continued to drive Markaz’s corporate social and economic responsibility (CSER) strategy, which is anchored on three core pillars: building human capacities, aligning the business environment with sustainable development principles, and promoting sound corporate governance. During the year, the department collaborated with leading civil society organizations across health, education, culture, youth development, and economic sustainability, ensuring meaningful community impact and reinforcing Markaz’s commitment to responsible business practices.

Looking ahead, CCOM will further enhance both internal and external communications with a stronger emphasis on digital transformation, content innovation, and audience engagement. By deepening strategic partnerships with industry stakeholders and leveraging emerging communication platforms, the department aims to translate brand strength into measurable business value, while continuing to elevate Markaz’s reputation and market leadership.

Support Functions

Treasury

The Treasury Department at Markaz played a crucial role in executing the firm’s financial strategy and maintaining its financial stability across Kuwait, the GCC, and international markets. Through disciplined liquidity management and a well-capitalized balance sheet, the department ensured timely fulfillment of financial obligations while supporting sustainable growth. Adopting a proactive and risk-aware approach, the team focused on diversification, prudent credit exposure oversight, and effective use of financial instruments to mitigate market and liquidity risks. As a strategic functional support to Markaz’s business units and subsidiaries, the department facilitated access to credit facilities, managed intercompany fund transfers,

Business Review (continued)

engaged in money markets, and executed foreign exchange transactions, ensuring uninterrupted operational continuity across the organization.

Throughout 2025, strengthening relationships with regional and international banking partners remained a key priority for the Treasury Department, enabling the efficient execution of financing strategies and enhancing Markaz's flexibility in navigating evolving market conditions. As part of honouring Markaz's outstanding obligations, the department contributed to the repayment of Markaz KD 35 million bond issuance that matured during December 2025. The department also advanced its commitment to operational excellence by streamlining processes, optimizing resource allocation, and leveraging advanced technological solutions to improve efficiency and control. Supported by a highly skilled team and robust digital banking platforms, the department remained agile and responsive, reinforcing its role as a cornerstone of Markaz's financial resilience and long-term value creation.

Corporate Affairs - Legal

The Markaz Legal Department provides advice on corporate matters and supports the Asset Management and Investment Banking teams across a wide range of transactions. The team also supports other departments through contract reviews and legal guidance to ensure compliance with applicable laws, regulations, and internal policies.

The Head of Legal also represented Markaz at the Union of Investment Companies' Legal Committee, contributing to discussions on key issues impacting the investment sector and regulatory environment.

Internally, the department focused on improving efficiency through process enhancements and increased automation. Key initiatives included reviewing standard portfolio agreements with the Wealth Management team to enable automation and supporting the Operations Department through legal guidance and the preparation of bilingual contract reference guides for Market Making Agreements. The team also worked on strengthening internal documentation practices to improve consistency and turnaround times.

Additionally, the Legal Team manages and oversees litigation matters in coordination with the external Law Firms in Kuwait & GCC, including the review of legal submissions, monitoring litigation proceedings, and following up on enforcement actions. Through these efforts, the Team works to safeguard the legal interests of the Company, its funds, and its subsidiaries.

Since 2023, the Legal Department has successfully adopted AI-powered legal platforms as part of its workflow to enhance efficiency, support accuracy, drafting and to facilitate faster legal search thereby improving response times to internal business needs.

Corporate Services

The Corporate Services Department (CSD) continued to play a key role in supporting Markaz's business units by facilitating corporate transactions and managing the establishment, maintenance, and liquidation of investment funds and affiliated entities. CSD ensured efficient corporate structuring while maintaining high standards of governance and regulatory compliance across all jurisdictions.

During the year, CSD led key regional and international strategic initiatives, including securing In-Principle Approval for Markaz's KSA branch and supporting the International Real Estate Department in exploring new structures for a UK-based project. CSD maintained a strong focus on regulatory excellence, ensuring compliance with CMA regulations, particularly Executive Bylaws Book 13, and adapting local funds to evolving requirements. Additionally, CSD facilitated the establishment of Special Purpose Vehicles and secured ten marketing licenses in 2025.

CSD served as the central liaison with regulators and external stakeholders, including legal advisors, Shariah auditors, and corporate service providers. The team also provided executive summaries and analytical studies on investment products to support informed decision-making. Additionally, CSD played a key role in restructuring initiatives and ensured regulatory compliance across the GCC region and the Cayman Islands for global structures.

Looking ahead, CSD will focus on enhancing operational efficiency by streamlining processes and aligning closely with business objectives. Through continued collaboration with internal and external stakeholders, CSD is well positioned to support Markaz's growth strategy while delivering high quality corporate services and maintaining strong governance standards.

Strategic Planning

The Strategic Planning Department continued to advance Markaz's long-term objectives in 2025, ensuring disciplined execution of new initiatives in alignment with the company's approved growth strategy. The year marked meaningful progress, driven by foundational decisions and execution efforts that position Markaz for sustained growth. Across all strategic pillars and implementation themes, the organization strengthened its capabilities and enhanced its platform for long-term value creation.

Guided by the Board of Directors and the CEO, significant progress was achieved on key initiatives. Markaz secured CMA Phase 1 in-principle approval for its KSA expansion and remains on track to complete Phase 2 requirements for commencement of business operations. We further reinforced Markaz's role as a trusted wealth-creation partner by broadening our open-architecture platform through expanded

partnerships with leading global fund managers. The private credit program scaled meaningfully, and a private real assets program was introduced. International real estate activities also continued to grow, with over USD 150 million in equity deployed and multiple successful exits despite challenging market conditions.

While geopolitical headwinds persist, Markaz enters 2026 with optimism, strategic clarity, and confidence in its execution capabilities. At the same time, we remain disciplined and pragmatic, focused on delivering sustainable long-term value for our stakeholders. The year ahead will emphasize accelerated execution, building on the strong foundations established in recent years.

Middle Office

The department works closely with Markaz's revenue generating divisions to support investment performance and enhance value creation for investors. Through the application of advanced digital platforms, the department ensures proactive portfolio oversight, real-time reporting, and disciplined risk management across all investment activities.

In 2025, the department further expanded the use of automation, integrated advanced data analytics, and strengthened internal controls to further drive operational efficiency. The team expanded its use of the enterprise data warehouse to more than five active use cases, supporting deeper insights and informed decision making.

By continuously strengthening its digital capabilities and technology infrastructure, the department remains focused on enabling data driven decisions, maintaining strong governance standards, and supporting consistent portfolio monitoring in a dynamic market environment.

Custody Services

The Custody Services Department provides custodial solutions for financial securities and real estate assets, while also acting as a security agent for pledged assets, and as an escrow agent in asset sale transactions.

In 2025, the department supported several M&A transactions through its role as escrow agent, continued facilitating the listing process of a Kuwaiti firm on the Abu Dhabi Stock Exchange and ensured the efficient management of ongoing mandates. These efforts reflect the department's commitment to safeguarding client assets, providing market infrastructure, and enabling seamless execution of complex transactions.

Digitization & Analytics

In 2025, the department continued to lead Markaz's digital transformation agenda, with initiatives focused on enhancing client experience, improving operational efficiency, and strengthening data driven decision

making across the organization. Key developments included further progress on the rollout of the new CRM platform to streamline and integrate client engagement processes, and the soft launch of the iMarkaz Invest trading platform. This platform provides investors with a seamless digital gateway to local, regional, and international markets ahead of its full public launch in 2026.

In addition, MENA Real estate started the implementation of Yardi commercial cafe service, where tenants in addition to accessing their lease details and documents, they would pay rent and place maintenance request through the Commercial Cafe app streamlining operations and providing better service to tenants.

During the year, the Technology Champion Initiative was further expanded through AI learning programs and the deployment of practical AI use cases to support automation and decision making. Data analytics capabilities were also strengthened through the broader adoption of Power BI integrated with the enterprise data warehouse, enabling improved reporting and business insights. These initiatives continue to support Markaz's focus on technology enablement, process efficiency, and an enhanced digital client experience.

Compliance

Markaz maintains a structured compliance framework to ensure adherence to regulatory requirements and internal policies. The Compliance Department is responsible for overseeing governance practices, strengthening internal controls, and ensuring that policies remain aligned with evolving regulatory requirements. Regulatory updates are communicated to relevant business units, with necessary policy revisions implemented in a timely manner. The department also conducts periodic compliance reviews and testing to support ongoing adherence to regulatory standards. In addition, Markaz oversees Anti Money Laundering (AML) policies, manages client complaints, and conducts training programs to enhance employee awareness of AML and other compliance topics.

In 2025, Markaz further strengthened its client and transaction review processes through enhanced monitoring controls, improving operational efficiency while maintaining effective oversight. The department also conducted awareness sessions to keep stakeholders informed of regulatory developments. In parallel, the team reviewed the design of the new CRM system and tested enhanced functionalities to ensure that required features and automated controls were appropriately embedded. Through these initiatives, Markaz continues to reinforce its compliance framework, supporting transparency and accountability across its operations.

Business Review (continued)

Risk Management

The Risk Management Department independently reports to the Board Risk Management Committee and is responsible for identifying, measuring, monitoring and reporting enterprise-wide risks across business operations. Markaz has a well-defined risk management framework that ensures risks are governed through appropriate systems and controls. The Company follows an integrated risk management approach, with business units, the Risk Management Department and the Internal Audit Department, together the core of the Three-Line-of-Defense Model.

The department assesses key risks through defined Key Risk Indicators and monitors adherence to the risk tolerance approved by the Board of Directors. It provides quarterly updates to the Board Risk Management Committee and semi-annual reports to the Board of Directors. Key activities include periodic risk control self-assessments, business continuity testing and monitoring activities while establishing internal policies, procedures and control mechanisms. The department also continues to strengthen risk monitoring through automation and the use of in-house risk tools and global risk analytics platforms to enhance oversight.

Internal Audit

The Internal Audit unit functions under the direct oversight of the Board Audit Committee, ensuring transparency, accountability and strong governance practices. The Internal Audit Officer, registered with the Capital Markets Authority, oversees internal audit processes, with audits conducted by an independent audit firm. This is in line with the approved internal audit plan set by the Board Audit Committee. Comprehensive audit reports are submitted directly to the Board Audit Committee for review and action.

In line with regulatory requirements, Markaz undergoes an annual Internal Control Review (ICR) conducted by an independent audit firm. Additionally, the Company periodically appoints an independent auditor to perform reviews under the International Standards on Assurance Engagements (ISAE 3402), to assess the design and effectiveness of internal controls.

The Internal Audit Officer continues to evaluate policies, procedures, systems and controls to support regulatory compliance and operational efficiency. During 2025 in line with regulatory requirements, the internal audit function also underwent its periodic quality assessment, as required under the three-year review cycle, reaffirming adherence to applicable professional standards.

Internal Controls

Markaz continued to strengthen its internal control framework during the year, with a focus on enhancing operational efficiency, regulatory compliance, and risk management. The Internal Controls Department maintains a structured control environment aimed at safeguarding assets, ensuring appropriate segregation of duties, and strengthening oversight in line with evolving business and regulatory requirements. Ongoing reviews and process enhancements also supported strong governance practices and the reliability of financial reporting.

As part of its digital transformation strategy, Markaz is leveraging technology to further enhance its internal controls. The integration of automation tools and business intelligence solutions is enabling improved efficiency, monitoring, and risk management capabilities. These initiatives are contributing to greater transparency, stronger compliance and a more effective control framework.

Markaz remains focused on continuously enhancing its internal control processes through technology-enabling improvements, supporting sound governance standards and long-term operational stability.

Information Technology

In 2025, the Information Technology (IT) Department reinforced the organization's digital capabilities by enhancing infrastructure resilience, expanding cloud adoption, and improving service delivery. Critical systems were successfully migrated to secure cloud environments in Europe, ensuring higher availability, stronger compliance, and improved performance.

Business continuity and disaster recovery capabilities were significantly strengthened through infrastructure upgrades and enhanced replication between primary and disaster recovery sites, minimizing downtime and improving recovery readiness.

Cybersecurity remained a key priority, with advanced monitoring tools, stricter access controls, and continuous awareness initiatives improving the organization's overall security posture and resilience against evolving threats. Additionally, process automation and optimization efforts improved operational efficiency and reduced costs, while enabling better utilization of resources across the organization.

Moving forward, IT will continue to focus on cloud expansion, cybersecurity maturity, and the adoption of AI-driven solutions to support innovation and sustainable business growth.

Operations

The Operations Department continued to remain a crucial part of Markaz's asset management business, facilitating the seamless execution of critical functions such as securities servicing, transaction processing, and regulatory compliance. With a robust framework of internal controls and meticulous record-keeping, the department consistently delivered accurate, timely, and transparent account information to stakeholders.

Throughout the year, the department further strengthened its operational infrastructure by refining policies and procedures and optimizing workflows to enhance efficiency and scalability. These efforts ensured full alignment with industry best practices and regulatory standards, driving improvements in processing accuracy, faster turnaround times, and higher service quality across all business lines.

Looking ahead, the Operations Department will continue to prioritize automation and digital transformation efforts to enhance operational agility, resilience, and responsiveness. Through ongoing investments in process optimization and technology-driven solutions, the department reaffirms its dedication to operational excellence, further reinforcing Markaz's reputation for reliability, precision, and exceptional client service.

Financial Management

The Financial Management Department (FMD) at Markaz has a central role in maintaining accurate accounting records and preparing timely financial statements for the Company and its affiliated entities, including mutual funds and special purpose vehicles (SPVs). The department is also responsible for regulatory reporting and disclosures to the Central Bank of Kuwait (CBK), the Capital Markets Authority (CMA) and the Ministry of Finance (MOF) and other Regulatory Authorities Governing in UAE and Saudi Arabia. Additionally, FMD oversees the annual audits and quarterly review processes across the organization, while coordinating with independent audit firms globally.

Cross functional collaboration remains a core aspect to FMD's responsibilities. The department leads the preparation of the annual Integrated Report in compliance with CMA bylaws and the Integrated Reporting Framework. This is completed while working closely with multiple business units to ensure comprehensive and timely disclosure. FMD also monitors corporate and departmental performance, providing management with financial analysis and insights against benchmarks and budgets to support informed decision making.

FMD also works in close partnership with the Strategic Planning team and business functions on the execution of key strategic initiatives. Its role includes providing technical and information support across different stages of these

initiatives, while also assessing the extent to which they align with and deliver against strategic objectives.

In 2025, FMD supported business and enabling functions in articulating their strategies for 2026-2030 and aligning them with corporate objectives. On the automation front, the department stabilized the upgraded Oracle ERP system, rolled out a procurement system to streamline processes and strengthen budgetary controls and introduced major improvements in the SAP Consolidation system. FMD also played a key role in integrating the Vestio asset management system with the Markaz data warehouse.

Looking ahead, FMD will continue to strengthen compliance, reinforce budgetary controls, and update policies to align with evolving regulatory and business requirements. This will ensure continued financial integrity and operational efficiency.

Human Resources

The workforce landscape in 2025 evolved rapidly, driven by the acceleration of AI technologies, and changing employee expectations around flexibility and timing. The HR Department effectively navigated these dynamics by aligning with transformation trends, focusing on agility, workforce capability, and organizational culture.

During the year, the HR department concentrated on establishing strong foundations for both people and performance. A refreshed performance management framework was introduced that emphasized the firm's values. The formal launch of the Markaz Values created a unified language and clear behavioral standards, reinforcing culture, accountability, and a client-centric, high-performance mindset.

At the same time, strategic investments were made to build organizational depth and long-term sustainability. Employees were upskilled in digital and AI capabilities, enhancing productivity and modernizing work practices. These efforts collectively reinforced governance, strengthened meritocracy, and ensured alignment between people, structure, and strategy.

Looking ahead, the HR function will focus on becoming a data-driven, scalable entity by further enhancing its center of excellence model and advancing digital transformation. Supporting Markaz's expansion, particularly into KSA, will be a key priority.

In addition, talent acquisition will be re-engineered, the firm's values further embedded into performance and culture, learning and development frameworks advanced, and AI-enabled HR operations implemented. Operational improvements will emphasize automation, efficiency, and robust governance, ensuring that HR facilitates growth, capability, and organizational resilience throughout 2026 and beyond.

Corporate Governance Report

Rule 1: Building a Balanced Board Composition

Composition of the Board of Directors:

The Board is composed of seven members elected by the Company's General Assembly for three years.

