

# ANNUAL REPORT 2023

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# MISSION

We seek to provide credit inquiries, credit rating and credit information services in an innovative way and at the highest levels of professionalism and trust to contribute to strengthening the credit system, advancing the credit culture and promoting trust among customers in the credit community.



# VISION

We look forward to pioneering and leading in creating and building a credit information network according to the best international standards with the highest levels of quality in order to provide additional values to shareholders and customers.



# VALUES

Confidence

Quality

Commitment

Information security and confidentiality

Accuracy and comprehensiveness



## Company Profile

Kuwait Credit Information Network (CINET) was established in 2001 under the provisions of the Companies Law and amendments thereto, and Law No. 2 of 2001 for establishing a system for collecting information and data on consumer loans and credit facilities related to retail sales issued on 14 January 2001, and cancelled under the provisions of Law No. 9 of 2019 regarding the regulation of credit information, exchange issued on 10 February 2019.

Kuwait Credit Information Network (CINET) is a closed Kuwaiti shareholding company specialized in the business of requesting, collecting, preserving, analyzing and using credit information for preparing credit records, and issuing credit reports and credit classification for individual and corporate clients. The company is also preparing and developing risk tools and standards and its related information and data in accordance with the provisions of Law No. 9 of 2019 regarding the regulation of credit information exchange and its executive regulations. CINET places all its capabilities to provide the financial, banking and commercial sectors with a wide range of services in the field of credit reporting, credit rating and other value-added services.

## Company Services

The company shall collect information and data related to consumer loans, housing loans, commercial loans, credit cards and other credit facilities resulting from installment sale of commodities and services and to provide the Central Bank of Kuwait and reporting entities from banks, investment companies, finance companies, commercial companies and establishments regulated by Ministry of Commerce and Industry that grant credit facilities by selling in any form of ownership transfer through installments for goods and services, authorized users and customers of natural or legal persons authorized to inquire and obtain credit information and reports provided by the company and the clients to whom the information and data relate and which have credit records at the company and any other local or foreign bodies approved by the Central Bank of Kuwait and anyone related to credit and credit information reporting systems in accordance with the provisions of the laws regulating the Company's activity, based on their request, with information and data about all kinds of consumer loans and credit facilities granted to the customers of these entities upon request.

Develop a credit database by requesting, collecting, processing, storing, analyzing, classifying, using and circulating credit information. Prepare a credit record, personal and credit data related to the debts of customers of real estate finance companies, insurance companies, all types of leasing and financing companies, vehicles companies, telecommunications companies, in addition to other reporting entities and users of data and information as stipulated in the provisions of the laws regulating the company's activity.

Provide all credit inquiry, credit rating, credit reporting and issue credit information reports for customers and services to natural and legal customers without making any recommendations or opinions from the Company regarding eligibility of granting credit facility or not and develop risk and related tools and criteria.

Invest surplus cash through investing in portfolios managed by fund management organizations and authorize the board to do so; owning real estate and movable properties necessary to conduct its operations as permissible by law; and the Company may also have an interest in or participate in any manner with other entities carrying out similar activities in order to achieve its objectives inside and outside of Kuwait, and to acquire or merge with those entities.



# ALIA BADER AL-HUMAIDHI

Chairperson

## Report of the Board of Directors On the Activity of Kuwait Credit Information Network Company (CINET) and its Financial Position for the Financial Year Ended on 30 Sep 2023

It gives me a great pleasure, for myself and on behalf of the members of the Board of Directors, the Executive Management and all the employees of Kuwait Credit Information Network Company (CINET) to welcome you to the 24th annual meeting of the ordinary general assembly. I seize this opportunity to express our deepest thanks and gratitude to all our shareholders for their continuous trust and support which is the principal incentive that motivates us to exert our best efforts to achieve the aspirations of the shareholders and achieve the transformation goals and strategies in lights of the Law No. 9 of 2019 for Organizing the Exchange of Credit Information and its Executive Regulations and observe the controls issued by the Central Bank of Kuwait with regard to this law.

### Esteemed Shareholders,

Kuwait Credit Information Network Company continues to make all possible efforts to promote its position as the sole prestigious entity that provides value added services to the banking, financial and commercial sectors in the State of Kuwait. CINET has made numerous operating achievements in terms of

expanding its business model and realizing its institutional strategy, with added far-reaching effect and added value to both customers and shareholders in equal measure. These achievements coincide with the numerous challenges faced by the rapid technological development, particularly in the banking and financial sectors that have proved the strength and resilience of CINET's work model in fueling the wheel of progress and benefiting from modern technological means to expedite the digital transformation process by exerting all possible efforts and endeavors to seize all business and project opportunities in line with its articles of association and the requirements of Law No. 9 of 2019 for Organizing the Exchange of Credit Information, thereby assisting in achieving business growth and financial results. Guided by the directions of the Central Bank of Kuwait, the optimistic vision of the Board of Directors and the dedicated work team and CINET's well-established business transformation strategy with regard to the approach followed in ensuring business continuity and progress in the manner designed. To this end, CINET is keen to cater for the needs of customers and realize the expectations of our esteemed shareholders in all its present and future plans. The Company seeks to attain optimum benefit from its strong infrastructure in order to maintain its pioneering position in forming and directing the digitization process in all its operating activities.

For more than a quarter of a century, CINET has contributed to raise the level of its business performance through continuous efforts to create innovated and highly developed products and services inline with the digital transformation strategy of the Central Bank of Kuwait in order to be ready to move smoothly toward a business environment based on keeping abreast with the huge technological developments in the credit industry, thereby supporting the ability of the banking, financial and commercial sectors to provide their services in a highly competitive environment. On the other hand, within the framework of implementing its strategy, CINET aims to use all channels and exploit every possibility to include sectors other than the banking, financial and trading sectors, in order to enrich its credit information base, while continuously seeking to develop its operations in order to empower and assist customers to obtain their credit information in a simple and easy manner without complications or obstacles. The Company seeks to provide the technological and logistic support needed to apply the directions of the Central Bank of Kuwait in order to achieve the digital transformation of businesses to include all sectors, both government and private.

The key factor that sets CINET's strategy apart is the serious endeavors made to benefit from the experience, technical and business cadres in providing and introducing multiple credit products while exploring new markets and new horizons in order to provide its services, thanks to its deep-rooted experience in credit information, thereby promoting the reputation of the State of Kuwait as a pioneer of futuristic and contemporary enlightened thought, and as destination that promotes innovation and creativity. With regard to new products and services, we are pleased to report the transfer of the follow up the collection of data and information related to the portfolio of returned cheques and accounts closed for insufficiency of funds, in order to enrich the customer credit information and data report and focus on the security, safety and development of the relevant data base infrastructure. This is one of the key elements that energize and strengthen the growth of auxiliary services in the financial and banking sector in the State of Kuwait. Furthermore, CINET is in the process of developing several systems to be carried out over the coming period to build on the various other works that have been successfully undertaken during the past years. Indeed many services are in various stages of development which are in preparation for launching the entirety of new projects and services in the local market.

### Financial Results:

During the financial year 2022 / 2023, CINET achieved a net profit of KD 2,681,223 after deduction of the provisions for Zakat and Kuwait Foundation for the Advancement of Science. Total revenues for the financial year ended on 30.9.2023 amounted to KD 5,231,269. This performance has contributed to bolstering shareholder equity to reach KD 19,915,617. In light of these results, the Board of Directors recommends the Ordinary General Assembly to distribute a cash dividend of 2% of CINET's paid-up capital, in the amount of KD 329,688 to the present shareholders registered in CINET's share register with Kuwait Clearing Company until the date of holding this meeting and after obtaining the approval of the Ordinary General Assembly and the competent authorities. The Board of Directors also recommends payment of a remuneration to the Board members in consideration of their efforts during the financial year ended 30.9.2023, at the rate of 1.83% of the profits after deduction of depreciation, transfers to the reserves and the distribution of dividends to the shareholders at the rate recommended by the Board of Directors as well as the provisions for Kuwait Foundation for the Advancement of Science and the provision for zakat, for a total of KD 49,000, after obtaining the approval of the Ordinary General Assembly and the competent authorities.

These results clearly reflect the strength of the substantial elements that promote CINET's performance and work quality. They represent a sturdy foundation on which to build the development plans for the coming year. In order that we may continue to reap the fruits of the achievement, we must emphasize that the key factor has been the contribution made by our skilled and competent personnel whose loyalty and devotion to work has been the essential motive force in achieving this growth. For this reason we always seek to strengthen the competence of our work team and continue to provide them with the necessary training opportunities. We also contribute to the development of their abilities and skills to ensure undeniable excellence and outstanding success in their work, thereby enabling them to achieve good results through their fruitful efforts for CINET and its shareholders.

### Sustained Efforts to Attract National Cadres

CINET has always sought to attract young nationals and makes sustained efforts to Kuwaitize most positions in line with the guidelines issued by the Board of Directors and the Company's strategic plan. To this end, we attach a huge importance to our national manpower, both males and females, and encourage them to work within our team, whether they are fresh graduates or national leaders who have the ambition and motive to join the Company and benefit from its experience.

### Outlook for the Year 2024

At CINET, we adopt a preventive approach that can identify the future requirements and needs of the banking and financing sectors as well as businessmen in all other sectors. To this end we, we identify probably risks and challenges based on specialized studies designed to explore and determine the best mechanisms and systems in order for us to develop them and promote their effectiveness. We also seek to identify the role and nature of our operating activities in fulfilling the strategic needs of the State of Kuwait in light of the directions issued by the Central Bank of Kuwait and other supervisory bodies. In turn, we contribute to the achievement of the goals and the Kuwait 2035 Vision by supporting economic activities, achieving human development, promoting the spirit of competition and raising production efficiency under a highly supportive institutional organization that seeks to deepen national values, safeguard social identity and human development and provides an appropriate business infrastructure that is both positive and sophisticated. For these reasons we believe that the coming period requires us to maintain our resilience in order to reap further achievements and attain the requirements for exploring various fields of modern and digital technologies, thereby maintaining and promoting CINET's business by looking for new possibilities and embracing new challenges. During 2024, CINET will continue to concentrate its efforts on its future growth, building on its leading and prestigious position, seeking to further enrich the multiple projects and innovations by sophisticated technological methods. The Company will continue to study a number of initiatives and strategic services and exploit all factors and digital capabilities that are being built in an optimum manner to strengthen its position in the local and foreign markets.

In conclusion, I am pleased, for myself and on behalf of the members of the Board of Directors, to express our deepest thanks and appreciation to His Excellency the Governor, Mr. Basel Al-Haroun, Her Excellency, Mrs. Sahar Al-Rumaih, the Deputy Governor of the Central Bank of Kuwait, Mr. Abdulhamid Dawood Al-Awadh,

the Executive Director of the Supervision Sector and all the officers of the Central Bank of Kuwait for their continuous support and valuable directions. We also thank the members of the Board of Directors, the Executive Management and all the employees of CINET for their continuous efforts and devotion to their work, wishing them all lasting progress and success. Last, but not least, we do highly value the valuable support we receive from our shareholders and subscribers.

**We wish all to achieve and enjoy the fruits of progress and good fortune.**

**Alia Bader Al-Humaidhi**  
Chairperson

# Board of Directors



**Mrs. Alia Bader Al-Humaidhi**  
Chairperson  
Representing the Central Bank of Kuwait



**Mr. Nasser Mohammed Yousef Al-Qaisi**  
Vice Chairman of the Board of Directors  
Representing Burgan Bank  
(non-executive)



**Mr. Abdulaziz Saleh Al-Zaabi**  
Member of the Board of Directors  
Representing Commercial Bank of Kuwait  
(non-executive)



**Mr. Mohammed Habib Al-Baloushi**  
Member of the Board of Directors  
Representing Ahli Bank of Kuwait  
(non-executive)



**Mr. Fahed Othman Al-Bader**  
Member of the Board of Directors  
Representing Kuwait International Bank  
(non-executive)



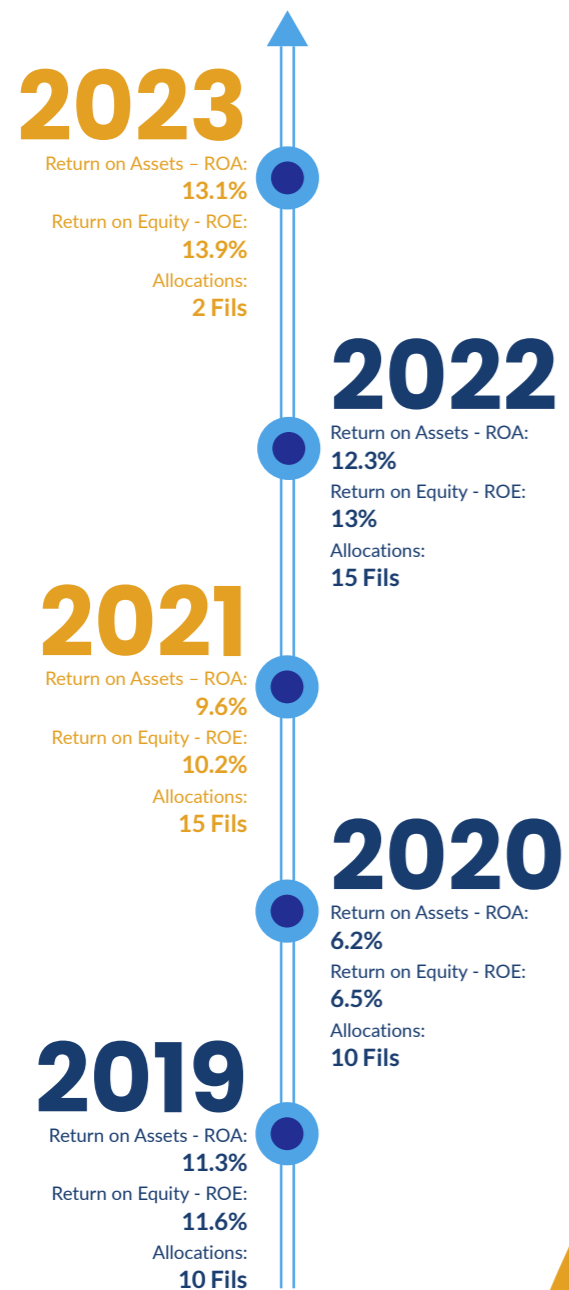
**Mr. Khaled Abdullah Abdulrahman Al-Ali**  
Member of the Board of Directors  
Representing the Commercial Facilities Company  
(non-executive)



**Mr. Yasser Mohammed Abdullah Al-Saad**  
Member of the Board of Directors  
Representing the Bank of Bahrain and Kuwait  
(non-executive)

CINET asserts its insistence for reaching the highest possible levels for its clients of financial and non-financial institutions, which led to achieving a strong growth of net profits over the past years. This growth assisted the development of the CINET strategy for the diversification of the sources of income by offering new products and services which contribute in achieving the objectives of shareholders. Among the most significant priorities of CINET is that it is keen to keep abreast of the latest technologies which emerge in the financial transactions markets, and therefore the clients may be served in a better manner. Through this process, CINET constantly work to develop its services for the objective of continuing the provision of value-added services to its financial and non-financial institutions clients.

