

**KUWAIT FINANCE HOUSE K.S.C.P. AND  
ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**31 MARCH 2025**



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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Finance House K.S.C.P. (“the Bank”) and its subsidiaries (collectively “the Group”) as at 31 March 2025 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

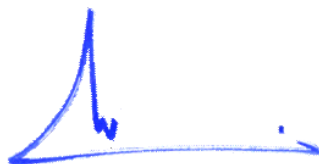
### ***Report on Other Legal and Regulatory Requirements***

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2025 that might have had a material effect on the business of the Bank or on its financial position.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE  
K.S.C.P. (continued)**

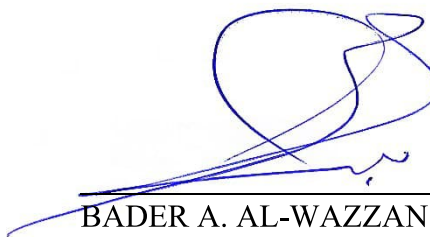
***Report on Other Legal and Regulatory Requirements (continued)***

We further report that, during the course of our review, to the best of our knowledge and belief, 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 organization of banking business, and its related regulations, during the three months period ended 31 March 2025 that might have had a material effect on the business of the Bank or on its financial position.



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BADER A. AL-ABDULJADER  
LICENCE NO. 207 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS



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BADER A. AL-WAZZAN  
LICENCE NO. 62A  
DELOITTE & TOUCHE  
AL-WAZZAN & CO.

22 April 2025  
Kuwait

# Kuwait Finance House K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 March 2025

		<i>KD 000's</i>	
		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	<i>2025</i>	<i>2024</i>
<b>INCOME</b>			
Financing income		<b>751,435</b>	677,828
Finance cost and estimated distribution to depositors	3	<b>(432,579)</b>	(414,445)
Net financing income		<b>318,856</b>	263,383
Investment income (loss)		<b>54,782</b>	(157)
Fees and commission income		<b>49,769</b>	43,763
Net gain from foreign currencies		<b>16,676</b>	71,096
Other operating income		<b>14,845</b>	14,278
<b>TOTAL OPERATING INCOME</b>		<b>454,928</b>	392,363
<b>OPERATING EXPENSES</b>			
Staff costs		<b>(92,079)</b>	(84,703)
General and administrative expenses		<b>(43,588)</b>	(39,693)
Depreciation and amortisation		<b>(23,538)</b>	(20,371)
<b>TOTAL OPERATING EXPENSES</b>		<b>(159,205)</b>	(144,767)
<b>NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENT AND NET MONETARY LOSS</b>		<b>295,723</b>	247,596
Provisions and impairment		<b>(19,330)</b>	4,571
Net monetary loss	18	<b>(42,081)</b>	(51,526)
<b>OPERATING PROFIT BEFORE TAXATION</b>		<b>234,312</b>	200,641
Taxation	7	<b>(44,911)</b>	(32,443)
<b>PROFIT FOR THE PERIOD</b>		<b>189,401</b>	168,198
<b>Attributable to:</b>			
Shareholders of the Bank		<b>168,109</b>	162,845
Non-controlling interests		<b>21,292</b>	5,353
		<b>189,401</b>	168,198
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK</b>	4	<b>9.77 fils</b>	9.48 fils

The attached notes 1 to 19 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

For the period ended 31 March 2025

	<i><b>KD 000's</b></i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
<b>Profit for the period</b>	<b>189,401</b>	168,198
<i>Items that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
Revaluation gain on equity instruments at fair value through other comprehensive income	<b>1,161</b>	3,008
Net change in pension fund reserve	<b>(45)</b>	1,287
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
Investment in debt securities at fair value through other comprehensive income:		
Net change in fair value during the period	<b>(6,824)</b>	(35,622)
Net transfer to interim condensed consolidated statement of income	<b>(3,067)</b>	(6,787)
Net loss on investment in debt securities at fair value through other comprehensive income	<b>(9,891)</b>	(42,409)
Share of other comprehensive gain from associates and joint ventures	-	1,649
Net change in fair value of cash flow hedges	<b>(100)</b>	(21)
Exchange differences on translation of foreign operations	<b>(51,645)</b>	(152,699)
<b>Other comprehensive loss for the period</b>	<b>(60,520)</b>	(189,185)
<b>Total comprehensive income (loss) for the period</b>	<b>128,881</b>	(20,987)
<b>Attributable to:</b>		
Shareholders of the Bank	<b>136,126</b>	8,662
Non-controlling interests	<b>(7,245)</b>	(29,649)
	<b>128,881</b>	(20,987)

The attached notes 1 to 19 form part of the interim condensed consolidated financial information.

