

WARBA BANK K.S.C.P.

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

31 MARCH 2025



Shape the future
with confidence

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
+965 2245 2880
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/Mena



KPMG Al-Qenae & Partners
Al Hamra Tower, 25th Floor
Abdulaziz Al Saqr Street
P.O Box 24, Safat 13001
State of Kuwait
+965 2228 7000

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF WARBA BANK K.S.C.P.

Introduction

We have reviewed the interim condensed consolidated statement of financial position of Warba Bank 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 profit or loss, 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-month 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 condensed consolidated 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 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, its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the three-month period ended 31 March 2025 that might have had a material effect on the business of the Bank or on its financial position.

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 organisation of banking business, and its related regulations, during the three-month period ended 31 March 2025 that might have had a material effect on the business of the Bank or on its financial position.

SHEIKHA AL FULAIJ
LICENCE NO. 289 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

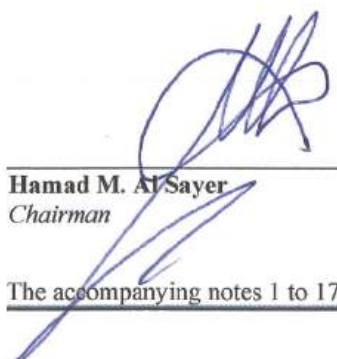
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MEMBER FIRM OF KPMG INTERNATIONAL

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2025

		31 March 2025	(Audited) 31 December 2024	31 March 2024
	Notes	KD'000	KD'000	KD'000
ASSETS				
Cash and bank balances	3	527,083	456,581	184,589
Placements with banks and the CBK		417,501	385,084	380,203
Financing receivables	4	3,712,421	3,642,603	3,587,514
Financial assets at fair value through profit or loss	13	199,583	198,914	167,105
Financial assets at fair value through other comprehensive income	13	401,438	381,560	370,271
Investment in joint ventures		121,522	118,791	123,555
Investment properties		39,545	39,544	1,679
Other assets		103,145	52,215	60,109
Property and equipment		17,743	18,480	16,360
TOTAL ASSETS		5,539,981	5,293,772	4,891,385
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		1,364,869	1,332,641	1,203,551
Depositors' accounts		3,359,161	3,149,067	2,922,271
Sukuk issued	5	308,340	308,304	305,382
Other liabilities		86,504	92,010	65,573
TOTAL LIABILITIES		5,118,874	4,882,022	4,496,777
EQUITY				
Share capital	6	218,360	218,360	206,000
Share premium		80,375	80,375	80,375
Statutory reserve		11,225	11,225	8,871
Fair value reserve		(59)	(2,694)	(5,388)
Foreign currency translation reserve		1,788	579	723
Retained earnings		20,508	14,995	15,859
Proposed dividends	6	13,102	322,840	306,440
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		345,299	335,942	318,800
Perpetual Tier 1 Sukuk	7	75,808	75,808	75,808
TOTAL EQUITY		421,107	411,750	394,608
TOTAL LIABILITIES AND EQUITY		5,539,981	5,293,772	4,891,385


Hamad M. Al Sayer
Chairman


Shaheen H. Al Ghanem
Chief Executive Officer

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

Warba Bank K.S.C.P.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)**

For the period ended 31 March 2025

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2025</i>	<i>2024</i>
		<i>KD'000</i>	<i>KD'000</i>
Placements and finance income		59,389	60,566
Finance costs and distribution to depositors		(47,029)	(47,319)
Net finance income		12,360	13,247
Net investment income		4,015	2,175
Net fees and commission income		2,506	1,564
Other income		325	129
Net foreign exchange (loss) gain		(986)	1,253
Net operating income		18,220	18,368
Staff costs		(6,860)	(6,440)
General and administrative expenses		(1,966)	(1,656)
Depreciation expense		(1,582)	(1,699)
Net operating expenses		(10,408)	(9,795)
Net operating profit before provision for impairment and credit losses		7,812	8,573
Provision for impairment and credit losses	8	(2,036)	(3,614)
Profit before tax		5,776	4,959
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(52)	(45)
National Labour Support Tax (NLST)		(151)	(128)
Zakat		(60)	(51)
NET PROFIT FOR THE PERIOD		5,513	4,735
BASIC AND DILUTED EARNINGS PER SHARE (EPS)	9	2.38 fils	2.05 fils

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

Warba Bank K.S.C.P.

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

For the period ended 31 March 2025

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>KD'000</i>	<i>KD'000</i>
NET PROFIT FOR THE PERIOD	5,513	4,735
Other comprehensive income (loss)		
<i>Other comprehensive income (loss) that will be reclassified to profit or loss:</i>		
<i>Debt instruments at fair value through other comprehensive income:</i>		
Net change in fair value during the period	2,396	383
Changes in allowance for expected credit losses	(82)	(8)
Reclassification to profit or loss	15	(1,246)
Net gains (losses) on debt instruments at fair value through other comprehensive income	2,329	(871)
<i>Foreign currency translation:</i>		
Exchange differences on translation of foreign operations	1,209	(410)
Net exchange differences recycled to profit or loss on derecognition of investment in a joint venture	-	(42)
Net foreign currency translation	1,209	(452)
<i>Other comprehensive income that will not be reclassified to profit or loss subsequently</i>		
Net change in fair value of equity investments at fair value through other comprehensive income	306	-
Total items that will not be reclassified to profit or loss	306	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	3,844	(1,323)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,357	3,412