## Growth Rates Over the Past Five Years





# Business Volume Development Statistics

during the Fiscal Year Ended on 30.09.2023

## First: General Statistics

#	Statement	Comparative overall statistic as in		
		during the Fiscal Year Ended on 30 Sep 2022	during the Fiscal Year Ended on 30 Sep 2023	Rate of change %
1	Total number of subscribers	78 Subscribers	78 Subscribers	0
2	Ci-Net Automated System total number of users	3157 Subscribers	3359 Subscribers	6.4

## Second: Consumer and Housing Loans Portfolio and Credit Cards "Individuals"

#	Statement	Comparative overall statistic as in		
		during the Fiscal Year Ended on 30 Sep 2022	during the Fiscal Year Ended on 30 Sep 2023	Rate of change %
1	Number of consumer and housing loan and credit cards "individuals" portfolio accounts	10,573,041 Accounts	11,239,034 queries	6.3
2	Number of automatic inquiries about individual customers in the consumer and housing loans and credit cards portfolio	963,985 queries	1,160,876 queries	20.4
3	Number of credit information reports for individual customers (customers' inquiry about themselves)	42,478 individual credit report	71,995 individual credit report	69.5
4	Total number of consumer and housing loans accounts and new credit cards for individuals	589,837 Accounts	568,575 Accounts	(3.6)
5	Total number of individual data for individual customers in the portfolio of consumer loans, housing loans and credit cards	1,619,647 individuals	1,677,637 individuals	3.6
6	Total monetary value granted to "individual" customers' credit accounts	KD 5,966,322,863/-	KD 4,270,465,033/-	(28.4)

## Third: Portfolio of commercial credit facilities

#	Statement	Comparative overall statistic as in		
		during the Fiscal Year Ended on 30 Sep 2022	during the Fiscal Year Ended on 30 Sep 2023	Rate of change %
1	Total number of accounts for the commercial credit facilities portfolio	679,027 Accounts	870,631 Accounts	28.2
2	Number of automated inquiries about customers of the commercial credit facilities portfolio	17,743 queries	20,053 queries	13.0
3	Total number of credit information reports for customers of commercial credit facilities portfolio (customer queries about themselves)	289 Commercial credit report	254 Commercial credit report	(12.1)
4	Number of commercial credit portfolio customers	67,788 Borrowers	86,850 Borrowers	28.1
5	Total value of cash credit facilities granted for commercial purposes (for open accounts only).	KD 36,994,904,178/-	KD 37,759,637,972/-	2.1

## Fourth: Financial Results

#	Statement	Comparative overall statistic as in		
		during the Fiscal Year Ended on 30 Sep 2022	during the Fiscal Year Ended on 30 Sep 2023	Rate of change %
1	Total Assets of the Company	KD 18,940,785/-	KD 21,305,151/-	12.5
2	Total Cash Revenue	KD 4,436,285/-	KD 5,231,269/-	17.9
3	Total Net Profits	KD 2,227,248/-	KD 2,681,223/-	20.4
4	Total shareholder equity	KD 17,625,394/-	KD 19,915,617/-	13
5	Distribution of dividends to shareholders	KD 342,000/-	KD 329,688/-	(3.6)
6	Board of Directors Remuneration	KD 49,000/-	KD 49,000/-	

## Fifth: Growth rates during the previous five years

#	Statement	Fiscal years				
		2019 %	2020 %	2021 %	2022 %	2023 %
1	The rate of return on assets	11.3	6.2	9.6	12.3	13.1
2	The shareholder rate	11.6	6.5	10.2	13	13.9
3	Distributions	10 fils	10 fils	15 fils	15 fils	2 fils

## Sixth: Customer complaints statistics

#	Statement	Comparative overall statistic as in		
		during the Fiscal Year Ended on 30 Sep 2022	during the Fiscal Year Ended on 30 Sep 2023	Rate of change %
1	Total number of customer complaints submitted to cinet	17 complaint	24 complaint	41
2	Resolve complaints from customers	100%	100%	0
3	The total number of customer complaints related to the processing and operation of data and information	0	0	0
4	The total number of customer complaints related to an error in the data and information contained in their credit report	14 complaint	7 complaint	(50)

## We Are Unique in What We Present

Over the past years, CINET has solved all the problems related to the customers' data and reducing credit risks by issuing a comprehensive credit report to the customer which comprises individual details according to the computer system of the Public Authority for Civil Information. The report also comprises all the customer's current and past financial liabilities and illustrate their negative status, whether he/she is in default or not. Further, CINET is keen to train subscribers in the system periodically to provide and read information in the computer system to ensure the quality of the credit report.

In the near future, CINET will present the credit data inquiry services for companies and offer the credit rating product in the credit reports to keep abreast of the international systems in the credit inquiry and credit classification field.

## Information Safety and Confidentiality Criteria

The Kuwait Credit Information Network Company (CINET) offers to the confidentiality of information in general and the clients' information in particular utmost attention and a constant follow up, by providing one of the most significant databases to clients in the State of Kuwait, which comprises their credit history, mechanisms and patterns of payment. Therefore, it is significant that such information and data remain confidential, preventing any person or entity whose work is not connected with granting or taking credit decision for clients from accessing the data.

The Kuwait Credit Information Network Company has clearly identified a number of clauses, terms and conditions which ensure respecting the privacy and confidentiality of the data and information of clients, which apply on all levels by laying down systems of international standards in connection with the confidentiality of information. To promote such criteria, it was necessary to lay down clear and specific conditions for the security and confidentiality of information to safeguard the interests of clients and credit donors, which include most significantly the following:

- CINET is firmly committed to maintaining confidentiality and privacy standards by applying the highest protection standards in this regard and which can be provided and developed continuously in accordance with the Company's capabilities within the applicable legal frameworks.
- The obligation not to share customer credit information with any third party that is not authorized or permitted to access them.
- CINET does not publish customer's private information or allow any unauthorized party or person to access its automated system to view such data.
- CINET takes all necessary technical measures and procedures to protect the security and confidentiality of information with the aim of preventing any breach or misuse of any private information stored with it. However, it is widely known that the protection of electronic information security is marred by many loopholes and vulnerabilities that have been created or through which many violators and criminals have violated the privacy of many people across the world. Therefore, we are committed to providing the maximum possible protection and control with seriousness, diligence and full commitment.

## Partners training and qualification

Training of the personnel working in the banking system and financial institutions and enhancing their capabilities in relation to the credit information system and banking risks is one of the most important goals adopted by CINET. The focus was not on training according to its traditional concept in terms of organizing training courses and awarding certificates. Rather, it has become a strategic choice in our system as each successful organization must find training and development that has the greatest importance. In light of the challenges facing the banking system and financial institutions, we had to contribute to overcoming the challenges and obstacles facing our partner banks and financial institutions in the credit information system. In view of our belief that the beginning of change and the direction towards better performance only comes with changing the performance of personnel towards the best and raising their capabilities and qualifications in a manner which motivate them to build and develop in the banking business field in general and in the credit information field in particular.

Under the framework deeply establishing credit information concepts in order to keep abreast of the constant development and change in this field, the Company concluded numerous training courses and workshops to keep in line with the development and professionalism in the credit information field by providing the opportunity for training our partner banks and financial institutions, by implementing comprehensive training in order to increase experiences, learning and development, whereby training courses have been organized according to the nature of work of the users, represented in the following training courses:

- Training courses for the entry of new subscribers in the Kuwait credit information network (free)
  - Training courses on the method of inquiry and reading credit reports
  - Courses and workshops on the improvements entered in the CINET computer system
  - Workshops on the establishment of credit database to the commercial loans portfolio in the CINET computer system
  - Training courses according to the demand of banks and financial institutions
  - Courses for solving problems which emerge in the computerized system work mechanism of the CINET
- Training courses for familiarization with the credit reports issued by the automated system of CINET. CINET will continue to exert all its efforts for advancing the credit work and prepare new qualified personnel to work in the credit information field in the coming years.

## Financial Statements

Financial Statement (Full)

Statement of financial position

Statement of profit or loss & other

Comprehensive income

Statement of changes in equity

Statement of cash flows

Notes to the financial statements





**Kuwait Credit Information Network Company K.S.C. (Closed)  
State of Kuwait**

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**Kuwait Credit Information Network Company K.S.C. (Closed)**



**Independent auditor's report and financial statements  
for the year ended 30 September 2023**

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## KPMG Al-Qenae & Partners

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State of Kuwait  
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# Independent auditor's report

## The Shareholders

Credit Information Network Company K.S.C. (Closed)  
State of Kuwait

### Opinion

We have audited the financial statements of Credit Information Network Company K.S.C. (Closed) (the "Company"), which comprise of the statement of financial position as at 30 September 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2023, and its financial performance and its cash flows for the year then ended are in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

### Basis for Opinion

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

### Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Board of Directors report included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

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

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Memorandum of Incorporation and Articles of Association, as amended. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognized procedures and the accounting information given in the board of directors' report agrees with the books of accounts of the Company. We have not become aware of any violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended during the year ended 30 September 2023 that might have had a material effect on the business of the Company or on its financial position.



Safi A. Al-Mutawa  
License No 138  
of KPMG Al-Qenae & Partners  
Member firm of KPMG International

Kuwait: 22 January 2024

Kuwait Credit Information Network Company K.S.C. (Closed)  
State of Kuwait



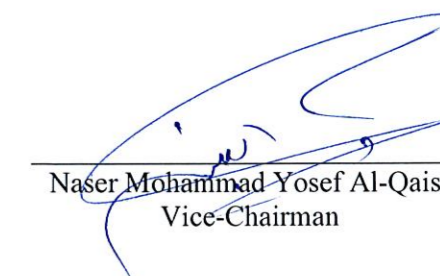
Statement of financial position  
as at 30 September 2023

	Note	2023 KD	2022 KD
<b>Assets</b>			
Equipment and work in progress	4	473,358	467,332
Intangible assets	5	368,803	420,329
Right-of-use assets	6	-	95,399
<b>Non-current assets</b>		<u>842,161</u>	<u>983,060</u>
Trade and other receivables	7	1,391,761	1,133,630
Cash and bank balances	8	19,071,229	16,824,095
<b>Current assets</b>		<u>20,462,990</u>	<u>17,957,725</u>
<b>Total assets</b>		<u>21,305,151</u>	<u>18,940,785</u>
<b>Equity</b>			
Share capital	9	16,484,400	2,280,000
Statutory reserve	9	1,413,359	1,140,000
Voluntary reserve	9	273,359	2,178,136
Retained earnings		1,744,499	12,027,258
<b>Total equity</b>		<u>19,915,617</u>	<u>17,625,394</u>
<b>Liabilities</b>			
Provision for employees' end of service benefits	10	336,777	294,127
Lease liabilities	6	-	-
<b>Non-current liabilities</b>		<u>336,777</u>	<u>294,127</u>
Trade and other payables	11	1,052,757	920,718
Lease liabilities	6	-	100,546
<b>Current liabilities</b>		<u>1,052,757</u>	<u>1,021,264</u>
<b>Total liabilities</b>		<u>1,389,534</u>	<u>1,315,391</u>
<b>Total equity and liabilities</b>		<u>21,305,151</u>	<u>18,940,785</u>

The accompanying notes form an integral part of these financial statements.



Alia Bader AlHumaidhi  
Chairperson



Naser Mohammad Yosef Al-Qaisi  
Vice-Chairman

**Kuwait Credit Information Network Company K.S.C. (Closed)  
State of Kuwait**



**Statement of profit or loss and other comprehensive income  
for the year ended 30 September 2023**

	Note	2023 KD	2022 KD
<b>Revenue</b>			
Service charges	14	4,412,173	4,076,476
Wakala income		819,096	359,809
		<u>5,231,269</u>	<u>4,436,285</u>
<b>Expenses</b>			
Staff costs		(1,243,480)	(1,083,827)
Communication and IT expenditure		(103,604)	(107,590)
External database access charges		(6,972)	(6,582)
Consultancy and professional fees		(114,185)	(74,794)
Depreciation and amortization	4,5&6	(459,446)	(446,552)
Support and license fee		(393,806)	(352,954)
Other administrative expenses		(176,189)	(90,779)
		<u>(2,497,682)</u>	<u>(2,163,078)</u>
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”), Zakat and Board of Directors’ remuneration</b>			
Contribution to KFAS		2,733,587	2,273,207
Zakat		(24,602)	(22,732)
Board of Directors’ remuneration	12	(49,000)	(49,000)
<b>Profit for the year</b>		<u>2,632,223</u>	<u>2,178,248</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>2,632,223</u>	<u>2,178,248</u>

The accompanying notes form an integral part of these financial statements.

