

ANNUAL REPORT AND ACCOUNTS 2024



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MISSION STATEMENT

GIC's mission is to foster the economic growth, the economic diversity, and the capital markets development of the GCC.

FINANCIAL HIGHLIGHTS

(US\$ million)

For the year

	2022	2023	2024
Gross Operating and Other Income	169	277	321
Operating Expenses	47	53	55
Net Profit	131	203	239

At year end

Total Assets	3,331	3,690	3,446
Interest Bearing Securities and Funds	355	507	422
Equities and Managed Funds	608	744	793
Projects and Equity Participations	1,926	2,070	2,012
Deposits	431	792	409
Shareholders' Equity	2,688	2,802	2,885

Selected Ratios (%)

Profitability

Return on Paid-up Capital	6.2	9.7	11.4
Return on Adjusted Shareholders' Equity	4.6	7.0	7.9

Capital

BIS Ratios			
- Total	30.7	33.4	33.0
- Tier 1	30.7	33.4	33.0
Shareholders' Equity as a % of Total Assets	80.7	75.9	83.7

Asset Quality

Marketable Securities as a % of Total Assets	19.6	23.8	25.1
GCC Country Risk as a % of Total Assets	71.5	68.1	67.9

Liquidity

Liquid Assets Ratio	39.6	42.4	40.4
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Productivity

Operating Income as Multiple of Operating Expenses	3.6	5.2	5.8
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**BOARD OF
DIRECTORS**

Kingdom of Saudi Arabia



H.E. Mr. Turki Ibrahim Almalik * ****

Chairman of the Board
Deputy CEO - Sanabil Investments



H.E. Mr. Waleed Hamad AlRashed AlHumaid ** ***

Chief Executive Officer - Al Rajhi Capital

Sultanate of Oman



H.E. Mr. Abdulsalam Mohammed Al Murshidi * ***

Deputy Chairman of the Board
Chairman of the Executive Committee
President - Oman Investment Authority



H.E. Mrs. Thuriya Ahmed AlBalushi ** ****

Senior Manager - Economic
Diversification Investments
Oman Investment Authority

State of Qatar



H.E. Shaikh Fahad Faisal Al-Thani * ****

Minister of State



H.E. Dr. Hussain Ali Al-Abdullah ** ***

Chairman of the audit committee
Minister of State

State of Kuwait



H.E. Mr. Manaf Abdulaziz Alhajeri * ***

Financial And Development Sector
Chairman Of The Risk Managment Committee



H.E. Mr. Bader Fawaz Alqattan ** ****

Acting Director - Hedge Funds
Departments Kuwait Investment Authority

United Arab Emirates



H.E. Mr. Saeed Rashid Al-Yateem * ***

Assistant Undersecretary
of Budget and Revenue
Ministry of Finance



H.E. Mr. Younis Haji Alkhoori ** ****

Chairman of the Remuneration and
Human Resources Committee
Undersecretary Ministry of Finance

Kingdom of Bahrain



H.E. Mr. Mazen Ibrahim Abdulkarim * ****

Businessman



H.E. Mr. Hesham Abdulghaffar Khonji ** ****

Senior Director - Strategic Investments
Mumtalakat Holding Co. B.S.C

- * Member of the Executive Committee
- ** Member of the Audit Committee
- *** Member of the Risk Management Committee
- **** Member of the Remuneration and Human Resources Committee

CHAIRMAN'S STATEMENT

On behalf of the members of the Board of Directors of the Gulf Investment Corporation, I present to you the 41st Annual Report, which outlines the Corporation's activities and financial results as of December 31, 2024.

The Corporation achieved solid net profit growth of 18%, reaching \$239 million, compared to \$203 million in 2023.

These outstanding results follow the Corporation's celebration of its 40th anniversary in 2023, marking four decades of active contribution to the Gulf economy. The Corporation has played a key role in developing infrastructure and industrial projects, strengthening the performance of Gulf financial markets, and creating employment opportunities for Gulf talents.

Despite the economic and geopolitical challenges faced throughout the year, the Corporation overcame them through the quality of its investment portfolios, prudent management, and a well-structured investment distribution strategy to achieve optimal profitability within acceptable risk levels. The Corporation also leveraged its strong financial position and continued efforts to enhance operational efficiency and maximize the value-added of its investments.

The Corporation maintained its focus on Principal Investments as an effective tool to achieve its strategic objectives. This included contributing to regional infrastructure projects, establishing new ventures, and supporting existing companies in partnership with both Gulf and global investors. Key investments during the year include Action Energy Company in Kuwait, Tamkeen in the UAE, and a significant stake in OQ Base Industries in Oman. At the same time, the Corporation strategically exited certain investments, such as Bitumat and Jeddah Cables in Saudi Arabia, and partially divested from AlephYa Education in the UAE.

The Global Markets Group also expanded its activities by investing in various portfolios and investment funds. Its diversified asset allocation strategy maximizes returns while managing targeted risk levels and consistently outperforming benchmark indices.

The Corporation continued to earn the confidence of global credit rating agencies, which reaffirmed its credit ratings during the year. Moody's maintained its long-term rating at A2 with a stable outlook, Fitch confirmed its rating at BBB+ with a stable outlook, and RAM Malaysia maintained its AAA rating with a stable outlook.

These ratings reflect the Corporation's strong capital base and efficient financial resource management. The Corporation's success is rooted in its balanced approach, which combines prudent risk management, a diverse investment portfolio, strong liquidity ratios, and a carefully planned debt reduction strategy. These factors have solidified its standing in regional and international financial markets.

The Corporation also prioritizes Gulf human capital development through continuous training and career development programs, as well as specialized workshops and courses both internally and externally. Currently, Gulf nationals make up more than 80% of the Corporation's leadership, and this ratio is expected to increase further in the coming years.

On behalf of myself and my esteemed colleagues on the Board of Directors, I wish to take this opportunity to extend my appreciation to the Royal Highnesses, Kings and Amirs, Rulers of the GCC countries for their continuous support. I also express my sincere gratitude to the host country, Kuwait for hosting GIC's headquarters, and for its hospitality and for providing all necessary forms of support to the Corporation.

My gratitude also goes to the Ministers of Finance of the GCC states for their constant commitment to supporting the Corporation.