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2025

	<i>Share capital KD'000</i>	<i>Share premium KD'000</i>	<i>Statutory reserve KD'000</i>	<i>Fair value reserve KD'000</i>	<i>Foreign currency translation reserve KD'000</i>	<i>Retained earnings KD'000</i>	<i>Sub-total KD'000</i>	<i>Proposed dividends KD'000</i>	<i>Equity attributable to shareholders of the Bank KD'000</i>	<i>Perpetual Tier 1 Sukuk KD'000</i>	<i>Total equity KD'000</i>
As at 1 January 2025	218,360	80,375	11,225	(2,694)	579	14,995	322,840	13,102	335,942	75,808	411,750
Net profit for the period	-	-	-	-	-	5,513	5,513	-	5,513	-	5,513
Other comprehensive income	-	-	-	2,635	1,209	-	3,844	-	3,844	-	3,844
Total comprehensive income for the period	-	-	-	2,635	1,209	5,513	9,357	-	9,357	-	9,357
At 31 March 2025	218,360	80,375	11,225	(59)	1,788	20,508	332,197	13,102	345,299	75,808	421,107

	<i>Share capital KD'000</i>	<i>Share premium KD'000</i>	<i>Statutory reserve KD'000</i>	<i>Fair value reserve KD'000</i>	<i>Foreign currency translation reserve KD'000</i>	<i>Retained earnings KD'000</i>	<i>Sub-total KD'000</i>	<i>Proposed dividends KD'000</i>	<i>Equity attributable to shareholders of the Bank KD'000</i>	<i>Perpetual Tier 1 Sukuk KD'000</i>	<i>Total equity KD'000</i>
As at 1 January 2024	206,000	80,375	8,871	(4,517)	1,175	11,124	303,028	12,360	315,388	75,808	391,196
Net profit for the period	-	-	-	-	-	4,735	4,735	-	4,735	-	4,735
Other comprehensive loss	-	-	-	(871)	(452)	-	(1,323)	-	(1,323)	-	(1,323)
Total comprehensive (loss) income for the period	-	-	-	(871)	(452)	4,735	3,412	-	3,412	-	3,412
At 31 March 2024	206,000	80,375	8,871	(5,388)	723	15,859	306,440	12,360	318,800	75,808	394,608

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2025

	Notes	Three months ended 31 March	
		2025 KD'000	2024 KD'000
OPERATING ACTIVITIES			
Profit before tax		5,776	4,959
<i>Adjustments for:</i>			
Realised loss (gain) on sale of debt instruments at FVOCI		15	(1,246)
Dividend income from financial assets		(2,840)	(1,466)
Share of results from investments in joint ventures		(340)	265
Loss on sale of joint ventures		-	410
Net rental income from investment properties		(303)	(48)
Fair value adjustment to investment properties		(1)	(4)
Other investment income		(41)	(104)
Changes in fair value of financial assets at FVTPL		(505)	18
Gain on de-recognition of leases		(1)	-
Provision for employees' end of service benefits		298	237
Depreciation expense		1,582	1,699
Provision for impairment and credit losses	8	2,036	3,614
		5,676	8,334
<i>Changes in operating assets and liabilities:</i>			
Placements with banks and the CBK		(111,053)	365
Financing receivables		(71,535)	(137,634)
Other assets		(50,685)	16,517
Due to banks and other financial institutions		32,228	40,702
Depositors' accounts		210,094	15,126
Other liabilities		(6,904)	(2,566)
Cash flows from (used in) operations		7,821	(59,156)
Employees' end of service benefits paid		(52)	(63)
Taxes paid		-	(182)
Net cash flows from (used in) operating activities		7,769	(59,401)
INVESTING ACTIVITIES			
Purchase of financial assets at FVTPL		(5,837)	(9,037)
Proceeds from sale / redemption of financial assets at FVTPL		5,673	4,167
Purchase of financial assets at FVOCI		(66,687)	(95,839)
Proceeds from sale of financial assets at FVOCI		49,791	95,481
Additions to investment in joint ventures		(1,491)	(8,591)
Proceeds from sale of a joint venture		-	3,068
Purchase of property and equipment		(29)	(783)
Dividends received from financial assets		2,840	1,466
Other investment income received		41	98
Distributions received from joint ventures		309	112
Rental income received		311	61
Net cash flows used in investing activities		(15,079)	(9,797)
FINANCING ACTIVITIES			
Payment of lease liabilities		(851)	(275)
Net movement on Sukuk issued		36	1,051
Net cash flows (used in) from financing activities		(815)	776
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,125)	(68,422)
Cash and cash equivalents at 1 January		702,801	468,862
CASH AND CASH EQUIVALENTS AT 31 March	3	694,676	400,440
Additional information on operational cash flows			
Finance costs paid		(43,439)	(42,872)
Finance income received		58,444	63,249

The accompanying notes 1 to 17 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

1 CORPORATE INFORMATION

Warba Bank K.S.C.P. (the “Bank”) is a Kuwaiti public shareholding company, incorporated on 17 February 2010 in the State of Kuwait by virtue of Amiri Decree No. 289/2009. The Bank is registered as an Islamic banking institution in accordance with the rules and regulations of the Central Bank of Kuwait (the “CBK”) on 7 April 2010 and its shares are publicly traded on the Boursa Kuwait. The Bank’s head office is located at Al-Raya Tower, Mezzanine floor 1, Omar Ibn Al-Khattab Street and its registered postal address is P.O. Box 1220, Safat 13013, State of Kuwait.