# Kuwait Finance House K.S.C.P. and Subsidiaries

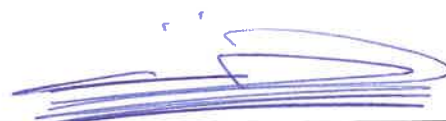
## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2025

		<i>KD 000's</i>		
			(Audited)	
	Notes	31 March 2025	31 December 2024	31 March 2024
<b>ASSETS</b>				
Cash and balances with banks and financial institutions	9	4,014,523	3,695,324	3,283,191
Due from banks		1,838,306	2,227,173	2,360,266
Financing receivables	10	19,278,137	19,069,673	18,889,279
Investment in debt securities		6,964,162	6,864,854	6,298,280
Trading properties		92,255	92,168	105,331
Investments		262,740	241,618	312,467
Investment in associates and joint ventures		252,724	383,919	532,970
Investment properties		360,812	366,035	382,897
Other assets		1,030,367	1,059,019	995,619
Goodwill and intangible assets		2,339,594	2,328,003	2,346,860
Property and equipment		427,892	375,640	354,579
Assets classified as held for sale	5	-	-	1,160,966
<b>TOTAL ASSETS</b>		<b>36,861,512</b>	<b>36,703,426</b>	<b>37,022,705</b>
<b>LIABILITIES</b>				
Due to banks		4,576,367	5,643,696	4,434,643
Due to financial institutions		3,103,597	3,030,485	3,206,891
Sukuk payables and term financing	6	1,557,215	986,639	924,388
Depositors' accounts		19,475,799	19,219,942	20,008,098
Other liabilities		1,755,389	1,404,764	1,408,769
Liabilities directly associated with the assets held for sale	5	-	-	947,291
<b>TOTAL LIABILITIES</b>		<b>30,468,367</b>	<b>30,285,526</b>	<b>30,930,080</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK</b>				
Share capital	11	1,847,712	1,710,844	1,710,844
Share premium		4,267,447	4,267,447	4,267,447
Proposed issue of bonus shares	11	-	136,868	-
Treasury shares		(822,159)	(822,159)	(822,159)
Reserves	8	195,663	34,823	113,246
		<b>5,488,663</b>	<b>5,327,823</b>	<b>5,269,378</b>
Proposed cash dividends	11	-	191,165	-
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK</b>		<b>5,488,663</b>	<b>5,518,988</b>	<b>5,269,378</b>
Perpetual Tier 1 Capital Securities and Sukuks	12	504,580	504,059	503,002
Non-controlling interests		399,902	394,853	320,245
<b>TOTAL EQUITY</b>		<b>6,393,145</b>	<b>6,417,900</b>	<b>6,092,625</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>36,861,512</b>	<b>36,703,426</b>	<b>37,022,705</b>



HAMAD ABDOUL MOHSEN AL-MARZOUQ  
(CHAIRMAN)



KHALED YOUSEF ALSHAMLAN  
(GROUP CHIEF EXECUTIVE OFFICER)

The attached notes 1 to 19 form part of the interim condensed consolidated financial information.

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# Kuwait Finance House K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2025

	Attributable to shareholders of the Bank								Perpetual Tier 1 Capital Securities and Sukuks	Non- controlling interests	Total equity
	Share capital	Share premium	Proposed issue of bonus shares	Treasury shares	Reserves (Note 8)	Subtotal	Proposed cash dividends	Subtotal			
Balance at 1 January 2025	1,710,844	4,267,447	136,868	(822,159)	34,823	5,327,823	191,165	5,518,988	504,059	394,853	6,417,900
Profit for the period	-	-	-	-	168,109	168,109	-	168,109	-	21,292	189,401
Other comprehensive loss	-	-	-	-	(31,983)	(31,983)	-	(31,983)	-	(28,537)	(60,520)
Total comprehensive income (loss)	-	-	-	-	136,126	136,126	-	136,126	-	(7,245)	128,881
Issue of bonus shares (Note 11)	136,868	-	(136,868)	-	-	-	-	-	-	-	-
Cash dividends (Note 11)	-	-	-	-	-	-	(191,165)	(191,165)	-	-	(191,165)
Net movement on Perpetual Tier 1 Capital Securities and Sukuks	-	-	-	-	(405)	(405)	-	(405)	521	-	116
Impact of application of IAS 29 (Note 18)	-	-	-	-	25,301	25,301	-	25,301	-	18,464	43,765
Payment to non-controlling interest on capital redemption of a subsidiary	-	-	-	-	-	-	-	-	-	(4,433)	(4,433)
Sale of a subsidiary	-	-	-	-	(182)	(182)	-	(182)	-	(902)	(1,084)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(835)	(835)
Balance at 31 March 2025	1,847,712	4,267,447	-	(822,159)	195,663	5,488,663	-	5,488,663	504,580	399,902	6,393,145

The attached notes 1 to 19 form part of the interim condensed consolidated financial information.

# Kuwait Finance House K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the period ended 31 March 2025

KD 000's

	Attributable to shareholders of the Bank								Perpetual Tier 1 Capital Securities and Sukuks	Non- controlling interests	Total equity
	Share capital	Share premium	Proposed issue of bonus shares	Treasury shares	Reserves (Note 8)	Subtotal	Proposed cash dividends	Subtotal			
Balance at 1 January 2024	1,476,445	3,611,765	141,262	(113,103)	53,499	5,169,868	146,042	5,315,910	502,381	345,048	6,163,339
Profit for the period	-	-	-	-	162,845	162,845	-	162,845	-	5,353	168,198
Other comprehensive loss	-	-	-	-	(154,183)	(154,183)	-	(154,183)	-	(35,002)	(189,185)
Total comprehensive income (loss)	-	-	-	-	8,662	8,662	-	8,662	-	(29,649)	(20,987)
Issuance of ordinary shares	93,137	655,682	-	-	-	748,819	-	748,819	-	-	748,819
Issue of bonus shares (Note 11)	141,262	-	(141,262)	-	-	-	-	-	-	-	-
Cash dividends (Note 11)	-	-	-	-	-	-	(146,042)	(146,042)	-	-	(146,042)
Net movement in treasury shares	-	-	-	(709,056)	2,687	(706,369)	-	(706,369)	-	-	(706,369)
Net movement on Perpetual Tier 1 Capital Securities and Sukuks	-	-	-	-	(368)	(368)	-	(368)	621	-	253
Group’s share of associate adjustments	-	-	-	-	(1,767)	(1,767)	-	(1,767)	-	-	(1,767)
Impact of application of IAS 29 (Note 18)	-	-	-	-	55,061	55,061	-	55,061	-	33,405	88,466
Acquisition of non-controlling interests	-	-	-	-	(4,528)	(4,528)	-	(4,528)	-	(28,751)	(33,279)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	192	192
Balance at 31 March 2024	1,710,844	4,267,447	-	(822,159)	113,246	5,269,378	-	5,269,378	503,002	320,245	6,092,625