Lastly, I would like to extend my heartfelt thanks and appreciation to the members of the Board of Directors, the executive management team, and all the corporation's employees for their dedication and efforts in advancing the Corporation's goals.



Turki bin Ibrahim AlMalik

Chairman of the Board

CEO'S STATEMENT



The Gulf Investment Corporation achieved impressive net profits of \$239 million, marking an 18% increase from \$203 million in 2023.

This achievement was achieved despite a year marked by numerous economic challenges, most notably concerns over the global economy's sluggish growth, inflationary pressured, heightened volatility in international markets, fluctuating oil prices, and escalating geopolitical tensions both regionally and globally. The Corporation's ability to navigate these challenges successfully is a testament to its prudent investment strategy, the quality of its investment portfolios, and its effective management approach, which collectively enabled this outstanding performance throughout the year.

By the end of 2024, the Corporation's total assets stood at \$3.4 billion, reflecting a decrease of \$244 million compared to 2023. However, shareholders' equity saw an increase of \$83 million, rising to \$2.885 billion from \$2.802 billion at the end of 2023. This change in equity includes the \$239 million net profit for the fiscal year, against a decrease in the revaluation reserve of \$6 million, and \$150 million in cash dividends distributed to shareholders for 2023.

In terms of investment performance, the Principal Investment Group portfolio delivered strong results, generating total revenues of \$239 million, up from \$186 million in 2023. Similarly, the Global Market Group reported total revenues of \$134 million, an improvement from \$124 million in the previous year.

Principal Investment remain a cornerstone of the Corporation strategy, playing a crucial role in achieving its objectives. The Corporation is dedicated to pursuing new projects, fostering the growth of companies within the GCC countries, increasing both GCC and foreign direct investments, and facilitating the transfer of global expertise to the region.

The Principal Investment Group continues to strengthen its presence in the infrastructure sector, a high-value area where the Corporation has built substantial expertise. The group is currently advancing two significant projects; the Jarunah Water Reservoir Project in Saudi Arabia and the Al-Wakra and Al-Wukair Wastewater Treatment Project in Qatar.

Throughout the year, the Principal Investment Group strategically expanded its portfolio by investing in new companies, including Action Energy in Kuwait, specializing in the operation and management of oil platforms. In addition to Tamkeen in the UAE, focused on managing hospitals and specialized clinics in mental health, and a significant stake in OQ Base Industries in Oman, a leading player in the chemical industry.

Additionally, the group submitted a bid for the Al-Zour 2&3 Water and Power Project in Kuwait in partnership with ACWA Power from Saudi Arabia. The announcement of the preferred bidder is anticipated in the first half of 2025. The Corporation is actively engaged in ongoing negotiations and conducting due diligence for a potential new investment in Saudi Arabia's education sector.

The Principal Investment Group continued implementing its strategy of divesting from select investments and reducing portfolio concentration. As part of this approach, the Corporation fully exited its stakes in Bitumat and Jeddah Cables in Saudi Arabia and signed an SPA for the partial disinvestment from ALEPHYA Education in the UAE. These strategic moves are designed to sharpen the Corporation's focus on high-return investment opportunities and foster sustainable long-term growth.

In parallel, the Corporation's managed financial portfolios delivered strong performance. Hedge funds posted an 11.53% return, while global equity funds achieved a 14.85% gain.

Global credit rating agencies reaffirmed their confidence in the Gulf Investment Corporation, maintaining their previous ratings with stable outlook. Moody's rated the Corporation at A2, Fitch at BBB+, and RAM Malaysia at AAA, reflecting the Corporation financial strength, prudent debt reduction strategy, and solid capital adequacy ratios. Additionally, the Corporation's strong liquidity position, the high quality of its assets, adequate provisioning, and sound risk management practices were key factors underpinning the stable credit ratings. These elements remain foundational pillars in maintaining the Corporation's robust financial standing.

In line with its commitment to Gulf human capital development, the Corporation prioritizes the empowerment and advancement of local talent. Gulf nationals currently represent approximately 80% of the Corporation's senior management, reflecting its dedication to fostering regional leadership and expertise.

On another front, the Corporation remains committed to adhering to the highest standards of governance and auditing. An independent external auditor was engaged to review the Corporation's governance practices to ensure transparency and accountability. The comprehensive assessment covered key areas, including organizational structures, decision-making processes, internal control mechanisms, and compliance with best governance standards.

The audit yielded positive results, confirming the Corporation's alignment with global best practices. This reinforces its commitment to upholding the most current policies, strengthens investor confidence, and fosters trust among strategic partners.

In conclusion, I would like to express my sincere gratitude to GIC's shareholders and its Board of Directors, along with its sub-committees, for their continued support and valuable guidance. Additionally, I extend my appreciation for the staff members for their dedication and commitment to advancing Corporation's mission.



Ibrahim Ali AlQadhi

Chief Executive Officer

ECONOMIC REVIEW

The background of the page is a solid dark blue. In the lower half, there is an abstract geometric composition of overlapping shapes. A large, dark teal triangle points downwards from the left. Overlapping its right side is a lighter teal triangle pointing upwards from the left. Below these, there are several dark blue and teal rectangular and trapezoidal shapes that create a sense of depth and perspective, resembling architectural elements or a stylized landscape.

INTRODUCTION

In 2024, the global economy remained resilient despite a slight moderation in growth, easing to 3.2% from 3.3% in 2023, to show a moderate slowdown rather than a sharp contraction. Inflation declined significantly, driven by supply-side improvements and falling commodity prices.

Economic performance varied across regions. The US sustained robust growth at 2.8%, while the Euro Area lagged at 0.8%. China's economy slowed to 4.8% due to weak demand and declining investor confidence. Financial conditions were mixed, with equities gaining in advanced economies, while EMDEs faced tighter conditions amid high inflation and currency volatility. Global trade rebounded, expanding by 3.4% after subdued growth in 2023.

Oil prices fluctuated throughout the year, influenced by geopolitical tensions, OPEC+ supply adjustments, and shifting demand dynamics, especially in China.

In the GCC, economic growth reached 2.4%, with a resilient non-hydrocarbon sector, particularly in the UAE and Saudi Arabia. Trade patterns reflected a decline in hydrocarbon exports but a rise in non-hydrocarbon exports.