The Bank is primarily involved in corporate, retail and investment banking activities in accordance with the principles of Islamic Sharī‘a, as approved by the Bank’s Sharī‘a Supervisory Board.

The annual general assembly meeting (“AGM”) of the shareholders of the Bank held on 27 March 2025 approved the consolidated financial statements for the year ended 31 December 2024. Distributions proposed by the Board of Directors and approved by the shareholders of the Bank for the year then ended are provided in Note 6.

This interim condensed consolidated financial information as at and for the three months ended 31 March 2025 includes the financial information of the Bank and its wholly owned special purpose vehicles (collectively, the “Group”).

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2025 has been approved for issuance in accordance with the Board of Directors resolution on 9 April 2025.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2025 has been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” except as noted below.

The interim condensed consolidated financial information has been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (the “CBK”) in the State of Kuwait. These regulations, require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards as issued by International Accounting Standards Board (IASB) with the amendment for measuring expected credit loss (“ECL”) at the higher of ECL provision on financing facilities computed under IFRS 9 – *Financial Instruments* (“IFRS 9”) in accordance with the CBK guidelines or the provisions as required by CBK instructions along with its consequential 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 include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with IFRS Accounting Standards as adopted by CBK for use by the State of Kuwait and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2024.

2.2 New standards, interpretations and amendments 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. The below amendment apply for the first time in 2025, but does 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)

As at and for the period ended 31 March 2025

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (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 did not have a material impact on the Group's interim condensed consolidated financial information.

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents referred to in the interim condensed consolidated statement of cash flows comprises of cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

	<i>31 March</i> <i>2025</i> <i>KD'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>KD'000</i>	<i>31 March</i> <i>2024</i> <i>KD'000</i>
Cash on hand	8,547	5,953	13,319
Current account with the CBK	468,143	407,192	148,306
Current account with commercial banks	50,393	43,436	22,964
Total cash and bank balances	527,083	456,581	184,589
Placements with the CBK with original maturity of three months or less	49,273	107,192	110,226
Placements with banks with original maturity of three months or less	118,320	139,028	105,625
Total cash and cash equivalents	694,676	702,801	400,440

4 FINANCING RECEIVABLES

	<i>31 March</i> <i>2025</i> <i>KD'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>KD'000</i>	<i>31 March</i> <i>2024</i> <i>KD'000</i>
Murabaha receivables	3,370,359	3,316,359	3,250,080
Ijara receivables	626,391	609,399	582,037
Wakala receivables	9,252	9,395	23,467
Others	18,865	21,497	30,469
Less: deferred profit	(217,871)	(219,899)	(208,035)
Financing receivables before provision for impairment	3,806,996	3,736,751	3,678,018
Less: Provision for impairment as per the CBK guidelines	(94,575)	(94,148)	(90,504)
	3,712,421	3,642,603	3,587,514

The available provision of KD 7,162 thousand (31 December 2024: KD 6,771 thousand and 31 March 2024: KD 5,943 thousand) relating to non-cash facilities is recorded under other liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

4 FINANCING RECEIVABLES (continued)

The total provision for cash and non-cash credit facilities in accordance with CBK guidelines amounted to KD 101,737 thousand as at 31 March 2025 (31 December 2024: KD 100,919 thousand and 31 March 2024: KD 96,447 thousand).

The Expected Credit Losses (“ECL”) on credit facilities determined under IFRS 9 in accordance with the CBK guidelines amounted to KD 78,279 thousand as at 31 March 2025 (31 December 2024: KD 77,550 thousand and 31 March 2024: KD 78,332 thousand). The CBK guidelines prescribe certain parameters to determine the ECL on credit facilities such as floors for estimating Probability of Default (PD), eligible collateral with haircuts for determining Loss Given Default (LGD), deemed minimum maturity for Stage 2 exposures, 100% credit conversion factors for utilised cash and non-cash facilities, Stage 3 ECLs at 100% of the defaulted exposure net of eligible collateral after applying applicable haircuts etc.

The following tables illustrates the reconciliation from the opening to the closing balance of the loss allowance (cash and non-cash facilities) as per the CBK instructions:

	<i>31 March 2025</i>		
	<i>Specific KD'000</i>	<i>General KD'000</i>	<i>Total KD'000</i>
As at 1 January 2025	12,185	88,734	100,919
Charge for the period	1,148	953	2,101
Amounts written off	(1,295)	-	(1,295)
Foreign exchange adjustments	-	12	12
At 31 March 2025	<u>12,038</u>	<u>89,699</u>	<u>101,737</u>

	<i>31 December 2024 (Audited)</i>		
	<i>Specific KD'000</i>	<i>General KD'000</i>	<i>Total KD'000</i>
As at 1 January 2024	13,793	86,422	100,215
Charge for the year	7,050	2,306	9,356
Amounts written off	(8,658)	-	(8,658)
Foreign exchange adjustments	-	6	6
At 31 December 2024	<u>12,185</u>	<u>88,734</u>	<u>100,919</u>