The attached notes 1 to 19 form part of the interim condensed consolidated financial information.



# Kuwait Finance House K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2025

		<i>KD 000's</i>	
		<i>Three months ended</i>	
		<i>31 March</i>	<i>31 March</i>
	<i>Notes</i>	<i>2025</i>	<i>2024</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		<b>189,401</b>	168,198
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		<b>23,538</b>	20,371
Provisions and impairment		<b>19,330</b>	(4,571)
Gain on sale of investments		<b>(41,197)</b>	(18,268)
Dividend income		<b>(1,309)</b>	(886)
Share of results of associates and joint ventures		<b>(1,526)</b>	(3,601)
Gain on sale of investment properties		<b>(2,386)</b>	(6,379)
Net monetary loss	18	<b>42,081</b>	51,526
		<b>227,932</b>	206,390
Changes in operating assets and liabilities			
<i>Decrease (increase) in operating assets:</i>			
Financing receivables and due from banks		<b>284,906</b>	(279,036)
Investment in debt securities		<b>(83,461)</b>	487,377
Trading properties		<b>(87)</b>	(64)
Other assets		<b>28,652</b>	(130,493)
Statutory deposit with Central Banks		<b>(53,478)</b>	390,139
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		<b>(994,217)</b>	(242,281)
Depositors' accounts		<b>255,857</b>	(977,202)
Other liabilities		<b>88,854</b>	(166,826)
Net cash flows used in operating activities		<b>(245,042)</b>	(711,996)
<b>INVESTING ACTIVITIES</b>			
Investments, net		<b>(24,307)</b>	(4,697)
Additions/purchase of investment properties		<b>(154)</b>	-
Proceeds from sale of investment properties		<b>3,384</b>	12,101
Purchase of property and equipment		<b>(62,261)</b>	(12,554)
Proceeds from sale of property and equipment		<b>476</b>	782
Intangible assets, net		<b>1,506</b>	(196)
Proceeds from sale/redemption of investment in associates and joint ventures		<b>145,317</b>	-
Dividend received		<b>1,363</b>	5,840
Proceeds from sale of subsidiary		<b>4,219</b>	-
Payment to non-controlling interest on capital redemption of a subsidiary		<b>(4,433)</b>	-
Net cash flows from investing activities		<b>65,110</b>	1,276
<b>FINANCING ACTIVITIES</b>			
Movement in Sukuk payables and term financing		<b>570,576</b>	288,856
Proceeds from sale of treasury shares		<b>-</b>	9,171
Net cash flows from financing activities		<b>570,576</b>	298,027
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>390,644</b>	(412,693)
Cash and cash equivalents at 1 January		<b>3,445,682</b>	3,048,291
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	9	<b>3,836,326</b>	2,635,598

The attached notes 1 to 19 form part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 31 March 2025

**1 INCORPORATION AND REGISTRATION**

The interim condensed consolidated financial information of Kuwait Finance House K.S.C.P. (“the Parent Company” or “the Bank”) and subsidiaries (collectively “the Group”) for the three months period ended 31 March 2025 were authorised for issue by the Bank’s Board of Directors on 9 April 2025.

The shareholders’ annual ordinary general assembly held on 16 March 2025 approved the audited consolidated financial statements of the Group for the year ended 31 December 2024.

The Bank is a public shareholding company incorporated in Kuwait on 23 March 1977 and is registered as an Islamic bank with the Central Bank of Kuwait. The Bank is listed in Kuwait Boursa and Bahrain Bourse and is engaged in all Islamic banking activities for its own account as well as for third parties, including financing, purchase and sale of investments, leasing, project construction and other trading activities without practising usury. The Bank’s registered head office is at Abdulla Al-Mubarak Street, Murqab, Kuwait.

All activities are conducted in accordance with Islamic Shari’a, as approved by the Bank’s Fatwa and Shari’a Supervisory Board.

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES**

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting, except as noted below:

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024. The annual consolidated financial statements for the year ended 31 December 2024 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the IFRS Accounting Standards with an amendment for measuring the expected credit loss (“ECL”) on credit facilities at the higher of ECL computed under IFRS 9 – ‘Financial Instruments’ in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

The above framework is hereinafter referred to as “IFRS Accounting Standards as adopted by CBK for use by the State of Kuwait”.

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Further, results for the three months period ended 31 March 2025, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

**New standards, interpretations and amendments and accounting policies adopted by the Group**

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

One amendment applies for the first time in 2025, but do not have an impact on the interim condensed consolidated financial information of the Group.