Director	Capacity: Executive / Non-Executive / Independent/ Secretary	Qualifications / Experience	Date of Election/ appointing Secretary
Diraar Yusuf Alghanim	Chairman Non-Executive Member	Over 40 years in the financial sector. Professional accountancy from Glasgow University.	22/03/2023
Faisal AbdulAziz Al-Jallal	Vice Chairman Non-Executive Member	Over 40 years of experience in the real estate and financial sectors. University degree from Alexandria University.	22/03/2023
Ayman Abdullatif Alshaya	Non-Executive Member	Over 40 years of experience in general trade, insurance and financial sector. Bachelor's Degree in Mechanical Engineering from Kuwait University.	22/03/2023
Fahed Yaqoub Al-Jouan	Non-Executive Member	Over 30 years of experience in the general trading, industrial and financial sectors. Bachelor's Degree in Business Administration from Eastern Washington University.	22/03/2023
Adel Mohammed Alghannam	Independent Member	Over 30 years of experience in the general trading, insurance and financial sectors. Bachelor's degree in Business Administration.	22/03/2023
Omran Habib Hayat	Independent Member	Over 30 years in the real estate and oil sectors. Bachelor's Degree in Architecture from Miami University and Masters in Project Management & Finance from Northeastern University.	22/03/2023
Fahad Sulaiman Aldalali	Independent Member	Over 17 years in the financial, advisory and oil sectors. Bachelor's degree in Electrical Engineering from Michigan State University; and Master's degree in Finance and Accounting from the University of Pennsylvania.	22/03/2023
Maha Abdul Salam Imad	Board Secretary	Bachelor's of Science in Business Management from the Lebanese American University.	22/03/2023
Fedaa Jamal Kittaneh	Deputy Board Secretary	University Degree in Business Administration.	22/03/2023

Summary of the Company's Board Meetings as follows: **Attended • - Absent X** Summary of the Board's Meetings in 2025

Director	#1 on 18/02	#2 on 26/03	#3 on 07/05	#4 on 05/08	#5 on 23/09	#6 on 04/11	#7 on 14/12	Total
Diraar Yusuf Alghanim (Chairman Non-Executive)	•	•	•	•	•	•	•	7
Faisal AbdulAziz Al-Jallal (Vice-Chairman Non-Executive)	•	•	•	•	•	•	•	7
Ayman Abdullatif Alshaya (Member Non-Executive)	•	•	•	X	•	•	•	6
Fahed Yaqoub Al-Jouan (Member Non-Executive)	•	•	•	•	•	•	•	7
Adel Mohammed Al Ghannam (Independent Member)	•	•	•	•	•	•	•	7
Omran Habib Hayat (Independent Member)	•	•	•	•	•	•	•	7
Fahad Sulaiman Aldalali (Independent Member)	•	•	•	•	•	•	•	7

Summary on registering and coordinating requirements as well as keeping minutes of the Board meetings.

The Board Secretariat Procedures manual was last revised and updated and ratified by the Board in December 2025.

The Board Secretariat team follows clearly defined procedures in preparing, signing and keeping minutes of Board meetings, which comprise the following:

- A draft of the minutes is prepared by the Board Secretary and presented to the Chief Executive Officer for review.
- The approved draft is then submitted to the Chairman for review. The draft is revised as directed by the Chairman.
- The minutes are then delivered in their final form to the Deputy Board Secretary to follow up on the signature of the Chairman and members present during the meeting.

- After signing, the Deputy Board Secretary scans a copy of the minutes and saves it in a file specific to the meetings, while the original draft is kept in the file dedicated to the meeting in question.

Confirmation of the Independent Directors of their compliance with the independence criteria. Attach signed confirmations to the report.

- The Board includes three independent directors, according to the controls set by the CMA Law Executive Bylaws and the criteria set by the Board of Directors upon its election on 22 March 2023.
- The Board Nominations & Remunerations Committee (BNRC) confirmed the independence criteria and its applicability to the three independent directors for the year 2025, on 20 January 2026.
- Enclosed are the signed written confirmations of the 3 independent directors.

Corporate Governance Report (continued)

Rule 2: Establishing Appropriate Roles and Responsibilities

Summary of how the roles and responsibilities of the Board of Directors and Executive Management have been defined, as well as the authorities and powers delegated to the Executive Management:

- The “Board of Directors Policy” is prepared by the Compliance Department and the Board’s Secretariat in accordance with the requirements of Companies Law, the Capital Markets Authority Law, their Executive Bylaws, and corporate governance requirements. The Policy, presented to the Board of Directors for approval, defines the roles and responsibilities of the Board, the Chairman, members, Board Committees, and procedures to form them. It also outlines the procedures for holding meetings of the Board, its committees, and the Annual General Meeting (AGM), in addition to the procedures for submitting periodic and annual financial statements to the regulatory bodies and methods to disclose them. This policy was last reviewed and updated and approved by the Board in December 2025.
- The “Delegation of Powers Policy” and the “List of Authorized Signatories” are prepared and / or amended by the Compliance and Risk Management Departments according to the requirements of the Company’s activities, the Law and applicable regulations. The Policy defines the role, responsibilities, and powers (including financial) delegated to the Management Committees and Executive Management. The Policy and list are submitted to the Executive Management for review. The final versions are presented to the Board of Directors for discussion and approval. Following the approval, the Compliance and Risk Management Departments circulate them to other departments. The Treasury Department also circulates the “List of Authorized Signatories” to the banks. The Policy and List are updated through recommendations submitted by the Executive Management to the Board with an aim to facilitate the functions of departments and the Company as a whole. This policy was last reviewed and updated and approved by the Board in July 2024. The “List of Authorized Signatories” was updated and approved in March 2025.
- The “Delegation of Powers-Management Committees” policy is prepared, amended and/or reviewed by the Compliance and Risk Management Departments with respect to the composition of the committees, their roles and responsibilities, and the voting mechanism for each. After the approval of the Board, the Compliance and Risk Management Departments circulate the Policy to all departments. The Policy is updated through recommendations submitted by the Executive Management to the Board to add new members to the committees based on their position and functions, and /or to amend the roles and responsibilities of a committee. This policy and the list of members in the management committees were last revised and approved by the Board in December 2025.

Board of Directors 2025 Achievements:

- i. Follow up on the implementation plan for the growth strategy.
- ii. Approve establishing a subsidiary in Abu Dhabi to serve the purposes of the subsidiary Marmore MENA Intelligence Ltd.
- iii. Discuss and approve the Company’s interim and annual financial statements.
- iv. Approve performance evaluation of Board and Executive Management.
- v. Hold training and awareness program on regulatory instructions regarding anti-money laundering and combatting the financing of terrorism, Whistleblowing policy and procedures, cybersecurity, and on the latest developments in the regulatory environment (penalties issued to companies).
- vi. Approve the amendments to internal policies and procedures manuals and issuing new policies and update the list of authorized signatories.
- vii. Approve BNRC’s recommendations regarding Human Resources Strategy and Company Values, updating Organizational chart and updating EM Job Descriptions.
- viii. Approve issuing Bond Program and issuance of first tranche.
- ix. Review and approve the periodic and annual reports and submitting necessary reports to CMA.
- x. Review periodic reports on subsidiaries and associates.
- xi. Reviewed and discussed the initial report on the CMA inspection of the AML procedures and the legal opinion on the withdrawn nationality clients’ accounts. Reviewed the CMA warnings and the Internal Controls’ reports thereon and the mitigations.
- xii. Approve the semi-annual budget review for 2025.
- xiii. Approve the 2026 budget and the business plan for the next five years.
- xiv. Approve and ratify the related parties’ transactions.
- xv. Invite and convene the Annual General Meeting to vote on the recommendations approved by the Board on dividends, remuneration of Directors, and appointment or reappointment of auditors, among other matters.
- xvi. Review circulars and correspondences of the regulatory bodies, including CMA circular regarding the submission date of the Compliance Officer’s Annual AML Report.

Summary of compliance with the requirements mandated to form independent committees, ensuring that the following information is mentioned for each committee:

1. Board Audit Committee (BAC):

- a. Role and achievements of the Audit Committee in 2025:
 - i. Reviewed the annual and interim financial statements with the External Auditors before presenting them to the Board of Directors.
 - ii. Reviewed the changes to the Global Internal Audit Standards and the gap analysis study.
 - iii. Approved amendments to Internal Audit Policy and procedures.
 - iv. Approved the Internal Audit Strategy for 2025.
 - v. Approved the annual internal audit plan and risk assessment criteria used to develop Internal Audit plan and discussed the internal audit reports with the Internal auditors regarding the departments and recommended corrective measures.
 - vi. Issuance of the report on the sufficiency of the internal controls to the AGM.
 - vii. Reviewed and discussed the initial report on the CMA inspection of the AML procedures, and the legal opinion on accounts of withdrawn nationality clients and followed up on remedies. Reviewed the CMA warnings and the Internal Controls' reports thereon and the mitigations.
 - viii. Reviewed evaluation report on external auditors and recommended the appointment or reappointment of the External Auditors.
 - ix. Recommended appointment or reappointment of the Internal Auditor.
 - x. Approved the appointment of an auditor to assess and review the internal control systems (ICR).
 - xi. Approved the appointment of internal auditors for subsidiaries and independent auditor for the loan portfolio.
 - xii. Reviewed periodic reports on the Compliance department activities and regulatory updated, clients' complaints, shareholders' complaints, and loans.
 - xiii. Reviewed the audit reports received from the Internal Audit Unit and the quality assurance review of the Internal Audit unit.
 - xiv. Reviewed results of internal reviews conducted by the Internal Audit unit.
 - xv. Reviewed circulars and correspondences of the regulatory bodies, including CMA circular regarding the submission date of the Compliance Officer's Annual AML Report.
 - xvi. Conducted performance evaluation of the registered Internal Audit officer for 2024 and approved the KPIs for 2025.
 - xvii. Reviewed and accepted the Internal Audit Officers Independence declaration.
- b. The Committee was formed on 22 March 2023, for a period of three years.

- c. Chairman: Faisal AbdulAziz Al-Jallal - Members: Fahed Yaqoub Al-Jouan, Fahad Sulaiman Aldalali.
- d. In 2025, the Committee held six meetings.

2. Board Risk Management Committee (BRMC):

- a. Roles and achievements of the Risk Management Committee in 2025:
 - i. Reviewed the risk management strategies, policies and procedures and recommended appropriate monitoring and other policy updates to the Board of Directors for its approval. Also, the Committee followed up on the implementation of the risk management framework and the results of the stress testing.
 - ii. Reviewed the quarterly Risk bucket-wise Matrix and the tracker on raised matters, and the risks relating to the achievement of strategic objectives.
 - iii. Reviewed the semi-annual risk reports submitted to the Board of Directors and the CMA.
 - iv. Approved the study of evaluating the AML risks.
 - v. Reviewed the memo on confirming the independence of the Risk Management Department staff and officer.
 - vi. Reviewed the periodic Risk Management reports including AUM reports.
 - vii. Reviewed and discussed the initial report on the CMA inspection of the AML procedures, and the legal opinion on accounts of withdrawn nationality clients and followed up on remedies. Reviewed the CMA warnings and the Internal Controls' reports thereon and the mitigations.
 - viii. Reviewed the periodic reports on Anti Money Laundering compliance, FATCA and CRS Compliance, and reports on staff resignations and their reasons, new recruitments and their necessity, as well as legal cases filed by or against the Company.
 - ix. Reviewed departments' RCSA reports, and BCP and Internal Controls reports on counterparties and subsidiaries.
 - x. Reviewed results of internal reviews conducted by the Risk Management Department.
 - xi. Reviewed circulars and correspondences of the regulatory bodies, including CMA circular regarding the submission date of the Compliance Officer's Annual AML Report.
 - xii. Conducted performance evaluation of the registered Risk Officer for 2024 and approved the KPIs for 2025.
 - xiii. Reviewed the organization structure of risk management department and approved the Job Description of Risk Officer.
- b. The Committee was formed on 22 March 2023, for a period of three years.
- c. Chairman: Fahed Yaqoub Al-Jouan - Members: Adel Mohammed Al Ghannam, Omran Habib Hayat.
- d. In 2025, the Committee held four meetings.

Corporate Governance Report (continued)

3. Board Nominations and Remunerations Committee (BNRC):

- a. Roles and achievements of the Nominations and Remuneration Committee in 2025:
 - i. Reviewed the performance evaluation of Board and Executive Management and recommended them to the Board.
 - ii. Approved the Corporate Governance Report for 2024.
 - iii. Approved and recommended to the Board, amendments to the Company's organizational chart, the Human Resources Strategy and Job Descriptions.
 - iv. Confirmed the independence of the independent directors.
 - v. Approved the publication of advertisements to invite board candidates.
- b. The Committee was formed on 22 March 2023, for a period of three years.
- c. Chairman: Diraar Yusuf Alghanim - Members: Faisal Abdulaziz Al-Jallal, Ayman Abdullatif Alshaya and Adel Mohammed Alghannam.
- d. In 2025, the Committee held two meetings.

Summary of how the requirements to allow Board members to obtain accurate and timely information and data were implemented:

- The Board Secretary and Deputy Board Secretary provide the Board members with sufficient information about the items that will be discussed at least three working days prior to the meeting. The Secretary and Deputy Board Secretary also record all discussions of Board members during each meeting as well as the decisions taken on the agenda items of the minutes. A copy of the previous records is provided in each meeting for approval, in addition to a copy of the record of decisions taken as of the date of each meeting.
- The Board Secretary and Deputy Board Secretary prepare the Board and the committees' meetings' register that tracks date and time of meetings as well as the attending and absent members. They also prepare a record of decisions/resolutions by the Board and committees to summarize these decisions for each meeting held during the year. These records are prepared annually for the Board and committees separately.
- The Company has adopted the application "Nasdaq Boardvantage" to book and manage the meetings of the Board and committees and distributing the meetings packs electronically through the application. The platform "Teams" is used for remote attendance. The Company provides the Board, its Committees

and Executive Management with complete reports on the work strategy, budgets, performance and financial statements. We have consolidated the reports presented to the Board, its Committees and the Executive Management and its Committees, whereby they receive reports prepared from data generated by our systems. The reports are despatched through the application Nasdaq Boardvantage and Teams platform.

Rule 3: Recruiting Highly Qualified Candidates for the Board of Directors and Executive Management Summary on the implementation of the requirements for the formation of the Nominations and Remuneration Committee.

- The formation and responsibilities of the Committee have been identified within the "Board of Directors Policies". The Committee was formed during the first meeting of new Board held on 22 March 2023.
- The new Board confirmed the formation of the Board, its committees and the independent members during its first meeting held on 22 March 2023.

Report on the remuneration granted to members of the Board, the Executive Management team and managers.

1. Summary of the policy on compensation and incentives

The Board of Directors

Board compensation is a function of the performance of the Company, dividend distribution, attendance, and KPIs that are a function of the corporate governance requirements. Except for the independent board members, the members of the board of directors' compensation shall not exceed 10% of the net profits of the company (after depreciation, reserves and payment of dividends to shareholders not less than 5% of the company's capital or any higher percentage, as provided in the Articles of Association of the company).

The recommendation was to disburse a Board remuneration of KD175,000 for 2025. The members of the Board Audit Committee's proposed compensation shall be KD15,000 in total, i.e., KD5,000 each for the year 2025.

All the above remuneration and compensation shall be proposed to the General Assembly, and subject to their approval⁴.

Executive Management

The Executive Management compensation is composed of fixed compensation and variable compensation. The Company periodically compares its compensation plan with what is prevalent in the asset management and investment banking industry, and accordingly, revises the compensation packages to remain in line with the industry.

The variable Compensation may be disbursed in one

⁴ The Annual General Meeting held on Wednesday 8 April 2026 approved the recommended Board remuneration.

year or may in certain situations be deferred to future years for disbursement to ensure tenure of key staff and sustainability of performance.

1. The fixed compensation is a function of the responsibilities and financial impact on the company. In addition, employees are awarded other benefits that are customary in the marketplace.
2. The variable compensation specific to the executive management role is a function of the following:
 - a. Profitability of the Company
 - b. Contribution to the financial performance of the

Company. Such contribution includes management fees and investment returns in excess of pre-agreed benchmarks.

- c. Key performance indicators related to the following:
 - i. Organization
 - ii. Corporate Governance
 - iii. Strategic Enhancement
 - iv. Risk and Sustainability
 - v. Stakeholders' relations
 - vi. Branding

2. Schedule of Compensation and Incentives

The Board of Directors

For 2025, the Board of Directors remuneration is recommended to be as per the below schedule, subject to AGM approval⁵:

Remunerations & benefits for Board of Directors

Total # of Directors	Remunerations & Benefits through Parent Company			Remunerations & benefits through Subsidiaries			
	Fixed	Variable		Fixed		Variable	
	Health Insurance	Annual remuneration	Committees	Health Insurance	Monthly salary	Annual BOD	Committees
7	NA	175,000	15,000	Not Applicable			

The Executive Management

Statement of compensation and benefits to the executive management for 2025:

Remuneration & Benefits granted to 5 executives who received the highest pay, added to them the CEO and CFO or their deputies, if they were not among the top 5

Remuneration and benefits through parent company

Total # of E.M.	Fixed						Variable
	Monthly salary (total for year)	Health insurance	Annual tickets	Housing	Transport	Children Schooling	Annual bonus
7	615,600	85,084	46,856	0	2,400	0	520,000

Remuneration and benefits through subsidiaries

Total # of E.M.	Fixed						Variable
	Monthly salary (total for year)	Health insurance	Annual tickets	Housing allowance	Transport allowance	Children education allowance	Annual bonus
7	Not Applicable						

3. Any substantial deviation from the Remunerations Policy approved by the Board of Directors:

During 2025, there have not been any instances of substantial deviation from the remuneration policy approved by the board of directors.