	<i>31 March 2024</i>		
	<i>Specific KD'000</i>	<i>General KD'000</i>	<i>Total KD'000</i>
As at 1 January 2024	13,793	86,422	100,215
Charge for the period	2,390	1,215	3,605
Amounts written off	(7,378)	-	(7,378)
Foreign exchange adjustments	-	5	5
At 31 March 2024	<u>8,805</u>	<u>87,642</u>	<u>96,447</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

4 FINANCING RECEIVABLES (continued)

An analysis of the carrying amounts of financing receivables (cash facilities), and the corresponding ECL based on the staging criteria under IFRS 9 in accordance with CBK regulations is as follows:

	<i>As at 31 March 2025</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Financing receivables</i>				
High	1,926,476	112,558	-	2,039,034
Standard	1,163,998	172,945	-	1,336,943
Past due or impaired	317,329	56,566	57,124	431,019
	<u>3,407,803</u>	<u>342,069</u>	<u>57,124</u>	<u>3,806,996</u>
	<i>As at 31 December 2024 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Financing receivables</i>				
High	1,752,086	29,674	-	1,781,760
Standard	1,522,850	150,462	-	1,673,312
Past due or impaired	103,875	133,419	44,385	281,679
	<u>3,378,811</u>	<u>313,555</u>	<u>44,385</u>	<u>3,736,751</u>
	<i>As at 31 March 2024</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Financing receivables</i>				
High	1,936,313	77,041	-	2,013,354
Standard	1,248,070	208,134	17,675	1,473,879
Past due or impaired	130,922	22,910	36,953	190,785
	<u>3,315,305</u>	<u>308,085</u>	<u>54,628</u>	<u>3,678,018</u>

An analysis of the changes in the ECL in relation to financing receivables (cash facilities) computed under IFRS 9 in accordance with the CBK guidelines is, as follows:

	<i>31 March 2025</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
ECL allowance as at 1 January 2025	12,949	9,481	31,881	54,311
Transfer from Stage 1	(218)	199	19	-
Transfer from Stage 2	675	(1,194)	519	-
Transfer from Stage 3	132	68	(200)	-
(Reversal) additional ECL for the period	(356)	1,542	905	2,091
Amounts written off	-	-	(1,295)	(1,295)
	<u>13,182</u>	<u>10,096</u>	<u>31,829</u>	<u>55,107</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

4 FINANCING RECEIVABLES (continued)

	<i>31 December 2024 (Audited)</i>			
	<i>Stage 1 KD'000</i>	<i>Stage 2 KD'000</i>	<i>Stage 3 KD'000</i>	<i>Total KD'000</i>
ECL allowance as at 1 January 2024	14,257	9,950	16,048	40,255
Transfer from Stage 1	(396)	174	222	-
Transfer from Stage 2	1,066	(4,902)	3,836	-
Transfer from Stage 3	263	2,104	(2,367)	-
(Reversal) additional ECL for the year	(2,241)	2,155	22,800	22,714
Amounts written off	-	-	(8,658)	(8,658)
At 31 December 2024	<u>12,949</u>	<u>9,481</u>	<u>31,881</u>	<u>54,311</u>

	<i>31 March 2024</i>			
	<i>Stage 1 KD'000</i>	<i>Stage 2 KD'000</i>	<i>Stage 3 KD'000</i>	<i>Total KD'000</i>
ECL allowance as at 1 January 2024	14,257	9,950	16,048	40,255
Transfer from Stage 1	(328)	307	21	-
Transfer from Stage 2	931	(3,873)	2,942	-
Transfer from Stage 3	133	2,057	(2,190)	-
(Reversal) additional ECL for the period	(634)	1,923	24,084	25,373
Amounts written off	-	-	(7,378)	(7,378)
At 31 March 2024	<u>14,359</u>	<u>10,364</u>	<u>33,527</u>	<u>58,250</u>

An analysis of the carrying amounts of contingent liabilities and commitments (non-cash facilities), and the corresponding ECL based on the staging criteria under IFRS 9 in accordance with CBK regulations is as follows:

	<i>As at 31 March 2025</i>			
	<i>Stage 1 KD'000</i>	<i>Stage 2 KD'000</i>	<i>Stage 3 KD'000</i>	<i>Total KD'000</i>
<i>Non-cash facilities</i>				
High	335,516	1,880	-	337,396
Standard	123,824	57,560	-	181,384
Past due or impaired	-	-	15,926	15,926
	<u>459,340</u>	<u>59,440</u>	<u>15,926</u>	<u>534,706</u>

	<i>As at 31 December 2024 (Audited)</i>			
	<i>Stage 1 KD'000</i>	<i>Stage 2 KD'000</i>	<i>Stage 3 KD'000</i>	<i>Total KD'000</i>
<i>Non-cash facilities</i>				
High	200,912	1,188	-	202,100
Standard	181,949	64,697	-	246,646
Past due or impaired	-	-	15,926	15,926
	<u>382,861</u>	<u>65,885</u>	<u>15,926</u>	<u>464,672</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