**Lack of exchangeability - Amendments to IAS 21**

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****Lack of exchangeability - Amendments to IAS 21 (continued)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments had no impact on the Group's interim condensed consolidated financial information.

**3 FINANCE COST AND ESTIMATED DISTRIBUTION TO DEPOSITORS**

The management of the Bank has estimated distribution to depositors and profit attributable to Bank's shareholders based on the results for the three months period ended 31 March 2025. The actual distribution to depositors and profit attributable to Bank's shareholders could be different from the amounts presented in the interim condensed consolidated statement of income.

The actual profit to be distributed to all parties concerned will be determined by the Board of Directors of the Bank in accordance with the Bank's Articles of Association, based on the annual audited results for the year ending 31 December 2025.

**4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK**

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Bank after profit payment on Perpetual Tier 1 Capital Securities and Sukuks, by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group.

	<i>Three months ended</i>	
	<i>31 March 2025</i>	<i>31 March 2024</i>
<b>Basic and diluted earnings per share:</b>		
Profit for the period attributable to shareholders of the Bank (thousand KD)	<b>168,109</b>	162,845
Weighted average number of shares outstanding during the period, net of treasury shares (thousand shares)	<b>17,204,881</b>	17,175,625
Basic and diluted earnings per share attributable to the shareholders of the Bank	<b>9.77 fils</b>	9.48 fils

The weighted average number of shares outstanding for the current and comparative period have been adjusted to reflect the bonus shares issuance, approved during the period (Note 11).

**5 ASSETS HELD FOR SALE**

On 31 March 2024 the Parent Company and Al Salam Bank B.S.C. ('buyer') entered into an agreement for the sale and purchase of the entire issued share capital of Kuwait Finance House (Bahrain) B.S.C. (c) ('KFH Bahrain').

On 14 May 2024 the Parent Company and Al Salam Bank B.S.C. ('buyer') completed sale of the entire issued share capital of Kuwait Finance House (Bahrain) B.S.C. (C) ('KFH Bahrain').

**6 SUKUK PAYABLES**

On 17 January 2024, the Parent Company concluded the issuance of a 5-year senior unsecured Sukuk of USD 1,000,000 thousand which is listed on the London Stock Exchange. The Sukuk bears an expected profit rate of 5.011% per annum to be paid semi-annually in arrears, on each periodic distribution date, in accordance with the terms of the issue.

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**6 SUKUK PAYABLES (continued)**

On 7 January 2025, the Parent Company concluded the second issuance of a 5-year senior unsecured Sukuk of USD 1,000,000 thousand which is listed on the London Stock Exchange. The Sukuk bears an expected profit rate of 5.376% per annum to be paid semi-annually in arrears, on each periodic distribution date, in accordance with the terms of the issue.

On 27 March 2025, the Parent Company concluded the second issuance of a 10-year senior unsecured Sukuk of USD 500,000 thousand.

**7 TAXATION**

	<i>KD 000's</i>	
	<i>Three months ended</i>	
	<i>31 March 2025</i>	<i>31 March 2024</i>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	<b>(1,563)</b>	(1,527)
National Labour Support Tax (NLST)	-	(5,810)
Zakat (based on Zakat Law No. 46/2006)	-	(2,252)
Domestic minimum top-up tax (DMTT)	<b>(12,864)</b>	-
Taxation related to subsidiaries	<b>(30,484)</b>	(22,854)
	<b>(44,911)</b>	(32,443)

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules, under which multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. Most of the jurisdictions in which the Group operates have enacted the Pillar 2 legislation, of which Kuwait and Bahrain were most impactful for the Group, since these countries were subject to a lower effective tax rate compared to the proposed global minimum tax.

The State of Kuwait issued Law Number 157 of 2024 on 31 December 2024 (the Law) introducing domestic minimum top-up tax (DMTT) effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations which will be issued within six months from the date of issue of the Law. As at the reporting date, Kuwait is yet to finalise its Executive Regulations in relation to Pillar Two and accordingly the Group has estimated the DMTT charge based on existing OECD guidance. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law.

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**8 RESERVES**

The movement of reserves is analysed as follows:

	<i>31 March 2025</i>							<i>KD 000's</i>
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Other reserves</i>	<i>Total</i>
Balance at 1 January 2025	<b>528,433</b>	<b>269,553</b>	<b>261,173</b>	<b>17,715</b>	<b>(25,660)</b>	<b>(927,343)</b>	<b>(89,048)</b>	<b>34,823</b>
Profit for the period	-	-	<b>168,109</b>	-	-	-	-	<b>168,109</b>
Other comprehensive income (loss)	-	-	-	-	<b>(4,955)</b>	<b>(26,883)</b>	<b>(145)</b>	<b>(31,983)</b>
Total comprehensive income (loss)	-	-	<b>168,109</b>	-	<b>(4,955)</b>	<b>(26,883)</b>	<b>(145)</b>	<b>136,126</b>
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	<b>(405)</b>	-	-	-	-	<b>(405)</b>
Impact of application of IAS 29 (Note 18)	-	-	<b>25,301</b>	-	-	-	-	<b>25,301</b>
Sale of a subsidiary	-	-	<b>(8,590)</b>	-	<b>(354)</b>	<b>(182)</b>	<b>8,944</b>	<b>(182)</b>
<b>Balance at 31 March 2025</b>	<b>528,433</b>	<b>269,553</b>	<b>445,588</b>	<b>17,715</b>	<b>(30,969)</b>	<b>(954,408)</b>	<b>(80,249)</b>	<b>195,663</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2025