⁵ The Annual General Meeting held on Wednesday 8 April 2026 approved the recommended Board remuneration.

Corporate Governance Report (continued)

Rule 4: Safeguarding the Integrity of Financial Reporting

Written undertakings from the Board of Directors and Executive Management on the soundness and integrity of the financial reports.

The following written undertakings were presented in the first Board meeting for the year 2026, held on February 10, 2026, and discussing the financial statements for the year ended December 31, 2025:

- A memo issued by the Executive Management confirming the soundness and integrity of the financial statements for the year ended December 31, 2025.
- A memo issued by the Financial Management Department regarding the annual review of capital structure for the year ended December 31, 2025.
- A memo issued by the Financial Management Department regarding the assets and capital expenditures for the year ended December 31, 2025.
- A memo issued by the Financial Management Department regarding the compliance to the delegation of powers by the Executive Management for financial transactions during the year ended December 31, 2025.
- A memo issued by the Financial Management Department regarding Treasury Shares for the year ended December 31, 2025.

The Board of Directors confirms the soundness and integrity of the financial statements for the year ended December 31, 2025.

Statement on the implementation of the requirements to form the Audit Committee.

- The Audit Committee was formed with its present members on 22 March 2023, following the election of the members of the Board during the AGM on 22 March 2023.
- The role and responsibilities of the Audit Committee has been established through the “Board of Directors Policies” while the mechanism and procedures of the Committee’s work have been defined in the “Board Secretariat Procedures”.
- The Audit Committee is composed of three members, one of them is independent, and excludes the Chairman. Members of the Committee have practical and financial experience and qualifications in accounting.

In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, a note is attached detailing and clarifying the recommendations and the reasons behind the Board of Directors’ decision not to comply with them.

- There was no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors during the year 2025.

Ensure the independence and impartiality of the external auditor.

- The Audit Committee met and recommended the reappointment of the external auditors registered in CMA’s register and met all requirement set forth in the auditors’ registration.
- The external auditors are independent from the Company and Board.
- The external auditors do not perform any other work for the company that are not part of review and audit and could affect impartiality or independence.
- The external auditors do not carry out auditing work for any funds managed by the Company.
- The external auditors do not perform any other work for the Company that is not part of the review and audit work.
- The signing Partners in the audit firms are rotated every 4 years.

External Auditors’ Fees:

The Ordinary General Assembly Meeting held on 16 March 2025 approved the reappointment of joint external auditors for 2025. Below are the total fees paid to the Auditors:

	2025	2024
Professional services:	KD ‘000	KD ‘000
Audit of group consolidated financial statements	32	32
Other assurance and non-assurance services to the Group	12	5
Total	44	37

Rule 5: Applying Sound Systems for Risk Management and Internal Controls

Summary on the implementation of requirements for the formation of an independent department / office / unit for risk management.

- The Risk Management Department is fully independent, reports to the Board Risk Management Committee and presents its periodical risk reports to the Committee and the Board.
- The Risk Management Officer was registered with the CMA on 4 January 2021 and holds the position of HoD- Senior Vice President of Risk Management Department. The Risk Management Department employs qualified individuals who have technical and professional experience in the field.

Summary on the implementation of requirements for the formation of the Board Risk Management Committee.

- The Board Risk Management Committee was formed by the new Board during its first meeting held on 22 March 2023.

- The roles and responsibilities of the Board Risk Management Committee have been defined in the “Board of Directors Policies” while the mechanism and procedures of the Committee’s work have been defined in the “Board Secretariat Procedures”.
- The Committee is composed of independent and non-independent members excluding the Chairman. The membership term is 3 years according to the committee’s charter.

Summary detailing the internal control systems.

The internal control systems are composed of a number of elements:

- Set an organizational structure that aligns Markaz’s business strategy and activities and define departmental reporting, a detailed job description for jobs, responsibilities, and powers.
- Conduct annual review of the internal control systems (ICR), by and independent audit firm other than the company’s external auditors, to ensure the adequacy of the internal control systems. The annual report issued by the independent Auditor is submitted to the BAC, BOD and to CMA.
- Assess the performance of internal audit unit by an independent auditor every three years.
- Perform Risk Controls Self-Assessment (RCSA) for departments, by the Risk Management Department, as per the approved plan.
- Perform periodic reviews of internal controls in operations and processes, including IT systems and data security.
- Perform periodic review of BCP procedures in the company, its subsidiaries and counterparties.
- Identify and establish internal policies, regulations and procedures that define the authorities and mechanisms for implementing the work.
- Delegate authorities under a clear policy approved by the Board of Directors.
- Ensure segregation of roles and responsibilities between decision makers and executors of decisions to achieve double control and principle of segregation of responsibilities to avoid conflicts of duties.
- Establish internal controls to ensure the soundness of assets and containment of responsibilities and claims within the approved limits.
- Provide an accounting system for financial transactions and issue financial reports and statements in accordance with the principles of accounting.
- Establish controls and systems to detect, evaluate and manage risk factors that affect the various activities of the Company.

Summary on the implementation of requirements to establish an independent department/office/unit for internal audit.

- The Company has outsourced the internal audit responsibilities to an independent audit office, whereas the internal audit unit acts as the coordinator of internal audit work between the Company and the audit office.
- The Internal Audit Officer registered with the Capital Markets Authority was changed on 11 July 2023; she holds the position of Manager.
- The Internal Audit Officer is responsible for the following:
 - Coordinate the development of the annual internal audit plan for submission to the Audit Committee for approval.
 - Coordinate the completion of internal audit works (field visits, meetings with relevant departments, review of draft reports, reporting observations and responses of departments to issued reports).
 - Coordinate with the Internal Auditor to attend Audit Committee meetings and submit the audit results reports.
 - Coordinate the appointment of auditor and preparation of periodical reports on the adequacy of internal control systems “ICR”.
 - Coordinate the appointment of auditor to prepare reports on the performance of the internal audit unit every 3 years.
 - Coordinate the appointment of auditor and preparation of periodical reports for subsidiaries.
 - Coordinate and follow-up with the departments to address the audit observations and submission of periodical status reports to the Board Audit Committee.
 - Update the Internal Audit Policy.
 - Prepare the annual Internal Audit Strategy for BAC approval.

Rule 6: Promoting Code of Conduct and Ethical Standards

Charter of business, which includes standards, professional conduct and ethical values.

The “Code of Conduct” and “Standards of Professional Conduct” represent the core set of principles which we follow in our business ethics. These principles are in line with the best practice standards in the financial market and ensure professional conduct in asset management and investment banking investments. These standards also include specific regulations to eliminate insider information and ensure commitment to the integrity of financial markets, the privacy of client information, confidentiality, and other requirements. The “Code of Conduct” and “Standards of Professional Conduct” are made available to relevant stakeholders, and are applicable to all employees, members of the Board, subsidiaries, and managed funds.

Corporate Governance Report (continued)

Limiting Conflict of Interest Policy.

- The Company adopted the “Conflict of Interest policy and procedures” to set out the guidelines for fair and honest business practices, and behavior that the Company expects from its directors, and employees; and the procedures to be followed for such cases. The latest update of the policy was in March 2022.
- The Company adopted the “Policy on related parties’ transactions” to set guidelines to ensure fairness in dealings and transactions with related parties as well as to disclose these types of transactions. The latest update of the policy was in October 2023.
- The term “related parties” and disclosure obligations have been defined in the Kuwaiti Companies Law, International Accounting Standards (IAS) 24 on Disclosures of related parties’ transactions, and the Executive Bylaws of the CMA law issued in November 2015, and its amendments.
- The Company classifies persons or parties in the category of “related parties” when they meet at least one criterion stated in the definition of “related parties”, in order to comply with accounting standards and applicable regulations.
- The Compliance department maintains a list of names of related parties, which is reviewed and updated periodically by the Compliance, Risk Management, and Financial Management Departments and the Board Secretary.
- All transactions with related parties are subject to approved terms and conditions in the Company’s fair and sound business practices as determined by the Board of Directors.
- All transactions with stakeholders are handled impartially and based on fair market value. Appropriate safeguards are provided, if necessary, without imposing preferential conditions beyond the appropriate limits.
- All transactions with related parties must comply with applicable accounting standards and regulations.
- Risk Management reviews transactions with related parties and makes recommendations to the Board.
- The approval of the Board of Directors and AGM is required to conduct transactions with related parties.
- All transactions with related parties are disclosed in the Annual Report presented in the AGM. Disclosure obligations relating to such transactions are also complied with.
- The Head of the Financial Management Department confirms:
 - If the other party concerned is a related party and is among the list of related parties.
 - If the transaction was completed based on the required approvals, and whether it is registered and disclosed as required.

- Should the Management of the Company decide to deal with related parties, they should inform the Head of the Financial Management Department and the Board Secretary immediately. The relevant department is responsible for seeking approval/ratification from the Board.
- The Executive Management should participate in the negotiation and initial verification process by receiving necessary information in a timely manner and may request further information to present to the Board.
- The Board of Directors may request assistance from one or more independent experts at the Company’s expense. There is no set limit for spending on the fees of independent experts appointed by the Company to verify material transactions with related parties.

Rule 7: Ensuring Timely and High-Quality Disclosure and Transparency

Summary on applying processes for transparent and accurate disclosures that determine disclosure areas, fields, and characteristics.

The Company is committed to the highest degree of accuracy and transparency towards stakeholders when disclosing information in line with regulatory requirements and Company policy.

Markaz adopted the “Disclosure and Transparency Policy” and “Procedures of Disclosure and Transparency” which details disclosure requirements, guidelines, and responsibilities (including financial, non-financial and regulatory disclosures). The Policy also requires the application of disclosure practices to ensure the disclosure of Company information and material in a fair and professional manner and to provide accurate information in a timely manner for the benefit of internal and external stakeholders. The latest update of the policy was in February 2024.

In compliance with CMA regulations:

1. The Company established an Investor Relations Unit responsible for providing information to shareholders.
2. The Company maintains a record of disclosures related to the members of the Board and Executive Management. Shareholders can review the register through the Investor Relations Unit or at the AGM.
3. The Company dedicated a section on corporate governance on its website as well as for news and events, disclosures, financial statements and contact information of the Investor Relations Unit.
4. The Company ensures that important information, financial results, and events are immediately posted on the Company’s website.
5. The Company ensures that important events such as AGM, financial performance, and other significant announcements are disclosed as well in newspapers, the Company’s website, and social media accounts.

Summary on applying disclosures register requirements for members of the Board, Executive Management, and managers.

- The Company established an Investor Relations Unit responsible for providing information to shareholders.
- The Company maintains a record of disclosures related to the members of the Board, Executive Management, and managers. Shareholders can review the register through the Investor Relations Unit or at the AGM.

Brief on applying the requirements for establishing an Investor Relations Unit.

- The Investor Relations Unit was established, and an officer was appointed in 2014.
- The Investor Relations Unit was announced, and a section was added to the Company's website, which also contains contact information for the Investor Relations Unit.
- The Investor Relations Unit's Policies & Procedures manual was updated in July 2022.
- Markaz appointed a global consulting firm based in London to assist in preparing, issuing, and distributing quarterly performance reports on the company's activities and results. The Investor Relations Unit coordinates with the consulting firm to prepare these reports and distribute them to interested parties while the consulting firm distributes them to international institutional investors and sell-side research analysts abroad.

Summary on the development of information technology infrastructure and its reliability in the disclosure process.

A section has been allocated on the Company's website for Investor Relations, which includes the following sections:

- Financial results.
- Annual reports.
- Company documents.
- Corporate governance.
- Stock performance.
- News and events.
- Disclosures, including:
 - Major shareholders and ownership stakes.
 - Auditors and regulators.
 - Material information.
- Means of communication with the Investor Relations Unit.
- Means of submitting investor complaints.

Rule 8: Respecting the Rights of Shareholders Summary on the implementation of requirements to identify and protect shareholders' rights, ensuring equality among all shareholders.

- The Board set the "Shareholders' Rights Policy" in 2014, which was last updated in November 2024.
- A summary of the policy and its principles is published on the Company's website, presenting the following:
 - Right to be treated on par with other shareholders.
 - Right to trade or dispose of the shares owned by the shareholder and to subscribe to rights issues and bonds or sukuks.
 - Right to ownership of shares as kept with an independent registrar.
 - Right to receive their share of dividend distribution and bonus shares
 - Right to receive their share of Company's assets, in case of liquidation.
 - Right to participate in the General Assembly meetings of shareholders and voting on resolutions.
 - Right to elect members to the Board of Directors.
 - Right to monitor the Company's performance in general and the Board of Directors in particular.
 - Right to view the Company's Articles and Memorandum of Association, General Assembly minutes, and the shareholder and bondholder registers at the Investor Relations Unit of the Company.
 - Preferential treatment is prohibited, and transactions with related parties are subject to scrutiny and specific procedures to ensure fairness and non-conflict.
 - Complaints from shareholders are responded to by the Investor Relations Unit and the Board Secretariat Department.

Summary on creating a register at the Clearing Company as part of the requirements to update shareholders' information.

- The Kuwait Clearing Company maintains the register of shareholders.
- The Investor Relations Unit of the Company maintains a copy of the Shareholders' Register and Bondholders' Register, making it available to shareholders.
- The Investor Relations Unit provided, on the Company website, the contact information of the officer in charge of responding to shareholders' queries.

Corporate Governance Report (continued)

Summary on how to encourage shareholders to participate and vote in AGMs.

- The invitation to the AGM is published in local newspapers, the Boursa Kuwait's website, and the Company's website.
- Folders containing the agenda, Board report, Corporate Governance Report, BAC Report on Sufficiency of Internal Controls, and financial statements are prepared. The documents are made available on the KCC eAGM online voting system for shareholders who wish to vote electronically.
- The Investor Relations Unit and the Board Secretariat follow up with the Clearing Company and shareholders to ensure that they receive their proxy and will be present at the AGM.
- The Chairman discusses the items on the agenda during the AGM and requests attending shareholders to vote thereon.

Rule 9: Recognizing the Roles of Stakeholders

Summary on the systems and policies to protect and recognize the rights of stakeholders.

- The Board approved the "Stakeholders' Rights Policy" in December 2014, and was last reviewed and amended in November 2024, which identifies the following principles:
 - Stakeholders are, without limitation: shareholders, employees, clients, business partners, suppliers, competitors, creditors, associations and professional bodies, regulators, media, and the public.
 - Each interested party has the right to access information that is important to them without delay. The Company ensures that the information is provided without delay by providing it on the website, direct correspondence, meetings, and other means as the case requires.
 - Preferential treatment is forbidden in dealing. Transactions with related parties are subject to set procedures to ensure that interests do not conflict and are dealt with fairly.
 - Complaints by stakeholders are made through the independent Risk Management Department.

Summary on encouraging stakeholders to participate in the Company's activities.

- The Company publishes all announcements on its website and its social media platforms.
- The Company publishes press releases of important events and information on a regular basis and when needed.

Rule 10: Improve and Enhance Performance

Summary on the mechanisms developed to provide members of the Board and Executive Management continued access to training programs.

- The Board first approved the "Training Policy for Board Members and Executive Management" on May 9, 2016. It was last revised, updated, and approved in May 2023.
- The Board shall undergo training and educational courses in accordance with a training plan approved by the Board annually on the following topics:
 - Anti-money laundering on an annual basis.
 - Disclosure obligations.
 - Legal developments: Issuing laws, amending laws, issuing instructions from the regulatory authorities (Capital Markets Authority - Boursa Kuwait) and other matters relating to the legal and regulatory environment in general and the work of the company in particular.
 - Developments in the financial sector, globally and locally.
 - Topics related to risks, internal controls and cybersecurity.

Summary on the assessment of the performance of the Board, each member of the Board, and members of the Executive Management.

- The Board approved the "Performance Evaluation Policy for Board Members and Executive Management" on October 31, 2016. It was revised and updated in May 2023.
- At its meeting held on March 8, 2017, the Nominations and Remuneration Committee recommended to the Board the adoption of KPIs for members of the Board and Executive Management and recommended to give the Chairman authority to evaluate the performance of members of the Board and Executive Management as well as identify their remuneration and annual bonuses.
- At its meeting on March 8, 2017, the Board adopted KPIs for members of the Board and Executive Management.
- In November 2022, the Board approved updating the KPIs to include sustainability considerations, in line with CMA decision (136) of 2022.
- In April 2023, the Board approved updating the KPIs and Performance Evaluation Forms by amending the scoring system.
- The performance evaluation of the Board and the Executive Management is done annually.
- The evaluation of the directors' skills is done every 2 years, to help identify the subjects for awareness and training sessions. The board training plan is approved every 2 years.

Summary of the Board's efforts to nurture corporate values (Value Creation) within employees by achieving strategic objectives and improving performance.