Equity markets in the GCC delivered mixed results, with Dubai's DFM index leading regional gains. Market volatility persisted, driven by global economic trends, fluctuating oil prices, and geopolitical uncertainties.

1. Global Economic Review

1.1. Global Growth

The global economy has demonstrated remarkable resilience, remaining far from the brink of recession. This strength is largely driven by a strong labor market, robust consumer demand, and, most notably, falling inflation. In 2024, the global economy moderated slightly to 3.2%, down from 3.3% in 2023, indicating a moderate slowdown rather than a severe contraction.

Meanwhile, global headline inflation declined more rapidly than expected, dropping from 4.6% in 2023 to 2.6% in 2024 in Advanced Economies and from 8.1% in 2023 to 7.9% in 2024 across EMDEs. This decrease reflects supply-side improvements, coupled with falling commodity prices and the lagged impact of monetary tightening by central banks. This was consistent with a soft landing scenario in the US, where the unemployment rate rose just slightly to 4.1% in December 2024 from 3.8% in December 2023.

However, economic performance varied across regions. In the US, growth exceeded expectations, while the Euro Area continued to lag behind. In contrast, EMDEs maintained relatively stable growth. Meanwhile, China faced headwinds from subdued demand, fragile industrial sector, and weak business confidence. Despite ongoing geopolitical tensions, global trade growth in 2024 was notably stronger than in 2023¹.

Table 1: Real GDP and Trade Growth (%)

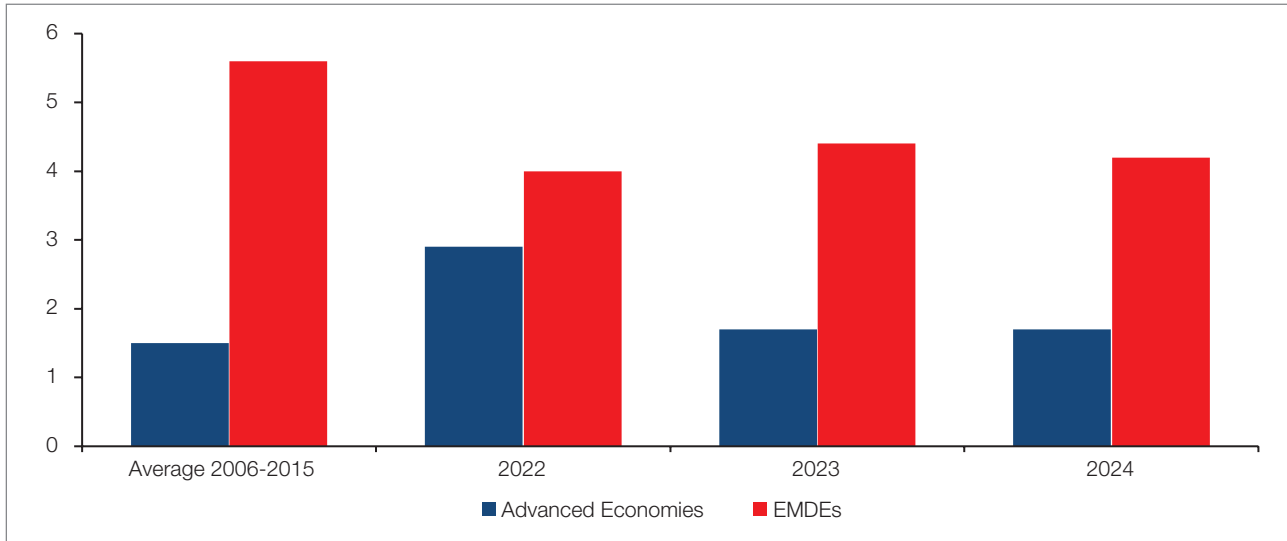
Real GDP growth	Average 2006-2015	2022	2023	2024
World	3.6	3.6	3.3	3.2
Advanced Economies	1.5	2.9	1.7	1.7
United States	1.6	2.5	2.9	2.8
Euro area	0.8	3.3	0.4	0.8
Japan	0.5	1.2	1.5	-0.2
Other Advanced Economies	2.4	3.3	1.9	2.0
EMDEs	5.6	4.0	4.4	4.2
China	9.6	3.0	5.2	4.8
India	6.8	7.0	8.2	6.5
Brazil	2.8	3.0	3.2	3.7
World Real Trade Growth	2.5	3.2	0.7	3.4

Source: IMF World Economic Outlook, January 2025.

1. IMF, "World Economic Outlook Update". January 2025.

Growth in Advanced Economies remained resilient throughout 2024, holding steady at 1.7%. This performance was primarily driven by strong growth in the US, especially in the first half of 2024. Robust consumer spending and expansionary fiscal policy provided strong support for economic growth in the US. Meanwhile, domestic demand across Advanced Economies gained momentum, supported by improved private consumption. However, investment growth remained modest, as high interest rates and restrictive credit conditions continued to weigh on business activity².

Figure 1: GDP Growth in Advanced Economies and EMDEs (%)



Source: GIC Research based on IMF.

In the US, economic growth remained resilient in 2024, easing slightly to 2.8% from 2.9% in 2023. While the year began with stronger-than-expected momentum, economic activity moderated in the final quarter, weighed down by a weakening labor market and subdued consumer sentiment. Despite signs of a slowdown, consumer spending remained solid, supported by accumulated household savings and a still-strong labor market. Additionally, growth received a boost from expansionary fiscal policy. However, the real value of household savings and net worth continued to erode under the pressure of elevated consumer prices and interest rates³.

In the euro area, economic growth edged up from 0.4% in 2023 to 0.8% in 2024. However, growth remained subdued, primarily due to sluggish consumer spending, weak business investment, and lackluster industrial activity.

Meanwhile, Japan's economy contracted by 0.2% in 2024, a sharp decline from the 1.2% growth recorded in 2023. The downturn is largely attributed to underperformance in the auto industry, tepid consumer spending, and persistently weak consumer confidence⁴.