4 FINANCING RECEIVABLES (continued)

	<i>As at 31 March 2024</i>			
	<i>Stage 1</i> <i>KD'000</i>	<i>Stage 2</i> <i>KD'000</i>	<i>Stage 3</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
<i>Non-cash facilities</i>				
High	199,240	1,896	-	201,136
Standard	110,081	38,908	11,074	160,063
Past due or impaired	-	-	3,752	3,752
	<u>309,321</u>	<u>40,804</u>	<u>14,826</u>	<u>364,951</u>

An analysis of the changes in the ECL in relation to financing receivables (non-cash facilities) computed under IFRS 9 in accordance with the CBK guidelines is as follows:

	<i>31 March 2025</i>			
	<i>Stage 1</i> <i>KD'000</i>	<i>Stage 2</i> <i>KD'000</i>	<i>Stage 3</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
ECL allowance as at 1 January 2025	2,224	4,110	16,905	23,239
Additional (reversal) ECL for the period	71	(256)	118	(67)
At 31 March 2025	<u>2,295</u>	<u>3,854</u>	<u>17,023</u>	<u>23,172</u>

	<i>31 December 2024 (Audited)</i>			
	<i>Stage 1</i> <i>KD'000</i>	<i>Stage 2</i> <i>KD'000</i>	<i>Stage 3</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
ECL allowance as at 1 January 2024	2,249	2,959	3,768	8,976
Transfer from Stage 1	(47)	47	-	-
Transfer from Stage 2	88	(1,366)	1,278	-
Transfer from Stage 3	2	-	(2)	-
(Reversal) additional ECL for the year	(68)	2,470	11,861	14,263
At 31 December 2024	<u>2,224</u>	<u>4,110</u>	<u>16,905</u>	<u>23,239</u>

	<i>31 March 2024</i>			
	<i>Stage 1</i> <i>KD'000</i>	<i>Stage 2</i> <i>KD'000</i>	<i>Stage 3</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
ECL allowance as at 1 January 2024	2,249	2,959	3,768	8,976
Transfer from Stage 2	88	(1,366)	1,278	-
Transfer from Stage 3	2	-	(2)	-
Additional ECL for the period	12	519	10,575	11,106
At 31 March 2024	<u>2,351</u>	<u>2,112</u>	<u>15,619</u>	<u>20,082</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

5 SUKUK ISSUED

On 17 June 2020, the Bank completed the issuance of an unsecured Sukuk (senior debt) amounting to KD 150 million with a tenor of up to 5 years maturing on 17 June 2025. Such Sukuk has a coupon rate of 1% per annum over the CBK discount rate, payable semi-annually in arrears. The Sukuk is listed on the Irish Stock Exchange (Euronext Dublin).

On 10 July 2024, the Bank completed the issuance of an unsecured Sukuk (senior debt) amounting to US\$ 500 million (KD 154 million) with a tenor of up to 5 years maturing on 10 July 2029. Such Sukuk has a fixed coupon rate of 5.351% per annum, payable semi-annually in arrears. The Sukuk is listed on the London Stock Exchange International Securities Market and NASDAQ Dubai.

6 SHARE CAPITAL

6.1 Share capital

The adjourned extraordinary general assembly meeting (EGM) of the shareholders of the Bank held on 2 March 2025 approved an increase in the authorised share capital by 100% by offering 2,183,600 thousand right shares for subscription to the Bank's shareholders and authorized the board of directors to determine the share price. The board of directors have determined the price to be 200 fils per share (each share has a par value of 100 fils and a premium of 100 fils). The increase in share capital has been registered in the commercial register on 2 March 2025 with registration number 334402.

Accordingly, the authorised share capital at 31 March 2025 amount to KD 436,720 thousand (31 December 2024: KD 218,360 thousand and 31 March 2024: KD 206,000 thousand) and comprises of 4,367,200 thousand shares (31 December 2024: 2,183,600 thousand shares and 31 March 2024: 2,060,000 thousand shares) of a par value of 100 fils each. The issued and fully paid-up share capital at 31 March 2025 amounted to KD 218,360 thousand (31 December 2024: KD 218,360 thousand and 31 March 2024: KD 206,000 thousand) and comprises of 2,183,600 thousand shares (31 December 2024: 2,183,600 thousand shares and 31 March 2024: 2,060,000 thousand shares) of a par value of 100 fils each.

6.2 Dividends made and proposed

- ▶ The ordinary annual general assembly meeting ("AGM") of the Bank's shareholders held on 27 March 2025 approved dividends of 6% bonus shares amounting to KD 13,102 thousand to the Bank's shareholders for the year ended 31 December 2024 (2024: 6% bonus shares of KD 12,360 thousand for the year ended 31 December 2023).
- ▶ The shareholders of the Bank at the adjourned extra-ordinary general assembly ("EGM") held subsequent to the reporting period on 6 April 2025 approved the increase of Bank's authorised, issued, and fully paid share capital by issuing 131,016 thousand bonus shares at 6% of the authorised and paid-up share capital as of 31 December 2024 (i.e. 6 shares for each 100 shares) amounting to KD 13,102 thousand to the shareholders registered in the Bank's records as at the end of the record date scheduled on 20 April 2025. The legal proceedings with respect to the share capital increase are still in progress as of the date of authorization of the interim condensed consolidated financial information.