**8 RESERVES (continued)**

	31 March 2024							KD 000's
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Other reserves</i>	<i>Total</i>
Balance at 1 January 2024	464,864	261,995	159,923	15,028	(11,698)	(790,198)	(46,415)	53,499
Profit for the period	-	-	162,845	-	-	-	-	162,845
Other comprehensive loss	-	-	-	-	(27,858)	(127,591)	1,266	(154,183)
Total comprehensive income (loss)	-	-	162,845	-	(27,858)	(127,591)	1,266	8,662
Transfer of fair value reserve of equity investment at FVOCI	-	-	3,321	-	(3,321)	-	-	-
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	(368)	-	-	-	-	(368)
Group's share of associate adjustments	-	-	(1,767)	-	-	-	-	(1,767)
Impact of application of IAS 29 (Note 18)	-	-	55,061	-	-	-	-	55,061
Profit on sale of treasury shares	-	-	-	2,687	-	-	-	2,687
Acquisition of non-controlling interest	-	-	-	-	-	-	(4,528)	(4,528)
Balance at 31 March 2024	464,864	261,995	379,015	17,715	(42,877)	(917,789)	(49,677)	113,246

# Kuwait Finance House K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2025

### 9 CASH AND CASH EQUIVALENTS

	<i>KD 000's</i>		
	<i>31 March 2025</i>	<i>(Audited) 31 December 2024</i>	<i>31 March 2024</i>
Cash	198,127	200,329	266,110
Balances with Central Banks	2,751,809	2,277,906	1,947,437
Balances with banks and financial institutions – current Accounts	1,064,587	1,217,089	1,069,644
Cash and balances with banks and financial institutions	4,014,523	3,695,324	3,283,191
Due from banks maturing within 3 months of contract date	1,022,671	897,748	754,363
Cash with banks attributable to assets held for sale (Note 5)	-	-	63,632
Less: Statutory deposits with Central Banks	(1,200,868)	(1,147,390)	(1,465,588)
Cash and cash equivalents	3,836,326	3,445,682	2,635,598

### 10 FINANCING RECEIVABLES

Financing receivables principally comprises of murabaha, wakala, leased assets, istisna'a balances and other financing receivables and advances, and is stated net of impairment as follows:

	<i>KD 000's</i>		
	<i>31 March 2025</i>	<i>(Audited) 31 December 2024</i>	<i>31 March 2024</i>
Financing receivables, net of deferred and suspended profit	20,240,693	20,003,497	19,826,788
Less: Provision for impairment	(962,556)	(933,824)	(937,509)
	19,278,137	19,069,673	18,889,279

The available provision balance on non-cash facilities of KD 41,315 thousand (31 December 2024: KD 43,378 thousand and 31 March 2024: KD 44,616 thousand) is included under other liabilities.

Total provision for ECL is accounted as per CBK regulation which require ECL to be measured at the higher of the ECL computed under IFRS 9 in accordance with CBK or the provision required by CBK instructions. Total provision for credit losses recorded as per CBK instructions for utilized and unutilized cash and non-cash financing facilities as at 31 March 2025 is KD 1,003,871 thousand (31 December 2024: KD 977,202 thousand and 31 March 2024: KD 982,125 thousand) which exceeds the ECL for financing receivables under IFRS 9 in accordance with CBK, by KD 551,850 thousand (31 December 2024: KD 538,833 thousand and 31 March 2024: KD 556,156 thousand).

An analysis of the gross amounts of credit facilities, and the corresponding ECL provision based on the staging criteria under IFRS 9 in accordance with CBK regulations is as below:

<i>31 March 2025</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables	17,295,531	2,434,814	510,348	20,240,693
Financing commitments and contingent liabilities (Note14)	2,481,513	473,092	33,501	2,988,106
ECL provision for credit facilities	60,255	102,737	289,029	452,021

# Kuwait Finance House K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2025

### 10 FINANCING RECEIVABLES (continued)

<i>31 December 2024</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables	17,265,514	2,275,081	462,902	20,003,497
Financing commitments and contingent liabilities (Note 14)	2,429,594	406,623	40,691	2,876,908
ECL provision for credit facilities	62,364	95,589	280,416	438,369
 <i>31 March 2024</i>	 <i>Stage 1 KD 000's</i>	 <i>Stage 2 KD 000's</i>	 <i>Stage 3 KD 000's</i>	 <i>Total KD 000's</i>
Financing receivables	17,265,167	2,124,970	436,651	19,826,788
Financing commitments and contingent liabilities (Note 14)	2,266,416	316,310	37,007	2,619,733
ECL provision for credit facilities	77,001	104,129	244,839	425,969

An analysis of the changes in the expected credit losses in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance to the CBK guidelines is detailed below:

<i>31 March 2025</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance as at 1 January 2025	62,364	95,589	280,416	438,369
Transfer between stages:				
Transfer from / to Stage 1	3,659	(819)	(2,840)	-
Transfer from / to Stage 2	(3,031)	7,179	(4,148)	-
Transfer from / to Stage 3	(47)	(4,391)	4,438	-
Net (decrease) increase in ECL for the period	(6,097)	13,977	17,948	25,828
Amounts written off	-	-	(13,584)	(13,584)
Foreign exchange adjustments	3,407	(8,798)	6,799	1,408
<b>At 31 March 2025</b>	<b>60,255</b>	<b>102,737</b>	<b>289,029</b>	<b>452,021</b>
 <i>31 March 2024</i>	 <i>Stage 1 KD 000's</i>	 <i>Stage 2 KD 000's</i>	 <i>Stage 3 KD 000's</i>	 <i>Total KD 000's</i>
ECL allowance as at 1 January 2024	83,433	119,909	240,299	443,641
Transfer between stages:				
Transfer from / to Stage 1	5,454	(2,362)	(3,092)	-
Transfer from / to Stage 2	(6,550)	9,028	(2,478)	-
Transfer from / to Stage 3	(197)	(3,861)	4,058	-
Net (decrease) increase in ECL for the period	(4,107)	(2,757)	24,396	17,532
Amounts written off	-	-	(6,027)	(6,027)
Transfer to assets held for sale	(994)	(2,733)	(4,359)	(8,086)
Foreign exchange adjustments	(38)	(13,095)	(7,958)	(21,091)
<b>At 31 March 2024</b>	<b>77,001</b>	<b>104,129</b>	<b>244,839</b>	<b>425,969</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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### 11 SHARE CAPITAL, ISSUE OF BONUS SHARES AND CASH DIVIDENDS

The ordinary general assembly of the Bank's shareholders held on 16 March 2025 approved to distribute bonus shares of 8% (2023: 9%) of the issued and fully paid share capital, and final cash dividends of 12 fils per share (2023: 10 fils per share) to the Bank's shareholders, in addition to the interim cash dividend of 10 fils per share (2023: 10 fils per share) which was paid during the year ended 31 December 2024.

The Extra-ordinary general assembly of the Bank's shareholders held on 16 March 2025 also approved to increase the authorised share capital to be comprised of 18,477,123,275 shares (31 December 2024: 17,108,447,477 and 31 March 2024: 17,108,447,477) shares of 100 fils each.

The authorized, issued, and fully paid share capital as at 31 March 2025 comprise of 18,477,123,275 shares (31 December 2024: 17,108,447,477 and 31 March 2024: 17,108,447,477) shares of 100 fils each.

### 12 PERPETUAL TIER 1 CAPITAL SECURITIES AND SUKUKS

	<i>KD 000's</i>		
	<i>31 March 2025</i>	<i>(Audited) 31 December 2024</i>	<i>31 March 2024</i>
Perpetual Tier-1 Sukuk issued by the Bank	<b>385,846</b>	385,441	384,653
Perpetual Tier I Capital securities issued by AUB	<b>118,734</b>	118,618	118,349
	<b>504,580</b>	504,059	503,002

### 13 DIRECTOR'S FEES

The ordinary general assembly meeting of the shareholders of the Bank for the year ended 31 December 2024 held on 16 March 2025 approved the directors' fees proposed for the year ended 31 December 2024 of KD 1,317 thousand (2023: KD 1,308 thousand).

### 14 CONTINGENCIES AND COMMITMENTS

At the financial position date there were outstanding contingencies and commitments entered into in the ordinary course of business in respect of the following:

	<i>KD 000's</i>		
	<i>31 March 2025</i>	<i>(Audited) 31 December 2024</i>	<i>31 March 2024</i>
Acceptances and letters of credit	<b>473,869</b>	423,040	357,673
Letters of guarantee	<b>2,514,237</b>	2,453,868	2,262,060
Contingencies	<b>2,988,106</b>	2,876,908	2,619,733
Capital commitments and others	<b>989,286</b>	893,211	679,770

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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### 15 RELATED PARTY TRANSACTIONS

Certain related parties (major shareholders, directors and executive employees, officers of the Group, their immediate relatives, associated companies joint ventures and companies of which they are the principal owners) are depositors and financing facilities customers of the Group, in the ordinary course of business. Such transactions were made on substantially the same terms, including profit rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk.

The balances included in the interim condensed consolidated statement of financial position are as follows:

		<i>KD 000's</i>				
	<i>Major shareholders</i>	<i>Associates</i>	<i>Board members and executive officers</i>	<i>Other related parties</i>	<i>Total (Audited)</i>	
					<i>31 March 2025</i>	<i>31 March 2024</i>
					<i>31 December 2024</i>	<i>31 March 2024</i>
<b>Related parties</b>						
Financing receivables and due from Banks	-	-	3,231	40,680	43,911	163,250
Due to Banks and financial institutions	1,319,025	9,737	-	-	1,328,762	1,330,724
Depositors' accounts	-	3,456	27,462	18,551	49,469	66,748
Contingencies and commitments	1,903	10,723	-	-	12,626	5,106

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

		<i>KD 000's</i>				
	<i>Major shareholders</i>	<i>Associates</i>	<i>Board members and executive officers</i>	<i>Other related parties</i>	<i>Total</i>	
					<i>Three months ended</i>	
					<i>31 March 2025</i>	<i>31 March 2024</i>
Financing income	-	-	44	75	119	661
Fee and commission income	-	136	60	-	196	143
Finance cost and estimated distribution to depositors	15,158	26	138	40	15,362	21,944