**Kuwait Credit Information Network Company K.S.C. (Closed)  
State of Kuwait**



**Statement of changes in equity  
for the year ended 30 September 2023**

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Total equity KD
<b>Balance at 1 October 2021</b>	2,280,000	1,140,000	1,950,815	10,418,331	15,789,146
Profit and total comprehensive income for the year	-	-	-	2,178,248	2,178,248
Dividend (note 13)	-	-	-	(342,000)	(342,000)
Transfer to reserve (note 9)	-	-	227,321	(227,321)	-
<b>Balance at 30 September 2022</b>	<u>2,280,000</u>	<u>1,140,000</u>	<u>2,178,136</u>	<u>12,027,258</u>	<u>17,625,394</u>
<b>Balance at 1 October 2022</b>	2,280,000	1,140,000	2,178,136	12,027,258	17,625,394
Increase in share capital	14,204,400	-	(2,178,136)	(12,026,264)	-
Profit and total comprehensive income for the year	-	-	-	2,632,223	2,632,223
Dividend (note 13)	-	-	-	(342,000)	(342,000)
Transfer to reserve (note 9)	-	273,359	273,359	(546,718)	-
<b>Balance at 30 September 2023</b>	<u>16,484,400</u>	<u>1,413,359</u>	<u>273,359</u>	<u>1,744,499</u>	<u>19,915,617</u>

The accompanying notes form an integral part of these financial statements.



**Statement of cash flows**  
for the year ended 30 September 2023

	Note	2023 KD	2022 KD
<b>Cash flows from operating activities</b>			
Profit for the year		2,632,223	2,178,248
<i>Adjustments for:</i>			
Depreciation of equipment and work in progress	4	159,545	157,450
Amortization of intangible assets	5	204,501	193,704
Depreciation of right-of-use assets	6	95,399	95,400
Loss on disposal of equipment and work in progress		254	131
Finance cost on lease liabilities	6	1,694	6,093
Provision for KFAS and Zakat		52,364	45,959
Provision for employees' end of service benefits	10	70,540	64,076
		<u>3,216,520</u>	<u>2,741,061</u>
<i>Changes in operating assets and liabilities:</i>			
- Trade and other receivables		(258,131)	(413,841)
- Trade and other payables		79,675	225,426
<i>Cash flows generated from operations</i>		<u>3,038,064</u>	<u>2,552,646</u>
Restricted balances with Boubyan Bank		925	-
Payment of employees' end of service benefits	10	(27,890)	(14,609)
<i>Net cash flows generated from operating activities</i>		<u>3,011,099</u>	<u>2,538,037</u>
<b>Cash flows from investing activities</b>			
Wakala placements with original maturities of more than three months		(2,100,000)	(1,900,000)
Additions to equipment and work in progress	4	(167,970)	(101,564)
Additions to intangible assets	5	(151,190)	(126,885)
Proceeds from disposal of equipment and work in progress		360	75
<i>Net cash flows used in investing activities</i>		<u>(2,418,800)</u>	<u>(2,128,374)</u>
<b>Cash flows from financing activities</b>			
Dividend paid	13	(342,000)	(342,000)
Payment of lease liabilities	6	(102,240)	(102,240)
<i>Net cash flows used in financing activities</i>		<u>(444,240)</u>	<u>(444,240)</u>
<b>Net change in cash and cash equivalents</b>		148,059	(34,577)
Cash and cash equivalents at beginning of the year		319,120	353,697
<b>Cash and cash equivalents at end of the year</b>	8	<u>467,179</u>	<u>319,120</u>

The accompanying notes form an integral part of these financial statements.



**Notes to the financial statements**  
for the year ended 30 September 2023

**1. Reporting entity**

Kuwait Credit Information Network Company K.S.C. (Closed) ("the Company" or "Ci-Net") under the Memorandum of Association and Articles of Association of the Company incorporated on 4 June 2001 and registered in Commercial Register No. (85063) dated June 18, 2001, and commenced its operations on April 24, 2003 after obtaining the approval of the Ministry of Commerce and Industry ("Ministry") No. 14441 dated April 25, 2001, as it was registered in the Credit Information Companies registry at the Central Bank of Kuwait under No. (1) pursuant to Resolution No. (12/459/2022) dated January 23, 2022 Pursuant to the provisions of Law No. (9) of 2019 regulating the exchange of credit information and its executive regulations for the practice of credit information exchange activities, as well as credit reporting and credit rating services.

On 26 July 2023, the Company completed the regulatory formalities and changed its name from Credit Information Network Company K.S.C.(Closed) to Kuwait Credit Information Network Company K.S.C (Closed)

Kuwait Credit Information Network Company K.S.C (Closed) carries out its activities and conducts its business in compliance with Islamic Sharia rules (in accordance with the text of Article (4) of the Memorandum of Association and Article (5) of the Company's Articles of Association).

The purposes for which the Kuwait Credit Information Network Company K.S.C. (Closed) was established to do the following:

- The Company shall collect information and data related to consumer loans, housing loans, commercial loans, credit cards and other credit facilities resulting from installment sale of commodities and services and to provide the Central Bank of Kuwait and reporting entities from banks, investment companies, finance companies, commercial companies and establishments regulated by Ministry of Commerce and Industry that grant credit facilities by selling in any form of ownership transfer through installments for goods and services, authorized users and customers of natural or legal persons authorized to inquire and obtain credit information and reports provided by the Company and the clients to whom the information and data relate and which have credit records at the Company and any other local or foreign bodies approved by the Central Bank of Kuwait and anyone related to credit and credit information reporting systems in accordance with the provisions of the laws regulating the Company's activity, based on their request, with information and data about all kinds of consumer loans and credit facilities granted to the customers of these entities upon request.
- For this purpose, it shall have the right to import electronic devices and computers, information systems and saving devices and related devices;
- To design, import sell and operate auto systems and the equipping and management of operations centers for the benefit of the Company only;
- Develop a credit database by requesting, collecting, processing, storing, analyzing, classifying, using and circulating credit information. Prepare a credit record, personal and credit data related to the debts of customers of real estate finance companies, insurance companies, all types of leasing and financing companies, vehicles companies, telecommunications companies, in addition to other reporting entities and users of data and information as stipulated in the provisions of the laws regulating the Company's activity;
- Provide all credit inquiry, credit rating, credit reporting and issue credit information reports for customers and services to natural and legal customers without making any recommendations or opinions from the Company regarding eligibility of granting credit facility or not and develop risk and related tools and criteria;





Notes to the financial statements  
for the year ended 30 September 2023

- Invest surplus cash through investing in portfolios managed by fund management organizations and authorize the Board to do so;
- Owning real estate and movable properties necessary to conduct its operations as permissible by law; and
- The Company may also have an interest in or participate in any manner with other entities carrying out similar activities in order to achieve its objectives inside and outside of Kuwait, and to acquire or merge with those entities.

The address of the Company is located in Al-Qibla - Ali Al-Salem Street - Building 1 - postal address registered office is P. O. Box 20134, Safat 13062, State of Kuwait.

These financial statements were authorized for issue by the Company's Board of Directors on 7 December 2023. The shareholders of the Company have the power to amend these financial statements after issue at the Annual General Meeting.

## 2. Basis of preparation

### a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board ("IFRS Standards"), the relevant provisions of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, the Company's Articles of Association, as amended and Ministerial Order No. 18 of 1990.

### b) Basis of measurement

The financial statements have been prepared on historical cost basis.

### c) Functional and presentation currency

These financial statements are presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Company.

### d) Use of estimates and judgments

#### *Impairment of financial assets*

With respect to the trade receivables, the Company has applied the general approach for determination of expected credit losses ("ECL") on its financial assets. Under the general approach, ECL is recognized in three stages. For exposures where there has not been a increase in credit risk since initial recognition, ECL is provided for credit loss that result from default events that are occurring within next 12 months (a 12-month ECL classified in Stage 1). With respect to exposures, for which there has been a increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL classified in Stage 2). The management considers a financial asset in default when the contractual payments are 90 days past due. Further, the Company measures loss allowances at an amount equal to lifetime ECL that are determined to be credit impaired based on objective evidence of impairment (a lifetime ECL classified in Stage 3).



Notes to the financial statements  
for the year ended 30 September 2023

At each reporting date, the Company assesses whether there has been a increase in credit risk since initial recognition by comparing risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition of the financial instrument. The Company uses a mix of qualitative and quantitative criteria to determine a increase in credit risk. The financial assets are transitioned to Stage 2 once it is determined that there has been a increase in credit risk.

At each reporting date, the Company also assesses whether any financial assets are credit impaired. The Company considers the financial assets to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of these financial instruments. All credit impaired financial assets are classified as Stage 3 for ECL measurement purposes.

In determining whether the credit risk for the financial asset has increased since initial recognition, the Company considers reasonable and supportable information including both qualitative and quantitative analysis based on historical experience and including forward looking information.

However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

The Company does not recognize ECL on cash at bank (including the balances held in investment accounts) as these are considered to be of low risk and the Company does not expect to incur any credit losses on these instruments.

### e) Changes in accounting policy

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 October 2022 as below, but they do not have material effect on the Company's financial statements:

- Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to IAS 37*
- Reference to the Conceptual Framework – *Amendments to IFRS 3*
- Property, Plant and Equipment: Proceeds before intended Use – *Amendments to IAS 16*
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

### f) Standards and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2023 with earlier application permitted, however, the Company has not early adopted any new or amended standards in preparing these financial statements:

- Classification of liabilities as Current and Non – Current – *Amendments to IAS 1*
- IFRS 17 Insurance Contracts including amendments – *Initial Application of IFRS 17 and IFRS 9 Comparative Information*
- Disclosure of Accounting Policies – *Amendments to IAS 1 and IFRS Practice Statement 2*
- Definition of Accounting Estimates – *Amendments to IAS 8*



Notes to the financial statements  
for the year ended 30 September 2023

- Deferred Tax related to assets and liabilities arising from a Single Transaction *Amendments to IAS 12*
- Lease Liability is a Sale and Leaseback – *Amendments to IFRS 16*;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – *Amendments to IFRS 10 and IAS 28*

The new standards and amendments are not expected to have a material impact on the financial statements of the Company in the period of initial application.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Equipment and work in progress

i. *Recognition and measurement*

Items of equipment and work in progress are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of equipment and work in progress is determined by comparing the proceeds from disposal with the carrying amount of equipment and work in progress and are recognized in the statement of profit or loss and other comprehensive income.

ii. *Subsequent expenditure*

Subsequent expenditure is recognized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

iii. *Depreciation*

Items of equipment and work in progress are depreciated from the date they are ready for use. Depreciation is calculated to amortize the cost of items of equipment and work in progress less their estimated residual values using a straight-line basis over their estimated useful lives.

Depreciation is recognized in the statement of profit or loss and other comprehensive income. The estimated useful lives of equipment and work in progress are as follows:

Computers	3 – 5 years
Furniture and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of equipment and work in progress. A change in the estimated useful life of equipment and work in progress is applied at the beginning of the period of change with no retrospective effect.

Work in progress represent the amounts that are incurred for the purpose of constructing or purchasing an asset until it is ready to be used in the operation. Following completion, work in progress is transferred to the respective equipment and work in progress category. Work in progress is not depreciated.



Notes to the financial statements  
for the year ended 30 September 2023

b) Intangible assets

Intangible assets consisting of computer software and credit bureau system are measured at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over a period ranging from 3 to 5 years. The estimated useful life and amortization method are reviewed at each reporting date and adjusted, if appropriate.

c) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

d) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

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



#### *Lease liabilities*

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

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low-value (i.e., below KD 1,500).

Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. As at the reporting date, the Company does not have any leases categorized as short-term leases or leases of low-value assets.

#### e) Financial instruments

Financial assets and financial liabilities are initially recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in the statement of profit or loss and other comprehensive income. Financial assets and financial liabilities not at fair value through profit or loss are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

#### *Classification and measurement*

Financial assets based on the business model for managing the assets and the asset's contractual terms, are measured at either:

- Financial assets carried at amortized cost; or
- Financial assets carried at fair value through other comprehensive income ("FVOCI"); or
- Financial assets carried at fair value through profit or loss ("FVTPL")

As at the reporting date, the Company does not have any financial assets carried at FVOCI



#### *Financial assets carried at amortised cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

#### *Business model assessment*

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

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

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

#### *Assessment of whether contractual cash flows are solely payments of principal and profit ("the SPPP test")*

For the purpose of this assessment, Principal is defined as the fair value of the financial asset at initial recognition. Profit is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contain a contractual term that could change in the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).



**Notes to the financial statements**  
for the year ended 30 September 2023

A prepayment feature is consistent with the solely payments of principal and profit criterion if the prepayment amount substantially represents unpaid amounts of principal and profit on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets include trade and other receivables and Cash and Bank Balances.

*Trade receivables*

Trade receivables arising from the activities of the Company are recognized at amortized cost as these are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest.

The subsequent measurement of trade receivables will be at undiscounted original contacted amounts less any expected credit losses. Any gain or loss upon derecognition is recognized in the statement of profit or loss and other comprehensive income.

*Cash and cash equivalents*

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances.