7 PERPETUAL TIER 1 SUKUK

Tier 1 Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The net proceeds of Tier 1 Sukuk are invested by way of Mudaraba with the Bank (as Mudareb), on an unrestricted co-mingling basis, by the Bank in its general business activities carried out through the general Mudaraba pool. At the Bank's sole discretion, it may not elect to make any Mudaraba distributions expected and in such event, the Mudaraba profit will not be accumulated, and the event is not considered an event of default.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

7 PERPETUAL TIER 1 SUKUK (continued)

On 29 November 2021, the Bank, through a Shari‘a compliant Sukuk arrangement, issued Tier 1 Sukuk amounting to USD 250 million (KD 75.8 million). The Tier 1 Sukuk is listed on the Irish Stock Exchange and NASDAQ Dubai and callable by the Bank after five-year period ending 26 November 2026 (the “First Call Date”) or at any profit payment date thereafter subject to certain redemption conditions. Such Sukuk bears a profit rate of 4% per annum to be paid semi-annually in arrears until the First Call Date. After that, the expected profit rate will be reset based on the prevailing 5 years U.S Mid Swap Rate plus initial margin of 2.748% per annum.

On 13 March 2025, the Bank has received a preliminary approval from the Central Bank of Kuwait (“CBK”) to issue up to USD 250 million Additional Tier 1 (AT1) US dollar-denominated sukuk. The proposed AT1 Sukuk are perpetual in nature and are based on a mudaraba structure that is fully compliant with the principles of Islamic Shari‘a. Subsequent to the reporting period, on 6 April 2025, the Bank has received the approval from the Capital Market Authority (“CMA”) for this AT1 issuance.

8 PROVISION FOR IMPAIRMENT AND CREDIT LOSSES

	<i>Three months ended</i>	
	<i>31 March</i>	
	<u>2025</u>	<u>2024</u>
	<i>KD’000</i>	<i>KD’000</i>
Provision charge for credit facilities – specific	1,148	2,390
Provision charge for credit facilities – general	953	1,215
Expected credit losses (reversal) charge	(73)	9
Impairment charge on other assets	8	-
	<u>2,036</u>	<u>3,614</u>

9 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank adjusted for profit paid on Perpetual Tier 1 Sukuk by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Bank adjusted for profit paid on Perpetual Tier 1 Sukuk by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<u>2025</u>	<u>2024</u>
		<i>(Restated)*</i>
Net profit for the period (KD’000)	5,513	4,735
Less: profit payment on Perpetual Tier 1 Sukuk (KD’000)	-	-
	<u>5,513</u>	<u>4,735</u>
Weighted average number of shares outstanding (shares’000)	<u>2,314,616</u>	<u>2,314,616</u>
Basic and diluted EPS (fils)	<u>2.38</u>	<u>2.05</u>

* The comparative basic and diluted EPS has been restated to reflect the impact of bonus shares that will be issued in 2025.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

10 RELATED PARTY DISCLOSURES

Related parties comprise the major shareholders, board of directors, entities controlled by them or under their joint control, associates, key management personnel and their close family members. Balances with related parties arise from commercial transactions in the normal course of business. Lending to Board Members and their related parties is secured by tangible collateral in accordance with regulation of the Central Bank of Kuwait.

10.1 Remuneration of the Bank's key management personnel

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Bank and its employees. The Bank considers the members of the Board of Directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IAS 24 *Related Party Disclosures*.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>KD'000</i>	<i>KD'000</i>
Salaries and short-term benefits	578	517
End of service benefits	47	46
	625	563

The AGM of the shareholders of the Bank held on 27 March 2025 approved directors' remuneration for the year ended 31 December 2024 amounting to KD 66 thousand (2023: KD 66 thousand).

Warba Bank K.S.C.P.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

10 RELATED PARTY DISCLOSURES (continued)

10.2 Balances and transactions with Bank's board of directors' members, key management personnel, major shareholders and joint ventures

Details of the balances of board of directors' members, executive officers, major shareholders and joint ventures are as follows:

	<i>Number of BOD members, executive officers, major shareholders or joint ventures</i>			<i>Number of related parties</i>			<i>Outstanding balance</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 KD'000</i>	<i>31 December 2024 KD'000</i>	<i>31 March 2024 KD'000</i>
Board Members									
Financing facilities (secured)	-	-	1	-	-	-	-	-	1
Credit cards	1	1	1	1	1	1	1	4	1
Depositors' accounts	9	8	6	33	32	28	8,123	9,457	8,011
Contingent liabilities (letter of guarantees)	-	-	-	4	4	5	1,747	1,283	755
Executive Officers									
Financing facilities (secured)	7	9	7	-	-	-	1,137	1,159	1,274
Credit cards	3	3	2	-	-	-	3	5	4
Depositors' accounts	15	16	14	18	16	17	2,472	2,047	4,824
Major Shareholders									
Financing Facilities (secured)	-	-	-	3	3	2	5,517	5,497	2,526
Depositors' accounts	3	3	3	4	4	4	475,052	630,045	548,088
Contingent liabilities (letter of guarantees)	-	-	-	1	1	1	130	169	201
Joint Ventures									
Depositors' accounts	37	39	39	-	-	-	203	227	612

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

10 RELATED PARTY DISCLOSURES (continued)

Outstanding balances at period end are in the ordinary course of business. The profit rates charged to, and by, related parties are at normal commercial rates.