Salaries, allowances and bonuses of key management personnel, termination benefits of key management personnel and remuneration of board members of the Bank and all consolidated subsidiaries are as follows:

		<i>KD 000's</i>	
		<i>Three months ended</i>	
		<i>31 March 2025</i>	<i>31 March 2024</i>
Salaries, allowances and bonuses of key management personnel		6,780	7,083
Termination and long term benefits of key management personnel		1,286	606
Board of directors' remuneration		250	235
		<b>8,316</b>	<b>7,924</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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**15 RELATED PARTY TRANSACTIONS (continued)**

Details of the interests of the Group's Board Members, Executive Officers and their immediate relatives are as follows:

	<i>KD 000's</i>								
	<i>The number of Board Members or Executive Officers</i>			<i>The number of related parties (Relatives of Board Members or Executive Officers)</i>			<i>Values</i>		
	<i>(Audited)</i>			<i>(Audited)</i>			<i>(Audited)</i>		
	<i>31 March 2025</i>	<i>31 December 2024</i>	<i>31 March 2024</i>	<i>31 March 2025</i>	<i>31 December 2024</i>	<i>31 March 2024</i>	<i>31 March 2025</i>	<i>31 December 2024</i>	<i>31 March 2024</i>
<b>Board Members</b>									
Finance facilities and credit cards	<b>24</b>	26	27	<b>28</b>	32	29	<b>2,157</b>	12,505	12,628
Depositors' accounts	<b>51</b>	57	62	<b>109</b>	113	115	<b>18,746</b>	19,103	25,114
Collateral against finance facilities	<b>4</b>	5	4	<b>3</b>	5	6	<b>6,783</b>	20,851	22,824
<b>Executive Officers</b>									
Finance facilities and credit cards	<b>66</b>	81	81	<b>19</b>	21	19	<b>2,830</b>	3,201	2,491
Depositors' accounts	<b>91</b>	91	103	<b>122</b>	122	126	<b>15,222</b>	13,326	13,808
Collateral against finance facilities	<b>8</b>	8	7	<b>3</b>	5	5	<b>4,032</b>	4,143	3,843

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**16 SEGMENTAL ANALYSIS****Primary segment information**

For management purposes, the Group is organized into four major business segments. The principal activities and services under these segments are as follows:

Treasury:	Liquidity management, Murabaha investments, investment in debt securities, exchange of deposits with banks and financial institutions and international banking relationships.
Retail and Private Banking:	Consumer banking provides a diversified range of products and services to individual. Private banking provides comprehensive range of customised and innovative banking services to high net worth individuals
Corporate Banking:	Providing a range of banking services and investment products to corporates, providing commodity and real estate murabaha finance, local leasing, wakala and istisna'a facilities.
Investment:	Managing direct equity and real estate investments, non-banking Group entities, associates and joint ventures.

	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Retail and private banking</i>	<i>Corporate banking</i>	<i>Investment</i>	<i>Total</i>
<b>31 March 2025</b>					
Total assets	<u>13,483,701</u>	<u>7,434,273</u>	<u>12,016,411</u>	<u>3,927,127</u>	<u>36,861,512</u>
Total liabilities	<u>9,961,549</u>	<u>14,334,798</u>	<u>5,157,046</u>	<u>1,014,974</u>	<u>30,468,367</u>
Operating income	<u>33,507</u>	<u>154,572</u>	<u>181,634</u>	<u>85,215</u>	<u>454,928</u>
Profit (loss) for the period	<u>33,638</u>	<u>60,804</u>	<u>98,690</u>	<u>(3,731)</u>	<u>189,401</u>

	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Retail and private banking</i>	<i>Corporate banking</i>	<i>Investment</i>	<i>Total</i>
<b>31 March 2024</b>					
Total assets	<u>13,492,288</u>	<u>7,582,471</u>	<u>11,709,817</u>	<u>4,238,129</u>	<u>37,022,705</u>
Total liabilities	<u>9,437,292</u>	<u>15,610,611</u>	<u>5,221,300</u>	<u>660,877</u>	<u>30,930,080</u>
Operating income	<u>9,295</u>	<u>124,263</u>	<u>190,617</u>	<u>68,188</u>	<u>392,363</u>
Profit (loss) for the period	<u>10,685</u>	<u>43,622</u>	<u>132,110</u>	<u>(18,219)</u>	<u>168,198</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2025

## 17 FAIR VALUES

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets.  
 Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and  
 Level 3: other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 March 2025:

	<i>KD 000's</i>			
<b>Financial assets measured at fair value:</b>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at fair value profit and loss	-	15,247	-	15,247
Equities at FVTPL	24,744	89,851	18,967	133,562
Equities at FVOCI	31,651	15,836	66,444	113,931
Debt securities at FVTPL	186,911	-	-	186,911
Debt securities at FVOCI	4,186,246	121,503	6,277	4,314,026
<i>Derivative financial assets:</i>				
Forward contracts	-	19,003	-	19,003
Profit rate swaps	-	119,483	-	119,483
Currency swaps	-	47,017	-	47,017
Others	-	47	-	47
	<u>4,429,552</u>	<u>427,987</u>	<u>91,688</u>	<u>4,949,227</u>
	<i>KD 000's</i>			
<b>Financial liabilities measured at fair value:</b>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	11,968	-	11,968
Profit rate swaps	-	51,654	-	51,654
Currency swaps	-	30,979	-	30,979
Embedded precious metals	-	849	-	849
Others	-	47	-	47
	<u>-</u>	<u>95,497</u>	<u>-</u>	<u>95,497</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2025