*Reclassification of financial assets*

The Company does not reclassify its financial assets subsequent to their initial recognition apart in the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

*Financial liabilities*

All financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective profit rate method. The Company does not hold any derivative financial liabilities.

The Company's financial liabilities comprises lease liabilities and trade and other payables.

*Trade and other payables*

Trade and other payables are recognized at amounts to be paid in the future for services rendered, whether billed by the supplier or not.

*Derecognition*

*Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.



**Notes to the financial statements**  
for the year ended 30 September 2023

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement profit or loss and other comprehensive income.

*Offsetting*

Financial assets and financial liabilities are offset and the net amounts reported in the statement of financial position only when, there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

*Impairment of financial assets*

The Company has applied general approach under IFRS 9 for determination of ECL on financial assets. Under the general approach, the ECLs are recognized in three stages.

*Stage 1: 12 months ECL*

For credit exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognized.

*Stage 2: Lifetime ECL – not credit impaired*

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

*Stage 3: Lifetime ECL – credit impaired*

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Lifetime ECL is recorded on financial assets that are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or past due event.
- the restructuring of loans and advances by the Company on terms that the Company would not consider otherwise.
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking adjustments into the determined ECL. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The management reviews these forecasts and estimates on a regular basis.



Notes to the financial statements  
for the year ended 30 September 2023

The Company does not recognize ECL on other receivables as these are considered to be of low risk and the Company does not expect to incur any significant credit losses on these instruments.

f) Provision for employees' end of service benefits

All employees are entitled to an end of service benefits under the Kuwait Labor Law based on the employees' accumulated periods of service and latest entitlements of salaries and allowances.

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security (PIFSS) scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this scheme, which is a defined contribution scheme, is charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

g) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

h) Revenue recognition

*Service charges*

Fees relating to the usage of the Ci-Net system (service charges) is recognized at a point in time when control of the services are transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and rebates required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it typically control the services before transferring it to the customer.

*Performance obligations satisfied at a point in time*

Revenue is recognized at point of time when customers obtain control of the promised assets. Indicators that control has transferred to the customers include the following:

- The customer has a present obligation to pay.
- The customer has legal title.
- The customer has physical obligation.
- The customer has risk and rewards of ownership.
- The customer has accepted the asset.

Performance obligations satisfied over time; Revenue is recognized over time if either. Indicators that control has transferred to the customers include the following:

- Customer simultaneously receives and consumes the benefits as the entity performs.
- The customers control the asset as the entity creates or enhances it;
- The entity's performance does not create an asset with an alternate use and there is a right to payment for performance to date.



Notes to the financial statements  
for the year ended 30 September 2023

Certain services are provided whose control is transferred over the period to the customers and hence the revenue is recognized over the period of time.

*Wakala income*

Wakala income is recognized in statement of profit or loss and other comprehensive income on a time proportionate basis using the effective profit rate method.

i) Foreign currency transactions

Foreign currency transactions are recorded in Kuwaiti Dinars at the rate of exchange prevailing at the date of transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Kuwaiti Dinars at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency, which are stated at historical cost, are recorded at the exchange rate prevailing at the date of transaction. Differences resulting from gains or losses on exchange are recorded in the statement of profit or loss and other comprehensive income.

j) Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat

The Company is legally required to contribute to the KFAS and Zakat. The Company's contributions to KFAS and Zakat are recognised as an expense in the period during which the Company's contribution is legally required.

4. **Equipment and work in progress**

	Computers KD	Furniture and fixtures KD	Work in progress KD	Total KD
<b>Cost</b>				
Balance at 1 October 2021	1,029,073	93,055	82,310	1,204,438
Additions	60,166	1,216	40,182	101,564
Transfers from work in progress	54,403	-	(54,403)	-
Transfer to intangible assets (note 5)	-	-	(27,907)	(27,907)
Disposals	(225,282)	(10,412)	-	(235,694)
Balance at 30 September 2022	918,360	83,859	40,182	1,042,401
Balance at 1 October 2022	918,360	83,859	40,182	1,042,401
Additions	97,606	13,009	57,355	167,970
Transfer to intangible assets (note 5)	-	-	(1,785)	(1,785)
Disposals	(271,927)	(2,350)	-	(274,277)
Balance at 30 September 2023	744,039	94,518	95,752	934,309



Notes to the financial statements  
for the year ended 30 September 2023

<b>Accumulated depreciation</b>				
Balance at 1 October 2021	580,048	73,088	-	653,136
Charge for the year	150,314	7,136	-	157,450
Relating to disposals	(225,136)	(10,381)	-	(235,517)
Balance at 30 September 2022	505,226	69,843	-	575,069
Balance at 1 October 2022	505,226	69,843	-	575,069
Charge for the year	152,522	7,023	-	159,545
Relating to disposals	(271,411)	(2,252)	-	(273,663)
Balance at 30 September 2023	386,337	74,614	-	460,951
<b>Carrying amount</b>				
Balance at 30 September 2022	413,134	14,016	40,182	467,332
Balance at 30 September 2023	357,702	19,904	95,752	473,358

5. Intangible assets

	2023 KD	2022 KD
<b>Cost</b>		
Balance at 1 October	2,525,737	2,399,336
Additions	151,190	126,885
Transfers from work in progress (note 4)	1,785	27,907
Disposal	-	(28,391)
Balance at 30 September	2,678,712	2,525,737
<b>Accumulated amortization</b>		
Balance at 1 October	2,105,408	1,940,066
Charge for the year	204,501	193,704
Disposal	-	(28,362)
Balance at 30 September	2,309,909	2,105,408
<b>Carrying amount</b>	368,803	420,329

6. Leases

Set out below are the carrying amounts of right-of-use assets and lease liabilities and the movements during the year:

	<b>Right-of-use assets</b>	
	2023 KD	2022 KD
As at 1 October	95,399	190,799
Depreciation of right-of-use assets	(95,399)	(95,400)
<b>As at 30 September</b>	-	95,399



Notes to the financial statements  
for the year ended 30 September 2023

	<b>Lease liabilities</b>	
	2023 KD	2022 KD
As at 1 October	100,546	196,693
Finance cost	1,694	6,093
Payment	(102,240)	(102,240)
<b>As at 30 September</b>	-	100,546

The Company has discounted its future lease obligations using its incremental borrowing rate which is determined at 4.5% (30 September 2022: 4.5%) at the reporting date.

The current and non-current portion of lease liabilities is set of below:

	2023 KD	2022 KD
Non-current	-	-
Current	-	100,546
	-	100,546

The following are the amounts recognized in profit or loss and other comprehensive income:

	2023 KD	2022 KD
Depreciation of right-of-use assets	(95,399)	(95,400)
Finance cost on lease liabilities	1,694	(6,093)

The following are the amounts recognized in statement of cashflows:

	2023 KD	2022 KD
Depreciation of right-of-use assets	(95,399)	(95,400)
Finance cost on lease liabilities	1,694	(6,093)
Payment of lease liabilities	(102,240)	(102,240)

The Company has not recognized rent expense from short-term leases and leases of low-value assets during the year.



Notes to the financial statements  
for the year ended 30 September 2023

7. Trade and other receivables

	2023 KD	2022 KD
Trade receivables	536,377	770,731
Allowance for expected credit losses	<u>(20,000)</u>	<u>(20,000)</u>
	516,377	750,731
Profit receivable on Wakala placements	685,331	285,982
Prepayments and other receivables	<u>190,053</u>	<u>96,917</u>
	<u>1,391,761</u>	<u>1,133,630</u>

The average credit period on rendering of services is 15 days. No profit is charged on the overdue trade receivable balances.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2023 KD	2022 KD
As at 1 October	<u>20,000</u>	<u>20,000</u>
<b>As at 30 September</b>	<u>20,000</u>	<u>20,000</u>

Information about the credit exposures is disclosed in note 15.

All the trade receivables are denominated in KD and are located in the State of Kuwait.

8. Cash and bank balances

	2023 KD	2022 KD
Cash on hand	197	263
Bank balances	471,032	323,832
Wakala placements with Islamic banks	<u>18,600,000</u>	<u>16,500,000</u>
Cash and bank balances	19,071,229	16,824,095
Restricted balances with Boubyan Bank	(4,050)	(4,975)
Wakala placements with original maturities of more than three months	<u>(18,600,000)</u>	<u>(16,500,000)</u>
Cash and cash equivalents in the statement of cash flows	<u>467,179</u>	<u>319,120</u>

Wakala placements with Islamic banks carry profit rates ranging from 4.310% to 5.550% (30 September 2022: from 2.260% to 4.250%) per annum.

9. Equity

*Share capital*

The Company's authorized, issued and paid-up share capital comprises 164,844,000 shares of 100 fils each (2022: 22,800,000 shares of 100 fils each), fully paid in cash.

The Company received Central Bank of Kuwait approval on 18 May 2023 for the increase in share capital which was facilitated by transferring an amount of KD 12,026,264 from the retained earnings and KD 2,178,136 from the voluntary reserve to the share capital.



Notes to the financial statements  
for the year ended 30 September 2023

*Statutory reserve*

In accordance with the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Articles of Association, as amended, 10% of the profit for the year before KFAS, Zakat and Board of Directors' remuneration to be transferred to a statutory reserve until the reserve reaches a minimum of 50% of the paid-up share capital.

This reserve is not available for distribution except for the amount in excess of 50% of share capital or payment of a dividend of 5% of the paid-up share capital in the years when the retained earnings are not sufficient for the payment of such dividend.

In the current year, the Company has transferred KD 273,359 (2022: Nil) to the statutory reserve.

*Voluntary reserve*

As required by the Company's Articles of Association, 10% of the profit for the year before KFAS, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers can be discontinued by shareholders through a resolution in the Annual General Assembly meeting upon recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

In the current year, the Company has transferred KD 2,178,136 to the share capital as per the Central Bank of Kuwait approval received. Further KD 273,359 (2022: Nil) has been transferred to the voluntary reserve.

10. Provision for employees' end of service benefits

	2023 KD	2022 KD
As at 1 October	294,127	244,660
Provision	70,540	64,076
Payments	<u>(27,890)</u>	<u>(14,609)</u>
<b>As at 30 September</b>	<u>336,777</u>	<u>294,127</u>

11. Trade and other payables

	2023 KD	2022 KD
Trade payables	83,320	67,968
Accruals and provisions	524,806	491,341
Deferred income	<u>444,631</u>	<u>361,409</u>
	<u>1,052,757</u>	<u>920,718</u>



Notes to the financial statements  
for the year ended 30 September 2023

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2023 KD	2022 KD
Kuwaiti Dinar	1,039,926	908,187
US Dollar	8,682	8,721
Pound Sterling	4,149	3,810
	<u>1,052,757</u>	<u>920,718</u>

12. Related party balances and transactions

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The definition includes relationships involving common control and joint control.

Related parties primarily comprise of major shareholders of the Company, its directors, key management personnel and entities over which they control, jointly control and exercise significant influence.

Transactions with related parties are conducted in the normal course of business and are on terms and conditions approved by the Company's management and the Board of Directors.

Significant related party transactions and balances are as follows:

	2023 KD	2022 KD
<b>Related party transactions</b>		
<i>Transactions with shareholders of the Company</i>		
Service charges	3,971,716	3,532,347
Wakala income	819,096	288,945
<b>Key management remuneration</b>		
Salaries and short-term benefits	532,461	470,287
End of service benefits	28,479	21,751
Board of Directors' remuneration	77,000	49,000
<b>Related party balances</b>		
<i>Balances with shareholders of the Company</i>		
Trade receivables	478,794	687,497
Profit receivable on Wakala placements	685,331	258,188
Wakala placements	18,600,000	14,400,000
Bank balances	471,031	318,896
Deferred income	444,631	355,383



Notes to the financial statements  
for the year ended 30 September 2023

13. Annual General Meeting

At the Annual General Meeting ("AGM"), held on 22 May 2023, the shareholders approved the Board of Director's recommendation to distribute cash dividend of 15 fils per share (2022: 15 fils per share) amounting to KD 342,000 (2022: KD 342,000) for the year 2022 to shareholders registered in the register of shareholders as of the date of the AGM.

14. Revenue

	2023 KD	2022 KD
Services transferred at a point in time	3,843,116	3,884,360
Services transferred over time	569,057	192,116
	<u>4,412,173</u>	<u>4,076,476</u>

15. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Risk management framework

The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management identifies and evaluates financial risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company's Board of Directors provides principles for overall risk management, as well as, policies covering specific areas such as foreign exchange risk, profit rate risk and credit risk.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, Wakala placements and trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date, the maximum exposure to credit risk is as follows:





Notes to the financial statements  
for the year ended 30 September 2023

	2023 KD	2022 KD
Bank balances	471,032	323,832
Wakala placements	18,600,000	16,500,000
Trade receivables	516,377	750,731
Refundable deposits	52,146	8,520
Profit receivable on Wakala placements	685,331	285,982
	<u>20,324,886</u>	<u>17,869,065</u>

*Cash and bank balances*

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including Wakala placements) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008. Accordingly, the Company has assessed the ECL on deposits of the Company to be immaterial to the overall financial statements of the Company.