Amid concerns over trade restrictions and weak global growth, emerging markets and developing economies (EMDEs) faced diverse challenges in 2024. Growth in EMDEs softened slightly to 4.2%, down from 4.4% in 2023. Strong global trade provided a boost to commodity exporters, while elevated interest rates weighed on domestic demand. Slowing activity in China was partially offset by stronger growth elsewhere, supported by improving domestic demand and a rebound in international trade⁵.

In China, growth slowed to 4.8% in 2024, down from 5.2% in 2023, marking the country's weakest expansion in nearly three decades. The economy lost momentum in the second half of the year, driven by a downturn in real estate investment, sluggish consumption growth, weak external demand, and persistently low consumer confidence⁶.

1.2. Global Inflation

Global headline and core inflation continued to ease in 2024, driven by falling commodity prices, improved supply-side conditions, and lagged effects of monetary tightening. Across many advanced economies, inflation rates fell below central bank targets, while in EMDEs, they declined to levels nearing their pre-pandemic rates.

2. IMF, "World Economic Outlook", October 2024.

3. World Bank, "Global Economic Prospects", January 2025.

4. World Bank, "Global Economic Prospects", January 2025.

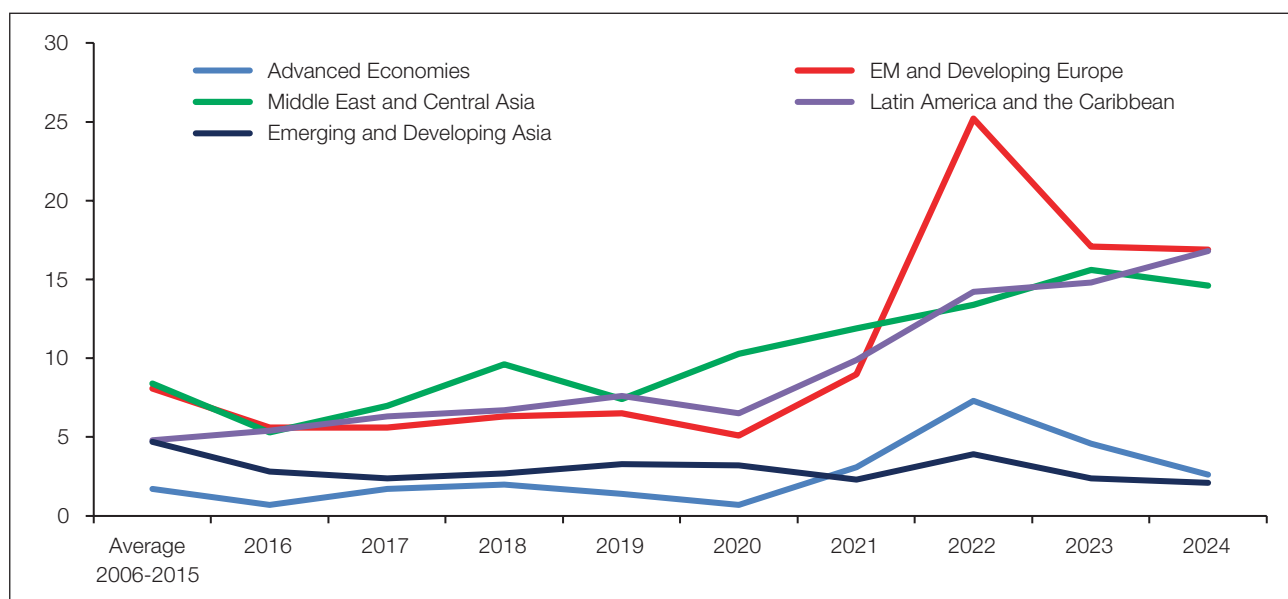
5. World Bank, "Global Economic Prospects", January 2025.

6. World Bank, "Global Economic Prospects", January 2025.

Meantime, core inflation remained persistently high in 2024, with many EMDEs and advanced economies experiencing an acceleration driven by high services inflation and solid wage growth. This prompted some central banks to revisit their monetary easing process. However, towards the end of the year, global core inflation began to moderate as wage growth slowed and services demand softened⁷.

Inflation rate declined across advanced economies and EMDEs in 2024. In advanced economies, inflation fell from 4.6% in 2023 to 2.6%, while in EMDEs, it eased from 8.1% in 2023 to 7.9%. The slowdown was broad-based, with notable declines in consumer price inflation in Japan from 3.3% in 2023 to 2.2% in 2024, in the European Union from 6.3% in 2023 to 2.6%, and from 4.1% in 2023 to 3% in the US. In contrast, China saw a slight increase, with inflation rising from 0.2% in 2023 to 0.4% in 2024⁸.

Figure 2: Consumer Prices (% change, y-o-y)



Source: GIC Research based on IMF data.

1.3. Global Financial Developments

Global financial conditions remained largely accommodative in 2024, though with regional disparities. In advanced economies, equities gained momentum, driven by optimism surrounding potential business-friendly policies in the US. Meanwhile, financial conditions in EMDEs remained tighter, weighed down by muted equity valuations and a stronger US dollar⁹.

In the second half of 2024, global financial conditions have moderated as major central banks lowered interest rates. However, toward the end of the year, conditions started to tighten in EMDEs. Risk appetite remained elevated in advanced economies during 2024 as investor sentiment in the US gained momentum alongside rising equity prices. Yet, equity volatility increased in August, highlighting the sensitivity of markets to shifts in sentiment and policy. Meanwhile, concerns about the outlook for trade relations with the US and heightened political uncertainty weighed on market sentiment throughout the year.

Financial conditions in EMDEs softened in 2024, as inflation remained high in some countries, compounded by uncertainty surrounding potential shifts in US trade policies and concerns regarding US policy rate cuts. Moreover, EMDEs currencies experienced heightened volatility, with several currencies depreciating significantly against the US dollar in the fourth quarter due to EMDE debt and equity outflows. As inflation accelerated and currencies depreciated towards year-end, expectations of further rate cuts across EMDEs diminished, contributing to equity market throughout these economies. As inflation gradually moderated in 2024, it remained above but close to the 2% target rate. The year 2024 was a pivotal point for global monetary policy as major central banks started to ease after two years of monetary tightening.