Details of the transactions of board of directors' members, executive officers and major shareholders are as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>KD'000</i>	<i>KD'000</i>
Board Members		
Net fees and commission income	4	-
Finance costs and distribution to depositors	56	52
Executive Officers		
Placement and finance income	44	41
Finance costs and distribution to depositors	13	49
Major Shareholders		
Placement and finance income	75	34
Net fees and commission income	1	3
Finance costs and distribution to depositors	5,885	7,602

11 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>31 March</i>
	<i>2025</i>	<i>2024</i>	<i>2024</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Acceptances and letters of credit	148,449	102,519	82,501
Letters of guarantee	386,257	362,153	282,450
Contingent liabilities	534,706	464,672	364,951
Capital and other commitments	242,313	246,731	237,763

12 SEGMENT INFORMATION

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

These operating segments meet the criteria for reportable segments and are as follows:

- ▶ **Corporate** - comprising of range of banking services and investment products to corporate customers, in addition to providing commodity and real estate murabaha finance and Ijarah facilities.
- ▶ **Retail** - comprising of a diversified range of products and services to individual customers. The range includes consumer finance, credit cards, deposits and other branch related services.
- ▶ **Treasury** – comprising of the Bank's funding operations management, local and international Murabaha and other Islamic financing primarily with banks and financial institutions.
- ▶ **Investment** - comprising of investment in direct equity, real estate investment, other investments and asset management.
- ▶ **Other** – comprising of cost center assets and expenses.

Management monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

12 SEGMENT INFORMATION (continued)

The following table presents net operating income (loss), net profit (loss) for the period, total assets and total liabilities information in respect of the Group's reportable segments:

	<i>31 March 2025</i>					<i>Total KD'000</i>
	<i>Corporate KD'000</i>	<i>Retail KD'000</i>	<i>Treasury KD'000</i>	<i>Investment KD'000</i>	<i>Other KD'000</i>	
Net operating income (loss)	<u>15,226</u>	<u>3,505</u>	<u>(173)</u>	<u>(338)</u>	<u>-</u>	<u>18,220</u>
Net profit (loss)	<u>13,373</u>	<u>(355)</u>	<u>(375)</u>	<u>(797)</u>	<u>(6,333)</u>	<u>5,513</u>
Total assets	<u>2,545,312</u>	<u>727,146</u>	<u>985,438</u>	<u>1,169,679</u>	<u>112,406</u>	<u>5,539,981</u>
Total liabilities	<u>1,404,964</u>	<u>1,399,832</u>	<u>2,234,679</u>	<u>-</u>	<u>79,399</u>	<u>5,118,874</u>

	<i>31 March 2024</i>					<i>Total KD'000</i>
	<i>Corporate KD'000</i>	<i>Retail KD'000</i>	<i>Treasury KD'000</i>	<i>Investment KD'000</i>	<i>Other KD'000</i>	
Operating income (loss)	<u>15,195</u>	<u>2,183</u>	<u>1,449</u>	<u>(459)</u>	<u>-</u>	<u>18,368</u>
Net profit (loss)	<u>12,245</u>	<u>(1,305)</u>	<u>1,266</u>	<u>(1,355)</u>	<u>(6,116)</u>	<u>4,735</u>
Total assets	<u>2,406,390</u>	<u>662,842</u>	<u>604,153</u>	<u>1,148,075</u>	<u>69,925</u>	<u>4,891,385</u>
Total liabilities	<u>1,033,103</u>	<u>1,254,181</u>	<u>2,149,808</u>	<u>-</u>	<u>59,685</u>	<u>4,496,777</u>

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise financial assets and financial liabilities.

Fair value hierarchy

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

<i>31 March 2025</i>	<i>Fair value measurement</i>			
	<i>Total</i>	<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>
	<i>KD'000</i>	<i>in active</i>	<i>observable</i>	<i>unobservable</i>
		<i>markets</i>	<i>inputs</i>	<i>inputs</i>
		<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
		<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Financial instruments measured at fair value on a recurring basis</i>				
<i>Financial assets at FVTPL</i>				
Quoted equity instruments	3,299	3,299	-	-
Funds (unquoted)	195,534	-	-	195,534
Other securities (unquoted)	750	-	-	750
	<u>199,583</u>	<u>3,299</u>	<u>-</u>	<u>196,284</u>
<i>Financial assets at FVOCI</i>				
Quoted Sukuk				
- Sovereign Sukuk	175,782	175,782	-	-
- Corporate Sukuk	215,853	215,853	-	-
	<u>391,635</u>	<u>391,635</u>	<u>-</u>	<u>-</u>
Unquoted equity instruments	9,803	-	-	9,803
	<u>401,438</u>	<u>391,635</u>	<u>-</u>	<u>9,803</u>
<i>31 December 2024 (Audited)</i>				
<i>Fair value measurement</i>				
		<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>
		<i>in active</i>	<i>observable</i>	<i>unobservable</i>
		<i>markets</i>	<i>inputs</i>	<i>inputs</i>
		<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
		<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Assets measured at fair value on a recurring basis</i>				
<i>Financial assets at FVTPL</i>				
Quoted equity instruments	3,657	3,657	-	-
Funds (unquoted)	193,470	-	-	193,470
Other securities (unquoted)	1,787	-	-	1,787
	<u>198,914</u>	<u>3,657</u>	<u>-</u>	<u>195,257</u>
<i>Financial assets at FVOCI</i>				
Quoted Sukuk				
- Sovereign Sukuk	173,854	173,854	-	-
- Corporate Sukuk	198,209	198,209	-	-
	<u>372,063</u>	<u>372,063</u>	<u>-</u>	<u>-</u>
Unquoted equity instruments	9,497	-	-	9,497
	<u>381,560</u>	<u>372,063</u>	<u>-</u>	<u>9,497</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 March 2024	<i>Fair value measurement</i>			
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Financial instruments measured at fair value on a recurring basis</i>				
<i>Financial assets at FVTPL</i>				
Quoted equity instruments	16,166	16,166	-	-
Funds (unquoted)	146,472	-	-	146,472
Other securities (unquoted)	4,467	-	-	4,467
	<u>167,105</u>	<u>16,166</u>	<u>-</u>	<u>150,939</u>
<i>Financial assets at FVOCI</i>				
<i>Quoted Sukuk</i>				
- Sovereign Sukuk	182,489	182,489	-	-
- Corporate Sukuk	178,151	178,151	-	-
	<u>360,640</u>	<u>360,640</u>	<u>-</u>	<u>-</u>
Unquoted equity instruments	9,631	-	-	9,631
	<u>370,271</u>	<u>360,640</u>	<u>-</u>	<u>9,631</u>