*Trade receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 15 days for its customers. Outstanding customer receivables are regularly monitored. The Company does not hold collateral as security against its receivable balances.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	<0-30 days KD	31-149 days KD	150-360 days KD	>360 days KD	Total KD
As at September 2023					
Expected credit loss rate	1.54%	1.51%	-	100.0%	3.73%
*Total gross carrying amount at default	<u>325,311</u>	<u>199,086</u>	<u>-</u>	<u>12,000</u>	<u>536,397</u>
Expected credit loss	<u>5,000</u>	<u>3,000</u>	<u>-</u>	<u>12,000</u>	<u>20,000</u>
	<0-30 days KD	31-149 days KD	150-360 days KD	>360 days KD	Total KD
As at September 2022					
Expected credit loss rate	1.05%	1.05%	0.00%	100.0%	2.59%
*Total gross carrying amount at default	<u>426,940</u>	<u>331,854</u>	<u>-</u>	<u>12,000</u>	<u>770,794</u>
Expected credit loss	<u>4,500</u>	<u>3,500</u>	<u>-</u>	<u>12,000</u>	<u>20,000</u>



Notes to the financial statements  
for the year ended 30 September 2023

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves, funding lines and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company holds sufficient amount of cash and cash equivalents.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Less than 3 months KD	3 to 12 months KD	1 to 5 years KD	Total KD
At 30 September 2023				
Lease liabilities	-	-	-	-
Trade and other payables*	<u>299,545</u>	<u>-</u>	<u>-</u>	<u>299,545</u>
Total liabilities	<u>299,545</u>	<u>-</u>	<u>-</u>	<u>299,545</u>
	Less than 3 months KD	3 to 12 months KD	1 to 5 years KD	Total KD
At 30 September 2022				
Lease liabilities	25,560	76,680	-	102,240
Trade and other payables*	<u>256,985</u>	<u>-</u>	<u>-</u>	<u>256,985</u>
Total liabilities	<u>282,545</u>	<u>76,680</u>	<u>-</u>	<u>359,225</u>

\* excluding deferred income and provisions

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rate.

Foreign exchange risk of the Company arises from trade and other payables denominated in foreign currencies. As of 30 September 2023, the Company's major exposure relates to US Dollar and Pound Sterling amounting to KD 12,831 (2022: KD 12,531).



Notes to the financial statements  
for the year ended 30 September 2023

The Company manages this risk by setting limits on exposures to currency and transacting business in major currencies with counterparties of repute.

*Sensitivity analysis*

A 5% strengthening and weakening of the KD against the US Dollar and Pound Sterling at 30 September 2023 would not have a significant impact on the profit for the year of the Company.

*ii) Profit rate risk*

Profit rate risk is the risk that the fair value or future cash flows of Company's financial instrument will fluctuate because of changes in market profit rates.

At reporting date, the Company is not exposed to any profit rate fluctuation risk as Wakala placements carry a fixed profit rate.

*iii) Equity price risk*

This is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, caused by factors specific to the instrument or its issuer or factors affecting all instruments traded in the market.

The Company is not exposed to equity price risk as it does not have any equity instruments.

*iv) Operational risk*

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When control fails to perform operational risk can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment process.

**16. Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for the shareholders. Management of capital generally focuses on the management of excess liquid assets in such a manner as to meet its current obligations as well as providing returns to its shareholders.

The Company is not subject to externally imposed capital requirements, except the requirement of the Companies Law No. 1 of 2016, as amended and its Executive Regulations.

**17. 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.

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



Notes to the financial statements  
for the year ended 30 September 2023

- **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.

Fair values of remaining financial assets and liabilities carried at amortized cost are estimated using valuation techniques incorporating a range of input assumptions that are appropriate in the circumstances. Carrying value of financial assets and liabilities that are carried at amortized cost are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are repriced immediately based on market movement in profit rates.

**18. Contingent liabilities and commitments**

The Company is committed to incur capital expenditure of KD 115,515 relating to purchase of Software licenses, engineering services and other related expenses towards new office premise and development of enhancements in Core system and E-credit portal website (2022: KD 65,486 relating to purchase of software licenses and development of enhancements in core system and E-credit portal website)

There are no contingent liabilities for the year ended 30 September 2023 (2022: nil).

**19. Sharia compliance**

There are no violations of provisions of Islamic Sharia principles, as determined by the Company's External Shariah audit office.

**20. Subsequent events**

On 07 December 2023, the Board of Directors proposed a cash dividend of 2 fils (2022: 15 fils) per share amounting to KD 329,688 for the year ended 30 September 2023 which is subject to the approval of shareholders at the Annual General Meeting.



Date: 02/05/1444

Corresponding to: 16/11/2023

## REPORT OF SHARIAH SUPERVISORY BOARD FOR THE FINANCIAL PERIOD 01/10/2022- 30/09/2023

**M/s.: Credit Information Network Company**

Allah's peace, mercy and blessings be upon you

According to the powers vested in us by the members of General Assembly of Credit Information Network Company and by virtue of the Company's Articles of Association and the instructions of related supervisory authorities; the Shairah Supervisory Board hereby provides its final report for the period 01/10/2022-30/09/2023 which includes four clauses as follows:

### **First: Mission of Shariah Supervisory Board:**

The Shariah Supervisory Board pursued its mission which included checking the investment structures, contracts drafting, products, policies and procedures whether directly or with coordination with the department of internal Shairah auditing in order to collect all information and explanations which it deems necessary to provide it with evidences sufficient to issue reasonable assurances that the company didn't violate the Islamic Shariah Provisions in the light of decisions of Shariah Supervisory Board and the Shariah Standards approved by the company and the decisions of supervisory authorities.



### **Second: Decisions of Shariah Supervisory Board**

The Shariah Supervisory Board responded to all the company inquiries and issued a number of (14) decisions within such period.

### **Third: Policies and Procedures approved by Shariah Supervisory Board**

The company has not issue any new policies or procedures for the products and activities within such period.

### **Fourth: Final Opinion**

In our opinion and after studying all highlights and assurances we received, we confirm:

1. That the contracts, operations and transactions executed by the company within the period from 01/10/2022 to 30/09/2023 were performed according to the provisions of Islamic Shariah.

*Praise Be To Allah,*

Head of Shariah Supervisory Board  
Prof. Dr. Abdulaziz Khaleefa Alqassar

Member of Shariah Supervisory Board  
Prof. Dr. Ali Ebrahim Alreshed

Member of Shariah Supervisory Board  
Prof. Dr. Essam Khalaf Alenazi

# Governance Report

## For the Fiscal Year Ended 30 Sep 2023

To enhance integrity and transparency in business performance, maintain the security and confidentiality of customer data and to ensure the highest level of ethical behavior in all work and activities entrusted thereto pursuant to Law No. (09) of 2019 Regulating the Exchange of Credit Information, its Executive Regulations and the controls issued by the Central Bank of Kuwait (CBK), Kuwait Credit Information Network Company ("CINET"/ the "Company") is committed to applying corporate governance standards in accordance with the best practices and criteria globally applicable in this field.

### First: Introduction:

During its history spanning more than twenty years, CINET has been constantly developing and improving its business so as to provide the Financial and Banking Sector with value-added services that contribute to the speedy completion of commercial and financial transactions, ensure high-efficiency risk management and support value in all business activities. On an ongoing basis, CINET exerts all efforts to provide value-added services to participating members, which constitute the solid basis for transactions among grantors of credit facilities in all forms and types and to provide customers with more efficient services. Hence, the Board of Directors was fully and completely convinced that applying governance rules and procedures properly shall lead to achieving the CIB's directives, with a view to transforming the Company into an integrated and advanced credit information center; being the first entity licensed in accordance with the provisions of Law No. (09) of 2019 Regulating the Exchange of Credit Information to provide credit reporting and credit rating services in the State of Kuwait.

Due to the growing interest in governance, which has become a main requirement for banks and companies, CINET's Board of Directors is keen to adopt an effective governance framework to be a baseline for institutional work.

CINET's Board of Directors utilizes all capabilities to adopt governance and transparency standards in accordance with the best international practices, by reviewing and developing the applied work policies and procedures, so as to ensure compliance with the governance-related instructions of the regulatory authorities. The Company fulfills all governance and mandatory requirements issued by the CBK, applying sound governance principles in accordance with the best corporate governance practices and reviewing them on an ongoing basis, in line with the best international practices adopted and in accordance with CBK's instructions and controls in terms of governance rules and the related sound management of risks and the development of relevant systems and supervisory tools.

In this regard, CINET's Board of Directors established a Governance Committee to supervise the governance framework, provide advice and assist the BOD in fulfilling its oversight obligations related to sound governance, by providing a set of governance guidelines and assuming a leadership role in shaping the Company's governance framework.

At Kuwait Credit Information Network Company, we periodically review governance updates and standards issued by international institutions, in addition to periodically reviewing governance applications to evaluate their efficiency against the challenges facing the Company, so as to ensure protecting the rights of shareholders and related parties and that information is delivered in a timely manner, with full transparency and impartiality and in implementation of CINET's Disclosure Policy.

One of CINET's strategic objectives is to achieve the elements of sound governance to protect shareholders and related parties' rights, in addition to reducing operational risks appetite, performance efficiency and quality in providing value-added services in financial services industry. Hence, even prior to the decision to register the Company in CBK's Credit Information Companies, CINET's Board of Directors applied the principles of

sound governance in the Company, in accordance with the best corporate governance practices, reviewing them continuously in line with the best international practices and pursuant to CBK's instructions and controls pertaining to the rules of Governance and related sound risk management and development of relevant systems and control tools.

### Highlights on CINET's governance applications during 2023:

Despite the global challenges and their direct impact on the economy and companies, yet the solid foundations (standards and pillars) established and implemented by CINET's Board of Directors, by adopting an effective governance framework, have effectively contributed to managing the risks resulting from global challenges and taking necessary measures expediently to keep business continuity and services provision to customers without interruption, in coordination with regulatory authorities.

### At CINET, we adopt a model based on three lines of defense:

- First Line: Jobs that contain risks.
- Second Line: Risk management and monitoring the Company's compliance with laws and regulatory instructions, independent from the First Line of defense.
- Third Line: Internal audit, independent from the First and Second lines of defense.

The above process led to the presence of both precision and flexibility, simultaneously, in conducting business and meeting regulatory requirements, in addition to achieving CINET Board of Directors' vision in achieving its strategic objectives for the maximum benefit of both shareholders and various stakeholders.

### 1) Governance at CINET Level:

CINET implements a Governance Policy characterized by transparency and credibility, in accordance with the highest international standards and best practices. The responsibilities of the Governance Committee, emanating from the Board of Directors, are as follows:

1. Periodical review of the Company's business.
2. Reviewing and evaluating the policies and procedures that regulate the Company's business to ensure that they meet and serve its needs to achieve its strategic objectives.
3. Ensuring the existence of mechanisms that facilitate communication between the Company's departments.
4. Ensuring the presence of tools to monitor work monitoring at the Company's level.

CINET adopts solid business values in all its activities, under the BOD members' strict control over all its operations, so as to ensure compliance with CBK's governance requirements. In this respect, a number of Board committees are established (Governance Committee, Nominations and Remuneration Committee, Audit Committee and the Risk Committee) in order for the Company to remain able to perform any tasks and activities entrusted thereto to follow up and practice as a provider of credit reporting and credit rating services, pursuant to Law No. (09) of 2019 Regulating the Exchange of Credit Information and its Executive Regulations. Also, a package of organizational work policies and procedures has been issued to reflect the requirements and controls established by the regulatory authorities in this regard, where those policies and procedures and their appendices are subject to diligent follow up on a periodic, continuous and as appropriate basis.

### 2) Disclosure and Transparency:

CINET's Disclosure Policy constitutes one of its pillars of governance in the Company as we adopt a clear framework that enhances the principle of disclosure and transparency and ensures justice and equality in stakeholders' access to information in a timely manner, subject to regulatory authorities' requirements and based on international best practices. Disclosure has been defined as a process of uncovering financial and non-financial information

of interest to shareholders, potential investors and the public, helping them make their investment decisions in a timely manner. Disclosure may be undertaken on a periodic basis (specific time periods) or immediately upon information occurrence or completion, so that such information would be available to all concerned parties at the same time, ensuring that no one party shall benefit from information before or without other parties.

### 3) Enhancement of the Rules of Professional Conduct:

At CINET, we rely on the highest standards of adherence to the Rules of Professional Conduct, starting from the BOD members all the way to all Company's employees. Therefore, the Board of Directors has been keen to strengthen the Rules of Professional Conduct framework through strict policies and procedures, so as to ensure that the Company enjoys integrity and credibility. The BOD conducts an annual review of the policies and procedures governing the professional conduct framework, which consist of the following:

- Charter of Professional Conduct.
- Conflict of Interest Policy.
- Related Party Policy.
- Information Security and Confidentiality Policy.
- Whistleblowing Policy.
- Anti-Corruption Policy.

The Company adopts a code of business ethics and professional conduct with rules and standards that apply to all CINET employees. All employees are committed to full compliance with the internal and organizational obligations applicable to their work units. Implementation of their obligations towards the Company, employees in particular are required to observe the following:

- Familiarity, understanding and full compliance with the Company's internal rules, procedures and guidelines at all times.
- Commitment and adherence to applicable laws.
- Avoiding any situation that might give rise to a conflict of interest. In case such situation is suspected, or in the event of doubt or facing any obstacle, the department to which the employee is affiliated shall be immediately informed of that conflict of interest or the Company's Compliance Officer shall be informed.
- Full commitment to maintaining professional secrets.
- Refraining from exceeding the powers granted thereto and respecting the rules pertaining to approved signatures.
- Respecting their colleagues' dignity and privacy.

### 4) Caring for CINET Employees:

We take pride in establishing an ethical, fair and balanced work environment to prepare our employees as leaders of the future in accordance with the fundamentals of Islamic principles and our corporate values. Therefore, we work pursuant to a model to create added value to empower our employees and engage them effectively at all management levels. Their needs and viewpoints are reflected in all our strategic initiatives and practices, which can be summarized in six main pillars:

- Professional growth and career development.
- Effective communication.
- Culture, ethical professionalism and transparency.
- Sustainable economic and social well-being.
- An inclusive work environment.
- Integrity and credibility

We, in CINET, believe that human element is the basis of our success and, hence, we are keen to develop our cadres and attract the best talents to complete the Company's journey, as we invest in training and development and provide our employees with the best training programs.