7. World Bank. "Global Economic Prospects". January 2025.

8. IMF Database.

9. IMF. "World Economic Outlook". January 2025.

Monetary policy in advanced economies became more accommodative in 2024, with the four major central lowering interest rates in response to declining inflation rates. By the fourth quarter, the US Federal Reserve had cut its policy rate by 100bps to bring the rate down from a range of 5.25%-5.5% in Q4:23 to 4.25%-4.5%. Similarly, the ECB lowered rates by 100bps to 3%, while the Bank of England implemented a 50bp cut, bringing its rate down to 4.75%. In contrast, the Bank of Japan moved in the opposite direction, raising its policy rate to 0.25% by year-end from its previous range of 0.25%¹⁰.

Table 2: Short-Term Policy Rates (%)

Date	USA	Canada	Euro Area	UK	Japan	China	India
Q1 2018	1.75	1.25	0.00	0.50	-0.10	2.55	5.75
Q2 2018	2.00	1.25	0.00	0.50	-0.10	2.55	6.00
Q3 2018	2.25	1.50	0.00	0.75	-0.10	2.55	6.25
Q4 2018	2.50	1.75	0.00	0.75	-0.10	2.55	6.25
Q1 2019	2.50	1.75	0.00	0.75	-0.10	2.55	6.00
Q2 2019	2.50	1.75	0.00	0.75	-0.10	2.55	5.50
Q3 2019	2.00	1.75	0.00	0.75	-0.10	2.55	5.15
Q4 2019	1.75	1.75	0.00	0.75	-0.10	2.50	4.90
Q1 2020	0.25	0.25	0.00	0.10	-0.10	2.20	4.00
Q2 2020	0.25	0.25	0.00	0.10	-0.10	2.20	3.35
Q3 2020	0.25	0.25	0.00	0.10	-0.10	2.20	3.35
Q4 2020	0.25	0.25	0.00	0.10	-0.10	2.20	3.35
Q1 2021	0.25	0.25	0.00	0.10	-0.10	2.20	3.35
Q2 2021	0.25	0.25	0.00	0.10	-0.10	2.20	3.35
Q3 2021	0.25	0.25	0.00	0.10	-0.10	2.20	3.35
Q4 2021	0.25	0.25	0.00	0.25	-0.10	2.20	3.35
Q1 2022	0.50	0.50	0.00	0.75	-0.10	2.10	3.35
Q2 2022	1.75	1.50	0.00	1.25	-0.10	2.10	3.35
Q3 2022	3.25	3.25	1.25	2.25	-0.10	2.00	3.35
Q4 2022	4.50	4.25	2.50	3.50	-0.10	2.00	3.35
Q1 2023	5.00	4.50	3.50	4.25	-0.10	2.00	3.35
Q2 2023	5.25	4.75	4.00	5.00	-0.10	1.90	3.35
Q3 2023	5.50	5.00	4.50	5.25	-0.10	1.80	3.35
Q4 2023	5.50	5.00	4.50	5.25	-0.10	1.80	3.35
Q1 2024	5.50	5.00	4.50	5.25	0.10	1.80	3.35
Q2 2024	5.50	4.75	4.25	5.25	0.10	1.80	3.35
Q3 2024	5.00	4.25	3.65	5.00	0.25	1.50	3.35
Q4 2024	4.50	3.25	3.15	4.75	0.25	1.50	3.35

Note: Bank of China's 7-day Reverse Repurchase rate & Reserve Bank of India Reverse Repo Rate.

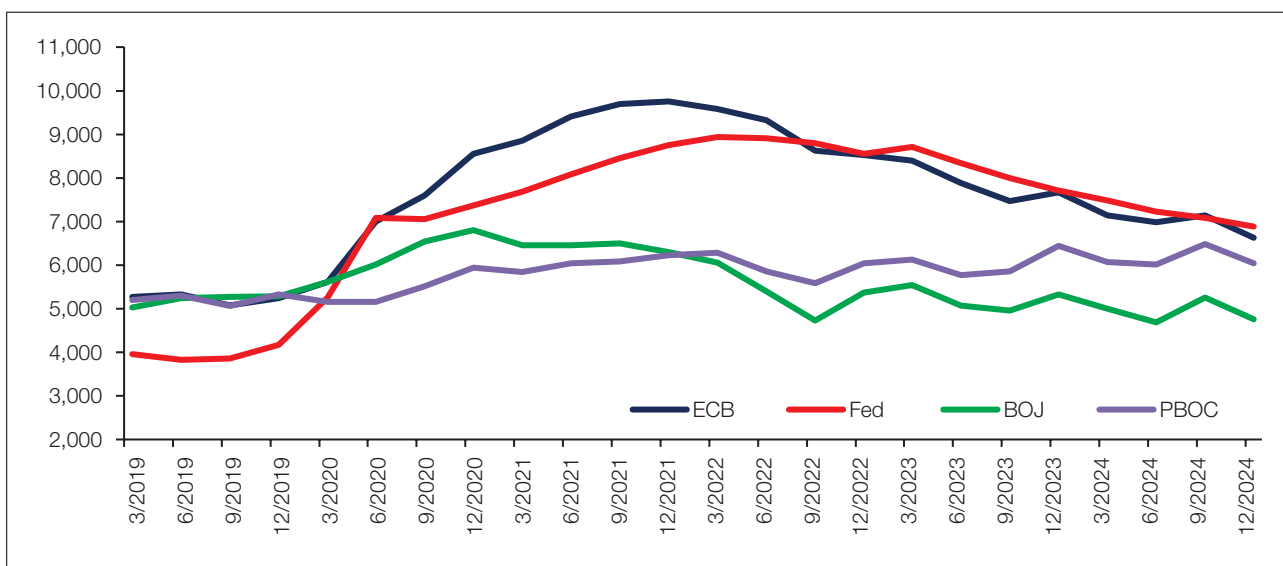
Source: GIC Research based on Bloomberg.

The reduction of central bank balance sheets continued in 2024, with the combined total assets of major central banks declining by 10.5% y-o-y, to reach \$24.3 trillion in December 2024, down from \$27.1 trillion in December 2023. The US Fed's total assets fell by 10.7% to \$6.8 trillion, while the ECB saw a 13.6% decrease, bringing its total assets to \$6.6 trillion. Similarly, the People's Bank of China reduced its balance sheet by 6.2%, reaching \$6 trillion, and the Bank of Japan's total assets declined by 10.7% to \$4.7 trillion¹¹.