1. Value Creation and Strategy

Accomplishments of the Strategic Planning Department in 2025

On April 12, 2022, the Board of Directors approved Markaz's comprehensive growth strategy, defining three Strategic Drivers: Product Manufacturing, Wealth Management & Distribution, and Operating Model with a clear objective to double Assets Under Management (AUM) by 2030. The year 2025 marked meaningful progress, with foundational decisions and execution efforts that position Markaz for sustained growth. Across all strategic pillars and implementation themes, the organization advanced its capabilities and strengthened its platform for long-term value creation.

The key milestones achieved across the four principal implementation themes are as follows:

1. **Theme 1: Enter New Markets (Geographies and Business Lines):** Markaz secured CMA Phase 1 in-principal approval for its KSA expansion, completed its first UK real estate investment, and obtained investment committee approval for its first regional direct investment.
2. **Theme 2: Distribution (Capabilities and Network):** We reinforced Markaz's role as a partner in wealth creation by broadening our open-architecture platform through expanded partnerships with leading global fund managers. The private credit program scaled significantly, and a private real assets program was introduced. Strong fundraising momentum continued, with over KD 160 million raised and approximately 180 new on-boarded clients, reflecting heightened investor confidence and sustained demand for innovative investment solutions.
3. **Theme 3: Operating Model (People and Technology):** Implementation of the CRM and Investor Portal with Objectway commenced in line with planned timelines. Utilization of the enterprise data warehouse expanded to more than 10 active use cases. To further institutionalize digital enablement, Markaz established the Digital & Analytics Unit and repositioned the Technology Champion Initiative to support the firm's digital-first operating model focused on transparency, efficiency, and insight.
4. **Theme 4: Scale Existing Activity (Grow, Reenergize, and Divest):** Progress continued across asset management activities. International real estate executed over USD 150 million in transactions, including USD 115 million raised from clients, and

delivered successful exits despite challenging markets. We expanded the team to ensure we preserve institutional rigor and reinforce investor confidence. In MENA real estate, the firm continued divesting non-performing assets, strengthening capacity to pursue high-potential opportunities in Kuwait and KSA. MENA equities pursued new product concepts, including the Resilience Strategy and potential ETFs, while the market-making team enhanced its leadership through portfolio expansion and improved performance. The investment banking platform completed key transactions and closed the year with the successful Markaz bond issuance, an achievement notable for its placement strength, pricing, and cross-department collaboration.

Markaz enters 2026 with optimism, strategic clarity, and confidence in its execution capabilities. At the same time, we maintain a disciplined and pragmatic approach, focused on delivering sustainable, long-term value. The year ahead will emphasize accelerated execution, building on the strong foundations established in recent years

2. Sustaining corporate value among employees Human Resource Management Achievements in 2025 Strengthening Accountability and Talent Foundations (2025)

In 2025, we focused on putting strong people and performance foundations in place. A refreshed performance management framework was rolled out to reinforce that success is defined not only by results, but also by how those results are achieved, in line with the firm's Values. The formal launch of the Markaz Values created a common language and clear behavioral standards, strengthening culture, accountability, and a client-centric, high-performance mindset. At the same time, the firm invested in building organizational depth and sustainability. Critical roles were filled through targeted hiring, and a structured talent review using a 9-box framework brought greater clarity on performance and potential across the organization. This created a solid base for succession planning, leadership development, differentiated rewards, and, where needed, responsible workforce reshaping. Organization design was also refined, with clearer reporting lines and spans of control to improve decision-making and managerial effectiveness. To support future readiness, employees were upskilled in digital and AI capabilities, helping improve productivity and modern ways of working. Together, these actions strengthened governance, reinforced meritocracy, and aligned people, structure, and strategy.

Corporate Governance Report (continued)

Building on the Foundation: Capability, Engagement and Operational Excellence (2026 Outlook)

In 2026, HR will build on this foundation by deepening performance discipline and strengthening employee experience. Priority will be given to refreshing job descriptions, sharpening performance planning, and further clarifying accountabilities, so that individual and team goals are clearly linked to strategic, value-adding outcomes. A major focus will be manager enablement, recognition and internal communication, recognizing that effective managers and clear, consistent communication are the strongest drivers of engagement, alignment, and day-to-day execution. Learning and development will continue, aligned to industry benchmarks, with emphasis on leadership capability, professional excellence, and future-ready skills. A fully integrated HR system will be a key enabler in 2026, providing a single source of truth for people data, strengthening performance and talent processes, and improving efficiency and decision-making. Alongside this, continued investment in employer branding and employee advocacy will support the attraction and retention of critical talent. Overall, 2026 is about converting the 2025 foundations into sustained impact; stronger engagement, higher productivity, greater operational efficiency, and a more scalable, well-governed organization ready to support Markaz's growth.

Rule 11: Focusing on Corporate Social Responsibility

Summary on the policy to ensure a balance between Company's objectives and social goals.

In its continued endeavours to actively take part in the community and positively contribute to building a strong and sustainable economy in Kuwait, Markaz adopted a social and economic responsibility strategy aimed at fulfilling the Company's responsibilities towards the society and national economy. The strategy was developed based on three pillars:

1. Building human capacity

Improving individual skills and capabilities in different fields; culture, sports, health education and economy through supporting active organizations and authorities to achieve sustainable development in Kuwait.

2. Aligning the business environment with the principles of sustainable development

Focusing on policy research, studies and events related to the management of public and private sectors to develop the best practical solutions to improve the overall business environment.

3. Promoting sound governance in the business environment

Promoting a sustainable business environment through sustainable governance principles based on democratic participation, citizen needs, efficiency, transparency, respect for law, ethics, capacity building, openness and innovation, sustainable development, sound financial management, accountability of officials, respect for human rights and diversity of cultures, both in the public and private sectors.

Summary of programs promoted and supported by the Company for the benefit of the society.

During 2025, Markaz sponsored and supported the following programs in various sectors:

- AC Milan Soccer School in Kuwait.
- Supporting Loyac's annual initiatives including Al-Jawhar's program.
- CODED - UNICODE program for youth skills' development.
- The English School - Vertical Farming initiative.
- Kuwait Banking Association.
- Kuwait Association for The Care of Children in Hospital (KACCH).
- Children's Cancer Center of Lebanon (CCCL).
- Fawsec Medical Company - Run Kuwait Sponsorship.
- Union of Investment Companies (UIC) 20th Anniversary Event Sponsorship.
- MoneyTech Summit (4th Edition), organized by Al-Jarida Summits.
- GCC Housing Conference, organized by Zone Company for Exhibition & Conferences.
- The Gulf Capital Market Association NPIO-GCMA Kuwait Capital Market Conference.
- Kuwait banking Association-Strategic Partner Kuwait Economic Transition Sponsorship.
- The Business year - Thought Leadership circle event series roundtables.
- Institute of Chartered Accountants of India in Kuwait-Sponsoring 5th International Conference.
- The UN Refugees Agency (UNHCR).
- Kuwait Society for the Handicapped.
- Arab Media Forum.

إقرار عضو مجلس الإدارة المستقل

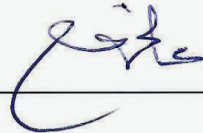
أقر أنا الموقع أدناه/ عادل محمد الغنام، وأحمل بطاقة مدنية رقم 268031700015، بأنني أستوفي كافة ضوابط الاستقلالية المنصوص عليها في قانون الشركات والفصل الثاني من الكتاب الخامس عشر (15) من اللائحة التنفيذية لقانون هيئة أسواق المال بشأن شغلي منصب عضو مجلس إدارة مستقل بشركة المركز المالي الكويتي ش.م.ك.ع.، وأقر على وجه الخصوص باستيفائي للشروط التالية:

1. أنني لا أملك ما نسبته خمسة في المائة (5%) أو أكثر من أسهم شركة المركز المالي.
2. أنه ليس هناك صلة قرابة من الدرجة الأولى لي مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة في مجموعتها، أو الأطراف الرئيسية ذات العلاقة.
3. أنني لست عضو مجلس إدارة في أي شركة من مجموعتها.
4. أنني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
5. أنني لست موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.
6. أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الاسم: عادل محمد الغنام

الصفة: عضو مجلس إدارة مستقل

الشركة: شركة المركز المالي الكويتي ش.م.ك.ع.

التوقيع: 

التاريخ: ٢٠٢٥/١/٧

Corporate Governance Report (continued)

إقرار عضو مجلس الإدارة المستقل


أقر أنا الموقع أدناه/ فهد سليمان الدلالي، وأحمل بطاقة مدنية رقم 281010900428، بأنني أستوفي كافة ضوابط الاستقلالية المنصوص عليها في قانون الشركات والفصل الثاني من الكتاب الخامس عشر (15) من اللائحة التنفيذية لقانون هيئة أسواق المال بشأن شغلي منصب عضو مجلس إدارة مستقل بشركة المركز المالي الكويتي ش.م.ك.ع.، وأقر على وجه الخصوص باستيفائي للشروط التالية:

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2. أنه ليس هناك صلة قرابة من الدرجة الأولى لي مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة في مجموعتها، أو الأطراف الرئيسية ذات العلاقة.
3. أنني لست عضو مجلس إدارة في أي شركة من مجموعتها.
4. أنني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
5. أنني لست موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.
6. أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الاسم: فهد سليمان الدلالي

الصفة: عضو مجلس إدارة مستقل

الشركة: شركة المركز المالي الكويتي ش.م.ك.ع.

التوقيع: 

التاريخ: 2017/11/17

إقرار عضو مجلس الإدارة المستقل

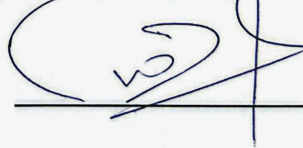
أقر أنا الموقع أدناه/ عمران حبيب حيات، وأحمل بطاقة مدنية رقم 267100701253، بأنني أستوفي كافة ضوابط الاستقلالية المنصوص عليها في قانون الشركات والفصل الثاني من الكتاب الخامس عشر (15) من اللائحة التنفيذية لقانون هيئة أسواق المال بشأن شغلي منصب عضو مجلس إدارة مستقل بشركة المركز المالي الكويتي ش.م.ك.ع.، وأقر على وجه الخصوص باستيفاني للشروط التالية:

1. أنني لا أملك ما نسبته خمسة في المائة (5%) أو أكثر من أسهم شركة المركز المالي.
2. أنه ليس هناك صلة قرابة من الدرجة الأولى لي مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة في مجموعتها، أو الأطراف الرئيسية ذات العلاقة.
3. أنني لست عضو مجلس إدارة في أي شركة من مجموعتها.
4. أنني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
5. أنني لست موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.
6. أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الاسم: عمران حبيب حيات

الصفة: عضو مجلس إدارة مستقل

الشركة: شركة المركز المالي الكويتي ش.م.ك.ع.

التوقيع: 

التاريخ: 2025/1/7

Consolidated Financial Statements

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Independent Auditors' Report

To the Shareholders of Kuwait Financial Centre - K.P.S.C. Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Financial Centre - Kuwaiti Public Shareholding Company (the "Parent Company") and its subsidiaries, (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Management fees and commission income

The Group manages various funds and portfolios on a fiduciary basis for its customers. In addition, the Group provides corporate advisory and other financial services to clients in debt and capital markets. The Group recognized management fees and commission income in profit or loss arising from these services of KD10.4 million for the year ended 31 December 2025 (2024: KD9.8 million). The recognition of management fees and commission income is dependent on the terms of the underlying management contracts and corporate advisory mandates agreed between the Group and its clients and/or the funds it manages. Management fees are calculated as a percentage of the net asset value of the Assets Under Management ("AUM") in accordance with the Group's contracts with its customers and varies across different funds and products.

We have considered the recognition of management fees and commission income as a key audit matter due to the inherent risk of fraud associated with revenue recognition, the complexities in the revenue recognition process as described above and the level of audit effort required. The Group's policy on revenue recognition is set out in note 5.3 and the related disclosures are made in note 9 to the consolidated financial statements.

Our audit procedures included, among others, obtaining an understanding of the process used to recognise revenue, evaluating the design and implementation and testing of the operating effectiveness of controls management has put in place over valuing underlying fiduciary assets. We selected samples of portfolios/

funds under management and recomputed the fee income based on the fair value of the underlying assets at the reporting date, and reperformed the calculation of the revenue recognised based on the contractually agreed rates with customers. We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

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 Annual Report of the Group for the year ended 31 December 2025, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2025 after the date of our auditors' 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 auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB as adopted by the CBK for use in 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.

Auditors' 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 auditors' 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.

Independent Auditors' Report (continued)

To the Shareholders of Kuwait Financial Centre - K.P.S.C. Kuwait

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 Group's 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 year and are therefore the key audit matters. We describe these matters in our auditors' 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 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of

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

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

Hend Abdullah Al Surayea

(Licence No. 141-A)

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

Bader A. Al-Wazzan

(Licence No. 62-A)

of Deloitte & Touche - Al-Wazzan & Co.

Kuwait
10 February 2026

Consolidated Statement of Profit or Loss

	Notes	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Income			
Interest income	8	1,292	1,251
Dividend income		1,636	1,176
Management fees and commission income	9	10,425	9,811
Gain from financial assets at fair value through profit or loss	10	4,258	4,798
Gain on sale of financial assets at fair value through OCI		3	-
Share of results of associates	20	8,229	2,602
(Loss)/gain on partial redemption of investment in associates	20.3	(13)	45
Deemed gain on derecognition of a subsidiary	7.1.2	370	-
Gain on sale of investment properties	21	580	433
Net rental income	21	1,204	605
Foreign currency exchange gain/(loss)		402	(788)
Other income		206	376
		28,592	20,309
Expenses and other charges			
General and administrative expenses	11	(13,368)	(11,898)
Finance costs	12	(3,233)	(2,653)
Impairment of investment properties (net)	21	(11)	(98)
Other expenses		(687)	(671)
		(17,299)	(15,320)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration			
		11,293	4,989
Provision for contribution to KFAS		(103)	(43)
Provision for NLST		(285)	(141)
Provision for Zakat		(114)	(56)
Provision for Directors' remuneration	32	(175)	(105)
Profit for the year		10,616	4,644
Profit/(loss) for the year attributable to:			
Owners of the Parent Company		10,820	4,456
Non-controlling interests		(204)	188
Profit for the year		10,616	4,644
Basic and diluted earnings per share attributable to the owners of the Parent Company			
	13	22 Fils	9 Fils

The notes set out on pages 50 to 92 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Profit for the year	10,616	4,644
Other comprehensive income:		
Items that will not be reclassified to statement of profit or loss in subsequent periods:		
Fair value reserve:		
Share of other comprehensive income/(loss) of associates	219	(219)
Items to be reclassified to statement of profit or loss in subsequent periods:		
Fair value reserve:		
Net change in fair value of financial assets at fair value through OCI	5	-
Foreign currency translation reserve:		
Exchange differences arising on translation of foreign operations	96	(10)
Share of other comprehensive (loss)/income of associates	(63)	293
Total other comprehensive income	257	64
Total comprehensive income for the year	10,873	4,708
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Parent Company	11,084	4,515
Non-controlling interests	(211)	193
	10,873	4,708

The notes set out on pages 50 to 92 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Assets			
Cash and bank balances	14	8,390	5,952
Time deposits	14	693	1,208
Accounts receivable and other assets	15	7,081	6,579
Loans to customers	16	2,404	2,498
Financial assets at fair value through profit or loss	17	79,954	70,352
Financial assets at fair value through OCI	18	1,306	-
Financial assets at amortised cost	19	3,651	3,723
Investment in associates	20	68,467	59,164
Investment properties	21	18,002	34,757
Right of use assets	22	3,900	1,903
Equipment		1,011	879
Total assets		194,859	187,015
Liabilities and equity			
Liabilities			
Accounts payable and other liabilities	23	10,826	12,715
Financial liabilities at fair value through profit or loss		12	-
Lease liabilities	24	3,955	1,934
Borrowings	25	23,057	19,085
Bonds issued	26	35,000	35,000
Total liabilities		72,850	68,734
Equity			
Share capital	27	50,484	50,484
Share premium	27	7,902	7,902
Treasury shares	28	(2,045)	(1,606)
Statutory reserve	29	20,717	19,567
Voluntary reserve	29	19,072	17,922
Other components of equity	30	1,152	888
Retained earnings		16,787	12,177
Equity attributable to the owners of the Parent Company		114,069	107,334
Non-controlling interests	7.2	7,940	10,947
Total equity		122,009	118,281
Total liabilities and equity		194,859	187,015