CINET is keen to have a professional and flexible communication circle to represent the voice of employees and work to support their requirements and respond to their inquiries. We are proud in the Company that, during 2023, the female component constituted 25.53% of our total workforce, with an emphasis on our endeavor to increase that percentage by attracting talents and competencies that suit the Company's vision.

### Shareholders and Stakeholders' Rights:

At Kuwait Credit Information Network Company, we ensure the protection of the rights of shareholders and stakeholders by implementing policies and procedures that guarantee fair treatment for all shareholders, including minority stakeholders. CINET's shareholders enjoy equal rights without discrimination and are entitled to attend the (regular and extraordinary) general assembly meetings and vote on its topics. They also have the right to select members of the Board of Directors, as well as the right to obtain profits, information and data related to the Company's activities and all rights due thereto in accordance with what is stated in the Memorandum and Articles of Association, as well as in accordance with the instructions organized by the regulatory authorities.

## Annual Report Governance Requirements:

### Equities as on 30/09/2023

S.	Entity	Equity Type	Percentage (%)
1	Central Bank of Kuwait	Direct	12.28
2	National bank of Kuwait	Direct	8.65
3	Boubyan Bank	Direct	7.14
4	Al Ahli Bank of Kuwait	Direct	6.14
5	Ahli United Bank*	Direct	6.14
6	Commercial Bank of Kuwait	Direct	6.14
7	Bank of Bahrain and Kuwait	Direct	6.14
8	Gulf Bank	Direct	6.14
9	Kuwait International Bank	Direct	6.14
10	Burgan Bank	Direct	6.14
11	Kuwait Finance House	Direct	6.14
12	Commercial Facilities Company	Direct	6.14
13	Arzan Financial Group for Financing and Investment	Direct	6.14
14	Warba Bank	Direct	3.51
15	Aayan Leasing and Investment Company	Direct	3.51
16	Yas Instruments Credit Facilities Company	Direct	1.32
17	Al Amana International General Trading Company	Direct	1.01
18	Yusuf Ahmed Al-Ghanim and Sons Company	Direct	1.01

\*Ahli United Bank was merged with Kuwait Finance House, bringing its direct and indirect ownership percentage in CINET to 12.280%.

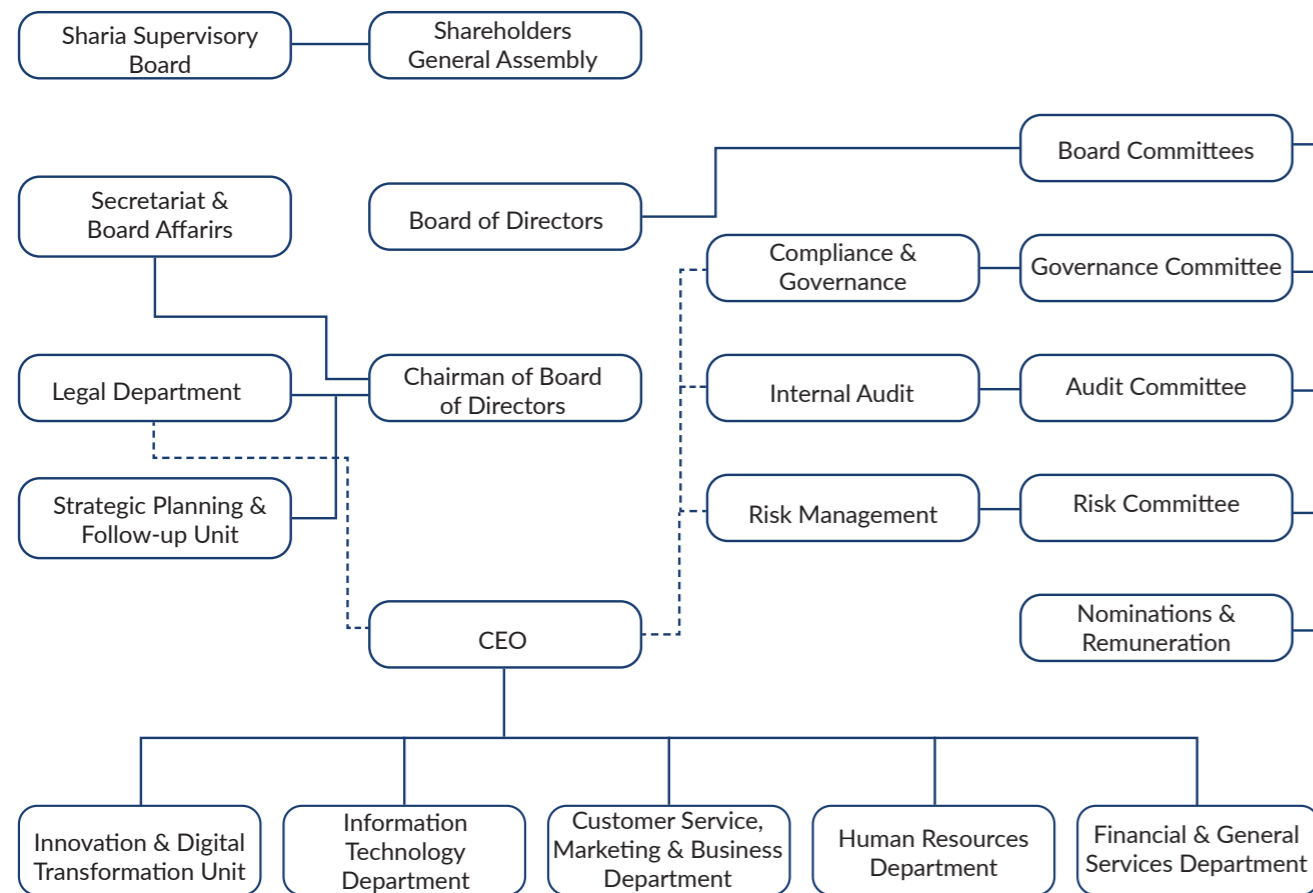
## Board Members Duties and Responsibilities:

### 1. Board of Directors General Responsibilities

The Board of Directors bears full responsibility for CINET, including setting its strategic objectives and governance standards, as well as the responsibility for implementing them and supervising the integrity of their application, in addition to the responsibility for supervising the Executive Management, including the CEO.

The BOD bears all responsibilities related to the Company's operations and financial soundness, ensuring that CBK's requirements are met, preserving the interests of shareholders, employees and other stakeholders and confirming that the Company's management is carried out prudently and within the framework of the applicable laws and instructions and the Company's internal policies.

### Corporate Organizational Structure



\_\_\_\_ Continuous line: The Board of Directors and its committees and departments are directly responsible functionally.  
 ----- Dashed line: The Company's departments are obligated to report indirectly and administratively to the CEO

## 2. Board of Directors Composition:

CINET's Board of Directors consists of seven members elected by the General Assembly. Pursuant to the Ordinary General Assembly meeting held on 12 August 2021, the Board of Directors was elected from the shareholder members with the approval of the General Assembly and the relevant authorities, in accordance with CBK's Resolution No. (90-B/439/2019) regarding Experts Rules and Regulations as provided for in Article (9) of Law No. (09) of 2019 Regulating the Exchange of Credit Information, in terms of CINET Board membership candidates. On behalf of the Board of Directors, the Nominations and Remuneration Committee, emanating therefrom, examined the papers of the candidates elected for the BOD membership for the new session (2020 - 2023). It was confirmed that all candidates fulfilled the requirements stipulated in the aforementioned CBK's resolution.

### 2.1. The Role of the Chairman of the Board of Directors

In the context of the importance of this role, the Chairman of the Board of Directors works to ensure smooth conduct of the BOD's work, maintain mutual trust among members and ensure that the BOD makes decisions based on sound foundations and thorough information. He also seeks to exchange viewpoints within the BOD and ensure that sufficient information reaches each of the Board members and shareholders in a timely manner. He also undertakes a major role in maintaining a constructive relationship between the BOD and Executive Management, ensuring that sound governance standards are provided by the Company.

Name	Position	Academic Qualification and Practical Experience	Joining Date
Mrs. Alia Bader Al-Humaidhi Representing Board Member, the Central Bank of Kuwait	Chairperson of the Board of Directors	Holder of Bachelor's degree in Finance and Master's in Business Administration from Gulf University for Science and Technology. She has held many leadership positions in the Banking Sector, in addition to assuming the position of Vice Chairman of the Board of Directors of the Touristic Enterprises Company K.S.C. She also holds Leadership Program Certificate in the Implementation of Leading Strategies in Financial Services from Harvard Business School, USA, Certificate in Strategic Management and Leadership Program from Fordham University, New York, USA, and the Specialized Certificate in Project Implementation Program from Sun Yat-Sen University - People's Republic of China. This is in addition to several other training and leadership programs inside and outside the State of Kuwait.	22/05/2023
Mr. Nasser Muhammad Al-Qaisi Deputy Chairman of the Board, representative of Burgan Bank	Deputy Chairman of the Board	Holder of Master's degree in Asian Studies, specializing in economic studies and research, from Zagazig University, Arab Republic of Egypt. He enjoys extensive experience in banking and financial field, where he held several positions, starting with the position of Senior Branch Manager at Gulf Bank. He then joined the Investment Dar in the position of Vice President for Wealth Management. Afterwards, he assumed the position of Executive Vice President and Director of International and Local Asset Management at the International Financial Consulting Holding Company. Finally, he moved to Burgan Bank as a Senior Area Manager, gradually moving to the position of Head of Branches and then Chief Banking Services Manager at Burgan Bank, member of the Board of Directors of KNET Company in 2023.	12/08/2021
Mr. Abdulaziz Saleh Al Zaabi Member of the Board of Directors, representing the Commercial Bank of Kuwait	Member	Holder of Bachelor's degree in finance, USA, 2005, and has experience in banking and financial field. He began his career in the banking sector, specifically the Commercial Bank of Kuwait since 2006, progressing to Regional Director position in 2017, then to Deputy Director of Retail Banking Sector, before he was finally appointed Acting General Manager of the Banking Services Sector.	12/08/2021
Mr. Mohammed Habib Al Balushi Member of the Board of Directors, representative of Al Ahli Bank of Kuwait	Member	Holder of Bachelor's degree in Business Administration and Information Systems from California State University, Fullerton, USA. He has experience in technological, financial and banking fields, where he held several positions at the National Bank of Kuwait, starting as a programmer and then as a systems designer in the period from 1993 to 2005. He then moved on to assume the position of the Central Operations Department Director in the Operations Group until he assumed the position of Deputy General Manager of the Operations and Technology Group. Then in 2021, he was appointed General Manager of Operations at Al Ahli Bank of Kuwait.	12/08/2021
Mr. Fahd Othman Al Bader Member of the Board of Directors, representative of Kuwait International Bank	Member	Holder of Bachelor's degree in Accounting from the Modern Academy for Computer Science and Management Technology, the Arab Republic of Egypt, 2008. He also obtained a Master's degree in Business Administration from the Gulf University for Science and Technology, the State of Kuwait, 2015. He then joined the retail banking services at Ahli United Bank in 2003, there he assumed the position of Director of the Retail Banking Branch from 2008 to 2012. In 2015, he assumed the position of Director of Banking Operations in Boubyan Bank, then progressed to the position of Executive Director of the Banking Operations Group in 2019. Finally, he was appointed a General Manager of Operations Department at Kuwait International Bank.	12/08/2021
Mr. Khaled Abdullah Abdul Rahman Al-Ali Member of the Board of Directors, representative of the Commercial Facilities Company	Member	Holder of Bachelor's degree in Industrial Engineering from the University of Miami, USA, in 1988. He joined the Banking and Investment Sector first at the Commercial Bank of Kuwait, then Kuwait International Investment Company, the National Investment Company and Sahel Development and Investment Company, where he held several investment positions. In 2002, he joined the Commercial Facilities Company, where he held several investment positions. He was appointed Director of Investment and Treasury, holding several positions until he assumed the position of Executive Vice President of the Commercial Facilities Company.	12/08/2021
Mr. Yasser Muhammad Abdullah Al-Saad, Member of the Board of Directors, representative of the Bank of Bahrain and Kuwait	Member	Holder of Bachelor's degree in Business Administration from the University of Bahrain, Kingdom of Bahrain, in 2003. He also obtained a Master's degree in Business Administration from New York Institute of Technology, USA, in 2005. In 2004 he joined the Banking Sector, where he held the position of Capital Markets Manager at United Gulf Bank, Kingdom of Bahrain. He then joined the Bank of Bahrain and Kuwait in 2012 as Head of Capital Markets. From 2013 to 2017 he held the position of Vice President and Director of Treasury at United Gulf Bank in Kingdom of Bahrain, when he moved again to the Bank of Bahrain and Kuwait to hold the position of Assistant General Manager and Head of Treasury from January 2017 until date. He also holds the position of Acting CEO of the Bank of Bahrain and Kuwait from October 2021 until August 2023.	12/08/2021

### 3. Board of Directors and Executive Management Relationship

CINET features an obvious cooperation and a clear definition of powers between the Board of Directors and Executive Management therein, which is one of its key pillars of governance, where the BOD guides and leads, while the Executive Management is responsible for preparing and implementing the strategies and policies approved by the BOD, emphasizing the independence of the BOD and its members from the Executive Management. The BOD ensures that Executive Management activates policies related to granting or limiting activities and relationships that may impact the quality of the Company's governance rules, such as conflicts of interest and bonus policies.