Movements in Level 3 financial instruments measured at fair value

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets measured at fair value:

	<i>31 March 2025</i>					<i>At 31 March 2025</i>
	<i>At 1 January 2025</i>	<i>Additions</i>	<i>Sales / redemptions</i>	<i>Change in fair value</i>	<i>Exchange rate movements</i>	
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Financial assets at FVTPL</i>						
Funds (unquoted)	193,470	5,837	(4,599)	-	826	195,534
Other securities (unquoted)	1,787	-	(1,074)	33	4	750
	<u>195,257</u>	<u>5,837</u>	<u>(5,673)</u>	<u>33</u>	<u>830</u>	<u>196,284</u>
<i>Financial assets at FVOCI</i>						
Unquoted equity instruments	9,497	-	-	306	-	9,803
	<u>9,497</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>-</u>	<u>9,803</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 December 2024 (Audited)					
	At 1 January 2024	Additions	Sales/ redemptions	Change in fair value	Exchange rate movements	At 31 December 2024
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
<i>Financial assets at FVTPL</i>						
Funds (unquoted)	141,925	47,489	(5,200)	9,663	(407)	193,470
Other securities (unquoted)	4,771	-	(967)	(2,030)	13	1,787
	<u>146,696</u>	<u>47,489</u>	<u>(6,167)</u>	<u>7,633</u>	<u>(394)</u>	<u>195,257</u>
<i>Financial assets at FVOCI</i>						
Unquoted equity instruments	9,631	-	-	(134)	-	9,497
	<u>9,631</u>	<u>-</u>	<u>-</u>	<u>(134)</u>	<u>-</u>	<u>9,497</u>
	31 March 2024					
	At 1 January 2024	Additions	Sales/ redemptions	Change in fair value	Exchange rate movements	At 31 March 2024
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
<i>Financial assets at FVTPL</i>						
Funds (unquoted)	141,925	6,024	(878)	(437)	(162)	146,472
Other securities (unquoted)	4,771	-	-	(314)	10	4,467
	<u>146,696</u>	<u>6,024</u>	<u>(878)</u>	<u>(751)</u>	<u>(152)</u>	<u>150,939</u>
<i>Financial assets at FVOCI</i>						
Unquoted equity instruments	9,631	-	-	-	-	9,631
	<u>9,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,631</u>

There were no transfers between any levels of the fair value hierarchy during 2025 or 2024.

The valuation techniques and inputs used in this 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.

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent (31 December 2024 and 31 March 2024: 5 percent).

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

16 PILLAR 2 INCOME TAXES

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities 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.

The Group is potentially within the scope of Pillar 2 legislation in the jurisdictions of the United Arab Emirates (UAE), Kuwait, and Oman. As at the authorisation date of these interim condensed consolidated financial information, while the law has been substantially enacted in the relevant jurisdictions, the management has estimated that the impact of the potential top-up tax exposure is immaterial to the Group's interim condensed consolidated financial information. Accordingly, no additional tax liability has been recognised by the Group considering that the Executive Regulations in Kuwait are not yet issued. The Group continues to assess the potential impact and evaluate its overall exposure to Pillar 2 taxes.

17 ACQUISITION OF A SUBSIDIARY

During the current period, the Bank signed an agreement to fully acquire a Kuwaiti Limited Liability Company "Alghanim Trading Company W.L.L." (the "Acquiree") for a consideration of KD 498,161,127. The Acquiree owns 32.75% of equity interest in Gulf Bank K.S.C.P., a bank listed on Boursa Kuwait. On 18 March 2025, the Bank has obtained the CBK's approval on this transaction.

Subsequent to the reporting date, on 8 April 2025, the Bank has completed the purchase of the share capital of Alghanim Trading Company W.L.L. and accordingly, the Bank indirectly owns 32.75% of the share capital of Gulf Bank.