Diraar Yusuf Alghanim
Chairman



Ali H. Khalil
Chief Executive Officer

The notes set out on pages 50 to 92 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
OPERATING ACTIVITIES			
Profit for the year		10,616	4,644
Adjustments for:			
Interest income	8	(1,292)	(1,251)
Depreciation	11	1,455	1,318
Gain on sale of financial assets at fair value through OCI		(3)	-
Share of results of associates		(8,229)	(2,602)
Loss/(gain) on partial redemption of investment in associate	20.3	13	(45)
Deemed gain on derecognition of a subsidiary	7.1.2	(370)	-
Gain on sale of investment properties	21	(580)	(433)
Impairment charge of investment properties (net)	21	11	98
Provisions for credit losses		630	671
Finance costs	12	3,233	2,653
		5,484	5,053
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(11,028)	(10,097)
Financial liabilities at fair value through profit or loss		12	-
Accounts receivable and other assets		(2,194)	(877)
Loans to customers		95	70
Accounts payable and other liabilities		6,520	2,015
Net cash used in operating activities		(1,111)	(3,836)
INVESTING ACTIVITIES			
Change in time deposits with contractual maturity exceeding three months	14	(7)	(4)
Purchase of equipment		(495)	(360)
Additions to right of use assets	22.1	(81)	-
Proceeds from redemption of financial assets at amortised cost		479	852
Purchase of financial assets at amortised cost		(23)	(479)
Purchase of financial assets at fair value through OCI		(5,511)	-
Proceeds from sale of financial assets at fair value through OCI		4,184	-
Additions to investment properties	21	(5,705)	(8,048)
Proceeds from sale of investment properties	21	10,733	3,055
Additions to investment in associates	20	(1,537)	(1,212)
Proceeds from partial redemption of investment in associates	20	3,162	1,234
Dividend received from associates	20	305	357
Cash outflow due to deconsolidation of a subsidiary	7.1.2	(1,106)	-
Interest income received		843	895
Net cash from/(used in) investing activities		5,241	(3,710)
FINANCING ACTIVITIES			
Dividend paid		(3,436)	(2,976)
Proceeds from borrowings	25	15,853	11,137
Repayment of borrowings	25	(11,780)	(1,500)
Proceeds from bonds issued	26	18,600	-
Repayment of bonds issued	26	(18,600)	-
Purchase of treasury shares		(439)	(935)
Payment of lease liabilities	24	(616)	(616)
Net change in non-controlling interests		3,189	4,653
Payment of cash dividend to non-controlling interests		(1,123)	-
Finance costs paid		(3,045)	(2,445)
Net cash (used in)/from financing activities		(1,397)	7,318
Increase/(decrease) in cash and cash equivalents		2,733	(228)
Foreign currency adjustments		(817)	473
Cash and cash equivalents at beginning of the year	14	7,092	6,847
Cash and cash equivalents at end of the year	14	9,008	7,092
Material non-cash transactions:			
Financial assets at fair value through profit or loss	17	1,426	-
Investment in associates	20.2	(1,426)	-
Right of use assets	22	(2,489)	-
Lease liabilities	24	2,489	-

The notes set out on pages 50 to 92 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

Equity attributable to the owners of the Parent Company

	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory reserve
Balance at 1 January 2025	50,484	7,902	(1,606)	19,567
Net change in non-controlling interests (Note 7.1.1 & 7.1.2)	-	-	-	-
Effect of change in ownership percentage of subsidiaries (Note 7.1.1)	-	-	-	-
Arising on de-recognition of a subsidiary (Note 7.1.2)	-	-	-	-
Payment of cash dividend to non-controlling interests	-	-	-	-
Purchase of treasury shares	-	-	(439)	-
Cash dividend (Note 31)	-	-	-	-
Transactions with owners	-	-	(439)	-
Profit/(loss) for the year	-	-	-	-
Total other comprehensive income/(loss) for the year	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-
Transfer to reserves	-	-	-	1,150
Balance at 31 December 2025	50,484	7,902	(2,045)	20,717

Equity attributable to the owners of the Parent Company

	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory reserve KD '000
Balance at 1 January 2024	50,484	7,902	(671)	19,087
Net change in non-controlling interests (Note 7)	-	-	-	-
Effect of change in ownership percentage of subsidiaries (Note 7.1.1)	-	-	-	-
Cash dividend	-	-	-	-
Purchase of treasury shares	-	-	(935)	-
Transactions with owners	-	-	(935)	-
Profit for the year	-	-	-	-
Total other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transfer to reserves	-	-	-	480
Balance at 31 December 2024	50,484	7,902	(1,606)	19,567

The notes set out on pages 50 to 92 form an integral part of these consolidated financial statements.

Voluntary reserve KD '000	Other components of equity (note 30) KD '000	Retained earnings KD '000	Sub Total KD '000	Non- controlling interests KD '000	Total KD '000
17,922	888	12,177	107,334	10,947	118,281
-	-	-	-	3,189	3,189
-	-	(480)	(480)	480	-
-	-	-	-	(5,342)	(5,342)
-	-	-	-	(1,123)	(1,123)
-	-	-	(439)	-	(439)
-	-	(3,430)	(3,430)	-	(3,430)
-	-	(3,910)	(4,349)	(2,796)	(7,145)
-	-	10,820	10,820	(204)	10,616
-	264	-	264	(7)	257
-	264	10,820	11,084	(211)	10,873
1,150	-	(2,300)	-	-	-
19,072	1,152	16,787	114,069	7,940	122,009

Voluntary reserve KD '000	Other components of equity (note 30) KD '000	Retained earnings KD '000	Sub Total KD '000	Non- controlling interests KD '000	Total KD '000
17,442	829	10,992	106,065	6,769	112,834
-	-	-	-	4,653	4,653
-	-	668	668	(668)	-
-	-	(2,979)	(2,979)	-	(2,979)
-	-	-	(935)	-	(935)
-	-	(2,311)	(3,246)	3,985	739
-	-	4,456	4,456	188	4,644
-	59	-	59	5	64
-	59	4,456	4,515	193	4,708
480	-	(960)	-	-	-
17,922	888	12,177	107,334	10,947	118,281

Notes to the Consolidated Financial Statements

1. Incorporation and activities

Kuwait Financial Centre - KPSC ("the Parent Company") was incorporated in 1974 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company along with its subsidiaries are jointly referred to as "the Group". The Parent Company is listed on the Boursa Kuwait and is governed under the directives of the Central Bank of Kuwait and Capital Markets Authority of Kuwait.

The principal activities of the Parent Company are as follows:

- Funding import and export operations, whether by direct credit or accepting drafts drawn on the company for short terms, as well as brokerage in securing the banking facilities for clients in Kuwait and abroad.
- Undertake the job of broker between borrowers and lenders, undertake approved agency works for the payment processes arising from issuing medium and long term securities, in addition to keeping securities on behalf of the clients.
- Dealing and trading in the foreign currencies and the precious metal markets inside and outside Kuwait.
- Undertake all the services which assist to extend and support the money and capital market capacity in Kuwait and fulfil its needs within the limits of the law and the procedures or instructions issued by the Central Bank of Kuwait. The company may have an interest or participate in any manner with the bodies practicing business similar to its business or which may assist it to achieve its objectives inside or outside Kuwait and it may acquire such bodies or append them to itself.
- Offering personal, commercial and consumer loans, undertake finance operations on the basis of margin related to investment operations in the local and international markets, trading currencies, as well as the finance operations related to pledging investment portfolios and securities, and undertaking finance and brokerage in international and local commercial operations.
- Investment in the various economic sectors such as the industrial, real estate, agricultural, services and other sectors, whether directly or by contribution through existing companies or incorporating these companies related to the said activity or acquire projects which fulfil such objective.
- Performing the functions of a security agent, mortgage trustee, and payment agent for all types of assets, cash, and portfolios on behalf of or for the benefit of others.
- Unregistered securities broker in the stock exchange.
- Investment portfolio manager.

- Collective investment scheme manager.
- Investment advisor.
- Placement agent.
- Custodian.
- Market maker.

The address of the Parent Company's registered office is PO Box 23444, Safat 13095, Burj Al Shaya, Floor 8, Al Soor Street, Al Mirqab, Kuwait City, State of Kuwait.

The Parent Company's Board of Directors approved these consolidated financial statements for issue on 10 February 2026 and are subject to the approval of the General Assembly of the shareholders of the Parent Company.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial liabilities at fair value through profit or loss and derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company and all amounts are rounded to the nearest thousand (KD '000), except when otherwise indicated.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent Company and the non-controlling interests based on their respective ownership interests.

3. Statement of compliance

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations require expected credit loss ("ECL") on credit facilities (i.e. loans and receivables) to be measured at the higher of the amount computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS Accounting Standards, as adopted by CBK for use by the State of Kuwait).

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

4. Changes in accounting policies

4.1 New and amended IFRS Accounting Standards adopted by the Group

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

Standard or Interpretation	Effective for annual periods beginning
IAS 21 Amendments - Lack of exchangeability	1 January 2025

IAS 21 Amendments - Lack of exchangeability

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

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

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

4.2 IASB Standards issued but not yet effective

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

4. Changes in accounting policies (continued) 4.2 IASB Standards issued but not yet effective (continued)

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

Management does not anticipate adoption of the new standard for its consolidated financial statements of the Group.

Annual Improvements to IFRS Accounting Standards - volume 11

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

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

5. Material accounting policy information

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

5.1 Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which

the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements. The details of the significant subsidiaries are set out in note 7 to the consolidated financial statements.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary, as applicable.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interests

- derecognizes the cumulative translation differences, recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

Structured entities

The Group has created certain Special Purpose Vehicles (SPVs) for the Group's asset management and investment banking activities. SPVs are entities that, by design, either (1) lack sufficient equity to permit the entity to finance its relevant activities without additional financial support from other parties or (2) have equity investors that do not have the ability to make significant decisions relating to the entity's operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity.

The primary beneficiary of an SPV (i.e the party that has a controlling financial interest) is required to consolidate the assets and liabilities of the SPV. The primary beneficiary is the party that has both (1) the power to direct the relevant activities of the SPV that most significantly impact the SPV's economic performance and (2) through its interests in the SPV, the obligation to absorb the losses or the right to receive benefits from the SPV that could potentially be significant to the SPV.

To assess whether the Group has the power to direct the relevant activities of an SPV that most significantly impact the SPV's economic performance, the Group considers all the facts and circumstances, including its role in establishing the SPV and its ongoing rights and responsibilities. This assessment includes:

- Identifying the relevant activities that most significantly impact the SPV's economic performance; and
- Identifying which party, if any, has power over those relevant activities.

In general, the parties that make the most significant decisions affecting the SPV or have the right to unilaterally remove those decision-makers are deemed to have the power to direct the relevant activities of an SPV.

Notes to the Consolidated Financial Statements (continued)

5. Material accounting policy information (continued)

5.1 Basis of consolidation (continued)

Structured entities (continued)

To assess whether the Group has the obligation to absorb losses of the SPV or the right to receive benefits from the SPV that could potentially be significant to the SPV, the Group considers all of its economic interests, including debt and equity investments, management and incentive fees, derivatives or other arrangements deemed to be variable interests in the SPV. This assessment requires that the Group apply judgement in determining whether those interests, in aggregate, are considered potentially significant to the SPV. Factors considered in assessing significance include: the design of the SPV, including its capitalisation structure; subordination of interests; payment priority; relative share of interests held across various classes within the SPV's capital structure; and the reasons why the interests are held by the Group.

Certain SPVs are used to raise funds from the Group's clients on the basis of product offering documents with eventual objectives of investments in specified asset classes as defined in the offering documents of the SPVs. These SPVs are created on behalf of clients by the Group's asset management teams where underlying properties are developed and managed by a property developer in respective location. The Group does not control these SPVs as at the reporting date in accordance with the definition of control in IFRS 10. Accordingly, these SPVs are not consolidated into the Group's consolidated financial statements. The Group's investments in SPV are subject to the terms and conditions of the respective SPV's offering documentation and, are susceptible to market price risk arising from uncertainties about future values of SPV's underlying assets (Note 37.5).

The Group has also created or sponsored certain SPVs primarily to enable its investment banking clients to meet their specific objectives or for allowing clients to hold investments. The Group may provide corporate administration, asset management and advisory services to these SPVs, which involve the Group making decisions on behalf of such entities. The Group administers and manages these entities on behalf of clients who are non-affiliated third parties and are primary economic beneficiaries of the underlying investments. In case of some SPVs, the Group owns voting rights in the SPVs which are protective in nature (i.e not substantive).

Accordingly, as the Group does not control these SPVs as at the reporting date in accordance with the definition

of control in IFRS 10, these SPVs are not consolidated into the Group's consolidated financial statements. The Group's interest in these SPVs are classified as investment vehicles under accounts receivable and other assets.

5.2 Business combinations

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

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

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

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

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

5.3 Revenue recognition

Revenue arises from rendering of services, investing activities and real estate activities.

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

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

The Group recognises revenue from the following major sources:

5.3.1 Rendering of services

The Group earns fees and commission income from diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

Fee income arising from services provided at certain point in time

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party and incentive fees earned are recognised on completion of the underlying transaction.

5.3.2 Interest income

Interest income is reported on an accrual basis using the effective interest method.

5.3.3 Dividend income

Dividend income are recognised at the time the right to receive payment is established.

5.3.4 Rental income

Rental income arising from investment properties is accounted for on a straight line basis over the lease term.

5.3.5 Gain from sale of investment properties

Revenue from sale of investment properties is recognised on completion of sale contract.

5.4 Operating expenses

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

5.5 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised during the time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.6 Taxation

5.6.1 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

5.6.2 National Labour Support Tax (NLST)

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

5.6.3 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group attributable to the owner of the Parent Company in accordance with Law No. (46) of 2006.

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

Notes to the Consolidated Financial Statements (continued)

5. Material accounting policy information (continued)

5.6 Taxation (continued)

5.6.4 Taxation on overseas subsidiaries

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

5.7 Investment in associates

Associate is an entity over which the Group is able to exert significant influence but which is neither subsidiary nor joint ventures. Investment in associate is initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associate.

Under the equity method, the carrying amount of the investment in associate is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the entity. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidated statements of profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The difference in reporting dates of the associate and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. 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 recognises the amount under a separate heading in the consolidated statement of profit or loss.

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

5.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Properties under development also include properties that are being constructed or developed for future use as investment properties and are not depreciated.

Investment properties are initially measured at cost, including transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are accounted for using the cost model whereby these investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The Group depreciates its investment properties except lands and projects under development on the straight-line method over their expected useful lives of 30 - 50 years.

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

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

5.9 Equipment

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

Equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of equipment.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of equipment.

The following useful lives are applied:

- | | |
|---------------------------------|---------------|
| • Office equipment and software | 3 to 5 years |
| • Vehicles | 3 to 4 years |
| • Furniture and fixtures | 7 to 10 years |
| • Decorations | 7 years |

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

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

5.10 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated financial position when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value. On initial recognition, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value

through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instrument's 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 and in order to generate contractual cash flows. 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 a number of observable factors such as:

5.10.1 Classification and measurement of financial assets

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

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

Notes to the Consolidated Financial Statements (continued)

5. Material accounting policy information (continued) 5.10 Financial instruments (continued)

5.10.1 Classification and measurement of financial assets (continued)

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. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost
- Financial assets carried at fair value through profit or loss (FVTPL)
- Financial assets carried at fair value through other comprehensive income (FVTOCI)

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 subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment 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 at amortised cost comprise of the followings:

Loans and advances

Loans and advances are financial assets originated by the Group by providing money directly to the borrower

that have fixed or determinable payments and are not quoted in an active market.

Accounts receivable and other assets

Receivables are stated at original invoice amount less allowance for any impairment.

Debt instruments

Debt instruments classified at amortized cost represents investments in interest bearing instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, together with time deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For purposes of the consolidated statement of cash flows, cash and cash equivalents includes cash and balances with banks and financial institutions, short term deposits (with original maturity less than three months) less due to bank and other short-term borrowings due within three months of the contract date.

Financial assets carried at FVTPL:

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVTOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of profit or loss.

Equity instruments at FVTOCI:

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

Gains and losses on subsequent measurement of these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognised in

consolidated statement of profit or loss when the rights to receive cash flows has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income.

Equity instruments at FVTOCI are not subject to an impairment assessment. Upon derecognition cumulative change in fair value are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Debt instruments at FVTOCI:

The Group measures debt instruments at FVTOCI when both of the following conditions are met:

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

Debt instruments at FVTOCI are subsequently measured at fair value and gains and losses arising due to changes in fair value are recognised in other comprehensive income. Interest income and foreign exchange gains or losses are recognised in the consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss.

Foreign exchange gains and losses on financial assets:

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the fair value reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

Impairment of financial assets:

The Group computes Expected Credit Losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Loans to customers
- Bank balances and time deposits
- Accounts receivables and other financial assets

Equity investments are not subject to ECL.

Impairment of loans to customers:

Loans to customers granted by the Group consists of commercial loans and staff loans. Impairment on loans to customers is recognised in the consolidated statement of financial position at an amount equal to the higher of ECL under IFRS 9 according to the CBK guidelines and the provisions required by the CBK instructions.

Impairment of financial assets other than loans to customers:

The Group recognises ECL on balances and deposits with banks and accounts receivable.

The Group applies three-stage approach to measuring ECL as follows:

Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there have not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL - not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there have 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 lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

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 results 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.