### 4. Organization of the Board's Work

As part of the current session, which began in accordance with Board of Directors Resolution No. 07 (2020-2021), dated 12/08/2021, the Board of Directors held fourteen (14) meetings during 2023, as meetings are called whenever the need arises. The number of meetings held exceeds the supervisory requirements and those related to corporate governance, where the least of six (6) meetings shall be held during the year, with at least one meeting per quarter. The decisions passed within the meetings were mandatory and became part of the Company's records.

### 5. Board of Directors Responsibilities and Tasks:

The duties and responsibilities of the Board of Directors include the following, for example:  
Approving the Company's significant objectives, strategies, plans and policies.

- Approving annual estimated budgets and approving interim and annual financial statements.
- Supervising the Company's major capital expenditures.
- Ensuring that the Company adheres to policies and procedures that guarantee its respect for internal laws and regulations.
- Forming specialized committees according to a charter that clarifies each committee's term, powers and responsibilities, and how the BOD shall monitor it.
- Ensuring the CINET's approved policies and regulations are transparent and evident in a manner that supports the decision-making process and the segregation of powers and authorities between the Board of Directors and the Executive Management.
- Determining the powers delegated to the Executive Management, decision-making procedures and duration of delegation. The BOD also determines the issues on which it reserves the authority to decide.
- Monitoring and supervising the performance of the Executive Management members, ensuring that they perform all their duties.
- Determining bonus segments that will be granted to employees, such as fixed or performance-related bonus segment.
- Appointing or dismissing any member of the Executive Management, including the CEO and those in similar positions.
- Periodically ensuring the effectiveness and adequacy of the internal control systems in place in the Company.
- Approving the report of the Sharia Supervisory Board for the fiscal year ended 30/09/2023.

5.1 The Board of Directors has fulfilled its duties and responsibilities in accordance with the instructions of the regulatory authorities within one year, the most significant of which include the following, for example:

- Approving the interim and annual financial statements.
- Approving CINET's Strategic Plan.
- Adopting and reviewing periodic reports.
- Preparing the Board of Directors' report and the Governance Report.
- Holding the Company's ordinary and extraordinary general assembly.
- Evaluating the performance and work of the committees emanating from the Board of Directors and reviewing the reports issued thereby.
- Monitoring, supervising and evaluating the performance of Executive Management and reviewing the reports issued thereby.

## 6. Board of Directors Meetings

Meeting Date	6.10.22	20.10.22	31.10.22	28.12.22	30.1.23	15.3.23	15.3.23	11.4.23	22.5.23	22.5.23	6.6.23	22.6.23	22.8.23	27.9.23	Attend %
Name/Meeting No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	100
Alia Bader Al-Humaidhi	-	-	-	-	-	-	-	-	-	✓	✓	✓	✓	✓	100
Chairman of Board of Directors*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Nasser Muhammad Al-Qaisi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Fahd Othman Al-Bader	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Abdulaziz Saleh Al Zaabi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Muhammad Habib Al Balushi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Khaled Abdullah Al-Ali	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Yasser Mohammed Al-Saad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100

\* Pursuant to the CBK's letter dated 22/05/2023, Mrs. Alia Bader Al-Humaidhi was appointed as a representative of the Board member, the CBK, to assume the position of CINET's Chairman of the Board of Directors.

✓ Attended the meeting

X Could not attend the meeting

- Not a committee member

## 7. Committees emanating from the Board of Directors

CINET's Board of Directors has formed committees to assist in carrying out tasks and enhancing oversight of the Company's key operations. Those committees have been formed according to the diversity of the Company's activities and fields, and all Board members participate in the committees' activities. The Board of Directors has also approved the committees' charters which explain the their responsibilities, tasks and scope of work.

- Audit Committee.
- Nominations and Remuneration Committee.
- Risk Committee.
- Governance Committee.

Formation of the BOD Committees		Board Committees			
Board of Directors		Audit	Nominations & Remunerations	Risks	Governance
Chairman	Alia Bader Al-Humaidhi				✓
Vice-Chairman	Nasser Muhammad Al-Qaisi		✓	✓	
Members	Abdulaziz Saleh Al Zaabi	✓		✓	
	Muhammad Habib Al Balushi	✓		✓	
	Fahd Othman Al-Bader		✓	✓	
	Khaled Abdullah Al-Ali	✓			✓
	Yasser Mohammed Al-Saad		✓		✓

## 7.1. Audit Committee

The Audit Committee has been formed with the aim of assisting the Board of Directors in fulfilling its supervisory responsibilities over the Company's accounting operations, financial regulatory systems and internal audit controls, in addition to the tasks of managing financial reports with external and internal auditors to ensure compliance with regulatory requirements.

**The Audit Committee's tasks and responsibilities are to supervise the Company's financial regulatory systems and controls and its reporting processes, including the following, for example:**

- Providing recommendations regarding the appointment, termination of work or fees determination of external auditors, or any conditions related thereto or to their qualifications. This is in addition to evaluating the extent of their objectivity in expressing their professional opinion, as well as rotating auditor partners in accordance with regulatory requirements.
- Reviewing internal audit group's charter, work manual and accounting policies.
- Approving the internal audit plan, discussing internal audit reports and following up on correction and remedial steps on a quarterly basis.
- Discussing the results of the interim and final audit process with the external auditors, resulting reservations and any other matters that the external auditors wish to discuss.
- Establishing appropriate standards to ensure the implementation of external audits.
- Periodical review of documents, reports and accounting information, as well as reviewing the financial statements with the Executive Management and the external auditor before presenting them to the Chairman of the Board of Directors.
- Reviewing accounting issues with material impact on the financial statements.
- Supervising the Company's internal control systems and ensuring the adequacy of human resources allocated to oversight functions.
- Approving internal audit plan, discussing internal audit reports and following up on correction steps on a quarterly basis.
- Carrying out any other activities consistent with the Company's Articles of Association and applicable laws, as the Board of Directors deems appropriate.

The Audit Committee is authorized to obtain any information from the Executive Management, in addition to its right to summon, through official channels, any executive employee or Board member to attend its meetings. The Committee is also responsible for monitoring the adequacy of the Company's internal control systems.

Names of the Audit Committee members and the number of meetings held by the Committee during the year 2022-2023							
Meeting Date	27.10.22	28.11.22	3.8.23	4.12.23	6.5.23	27.7.23	Attendance %
Khaled Abdullah Al-Ali	✓	✓	✓	✓	✓	✓	100
Abdulaziz Saleh Al Zaabi	✓	✓	✓	✓	✓	✓	100
Muhammad Habib Al Balushi	✓	✓	✓	✓	✓	✓	100

✓ Attended the meeting X Could not attend the meeting

## 7.2. Nominations and Remuneration Committee

The main role of the Nominations and Remuneration Committee is to help the Board of Directors to fulfill its obligations pertaining to identifying qualified persons to occupy Board membership on behalf of their shareholder representatives, members of the Board of Directors and Executive Management, in addition to evaluating the performance of the BOD and its committees and to assist the BOD in supervising the management of remuneration systems for the Executive Management members and the Company's employees.



- Issuing recommendation regarding identifying persons qualified for the Board of Directors membership based on CBK's approved policies and standards regarding nomination controls. Recommendations include all candidates, including those whose nomination the Committee does not recommend, yet based on sound and objective justifications.
- Preparing the powers and competencies of each executive or leadership position in the Company, determining the employee responsibilities and qualifications required in cooperation with human resources and relevant departments.
- Reviewing nominations and appointments for leadership and executive positions during the fiscal year ended 30/09/2023.
- Conducting a periodic review of the Remuneration Policy, or upon the recommendation of the Board of Directors, submitting recommendations to the BOD to amend or update the said Policy.
- Conducting a periodic evaluation of the adequacy and effectiveness of the Remuneration Policy to ensure the achievement of its stated objectives.
- Providing the necessary recommendations to the Board of Directors regarding Board members' remuneration.
- Reviewing the promotions proposed by the Executive Management, expressing an opinion thereon and following up on the development of the Company's training and development plans.

Names of the members of the Nominations and Remuneration Committee and the number of meetings held by the Committee during the year 2022-2023							
Meeting Date	15.12.22	18.1.23	19.3.23	6.8.23	8.10.23	9.12.23	Attendance %
Nasser Muhammad Al-Qaisi	✓	✓	✓	✓	✓	✓	100
Fahd Othman Al-Bader	✓	✓	✓	✓	✓	✓	100
Yasser Al-Saad	x	✓	✓	✓	✓	✓	84

✓ Attended the meeting X Could not attend the meeting

## 7.3. Risk Committee

The main role of the Risk Committee is to assist the Board of Directors in performing its duties in generally supervising the current risk conditions, risk strategies, especially the Company's risk appetite in terms of security and confidentiality of information and cybersecurity, as well as the policies and procedures of the risk management work and the units affiliated thereto.

**The Risk Committee carries out several tasks and responsibilities, including the following for example:**

- Evaluating Ci-Net's risk management metrics, risk propensity metrics, risk strategy and other related metrics, proposing recommendations to the Board of Directors.
- Reviewing and discussing quarterly risk management reports.
- Providing support to the risk management function to ensure that the scope of work is achieved effectively and independently.
- Approving the appointment and/or resignation of the Risk Management Director and evaluating his annual performance.
- Reviewing and discussing cybersecurity risks and the procedures adopted to cover them by the Information Technology Department in light of the regulatory instructions issued in their regard.
- Reviewing the charter, policies and work procedures of the Risk Management and its affiliated units, developing them on an ongoing basis.

Names of the Risk Committee members and the number of meetings held by the Committee during the year 2022-2023						
Meeting Date	17.11.22	18.1.23	15.3.23	13.6.23	3.12.23	Attendance %
Fahd Othman Al-Bader	✓	✓	✓	✓	✓	100
Nasser Muhammad Al-Qaisi	✓	✓	✓	✓	✓	100
Abdulaziz Saleh Al Zaabi	✓	✓	✓	✓	✓	100
Muhammad Habib Al Balushi	✓	✓	✓	✓	✓	100

✓ Attended the meeting X Could not attend the meeting

## 7.4. Governance Committee

The main role of the Governance Committee is to provide continuous support and assist the BOD in performing its monitoring and supervisory responsibilities related to the implementation of the governance framework, ensuring the application and dissemination of governance culture at the level of all Ci-Net's units and departments, monitoring the implementation of governance policies effectively and independently, providing reinforcements and recommendations regarding sound governance practices, in addition to developing governance manuals and policies, monitoring compliance with their implementation and ensuring compliance with governance policies and procedures by the Board of Directors, its committees and the Executive Management.

**The tasks of the Governance Committee include the following, for example:**

- Developing a comprehensive governance framework and manual and submitting suggestions for updating and changing them in accordance with the updates that occur in this regard.
- Reviewing the adequacy of the Company's policies, procedures and practices with regard to governance standards.
- Reviewing and evaluating the effectiveness of the rules of professional conduct, the rules of work ethics and other policies approved within the Company.
- Preparing a governance report to be submitted to the General Assembly as part of the Company's annual report.
- Conducting an annual performance evaluation regarding the Committee and its tasks, with an annual review of its powers and authorities.

Names of the Governance Committee members and the number of meetings held by the Committee during the year 2022-2023				
Meeting Date	11.8.22	20.4.23	6.8.23	Attendance %
Alia Bader Al-Humaidhi *	✓	✓	✓	100
Khaled Abdullah Al-Ali	✓	✓	✓	100
Yasser Mohammed Al-Saad	✓	✓	✓	100

✓ Attended the meeting X Could not attend the meeting

- Not a committee member

\* Pursuant to the CBK's letter dated 22/05/2023, Mrs. Alia Bader Al-Humaidhi was appointed as a representative of the BOD member, the CBK, to assume the position of CINET's Chairman of the Board of Directors.

## 8. Executive Management Duties and Responsibilities

The Executive Management team is responsible for managing CINET's day-to-day business as delegated thereto by the Board of Directors. The CEO assumes the presidency of the executive body, consisting of the Legal Department, Compliance Department, Financial Department, Information Technology Department, Risk Management, Products Development Department, Customer Service, Marketing and Business Development Department, Human Resources and General Administrative Services Department.

The Executive Management has formed the following administrative committees and teams: (1) The Executive Committee (MEXCO) and (2) Modern Technologies Empowerment Team (FINTECH). These committees and teams derive their authority from the CEO in accordance with the powers and controls established by the Board of Directors Chairman and members in this regard.

The Executive Management implements the effective policies and control methods approved by the BOD of Directors within the framework of CINET's strategy and objectives as established thereto and as approved by the Board of Directors, so as to ensure the continuity of work without obstacles or violations.

The Executive Management undertakes the following tasks, for example:

- Determining CINET's strategic objectives, future directions and (short-term – long-term) aspirations.
- Developing CINET's annual estimated budget and business plan during the fiscal year.
- Ensuring the existence and implementation of policies for all CINET operations and activities.
- Setting and managing risks objectives and targeted returns within the scope of the permissible policy and consistently with the Company's Articles of Association.
- Determining the general criteria for performance evaluation, based on the specified risk level.
- Reviewing performance rates of all CINET's departments, developing and improving them and taking appropriate action in their regard.
- Ensuring that the Company carries out all its activities and purposes pursuant to the highest ethical standards, adhering to the letter and spirit of the laws, controls and rules of professional conduct.

It is worth noting that the above-mentioned tasks are in addition to the specific functional responsibilities of the Executive Management team and the strategic objectives set for them as stated in the Company's Policy Manual established in this regard.