## 17 FAIR VALUES (continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2024:

	<i>KD 000's</i>			
<b>Financial assets measured at fair value:</b>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at FVTPL	-	15,247	-	15,247
Equities at FVTPL	27,757	76,751	18,421	122,929
Equities at FVOCI	33,526	14,055	55,861	103,442
Debt securities at FVTPL	171,057	-	-	171,057
Debt securities at FVOCI	4,095,697	124,241	6,287	4,226,225
<i>Derivative financial assets:</i>				
Forward contracts	-	21,356	-	21,356
Profit rate swaps	-	157,464	-	157,464
Currency swaps	-	28,221	-	28,221
Others	-	19	-	19
	<u>4,328,037</u>	<u>437,354</u>	<u>80,569</u>	<u>4,845,960</u>

	<i>KD 000's</i>			
<b>Financial liabilities measured at fair value:</b>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	10,387	-	10,387
Profit rate swaps	-	39,450	-	39,450
Currency swaps	-	18,792	-	18,792
Others	-	744	-	744
	<u>-</u>	<u>69,373</u>	<u>-</u>	<u>69,373</u>

The following table provides the fair value measurement hierarchy of the Group financial assets and financial liabilities as at 31 March 2024:

	<i>KD 000's</i>			
<b>Financial assets measured at fair value:</b>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at fair value profit and loss	-	16,277	-	16,277
Equities at FVTPL	39,493	85,140	15,233	139,866
Equities at FVOCI	75,365	16,350	64,609	156,324
Debt securities at FVTPL	240,070	-	-	240,070
Debt securities at FVOCI	2,886,967	90,125	16,742	2,993,834
<i>Derivative financial assets:</i>				
Forward contracts	-	5,103	-	5,103
Profit rate swaps	-	153,868	-	153,868
Currency swaps	-	60,142	-	60,142
	<u>3,241,895</u>	<u>427,005</u>	<u>96,584</u>	<u>3,765,484</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2025

**17 FAIR VALUES (continued)**

	<i>KD 000's</i>			
Financial liabilities measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	5,299	-	5,299
Profit rate swaps	-	63,515	-	63,515
Currency swaps	-	13,776	-	13,776
Embedded precious metals	-	1,033	-	1,033
	-	83,623	-	83,623

No transfers have been made between the levels of hierarchy.

Level 3 investments included unquoted Sukuk of KD 6,277 thousand (31 December 2024: KD 6,287 thousand and 31 March 2024: KD 16,742 thousand) and unquoted equity investments of KD 85,411 thousand (31 December 2024: KD 74,282 thousand and 31 March 2024: KD 79,842 thousand). Investment in debt securities included in this category represent Investment in debt securities issued by corporates. The fair values of unquoted Investment in debt securities are estimated using discounted cash flow method using discount rate ranging from 5.8% to 6.1% (31 December 2024: 5.9% to 6.2% and 31 March 2024: 6.1% to 7.6%). Unquoted equity investments are fair valued using valuation technique that is appropriate in the circumstances. Valuation techniques include discounted cash flow models, observable market information of comparable companies, recent transaction information and net asset values. Significant unobservable inputs used in valuation techniques mainly include discount rate, terminal growth rate, revenue and profit estimates. The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of income or the interim condensed consolidated statement of changes in equity would be immaterial if the relevant risk variables used for fair value estimates to fair value the unquoted equity investments were altered by 5%.

The following table below shows a reconciliation of the opening and the closing balance of level 3 financial assets measured at fair value:

	<i>KD 000's</i>	
	<i>2025</i>	<i>2024</i>
<b>As at 1 January</b>	<b>80,569</b>	116,487
Fair value re-measurement	<b>972</b>	6,487
Transfer to assets held for sale	-	(24,879)
Purchase (disposal), net	<b>10,147</b>	(1,511)
<b>As at 31 March</b>	<b>91,688</b>	96,584

**18 HYPERINFLATION ACCOUNTING**

The subsidiary Kuwait Turkish Participation Bank ("KTPB") has banking operations in Turkey. The Turkish economy was assessed as a hyperinflationary economy based on cumulative inflation rates over the previous three years, in April 2022. The Group determined the Consumer Price Index ("CPI") provided by the Turkish State Institute of Statistics to be the appropriate general price index to be considered in the application of IAS 29, *Financial Reporting in Hyperinflationary Economies* on the subsidiary's financial statements. The level and movement of the price index during the current and previous reporting periods is as below:

<i>Reporting period</i>	<i>Index</i>	<i>Conversion factor</i>
<b>31 March 2025</b>	<b>2883.75</b>	<b>1.085</b>
31 December 2024	2657.23	1.471
31 March 2024	2073.88	1.148

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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At 31 March 2025

**19 SALE OF ASSOCIATE**

During the period, the Group has sold the entire 35% stake in their investment in associate, Ahli Bank SAOG (Ahli Bank – Oman) for a consideration of KD 129,592 thousand, thereby recognizing a gain on sale of the associate net of estimated tax of KD 20,269 thousand. The gain is recorded under ‘investment income’ in the interim condensed consolidated statement of income.