Notes to the Consolidated Financial Statements (continued)

5. Material accounting policy information (continued)

5.10 Financial instruments (continued)

5.10.1 Classification and measurement of financial assets (continued)

Determining the stage of impairment

At each reporting date, the Group 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 90 days past due.

At each reporting date, the Group also assesses whether there have 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 90 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.

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 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 taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward looking macro-economic scenarios, etc.

The Group has applied simplified approach to impairment for trade and other receivables (represented by management fees and other dues from clients) as permitted under IFRS 9. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Provision for credit losses in accordance with CBK instructions

The Group is required to calculate provisions for credit losses on credit facilities (loans to customers) 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 a bad loan (non-performing loan) when the interest or a principal instalment is past due more than 90 days, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In addition to specific provisions, ECL to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction which is 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. Past due and past due and impaired loans are managed and monitored as irregular facilities.

5.10.2 Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, accounts payable and other liabilities, bonds and derivatives financial instruments.

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

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated at FVTPL, are measured subsequently at amortised cost using the effective interest method. Accounts payable and other liabilities, borrowings and bonds issued are classified as financial liabilities measured subsequently at amortised cost.

Accounts payable and other liabilities

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

Borrowings:**Murabaha facilities**

Murabaha facilities represent amount payable on deferred settlement basis for assets purchases under murabaha arrangements. Murabaha facilities are stated at the contractual amount payable, less deferred profit payable.

Profit payable is expensed on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

Bonds

Bonds are stated at their principal amount, net of directly related costs of issuing the bonds to the extent that such costs have not been amortised. These costs are amortised through the consolidated statement of profit or loss over the life of the bonds using the effective interest rate method.

All other borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss (FVTPL) when the financial liability is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The transaction cost is recognised in profit or loss.

The Group classifies short sale liabilities as financial liabilities at FVTPL as these are held for trading purpose. Short sale liabilities arise when borrowed securities are sold in an anticipation of a decline in the market value of that securities.

Foreign exchange gains and losses on financial liabilities:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss, for financial

liabilities that are not part of a designated hedging relationship. For those liabilities which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

5.10.3 Derecognition of financial assets and financial liabilities:

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

5.10.4 Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both legal right and intention to offset.

Notes to the Consolidated Financial Statements (continued)

5. Material accounting policy information (continued)

5.10 Financial instruments (continued)

5.10.4 Derivative financial instruments (continued)

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the consolidated statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in consolidated statement of profit or loss.

At the time the hedged item affects consolidated statement of profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to consolidated statement of profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

All derivative financial instruments are recognised in the consolidated statement of financial position as either assets (positive fair values) or liabilities (negative fair values).

Derivative financial instruments used by the Group include foreign exchange forwards contracts.

Note 38.2 sets out details of the fair values of the derivative instruments.

5.11 Trade and settlement date accounting

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

5.12 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

5.13 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.14 Fair value of financial instruments

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 38.

5.15 Impairment testing of non-financial assets

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

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill,

all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.16 Equity, reserves and dividend payments

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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

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

Other components of equity include the following:

- foreign currency translation reserve - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwait Dinars.
- Fair value reserve - comprises gains and losses relating to investments at fair value through other comprehensive income and Group's share of cumulative change in fair value reserve of associates.

Retained earnings include all current and prior period retained profits. All transactions with owners of the Parent Company are recorded separately within equity.

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

5.17 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary

reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.18 Provisions, contingent assets and contingent liabilities

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

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

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

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

5.19 Foreign currency translation

5.19.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Notes to the Consolidated Financial Statements (continued)

5. Material accounting policy information (continued)

5.19 Foreign currency translation (continued)

5.19.2 Foreign operations

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

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

5.20 End of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

In addition to the end of service benefits with respect to its Kuwaiti national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.21 Fiduciary assets

Assets and related deposits held in trust or in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in these consolidated financial statements.

5.22 Segment reporting

The Group has three operating segments: asset management, investment banking and others. In identifying these operating segments, management generally follows the Group's service lines representing its main services. Each of these operating segments is managed separately as each requires different approaches and other resources.

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

5.23 Leased assets

The Group as a lessee

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

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

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

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

Measurement and recognition of leases as a lessee

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

Right-of-use asset

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

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

Lease liability

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

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

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

The Group as a lessor

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

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

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

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

6. Significant management judgements and estimation uncertainty

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

6.1 Significant management judgments

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

6.1.1 Business model assessment

The Group classifies financial assets after performing the business model test. This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Notes to the Consolidated Financial Statements (continued)

6. Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgments (continued)

6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property held for development or investment property.

The Group classifies properties under development as investment properties if it acquired with the intention of holding it to earn rental income or capital appreciation upon completion of the development.

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

Notes to the consolidated financial statements (continued)
6 Significant management judgements and estimation uncertainty (continued)

6.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

6.1.4 Structured entities

The Group uses judgement in determining which entities are structured entities. If the voting or similar rights are not the dominant factor in deciding who controls the entity and such voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements, the Group identifies such entities as structured entities. After determining whether an entity is a structured entity, the Group determines whether it needs to consolidate this entity based on the consolidation principles of IFRS 10.

Managed funds

The Group sponsors certain asset management funds as fund manager. Where the non-affiliated members of the fund have the ability to remove the Group as fund manager without cause (i.e. kick-out rights), based on simple majority vote, or the non-affiliated members have rights to participate in important decisions, the Group does not consolidate such funds. In limited cases, where the non-affiliated members do not have substantive kick-out or participation rights, the Group consolidates the funds if the Group as a fund manager has both power and a potentially significant interest.

The Group's asset management funds have investments in both publicly held and privately held entities. These investments are accounted for under "investment company" guidelines and accordingly, irrespective of the percentage of equity ownership interests held, are carried on the consolidated statement of financial position at fair value. If consolidated, the Group retains the accounting under such specialised "investment company" guidelines.

6.2 Estimates uncertainty

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

6.2.1 Impairment of associates and joint ventures

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated company, at each reporting date based on existence of 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 recognises the amount in the consolidated statement of profit or loss.

6.2.2 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

6.2.3 Provision for credit losses

The Group reviews its loans to customers on a regular basis to assess whether a provision for credit losses should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement 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 necessary based on assumptions about several factors involving varying degrees of judgement and uncertainty, and actual results may differ resulting in future changes to such provisions.

6.2.4 Impairment of investment properties

The Group reviews the carrying amounts of its investment

properties to determine whether there is any indication that those assets have suffered an impairment loss or indication that an impairment loss previously recognised may no longer exist in accordance with accounting policies stated in note 5.8 & note 5.15. The recoverable amount of an asset is determined based on higher of fair value and value in use.

6.2.5 Depreciation of investment properties and equipment

The Group's management determines the useful lives and related depreciation charges. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

6.2.6 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (note 38).

Notes to the Consolidated Financial Statements (continued)

7. Subsidiary companies

7.1 Details of the Group's consolidated subsidiaries at the end of the reporting period are as follows:

Name of the subsidiary	Country of incorporation	Ownership percentage		Principal activity
		31 Dec. 2025 %	31 Dec. 2024 %	
Mar-Gulf Management Company Inc.	USA	100.00	100.00	Asset management
Markaz First Management and Economic Consultancy Company - KSCC	Kuwait	94.94	94.94	Economic consultancy
Markaz Arabian Fund (Note 7.1.1)	Bahrain	94.59	94.47	Investment Fund
Markaz Fixed Income Fund (Note 7.1.1)	Kuwait	94.04	92.64	Investment Fund
GCC Momentum Fund (Note 7.1.1)	Kuwait	46.44	54.69	Investment Fund
Markaz Offshore I Ltd	Cayman Islands	100.00	100.00	Investment
Marmore Mena Intelligence Private Limited	India	98.73	98.73	Consultancy
Aradi Development Limited	Cayman Islands	96.89	96.89	Real Estate
Markaz Real Estate Investment Company WLL	KSA	100.00	100.00	Real Estate
Rimal Venture Company WLL	Bahrain	100.00	100.00	Asset management
Arab Gulf Real Estate Development Company WLL	Kuwait	100.00	100.00	Real Estate
Bay View Real Estate Company WLL	Kuwait	100.00	100.00	Real Estate
Boardwalk International Real Estate Company WLL	Kuwait	100.00	100.00	Real Estate
Al Rihab United Real Estate Company WLL	Kuwait	-	100.00	Real Estate
Al Bandriya Real Estate Company WLL	Kuwait	100.00	99.85	Real Estate
Azzuri Real Estate Company WLL	Kuwait	100.00	100.00	Real Estate
Real Estate Options Company LLC	UAE	100.00	100.00	Real Estate
Sagentus Holding Co. WLL	Kuwait	100.00	100.00	Real Estate
Markaz Development 3	Cayman Islands	62.64	62.64	Real Estate
Markaz Investment Advisors Ltd	Cayman Islands	100.00	100.00	Asset Management
MKZ Development 8	Cayman Islands	100.00	100.00	Investment Fund
MKZ Development 15 (Note 7.1.2)	Cayman Islands	-	100.00	Real Estate
MKZ Development 25	Cayman Islands	100.00	100.00	Real Estate
MKZ Development 29	Cayman Islands	100.00	100.00	Real Estate
MKZ Development 32	Cayman Islands	100.00	100.00	Real Estate
MKZ Tabasheer Holding Company - SPC (Note 7.1.3)	Kuwait	100.00	-	Real Estate
MKZ Development 50 (Note 7.1.4)	Cayman Islands	100.00	-	Real Estate
Ayana Real Estate Development Company - SPC (Note 7.1.5)	Kuwait	100.00	-	Real Estate

7.1.1 During the year, the ownership of Markaz Arabian Fund increased by 0.12%, Markaz Fixed Income Fund increased by 1.40% and GCC Momentum Fund decreased by 8.25% due to changes in the number of investment units owned by the non-controlling interests as a result of subscription and redemption of the funds' units. These changes in the ownerships resulted in a net loss of KD480 thousand (31 December 2024: net gain of KD688 thousand) which has been recognised in consolidated statement of changes in equity.

Although the Group's ownership interest in GCC Momentum Fund decreased below 50%, it continues to control the Fund as it retains control in accordance with IFRS 10 due to its ability to direct relevant activities and its exposure to variable returns.

7.1.2 During the year, the Group de-recognised its subsidiary, MKZ Development 15, due to loss of control and reclassified it as investment in associate.

Summarised financial information of the derecognized subsidiary is as follows:

	KD '000
Fair value of residual interest	1,435
Less:	
Total identifiable net assets derecognized*	1,065
Deemed gain on derecognition of subsidiary	370

* The initial fair value of the residual interest recognized as investment in associates is equivalent to the fair value of the identifiable net assets on the date the control is lost. This includes assets, liabilities and NCI amounting to KD14,848 thousand, KD8,441 thousand and KD5,342 thousands, respectively. The cash outflow resulting from this derecognition amounted to KD 1,106 thousand.

7.1.3 During the year, the Group incorporated a new subsidiary “MKZ Tabasheer Holding Company - SPC” registered in Kuwait with 100% ownership.

7.1.4 During the year, the Group incorporated a new subsidiary “MKZ Development 50” registered in Cayman Island with 100% ownership.

7.1.5 During the year, the Group incorporated a new subsidiary “Ayana Real Estate Development Company - SPC” registered in Kuwait. The Group holds 100% of the legal ownership in the subsidiary; however, it has a 70% economic interest pursuant to a contractual arrangement.

7.2 Subsidiaries with material non-controlling interests

The Group includes three subsidiaries, with material non-controlling interests (NCI) as follows:

Name	Proportion of ownership interests and voting rights held by the NCI		Profit/(loss) allocated to NCI		Accumulated NCI	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	%	%	KD '000	KD '000	KD '000	KD '000
Luluat Al Bandariah for Real Estate Development Company (through Al Bandriya Real Estate Company WLL	50	50.1	82	67	2,126	2,234
PDC 197 (through MKZ Development 15)	-	45	(287)	(53)	-	2,870
GCC Momentum Fund	53.56	45.31	(15)	170	3,012	2,197
Individually immaterial subsidiaries with non-controlling interests			16	4	2,802	3,646
			(204)	188	7,940	10,947

Notes to the Consolidated Financial Statements (continued)

7. Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	31 Dec. 2025		31 Dec. 2024		
	AI Bandriya Real Estate Estate KD '000	GCC Momentum Fund KD '000	AI Bandriya Real Estate KD '000	MKZ Dev. 15 KD '000	GCC Momentum Fund KD '000
Non-current assets	4,217	-	4,360	7,671	-
Current assets	134	5,635	184	1,950	4,993
Total assets	4,351	5,635	4,544	9,621	4,993
Liabilities	(104)	(12)	(97)	(3,232)	(145)
Total liabilities	(104)	(12)	(97)	(3,232)	(145)
Equity attributable to the owners of the Parent Company	2,121	2,611	2,213	3,519	2,651
Non-controlling interests (including shareholders accounts)	2,126	3,012	2,234	2,870	2,197
Total equity	4,247	5,623	4,447	6,389	4,848

	31 Dec. 2025			31 Dec. 2024		
	AI Bandriya Real Estate Estate KD '000	MKZ Dev. 15 KD '000	GCC Momentum Fund KD '000	AI Bandriya Real Estate KD '000	MKZ Dev. 15 KD '000	GCC Momentum Fund KD '000
Revenue	322	(178)	47	287	(9)	427
Profit/(loss) for the year attributable to the owners of the Parent Company	76	(71)	(13)	65	(72)	205
Profit/(loss) for the year attributable to NCI	82	(287)	(15)	67	(53)	170
Profit/(loss) for the year	158	(358)	(28)	132	(125)	375
Total other comprehensive (loss)/income	(10)	-	(5)	5	84	3
Total comprehensive income/(loss) for the year	148	(358)	(33)	137	(41)	378
Total comprehensive income/(loss) for the year attributable to the owners of the Parent Company	72	(71)	(15)	69	12	206
Total comprehensive income/(loss) for the year attributable to NCI	76	(287)	(18)	68	(53)	172
Total comprehensive income/(loss) for the year	148	(358)	(33)	137	(41)	378
Net cash from/(used in) operating activities	341	(6,930)	(1,156)	281	(3,785)	(1,655)
Net cash from investing activities	-	12,231	131	-	4,560	-
Net cash (used in)/from financing activities	(392)	(6,407)	845	(249)	-	1,836
Net cash (outflow)/inflow	(51)	(1,106)	(180)	32	775	181

8. Interest income

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD '000	KD '000
On financial assets at amortised cost:		
- Time deposits	29	57
- Loans to customers	172	177
- Debt instruments	291	303
On financial assets at fair value through other comprehensive income	103	-
On financial assets at fair value through profit or loss	697	714
	1,292	1,251

9. Management fees and commission income

Management fees and commission income relate to income arising from the Group's management of portfolios, funds, custody and similar trust, fiduciary activities and advisory services.

10. Gain from financial assets at fair value through profit or loss

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD '000	KD '000
Change in fair value of financial assets at fair value through profit or loss	4,544	1,717
(Loss)/gain on sale and reclassification of financial assets at fair value through profit or loss (Note 17)	(286)	3,081
	4,258	4,798

11. General and administrative expenses

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD '000	KD '000
Staff costs	7,943	7,061
Depreciation	1,455	1,318
Other general and administrative expenses	3,970	3,519
	13,368	11,898

12. Finance costs

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD '000	KD '000
On financial liabilities at amortised cost:		
- Bonds issued	1,805	1,794
- Bank borrowings	1,277	725
- Lease liabilities	151	134
	3,233	2,653

Notes to the Consolidated Financial Statements (continued)

13. Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share attributable to the owners of the Parent Company is calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year (excluding treasury shares).

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit for the year attributable to the owners of the Parent Company (KD '000)	10,820	4,456
Weighted average number of shares outstanding during the year (excluding treasury shares)	488,729,346	494,648,665
Basic and diluted earnings per share attributable to the owners of the Parent Company	22 Fils	9 Fils

14. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following accounts:

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Cash and bank balances	8,390	5,952
Time deposits	693	1,208
	9,083	7,160
Less: Time deposits with contractual maturity exceeding three months	(75)	(68)
Cash and cash equivalent for the purpose of consolidated statement of cash flows	9,008	7,092

The Group's Kuwait Dinar time deposits carry interest rates of 0.50% (31 December 2024: 2.70% to 3.50%) per annum and foreign currency deposits carry interest rates ranging between 2.125% to 7.25% (31 December 2024: 3.75% to 7.25%) per annum.

At 31 December 2025, the total unsecured overdraft facilities available to the Group from local commercial banks which carry interest at 2.00% to 2.25% above Central Bank of Kuwait discount rate was KD3,000 thousand (31 December 2024: KD3,000 thousand). As at 31 December 2025, no amount has been availed from these facilities (31 December 2024: Nil).

15. Accounts receivable and other assets

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Management fees and commission receivables	3,659	2,737
Prepayments and advances	669	583
Interest receivable	1,094	823
Investment vehicles*	39	34
Other receivables	1,620	2,402
	7,081	6,579

*This represents amount invested by the Group in the share capital of certain SPVs.