## 9. Sharia Supervisory Board

The Sharia Fatwa Board is an integral part of the internal control system to ensure the adequacy and effectiveness of CINET's Sharia control system, as well as to provide reasonable assurance that the Company's management has fulfilled its responsibility in terms of implementing the provisions, principles and standards of Islamic Sharia, in addition to verifying the Company's compliance in all its transactions, activities, contracts and forms used with the provisions and principles of Islamic Sharia, contributing to creating a climate of trust among its customers and shareholders consistently with the provisions and principles of Islamic Sharia. Sharia Supervisory Board's terms of reference are as follows:

- Expressing legal opinion on any of CINET's contracts, transactions, activities, projects or actions.
- Verifying CINET's compliance with the provisions of Islamic Sharia by reviewing relevant documents, examining transactions' terms, contracts and agreements prior to concluding them by the Company, so as to ensure that their terms are consistent with the rules and principles of Islamic Sharia.
- Submitting recommendations to approve or disapprove any transaction, contract or any dealings or documents that are not consistent with the provisions and principles of Islamic Sharia, as well as suggestions for amending them in accordance with the principles of Islamic Sharia.
- Examining any other matters referred by the Company's Legal Department or by the Board of Directors within the scope of its powers.
- Submitting an annual report to CINET's General Assembly that includes its opinion on the extent to which the Company's business and activity are compatible with the provisions of Islamic Sharia and the extent of the Company's management's commitment to the opinions expressed by the Sharia Supervisory Board and any observations it has on the Company's work. This report shall be included in the Company's annual report, where the opinion shall be made by majority vote of the Sharia Supervisory Board members in case a majority cannot be attained or in case of disagreement among them.

Pursuant to the Company's General Assembly meeting, held on 22/05/2023, Al Mashora & Al Rayah for Islamic Financial Consulting Co. is appointed to provide Sharia supervision services as members of the Fatwa and Sharia Supervision Board for the Company's business for the fiscal year ended 30/09/2023. The BOD consists of three members and issues Fatwas and Sharia decisions, in addition to ensuring that the Company, its operations and contracts comply with the teachings of Islamic Sharia. During the fiscal year ended 30/09/2023, the Sharia Supervisory Board issued fourteen (14) decisions. CINET has not issued any new policies or procedures for products and activities during that period and the Sharia Supervisory Board concluded by emphasizing that the contracts and operations concluded by the Company during the ended fiscal year were carried out in accordance with the provisions of Islamic Sharia.

### Members of the Sharia Supervisory Board:

- 1) Dr. Abdulaziz Khalifa Al-Qassar - Chairman
- 2) Dr. Ali Ibrahim Al-Rashed - Member
- 3) Dr. Issam Khalaf Al-Anazi - Member

## 10. Wages and Remuneration Policy

- CINET Wages and Remuneration Policy has been developed in consistency with the strategies and objectives established by the Board of Directors and pursuant to the provisions of the Kuwaiti Private Sector Labor Law No. (01) of 2010, as amended, as well as the rules and requirements of the corporate governance issued by CBK and the recommendations issued by the Nomination and Remuneration Committee emanated from the Board of Directors. This Policy conforms to the best adopted practices and is applied in a balanced manner considering the latest standards to attract, retain and motivate qualified employees. The Company's Variable Remuneration Policy stems from the performance evaluation culture that aligns employees' interests with shareholders' interests. These elements contribute to achieving the objectives set through creating a balance between remunerations, short-term results and long-term sustainable performance. This strategy has been developed to share the Company's successes and align employees' incentives with the risk framework. Employees' competencies and long-term commitment are the main factors for the Company's success. Therefore, CINET is seeking to attract the best cadres committed to work and motivate them to achieve shareholders' long-term interests.
- CINET robust and effective Governance Framework ensures that the Company is operating under clear strategic standards and effective Remuneration Policy. The Nomination and Remuneration Committee emanated from the Board of Directors is mandated to supervise all matters related to wages, remunerations and full compliance with the regulatory requirements.
- The company's Wages and Remuneration Policy takes into account the role of each employee, and sets directives based on whether the employee is able to bear risks or is an approved employee whose appointment requires CBK's prior approval given the importance of his role in the company, or from conformity and compliance or technical support functions. The Company's employee is also considered to bear significant risks if he heads one of the important departments and any employee falling within his department, who has a tangible impact on CINET's magnitude of risks.
- The Nominations and Remuneration Committee supervises all remunerations granted to CINET employees, as it is considered the supervisor and regulator of the relevant work policies and procedures. This Committee is also responsible for developing and reviewing the variable remuneration policy, issuing related recommendations and submitting them to the Board of Directors for approval. It is further mandated to establish policies and governance framework for all wages and compensation decisions and to ensure that all eligible employees receive their remunerations in a fair and responsible manner. The Remuneration Policy shall be reviewed on a periodic basis to reflect changes that occur in the market, the business plan and the magnitude of the Company's risks.
- Employees' remunerations include both fixed and variable items, which include basic salary, allowances and annual bonuses. The basic salary is the employee's monthly salary, determined according to the performance evaluation criteria and the Company's job grading scale. Allowances are monthly amounts paid in addition to the salary and are specified based on the employee's job nature. Annual bonuses are remunerations paid to employees at the fiscal year end according to their performance evaluation and the Company's performance. However, incentives are schemes developed to motivate employees to increase production and enhance performance.

## 11. Risk Management

- CINET pays special attention to risk management and governance requirements, as its Board of Directors can understand and analyze the nature and magnitude of the risks facing the Company's business. Thus, it mitigates these risks to the maximum extent possible and determines the appropriate response procedure. Therefore, the Board of Directors has developed approaches for responding to risks through developing strategies and policies for risk management and appetite.
- The Executive Management has taken significant and effective steps to upgrade the risk measurement, monitoring and reporting systems. Risks exposures are further monitored, analyzed and reported to the Risk Committee, which provides relevant recommendations to the BOD and the Executive Management. This in turn has positively impacted the Company, especially its final financial statements.
- CINET has established multiple functions under the umbrella of non-financial risks, which are consistent with the Company's risk management strategy and frameworks, including operational risks, business continuity management, technological risk management and cybersecurity risk management.
- Risk management focuses on strengthening capabilities needed to manage and monitor the key risks facing CINET, by identifying potential weaknesses and ensuring that appropriate plans and controls are being developed to address them and mitigate the resulting risks. Concerning technological risk management, it seeks to effectively optimize information technology services, ensure the required level of compliance and ensure the effectiveness of the internal control environment.
- The Business Continuity Unit is constantly working to develop and implement a business continuity framework, which includes business recovery strategies, crisis management plans, and business resilience programs. This is to enable an effective response to service failures and protection of the interests of the Company, participating members, customers and shareholders.
- Given the increasing importance of information security in banking and financial activities and the challenges associated with the risks resulting from the rapid development of modern technologies in credit and banking sectors and considering CBK instructions issued on 10/09/2019 regarding Corporate Governance Rules and Regulations in Kuwaiti banks, the management has assumed responsibility for the ongoing monitoring of the external security threats related to the network and technological systems and for detecting these threats and developing prevention methods to ensure the integrity of internal and external data. Accordingly, rigid policies, procedures and standards have been established to prevent incidents, hacks and unauthorized access to databases and to ensure rapid recovery in the event of any cybersecurity breaches.
- The Board of Directors, through its affiliated Risk Committee, is responsible for the general supervision of CINET risks. Its responsibilities include reviewing and approving risk management policies, risk appetite, risk exposure and risk exposure limits and ensuring the availability of the required infrastructure and resources. Risk management seeks to strengthen the risk governance framework, support comprehensive policies that define the roles and responsibilities of relevant parties, consolidate the culture of risk management on an ongoing basis, provide guidance to all the Company's employees, provide advice to the Executive Management, the Board of Directors and its affiliated committees, especially in what concerns the Company's position and performance within the approved risk standards and issue recommendations to reestablish the Company's acceptable risk limits.

Board of Directors, Executive Management, employees, internal audit, and the three lines model for managing compliance risks. These requirements together provide a comprehensive and risk-based approach applied to proactively identify, manage and escalate compliance risks throughout the Company. In addition, Compliance Policy also stipulates the requirements of reporting risks to the Executive Management and the Board of Directors or its affiliated committees. The Board of Directors monitors compliance risks mainly through the Audit Committee, the Governance Committee and the Nominations and Remuneration Committee.

## Adherence to Laws and Regulations:

- The Compliance and Conformity Framework adopted by the BOD reflects the principles of promoting sound compliance practices and demonstrate the Company's commitment to the applicable legal and regulatory requirements and high professional standards. Accordingly, one of the roles of the Compliance Department is to assist the Executive Management in ensuring that all the Company's activities and employees comply with laws and regulatory instructions in accordance with the best professional standards and the relevant proper practices. The Compliance Department Director may refer to the Board of Directors through the Audit and Corporate Governance Committees, if necessary.
- Compliance risks are the risks of legal or regulatory penalties, material losses or damages to the Company's reputation as a result of non-compliance with the regulating laws, applicable rules and regulations and standards and rules of professional conduct. Compliance Policy outlines the Company's approach to manage compliance risks and the compliance program requirements and defines the roles and responsibilities of the

## List of major shareholders of the company

Shareholder	Number of shares	Shareholding %
Central Bank of Kuwait	20,244,000	12.280
National Bank of Kuwait	14,257,560	8.649
Boubyan Bank	11,770,440	7.140
Al Ahli Bank of Kuwait	10,122,000	6.140
Ahli United Bank*	10,122,000	6.140
Commercial Bank of Kuwait	10,122,000	6.140
Bank of Bahrain & Kuwait	10,122,000	6.140
Gulf Bank of Kuwait	10,122,000	6.140
Kuwait International Bank	10,122,000	6.140
Burgan Bank	10,122,000	6.140
Kuwait Finance House	10,122,000	6.140
Commercial Facilities Co.	10,122,000	6.140
Arzan Financial Group For Fin. & Invst.	10,122,000	6.140
Warba Bank	5,784,000	3.509
Aayan Leasing & Investment Co.	5,784,000	3.509
YAAS Installment for Credit Facilities Co. W.L.L.	2,169,000	1.316
Al-Amanah International General Trading Company	1,807,500	1.096
Yusuf Ahmed Al Ghanim & Sons	1,807,500	1.096
<b>Total</b>	<b>164,844,000</b>	<b>100</b>

\*Ahli United Bank was merged with Kuwait Finance House, bringing its direct and indirect ownership percentage in CINet to 12.280%.



## List of Subscribers with CINET

### Conventional, Islamic and Foreign Banks

National Bank of Kuwait  
 Kuwait Finance House  
 Al Ahli Bank of Kuwait  
 Commercial Bank of Kuwait  
 Kuwait International Bank  
 Industrial Bank of Kuwait  
 Ahli United Bank  
 Bank of Bahrain & Kuwait  
 Qatar National Bank  
 First Abu Dhabi Bank  
 Gulf Bank of Kuwait  
 Burgan Bank  
 Boubayan Bank  
 Warba Bank  
 Bank Muscat  
 Doha Bank  
 Mashreq Bank  
 Al Rajhi Bank  
 Citibank N.A  
 BNP Paribas Bank  
 Industrial and Commercial Bank of China Limited  
 HSBC Bank Middle East Limited

### Investment & Financing Companies Under the Supervision of the CBK

Commercial Facilities Company  
 Al Manar Financing & Leasing Co. K.S.C.C  
 Arzan Financial Group for Financing & Investment  
 Al Mulla International Finance Co. KSCC  
 UniCap Investment and Finance Company  
 AlSoor Financing and Leasing Co.  
 Kuwait Financial Centre "Markaz"  
 Noor Financial Investment Company  
 Arab Investment Company  
 KAMCO Investment Company  
 Asiya Capital Investments Company  
 Kuwait & Middle East Financial Investment Company  
 Al Riyadh Finance & Investment Co. K.S.C  
 Aref Investment Group  
 Dimah Capital Investment Company  
 Kuwait Investment Company  
 Kuwait Pillars for Financial Investment Company  
 Massaleh Investments Company  
 Aayan Leasing and Investment Company  
 Amar Finance & Leasing Company  
 Osoul Investment Company  
 Kuwait Finance and Investment Company

Wared Lease & Finance Company  
 Rasameel Investment Company  
 National Leasing and Financing Company  
 Wafra International Investment Company  
 AlMasar leasing and Investment Company  
 Hayat Investment Company  
 National Investments Company  
 KFIC For Financing Services Company  
 Watani Investment Company

### Commercial Companies Under the Supervision of the MOCI

Yusuf Ahmed Alghanim & Sons WLL  
 Yaas Installments Credit Facilities Company  
 Alamana Finance Company K.S.C Closed  
 Al Andalus Trading Company  
 Tashelat Al Duwaliya Company  
 Eureka Trading Co  
 Easa Husain Al Yousifi & Sons General Trading  
& Contracting Company  
 Al Zayani Trading Company  
 Al Adan Real Estate Company  
 Dakheel Al Jassar Electrical Industries Company

Kuwait Automotive Imports Co. W.L.L.  
 Electron Electronics Company  
 Abyat Megastore  
 Al Masila United Group for Car Rental  
 Al Babtain Turnkey Solutions  
 Abdulmohsen Abdulaziz Al Babtain Company  
 Al Sayer Facilities General Trading & Contracting Company  
 KGL Car Rental Company W.L.L.  
 Blink Gaming Gadgets Electronics Company  
 First Equilease for Equipment & Transportation Company  
 Ezz Al Ekhtiar Co.  
 Rathaan Electronics Co  
 Byzat.com General Trading Co.  
 Easy Buy Co

### Semi-Governmental Institutions

The National Fund for Small & Medium Enterprise Development