10. GIC Research based on Bloomberg Database.

11. GIC Research based on Bloomberg Database.

Figure 3: Major Central Banks Total Assets (Billion USD)



Source: GIC Research based on Bloomberg.

1.4. Exchange Rates and Capital Flows

1.4.1. Exchange Rates

The US Dollar experienced notable fluctuations in 2024, initially declining to 100.8 against a basket of other global currencies in September 2024 before rebounding to a yearly peak of over 108 in December. By mid-December, the exchange rate for the Euro had strengthened, costing just over \$1.03 per Euro, compared to approximately \$1.10 at the start of the year. Despite its late-year recovery, the US dollar ended 2024 down about 6.6% from its value at the beginning of the year¹².

1.4.2. Total Portfolio Flows to Emerging Markets

Emerging market securities attracted total portfolio inflows of \$269.23 billion in 2024, significantly higher than \$177.4 billion in 2023. This was driven by solid debt flows of \$270.83 billion, which offset equity outflow of \$1.59 billion. Regionally, EM Europe led the inflows with \$90.49 billion, followed by Africa-Middle East with \$68.15 billion and Emerging Asia with \$55.42 billion. In contrast, Latin America experienced portfolio outflows totaling \$55.17 billion.

In December 2024, total portfolio flows to EM stood at \$14.1 billion, comprising \$3.1 billion in equity outflows and \$17.3 billion in debt flows. Chinese equities continued to face pressure, with \$1.3 billion in outflows and a marginal \$0.5 billion in debt outflows. Meanwhile, EM ex-China recorded solid inflows of \$32.3 billion, driven by \$17.8 billion in debt flows and \$0.5 billion in equity outflows¹³.

12. Bloomberg Database.

13. IIF Database.

Table 3: Net Non-Resident Portfolio Flows to Emerging Markets (\$bn)

Year / Total	Emerging Asia	Latin America	Emerging Europe	ME & Africa	Total
Portfolio Debt Flows					
2021	160.16	73.81	38.80	66.28	339.05
2022	-4.88	17.65	6.89	0.42	20.08
2023	84.52	43.98	25.80	-16.74	137.56
2024	99.29	60.94	55.00	55.60	270.83
Total	339.09	196.38	126.49	105.56	767.52
Portfolio Equity Flows					
2021	-57.37	27.71	58.60	28.32	57.26
2022	-32.96	34.14	12.08	6.81	20.07
2023	40.13	-1.07	6.30	-7.07	38.29
2024	-43.87	-5.77	35.50	12.55	-1.59
Total	-94.07	55.01	112.48	40.61	114.03
Total Portfolio Flows (Equity and Debt)					
2021	102.79	101.52	97.41	94.60	396.32
2022	-37.84	51.79	18.96	7.23	40.14
2023	124.65	42.91	32.07	-23.78	175.85
2024	55.42	55.17	90.49	68.15	269.23
Total	245.02	251.39	238.93	146.20	881.54

Source: GIC Research based on IIF.

1.5. Global Trade

Despite subdued manufacturing activity in many advanced economies and the impact of restrictive trade measures, global trade growth saw a significant recovery in 2024. This rebound was driven primarily by strong goods trade, particularly in the third quarter, supported by inventory buildups. Global trade in goods and services increased by 3.4% in 2024, up from 0.7% in 2023.

While the first half of the year witnessed sluggish trade growth, the second half experienced a notable rebound, largely fueled by increased inventory buildup. However, the recovery was uneven across regions. EMDEs saw steady growth in goods trade, while many advanced economies continued to struggle, with the exception of the US, where trade growth remained comparatively strong¹⁴.

Overall, world trade volume saw a notable improvement in 2024, expanding by 3.4%, a significant rebound from the modest 0.7% growth recorded in 2023. However, this growth rate remained slightly below the long-term average growth of 4.1%. Trade volume in advanced economies and EMDEs grew at 2.2% and 5.4% respectively in 2024, compared to a flat growth of 0% and 2% in 2023. Volume of exports in advanced economies grew by 2.5% in 2024, improving from 1% growth in 2023, though still below the long-term average of 3.7%. In contrast, EMDEs saw their exports expand by 4.6% in 2024, a sharp rise from the 0.6% growth seen in 2023. In addition, advanced economies saw their volume of imports grow by 2.1%, recovering from a 0.7% contraction in 2023. Meanwhile, imports in EMDEs grew by 4.6%, maintaining a steady momentum after a 3% expansion in 2023¹⁵.

14. IMF. "World Economic Outlook". October 2024 and January 2025.

15. IMF. "World Economic Outlook" Update. October 2024 and January 2025.

Table 4: World Volume of Trade (goods and services)