The average credit period for management fees and commission receivables is 30-90 days. No interest is charged on outstanding receivables. Receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

Management fees and commission receivables comprise of:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Neither past due nor impaired	3,601	2,727
Past due but not impaired	58	10
	3,659	2,737

Aging of past due but not impaired balances:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
90 to 180 days	39	5
Above 180 days	19	5
	58	10

16. Loans to customers

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Commercial loan	2,000	2,000
Personal loans	428	523
	2,428	2,523
General provision for credit losses	(24)	(25)
	2,404	2,498

The interest rate on commercial and personal loans ranged from 1.50% to 7.50% (31 December 2024: 1.50% to 8%) per annum. All loans are denominated in Kuwait Dinar as at 31 December 2025 and 31 December 2024.

The maturity profile of loans to customers is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Between one month and six months	4	4
Between six months and one year	2,014	2,026
Over one year	410	493
	2,428	2,523

Provision for credit losses is made in accordance with Central Bank of Kuwait requirements. Loan to customers amounting to KD2,000 thousand is performing and secured against customer portfolio in favor of the Parent Company. The remaining loans of KD428 thousand are performing and are extended to the employees of the Group where their end of service balances exceed the loans balances outstanding.

Notes to the Consolidated Financial Statements (continued)

17. Financial assets at fair value through profit or loss

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Local quoted securities	3,976	2,881
Foreign quoted securities	25,774	23,123
Local managed funds	7,351	6,413
Foreign managed funds	11,095	9,292
Fixed income securities	16,511	17,572
Equity participation	15,247	11,071
	79,954	70,352

The interest rates on fixed income securities range from 0.125% to 7.75% (31 December 2024: 2% to 7%) per annum.

During the year, the Group reclassified its investment in MKZ Development 14 with a carrying value of KD1,426 thousand from financial assets at fair value through profit or loss to investment in associates as the Group concluded that it exercises significant influence over the company (Note 20).

18. Financial assets at at fair value through other comprehensive income

This represents investment in Sukuks issued by a local Islamic bank carrying profit rate of 6.25% per annum (31 December 2024: Nil).

19. Financial assets at amortised cost

These represent foreign debt instruments amounting to KD3,651 thousand (31 December 2024: KD3,723 thousand) carrying interest rate of 7.5% to 8% (31 December 2024: 7.5% to 8%) per annum.

20. Investment in associates

The movement of investment in associates is as follows:

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Carrying value at 1 January	59,164	33,679
Additions during the year	1,537	1,212
Reclassification during the year (Note 20.1 & 20.2)	2,861	23,143
Partial capital redemptions during the year (Note 20.3)	(3,175)	(1,189)
Cash dividend received during the year	(305)	(357)
Share of results of associates	8,229	2,602
Share of other comprehensive income	219	(219)
Foreign currency adjustments	(63)	293
Carrying value at 31 December	68,467	59,164

20.1 During the year, the Group reclassified its investment in MKZ Development 15, with a carrying amount of KD1,435 thousand from investment in a subsidiary to investment in associate, as the Group lost control but continues to exercises significant influence over the company (Note 7.1.2). This reclassification represents a non-cash transaction and accordingly, has not been disclosed in the consolidated statement of cash flow. On initial recognition as an associate, the fair value of the existing investment equals to the net assets of the associate.

20.2 During the year, the Group reclassified its investment in MKZ Development 14, with a carrying amount of KD 1,426 thousand, from financial assets at fair value through profit or loss to investment in an associate, as the Group concluded that it exercises significant influence over the company (Note 17). This reclassification represents a non-cash transaction and, accordingly, has not been disclosed in the statement of cash flows. On initial recognition as an associate, the fair value of the retained investment was equal to the net assets of the associate.

20.3 Partial capital redemptions during the year resulted in a loss of KD13 thousand (2024: gain of KD45 thousand).

20.4 The details of the Group's investment in associates are as follows:

Company name	Principal activities	Place of incorporation	Effective ownership interest		Carrying value	
			31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
			%	%	KD '000	KD '000
First Equilease for Equipment and Transportation Company - KSCC	Transportation and Renting	Kuwait	17.24	17.24	1,504	1,454
Markaz Islamic Fund	Investment Fund	Kuwait	43.36	43.00	8,581	6,689
Markaz Investment and Development Fund	Investment Fund	Kuwait	33.75	33.76	18,658	16,025
Markaz Gulf Real Estate Fund	Investment Fund	Kuwait	25.37	26.89	4,406	5,043
MKZ Development 24	Real Estate	Cayman	23.86	23.86	1,550	1,894
NW1 IOS GP Fund LP	Investment Fund	USA	19.48	19.48	3,651	4,578
Markaz Fund for Excellent Yields - Mumtaz	Investment Fund	Kuwait	24.67	24.68	27,140	23,143
MKZ Development Denver	Real Estate	Cayman	26.83	26.83	377	338
MKZ Development 15 (Note 20.1)	Real Estate	Cayman	27.56	-	1,174	-
MKZ Development 14 (Note 20. 2)	Real Estate	Cayman	24.62	-	1,426	-
					68,467	59,164

	Markaz									
	Markaz Fund for Excellent Yields - Mumtaz		Investment and Development Fund		Markaz Gulf Real Estate Fund		Markaz Islamic Fund		NW1 IOS GP Fund	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Total assets	110,174	93,929	55,361	47,558	18,647	19,332	19,821	15,583	18,786	23,620
Total liabilities	(141)	(164)	(71)	(91)	(1,282)	(578)	(32)	(26)	(44)	(117)
Net assets	110,033	93,765	55,290	47,467	17,365	18,754	19,789	15,557	18,742	23,503
Group's share in equity	24.67%	24.68%	33.75%	33.76%	25.37%	26.89%	43.36%	43.00%	19.48%	19.48%
Group's carrying amount of the investment	27,140	23,143	18,658	16,025	4,406	5,043	8,581	6,689	3,651	4,578
Revenue	17,465	-	8,456	5,538	1,048	1,052	4,649	1,508	567	1,417
Profit for the year	16,200	-	7,802	4,940	483	482	4,389	1,312	462	1,314
Other comprehensive (loss)/income for the year	-	-	-	-	(49)	155	-	-	-	-

The Group calculated its share of the results of associates using audited financial statements as at 31 December 2025 for Markaz Fund for Excellent Yields – Mumtaz, Markaz Investment and Development Fund and Markaz Islamic Fund. For the remaining associates, the Group calculated its share of results based on unaudited management accounts as at 31 December 2025.

All associates are unquoted.

Notes to the Consolidated Financial Statements (continued)

21. Investment properties

The movement in investment properties is as follows:

	Freehold lands KD '000	Projects under development KD '000	Lands & buildings KD '000	Total KD '000
31 December 2025				
Cost				
At 1 January	1,818	18,706	15,424	35,948
Additions	23	5,190	492	5,705
Disposals	(680)	-	(9,473)	(10,153)
Transfers	-	(9,473)	9,473	-
Arising on derecognition (Note 7.1.2)	-	(12,231)	-	(12,231)
Impairment charge	(11)	-	-	(11)
Foreign currency adjustment	(10)	567	(134)	423
At 31 December	1,140	2,759	15,782	19,681
Accumulated depreciation				
At 1 January	-	-	(1,191)	(1,191)
Charge for the year	-	-	(521)	(521)
Foreign currency adjustment	-	-	33	33
At 31 December	-	-	(1,679)	(1,679)
Net book value				
At 31 December	1,140	2,759	14,103	18,002
31 December 2024				
Cost				
At 1 January	1,763	21,277	8,148	31,188
Additions	-	8,048	-	8,048
Disposals	-	-	(2,941)	(2,941)
Derecognition due to deconsolidation	-	(10,159)	10,159	-
Impairment/(charge) reversal	48	(146)	-	(98)
Foreign currency adjustment	7	(314)	58	(249)
At 31 December	1,818	18,706	15,424	35,948
Accumulated depreciation				
At 1 January	-	-	(1,102)	(1,102)
Charge for the year	-	-	(415)	(415)
Relating to disposals	-	-	319	319
Foreign currency adjustment	-	-	7	7
At 31 December	-	-	(1,191)	(1,191)
Net book value				
At 31 December	1,818	18,706	14,233	34,757

At 31 December 2025, the fair value of the investment properties amounted to KD21,134 thousand (31 December 2024: KD40,487 thousand). Investment properties were revalued by independent evaluators using a number of assumptions, including estimated rental income, capitalization yields, historical transactions, market knowledge, occupancy rates and cost of construction. In estimating the fair value of investment properties, the highest and best use is their current use. There has been no change to the valuation technique during the year.

During the year, the Group recognised net impairment losses of KD11 thousand (31 December 2024: KD98 thousand) in respect of certain investment properties.

Investment properties with carrying value of KD10,153 thousand (31 December 2024: KD2,622 thousand) were sold during the year for a consideration of KD10,733 thousand (31 December 2024: KD3,055 thousand) realising a net gain of KD580 thousand (31 December 2024: KD433 thousand).

The rental income earned from the investment properties amounted to KD2,715 thousand (31 December 2024: KD1,582 thousand) and related direct operating expenses incurred amounted to KD1,511 thousand (31 December 2024: KD977 thousand).

Investment properties with aggregate carrying value of KD9,891 thousand (31 December 2024: KD18,486 thousand) are secured against bank borrowings (Note 25).

The Group's investment properties are located as below:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
North America	9,891	18,486
Europe	2,759	10,110
GCC	5,352	6,161
	18,002	34,757

22. Right of use of assets

These represent Group's lease hold rights over certain office buildings and properties. Following is the movement in right of use of assets during the year:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Carrying value at the beginning of the year	1,903	2,432
Additions (Notes 22.1 & 24)	2,570	-
Depreciation charge for the year	(570)	(533)
Foreign currency translation adjustment	(3)	4
	3,900	1,903

22.1 During the year, the Parent Company was awarded a tender from the Touristic Enterprise Company (TEC) under an eighteen-year Build-Operate-Transfer (BOT) contract that includes developing a property located in Jahra, Kuwait over a two-year period and then operating and managing the developed property for sixteen years. Additions during the year include KD 81 thousand lease payments made before lease commencement date. Under the terms of BOT contract, the Parent Company has provided various letters of guarantee amounting to KD 1,117 thousand in favor of TEC (Note 35).

23. Accounts payable and other liabilities

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Accrued expenses	3,078	2,528
Post-employment benefits	5,245	4,879
Dividend payable	419	425
Payable to contractors	-	3,169
Other liabilities	2,084	1,714
	10,826	12,715

Notes to the Consolidated Financial Statements (continued)

24. Lease liabilities

The Group has lease liabilities related to certain office buildings and properties. Following is the movement for the lease liabilities during the year:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Carrying value at the beginning of the year	1,934	2,412
Additions (Note 22.1)	2,489	-
Finance costs charged for the year	151	134
Paid during the year	(616)	(616)
Foreign currency translation adjustment	(3)	4
	3,955	1,934

Future minimum lease payments as at 31 December 2025 and 31 December 2024 were as follows:

	Minimum lease payments due		Total
	One year	Over 1 year	KD '000
	KD '000	KD '000	KD '000
31 December 2025:			
Lease payments	616	6,012	6,628
Finance charges	(69)	(2,604)	(2,673)
Net present values	547	3,408	3,955
31 December 2024:			
Lease payments	616	1,530	2,146
Finance charges	(99)	(113)	(212)
Net present values	517	1,417	1,934

25. Borrowings

This represents the following bank borrowings:

	Interest rates	Available facility limit	Outstanding balance	
			31 Dec. 2025	31 Dec. 2024
		KD '000	KD '000	KD '000
Secured*:				
Foreign conventional loans	2.45% over SOFR**	-	-	4,453
	2.75% over USTCMYI (3M)***	8,857	8,307	7,882
Unsecured:				
Local Islamic borrowings	KD loans: 1.75% to 2% over CBDR	10,000	4,000	2,250
Local Islamic borrowings	USD loans: 2% over SOFR (6M)	6,108	-	-
Local conventional loans	KD loans: 1.50% to 2% over CBDR	20,000	10,750	4,500
		44,965	23,057	19,085

*These facilities are secured by certain foreign investment properties (Note 21).

**SOFR: Secured Overnight Financing Rate.

***USTCMYI: US Treasury Constant Maturity Yield Index.

Movement of liabilities arising from financing activities:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Opening balance	19,085	9,413
Proceeds from bank borrowings	15,853	11,137
Repayment of bank borrowings	(11,780)	(1,500)
Effect of change in foreign exchange rates	(101)	35
Closing balance	23,057	19,085

26. Bonds issued

On 20 December 2020, the Parent Company issued unsecured debenture bonds in the principal amount of KD35,000 thousand as follows:

- KD17,500 thousand with a fixed rate of 4.75% payable quarterly in arrears matured on 20 December 2025. On 17 December 2025, the Parent Company rolled over KD 8,200 thousand of these bonds into the new bond issue as per bond holders' instructions and on 21 December 2025, it settled the remaining amount KD 9,300 thousand of these bonds in cash.
- KD17,500 thousand with variable rate of 3% above Central Bank of Kuwait Discount rate, capped at 5.5%, which is payable quarterly in arrears matured on 20 December 2025. On 17 December 2025, the Parent Company rolled over KD 8,200 thousand of these bonds into the new bond issue as per bond holders' instructions and on 21 December 2025, it settled the remaining amount KD 9,300 thousand of these bonds in cash.

On 17 December 2025, the Parent Company issued the first tranche of unsecured debenture bonds in the principal amount of KD35,000 thousand under "KD 50,000 thousand senior unsecured bond program" as follows:

- KD17,500 thousand with a fixed rate of 5.25% payable quarterly in arrears maturing on 17 December 2030.
- KD17,500 thousand with variable rate of 2% above Central Bank of Kuwait Discount rate, capped at 1% plus applicable rate on relevant fixed tranche, which is payable quarterly in arrears maturing on 17 December 2030.

27. Share capital and share premium

a. Share capital

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Authorised: 600,000,000 shares (31 December 2024: 600,000,000 shares) of 100 Kuwaiti Fils each	60,000	60,000
Issued and fully paid 504,841,834 shares (31 December 2024: 504,841,834 shares) of 100 Kuwaiti Fils each	50,484	50,484

b. Share premium

Share premium represents the excess of the issue price of a share over its nominal value and is not available for distribution except in cases stipulated by the Companies Law.

Notes to the Consolidated Financial Statements (continued)

28. Treasury shares

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Number of shares	17,937,712	14,855,993
Percentage of issued shares	3.55%	2.94%
Market value (KD '000)	2,780	2,184
Cost (KD'000)	2,045	1,606

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

29. Reserves

Statutory reserve

The Companies Law and the Parent Company's Articles of Association require that 10% of the profit for the year attributable to the owners of the Parent Company before KFAS, NLST, Zakat and Directors' remuneration is transferred to the statutory reserve. The shareholders of the Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid-up share capital.

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

Voluntary reserve

According to the Parent Company's Articles of Association 10% of the profit for the year attributable to the owners of the Parent Company before KFAS, NLST, Zakat and Directors' remuneration is transferred to the voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in any year in which the Group incurs a loss or has accumulated losses.

30. Other components of equity

	Fair value reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balance at 1 January 2025	(219)	1,107	888
Exchange differences arising on translation of foreign operations	-	103	103
Net change in fair value of financial assets at fair value through OCI	5	-	5
Share of other comprehensive income / (loss) of associates	219	(63)	156
Total other comprehensive income	224	40	264
Balance at 31 December 2025	5	1,147	1,152
Balance at 1 January 2024	-	829	829
Exchange differences arising on translation of foreign operations	-	(15)	(15)
Share of other comprehensive (loss) / income of associates	(219)	293	74
Total other comprehensive (loss) / income	(219)	278	59
Balance at 31 December 2024	(219)	1,107	888

31. Proposed dividends and Annual General Assembly

The Board of Directors of the Parent Company has proposed a cash dividend of 8 Fils per share for the year ended 31 December 2025. The Board of Directors of the Parent Company has further proposed an amount of KD 175 thousand as directors' remuneration for the year ended 31 December 2025. The proposed dividend and directors' remuneration are subject to the approval of shareholders at the Parent Company's Annual General Assembly.

The shareholders of the Parent Company at the Annual General Assembly held on 16 March 2025 approved the consolidated financial statements of the Group for the year ended 31 December 2024 and the Board of Directors' proposal to distribute cash dividend of 7 Fils per share and an amount of KD105 thousand as directors' remuneration for the year ended 31 December 2024.

32. Related party transactions

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

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD '000	KD '000
Transactions included in the consolidated statement of profit or loss:		
Interest income on loans to customers	1	1
Interest income on financial assets at amortised cost	291	303
Management fees and commission income	6,000	4,437
General and administrative expenses	(525)	(525)
Finance costs	(110)	(134)
Key management compensation:		
Salaries and other short-term benefits (see (a) below)	1,428	1,160
End of service benefits	94	80
Audit committee fees	15	15
Board of Directors' remuneration (Note 31)	175	105
	1,712	1,360

- a. Salaries and other short-term benefits include provision for variable compensation which may slightly vary from the amounts included above between the date of issuance of these consolidated financial statements and the date of 2025 Annual General Meeting. The amount of variation is not expected to be material.

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Balances included in the consolidated statement of financial position:		
Loans to customers	24	47
Financial assets at amortised cost	3,651	3,723
Right-of-use assets	1,356	1,881
Accounts receivable and other assets	3,424	2,993
Accounts payable and other liabilities	1,471	1,307
Lease liabilities	1,407	1,911
Commitments:		
Unsold borrowed equity securities	654	174

Notes to the Consolidated Financial Statements (continued)

33. Segmental information

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

The Group's business segments are summarised into Asset Management, Investment Banking and other operations.

Asset Management segment includes MENA investments, international investments, private equity, real estate, oil and gas, custody and fixed income.

Investment banking segment includes capital markets, advisory and M&A.

Others includes treasury, loan and direct investments.

The revenues and profits generated from, and assets and liabilities allocated to, Group's business segments are as follows:

	Asset Management		Investment Banking		Others		Total	
	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Segment revenue	26,471	19,848	867	829	1,254	(368)	28,592	20,309
Segment results	15,269	9,454	(254)	(54)	(3,722)	(4,411)	11,293	4,989
Provisions for KFAS, NLST, Zakat and Directors' remuneration	(502)	(240)	-	-	(175)	(105)	(677)	(345)
Profit/(loss) for the year	14,767	9,214	(254)	(54)	(3,897)	(4,516)	10,616	4,644
Total assets	185,177	178,205	-	-	9,682	8,810	194,859	187,015
Total liabilities	13,845	18,120	227	185	58,778	50,429	72,850	68,734
Interest income	1,108	1,061	-	-	184	190	1,292	1,251
Finance costs	(655)	(469)	-	-	(2,578)	(2,184)	(3,233)	(2,653)
Depreciation	(588)	(447)	(2)	(3)	(865)	(868)	(1,455)	(1,318)
Impairment of investment properties-(net)	(11)	(98)	-	-	-	-	(11)	(98)
Purchase of equipment	(25)	(33)	(13)	(2)	(457)	(325)	(495)	(360)
Additions to investment properties	(5,705)	(8,048)	-	-	-	-	(5,705)	(8,048)

Segment income above represents revenue generated from external customers. There is no inter-segment revenue during the year and previous year.

For the purposes of monitoring segment performance and allocating resources between segments:

- There are no assets used jointly by any reportable segment.
- There are no liabilities for which any segment is jointly liable.

34. Fiduciary accounts

The Group manages portfolios and mutual funds on behalf of others, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the consolidated statement of financial position. Assets under management at 31 December 2025 amounted to KD1,520,496 thousand (31 December 2024: KD1,409,466 thousand) which include related party assets under management at 31 December 2025 amounting to KD520,808 thousand (31 December 2024: KD465,009 thousand). The Group earned management fees of KD9,333 thousand (31 December 2024: KD8,726 thousand) from the asset management activities.

35. Commitments and contingent liabilities

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Commitments for purchase of investments	373	818
Commitments for investment properties	-	9,843
Unsold borrowed equity securities	2,610	823
	2,983	11,484

As at 31 December 2025, the Group had contingent liabilities representing a letter of guarantee amounting to KD 1,117 thousand (31 December 2024: KD Nil) issued to Touristic Enterprise Company in respect of its right of use from which no material liability is expected to arise (Note 22).

36. Forward foreign exchange contracts

The contractual amounts of outstanding derivative instruments together with the fair value are as follows:

	31 Dec.2025		31 Dec.2024	
	Contractual amounts KD '000	Assets/ (liabilities) KD '000	Contractual amounts KD '000	Assets/ (liabilities) KD '000
At fair value through profit or loss:				
Forward foreign exchange contracts	10,679	32	10,758	(117)

37. Risk management objectives and policies

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

The Board of Directors of the Parent Company is ultimately responsible for setting out risk strategies and objectives and policies for their management. The Group's risk management is carried out by the central risk management function and focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance through internal risk reports which analyse exposures by degree and magnitude of risks. Long term financial investments are managed to generate lasting returns.

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

37.1 Market risk**a. Foreign currency risk**

The Group mainly operates in the GCC, USA, Europe and other Middle Eastern countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, Saudi Riyals and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored and forward exchanged contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

Notes to the Consolidated Financial Statements (continued)

37. Risk management objectives and policies (continued)

37.1 Market risk (continued)

a. Foreign currency risk (continued)

The Group had the following net significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate at year end:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
US Dollar	60,246	49,905
Saudi Riyal	11,522	12,076
Euro	12,091	16,427
Others	9,304	7,270

Foreign currency sensitivity is determined based on 2% (31 December 2024: 2%) increase or decrease in exchange rate. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If the Kuwaiti Dinar had strengthened/weakened against the foreign currencies assuming the sensitivity given in the table below, then this would have the following impact on the profit for the year:

	31 Dec. 2025		31 Dec. 2024	
	+ 2%	- 2%	+ 2%	- 2%
	KD '000	KD '000	KD '000	KD '000
Profit for the year	(1,859)	1,859	(1,702)	1,702

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

b. Interest and profit rate risk

Interest and profit rate risk arise from the possibility that changes in interest and profit rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest and profit rate risk principally on its deposits, loans to customers, investments, bonds and bank borrowings which carry interest and profit at commercial rates. The Board of Directors has established levels of interest and profit rate risk by setting limits on the interest and profit rate gaps for stipulated periods.

Interest and profit rate sensitivity is determined based on 1% (31 December 2024: 1%) increase or decrease in interest and profit rate. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If interest and profit rate had increased/decreased assuming the sensitivity given in the table below, then this would have the following impact on the profit for the year:

	31 Dec. 2025		31 Dec. 2024	
	+ 1%	- 1%	+ 1%	- 1%
	KD '000	KD '000	KD '000	KD '000
Profit for the year	(335)	335	(305)	305

Provisions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

c. Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, USA, and GCC. Equity investments are classified as “financial assets at fair value through profit or loss”.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits determined by the Group. There have been no changes during the year in the methods and assumptions used in preparing the sensitivity analysis.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 2% higher/lower, the effect on the profit for the year would have been as follows:

	Profit for the year	
	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Financials assets at fair value through profit or loss	±704	±593

The Group's sensitivity to equity price risk in regards to its unquoted investments cannot be reliably determined due to numerous uncertainties and non-availability of reliable information to determine future price of such investments.

37.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the date of the consolidated statement of financial position, as summarized below:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Bank balances	8,382	5,947
Time deposits	693	1,208
Accounts receivable and other assets (excluding prepayment and advance payments)	6,412	5,996
Loans to customers	2,404	2,498
Financial assets at fair value through OCI	1,306	-
Financial assets at amortised cost	3,651	3,723
Fixed income securities	16,511	17,572
	39,359	36,944

Except for certain receivables and loans to customers referred to in Notes 15 and 16, none of the above financial assets are past due or impaired. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

Notes to the Consolidated Financial Statements (continued)

37. Risk management objectives and policies (continued)

37.2 Credit risk (continued)

In respect of receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Further details in relation to credit risk of receivables and loans to customers are disclosed in Notes 15 and 16, respectively. It is the Group's policy to measure such instruments on a 12-month ECL basis. The credit risk for bank balances and time deposits is considered negligible since the counterparties are reputable financial institutions with high credit quality and no history of default. Based on management assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly.

Information on other significant geographical concentrations of credit risk is set out in note 37.3.

37.3 Concentration of assets

The Group operates in different geographical areas. The distribution of financial assets which is exposed to credit risk by geographic region is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Kuwait	11,476	10,462
North America	9,989	7,933
GCC	1,517	1,474
Europe	16,247	16,958
Others	130	117
	39,359	36,944

37.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities based on the remaining period at the financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Upto 1 month KD '000	1-3 months KD '000	3-12 months KD '000	Above 1 year KD '000	Total KD '000	Weighted average effective interest/ profit rate %
31 December 2025						
Financial liabilities						
Accounts payable and other liabilities	2,301	3,125	155	-	5,581	-
Financial liabilities at fair value through profit or loss		12	-	-	12	-
Lease liabilities	3	151	463	6,012	6,629	6.00% to 7.75%
Borrowings	10,844	4,161	426	8,730	24,161	4.38% to 7.64%
Bonds issued	-	470	1,411	42,525	44,406	5.25% to 6.25%
	13,148	7,919	2,455	57,267	80,789	
31 December 2024						
Financial liabilities						
Accounts payable and other liabilities	2,425	2,066	3,345	-	7,836	-
Lease liabilities	3	151	462	1,530	2,146	6.00% to 6.50%
Borrowings	6,848	229	624	13,339	21,040	4.13% to 7.64%
Bonds issued	-	448	36,345	-	36,793	4.75% to 5.50%
	9,276	2,894	40,776	14,869	67,815	

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

	Within 1 year KD '000	Over 1 year KD '000	Total KD '000
31 December 2025			
Assets			
Cash and bank balances	8,390	-	8,390
Time deposits	686	7	693
Accounts receivable and other assets	6,428	653	7,081
Loans to customers	1,998	406	2,404
Financial assets at fair value through profit or loss	79,954	-	79,954
Financial assets at fair value through OCI	-	1,306	1,306
Financial assets at amortised cost	1,477	2,174	3,651
Investment in associates	-	68,467	68,467
Investment properties	-	18,002	18,002
Right of use assets	-	3,900	3,900
Equipment	-	1,011	1,011
	98,933	95,926	194,859
Liabilities			
Accounts payable and other liabilities	5,581	5,245	10,826
Financial liabilities at fair value through profit or loss	12	-	12
Lease liabilities	547	3,408	3,955
Borrowings	14,750	8,307	23,057
Bonds issued	-	35,000	35,000
	20,890	51,960	72,850

Notes to the Consolidated Financial Statements (continued)

37. Risk management objectives and policies (continued)

37.4 Liquidity risk (continued)

Maturity profile of assets and liabilities at 31 December 2025 and 31 December 2024 (continued):

	Within 1 year KD '000	Over 1 year KD '000	Total KD '000
31 December 2024			
Assets			
Cash and bank balances	5,952	-	5,952
Time deposits	1,144	64	1,208
Accounts receivable and other assets	6,333	246	6,579
Loans to customers	2,006	492	2,498
Financial assets at fair value through profit or loss	70,352	-	70,352
Financial assets at amortised cost	3,723	-	3,723
Investment in associates	-	59,164	59,164
Investment properties	-	34,757	34,757
Right of use assets	-	1,903	1,903
Equipment	-	879	879
	89,510	97,505	187,015
Liabilities			
Accounts payable and other liabilities	8,953	3,762	12,715
Lease liabilities	517	1,417	1,934
Borrowings	6,750	12,335	19,085
Bonds issued	35,000	-	35,000
	51,220	17,514	68,734

37.5 Structured entities (Special Purpose Vehicles)

The Group has established certain Special Purpose Vehicles (SPVs) for the Group's asset management activities. These SPVs are used to raise funds from the Group's clients on the basis of product offering documents with eventual objectives of investments in specified asset classes as defined in the offering documents of the SPVs. These SPVs are managed on a fiduciary basis by the Group's asset management teams and as the Group does not control these SPVs as at the reporting date in accordance with the definition of control in IFRS 10, these SPVs are not consolidated into the Group's consolidated financial statements.

The Group's investments in SPVs are subject to the terms and conditions of the respective SPVs' offering documentation and, are susceptible to market price risk arising from uncertainties about future values of SPVs' underlying assets.

The exposure to investments in SPVs at fair value, by strategy employed, is disclosed in the following table.

These investments are included in financial assets at fair value through profit or loss in the consolidated statement of financial position.

Funding Strategy	Type of activities	Number of SPVs	Fair value of Group's investment in SPVs KD '000	% of net asset attributable to Group
		16	KD 5,561	9.41%
Equity	Investment in real estate	(31 December 2024: 14)	(31 December 2024: KD 6,033)	(31 December 2024: 9.24%)

38. Fair value measurement and summary of financial assets & liabilities by category

38.1 Categories of financial assets and liabilities

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

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Financial assets:		
At amortised cost:		
- Cash and bank balances	8,390	5,952
- Time deposits	693	1,208
- Accounts receivable and other assets (excluding prepayment and advance payments)	6,412	5,996
- Loans to customers	2,404	2,498
- Financial assets at amortised cost	3,651	3,723
At fair value:		
Financial assets at fair value through profit or loss	79,954	70,352
Financial assets at fair value through OCI	1,306	-
Forward foreign currency contracts		
- At fair value (included under accounts receivable and other assets)	32	-
Total financial assets	102,842	89,729
Financial liabilities:		
At amortised cost:		
- Accounts payable and other liabilities	5,581	7,836
- Lease liabilities	3,955	1,934
- Borrowings	23,057	19,085
- Bonds issued	35,000	35,000
- Financial liabilities at fair value through profit or loss	12	-
Forward foreign currency contracts		
- At fair value (included under accounts payable and other liabilities)	-	117
Total financial liabilities	67,605	63,972

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

38.2 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1:** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** Fair value measurements are those derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements (continued)

38. Fair value measurement and summary of financial assets & liabilities by category (continued)

38.2 Fair value hierarchy (continued)

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

	KD '000			Total
	Level 1	Level 2	Level 3	
31 December 2025				
Financial assets at fair value through profit or loss				
Quoted securities	29,750	-	-	29,750
Managed funds	5,438	13,008	-	18,446
Fixed income securities	15,111	-	1,400	16,511
Equity participations	-	-	15,247	15,247
	50,299	13,008	16,647	79,954
Financial assets at fair value through OCI				
Fixed income securities	1,306	-	-	1,306
Financial liabilities at FVTPL				
Financial liabilities at FVTPL	(12)	-	-	(12)
Derivatives				
Forward foreign currency contracts held for trading	-	32	-	32
	51,593	13,040	16,647	81,280
31 December 2024				
Financial assets at fair value through profit or loss				
Quoted securities	26,004	-	-	26,004
Managed funds	3,641	12,064	-	15,705
Fixed income securities	16,072	-	1,500	17,572
Equity participations	-	-	11,071	11,071
	45,717	12,064	12,571	70,352
Derivatives				
Forward foreign currency contracts held for trading	-	(117)	-	(117)
	45,717	11,947	12,571	70,235

There have been no significant transfers between levels during the reporting date.

Measurement at fair value

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

a. Quoted securities

All the listed securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b. Unquoted securities

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

c. Investments in managed funds

Investment funds managed by others mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund managers as of the reporting date.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input (s)	Significant unobservable input (s)	Relationship of unobservable inputs to fair value
	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000				
Financial assets at FVTPL:						
Quoted securities	29,750	26,004	1	Quoted bid prices	N/A	N/A
Managed funds	5,438	3,641	1	Quoted bid prices	N/A	N/A
Managed funds	13,008	12,064	2	NAV Basis	Net Assets Value	Net Assets Value
Fixed income securities	15,111	16,072	1	Quoted bid prices	N/A	N/A
Fixed income securities	1,400	1,500	3	Discounted cash flows	Cash flow estimate and discount rate	Higher estimated cash flows and lower discount rate, results in higher fair value
Equity participations	15,247	11,071	3	Adjusted NAV Basis	Discount for lack of marketability	Lower discount rate, results in higher fair value
Financial assets at fair value through OCI						
Fixed income securities	1,306	-	1	Quoted bid prices	N/A	N/A
Financial liabilities at fair value through profit or loss	(12)	-	1	Quoted bid prices	N/A	N/A
Derivatives:						
Forward foreign currency contracts held for trading	32	(117)	2	Foreign exchange rate/ DCF method	N/A	N/A

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

Notes to the Consolidated Financial Statements (continued)

38 Fair value measurement and summary of financial assets & liabilities by category (continued)

38.2 Fair value hierarchy (continued)

c. Investments in managed funds (continued)

Level 3 fair value measurements

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

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Opening balance	12,571	12,310
Net purchase/(redemption)	6,039	1,521
Reclassification (Note 20.2)	(1,426)	-
Net change in fair value	(537)	(1,260)
Closing balance	16,647	12,571

39. Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, system failure or from external events. The Group has a set of policies and procedures, which are approved by the Board of Directors and are applied to identify, assess and supervise operational risk. The management ensures compliance with policies and procedures and monitors operational risk as part of the overall risk management.

40. Capital management objectives

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

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

The Group's risk management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The capital structure of the Group consists of the following:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Borrowings, bonds issued and lease liabilities	62,012	56,019
Less: Cash and cash equivalents	(9,008)	(7,092)
Net debt	53,004	48,927
Total equity	122,009	118,281

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by the total equity as follows:

	31 Dec. 2025	31 Dec. 2024
	%	%
Net debt to equity ratio	43.4	41.4



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