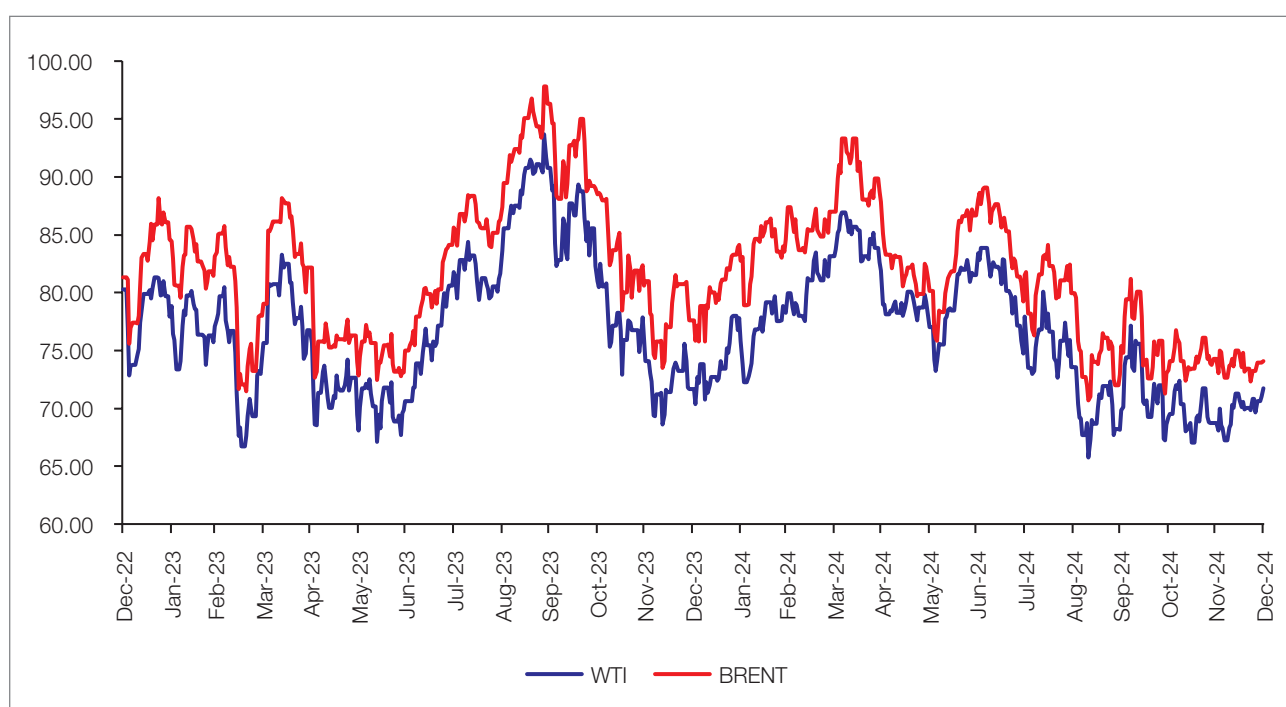
Annual % change	Average 2016-2025		2023		2024	
	Exports	Imports	Exports	Imports	Exports	Imports
Advanced Economies	2.3	2.5	1.0	-0.7	2.5	2.1
EM & Developing Economies	3.4	3.1	0.6	3.0	4.6	4.6
World Trade Volume	2.7		0.8		3.1	

Source: IMF, "World Economic Outlook". October 2024.

2. Oil Dynamics

Oil prices have remained confined within a relatively narrow range since the beginning of the year, shaped by opposing market forces. On one hand, geopolitical tensions in the Middle East and Europe, coupled with OPEC+ supply constraints, have provided upward pressure on prices. On the other hand, increased production from non-OPEC+ countries, particularly the US, along with concerns over a subdued global demand outlook, have exerted downward pressure on crude prices.

Figure 4: WTI and BRENT Daily Prices in 2024 vs. 2023 (\$/b)



Source: Bloomberg, GIC Research.

At the beginning of the year, oil prices gradually increased, fueled by strong demand across major economies and expectations of limited supply. By March, Brent crude approached \$88/b, while WTI hovered around \$83.5/b. During the first quarter, WTI rose by 16% and BRENT gained 12%, driven by escalating tensions between Ukraine and Russia, the ongoing conflicts in the Middle East, stronger-than-expected global demand, and expectations of tighter market conditions. Additionally, growing anticipation of a shift in monetary policy by major central banks further boosted market sentiment, contributing to the upward momentum in oil prices.

At the start of the second quarter, Brent crude surged to \$93.3/b, its highest level since October 2023, driven by OPEC+ production cuts, robust demand, and heightened geopolitical tensions. However, expectations that the Federal Reserve might maintain higher interest rates for longer began to weigh on prices. By mid-quarter, oil prices began to trend downward as geopolitical tensions in the Middle East eased, further amplified by uncertainty surrounding the Fed's future rate decisions. This combination of factors continued to pressure prices lower.

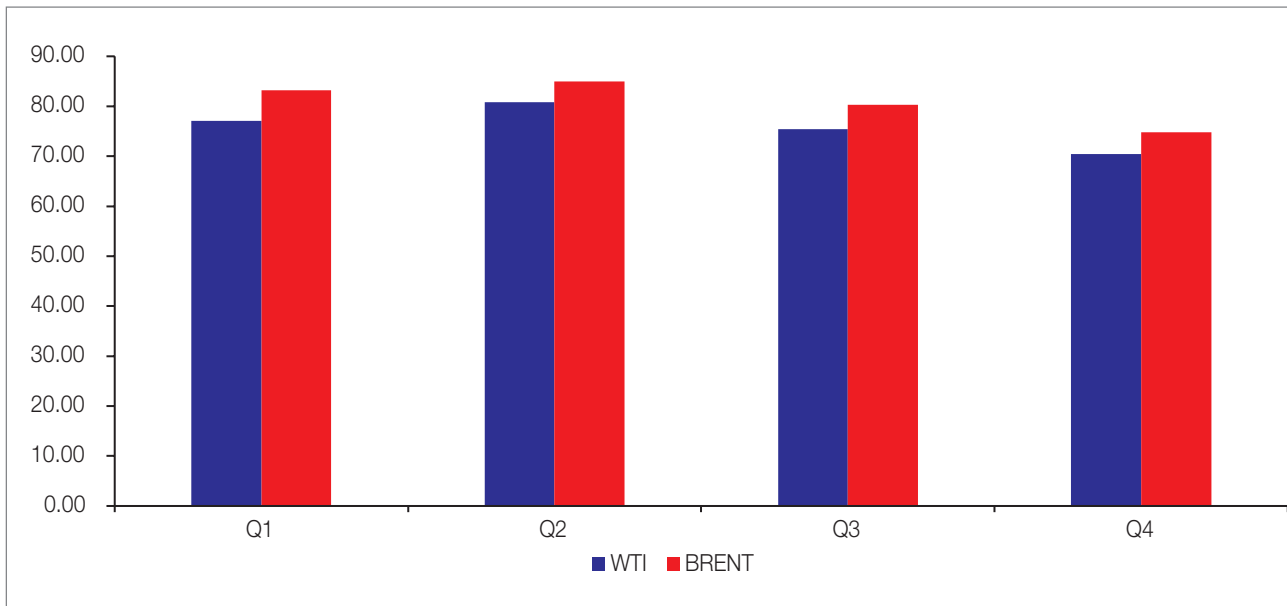
Towards the end of the quarter, oil prices extended their losses amid news of OPEC+ planning to restore some output in the second half of the year, raising concerns about potential oversupply. Additional downward pressure came from weakening demand prospects in China and the continued easing of geopolitical risks. Over the course of the quarter, WTI declined by 3%, while BRENT also recorded a nearly 3% loss, reflecting the market's sensitivity to both supply dynamics and economic uncertainty.

The third quarter was marked by heightened concerns over a global economic slowdown and growing expectations of lower interest rates. By early August, oil prices had erased their gains for the year, driven by global equity market turmoil and a weakened economic outlook in China, despite continued efforts by OPEC+ to stabilize and balance the market. During the third quarter, oil prices plunged to their lowest levels of the year, with WTI falling to \$65.7/b and BRENT dropping to \$70.6/b. Over the period, WTI recorded a sharp decline of 18.2%, while Brent slid by 17.2%, as market sentiment remained under pressure from slowing global demand and persistent economic uncertainties.

At the start of the final quarter, oil prices declined amid growing concerns over the market outlook and heightened geopolitical risks in the Middle East. Expectations that OPEC+ would restore supply in December, coupled with a slowdown in China, further capped price gains. In November, OPEC+ postponed its planned production increase by one month – the second delay in 2024, following a similar move in October – citing weak demand prospects and concerns of oversupply. Throughout the quarter, the oil market was influenced by speculations surrounding the US Presidential election, fluctuations in the US dollar, and uncertainty over how the new administration would approach conflicts in Russia and the Middle East, as well as policies on Iranian oil exports. As Q4 concluded, oil prices were on track for a marginal loss, driven by weak demand in China and persistent oversupply, despite ongoing geopolitical tensions in the Middle East and Europe. During the quarter, oil prices averaged \$70.4/b for WTI and \$74.7/b for BRENT. WTI posted a 2.7% quarterly gain, while BRENT edged up by 1.7%.

In 2024, WTI averaged \$75.9/b, slightly lower than \$77.6/b in 2023, while Brent averaged \$80.7/b, down from \$82.6/b the previous year. WTI began the year at \$71.6/b and ended almost flat at \$71.7/b, reflecting overall market stability despite fluctuations throughout the year. In contrast, Brent started at \$77.6/b but declined to \$74.1/b by year-end, driven by concerns over oversupply and a weaker demand outlook, particularly from China. The modest declines in both benchmarks underscore the market's struggle to balance geopolitical tensions, supply adjustments, and global demand uncertainties throughout the year.

Figure 5: WTI and BRENT Average Quarterly Prices in 2024 (\$/b)



Source: Bloomberg, GIC Research.

Additionally, WTI averaged \$78.9/b in the first half of 2024 and declined to \$72.9/b in the second half, compared to \$74.9/b and \$80.3/b in the respective halves of 2023. Brent maintained a slight premium over WTI, averaging \$84/b in the first half of 2024 and \$77.5/b in the second half. This compares to \$79.8/b in the first half of 2023 and \$85.4/b in the second half.

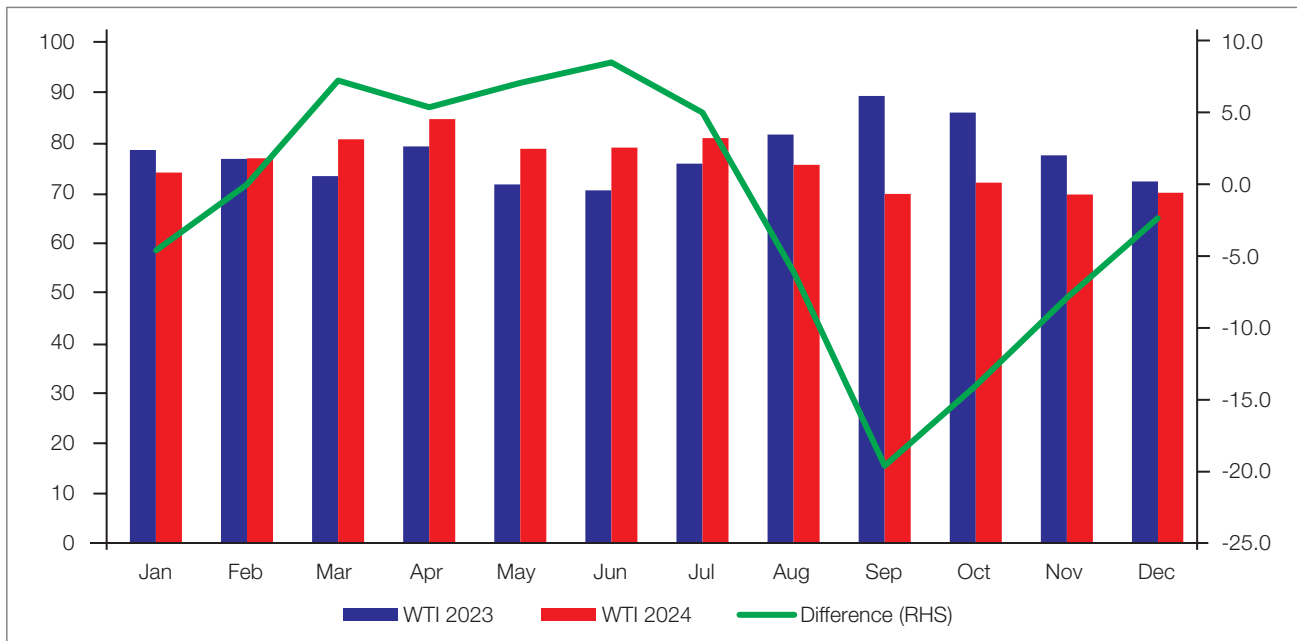
The decline in prices during the second half of 2024 for both benchmarks reflected growing concerns over global demand weakness, particularly from China, alongside shifts in OPEC+ supply strategies and evolving geopolitical risks. Despite a strong start, the softer second-half performance highlights the market's sensitivity to macroeconomic uncertainties and shifting supply dynamics.

Table 5: WTI and BRENT Average Quarterly Prices 2023 vs. 2024

	WTI (\$/b)			BRENT (\$/b)		
	2023	2024	% change	2023	2024	% change
Q1	76.13	77.13	1.30%	81.22	83.16	2.39%
Q2	73.71	80.78	9.58%	78.38	84.92	8.34%
Q3	82.10	75.40	-8.17%	86.53	80.26	-7.25%
Q4	78.52	70.46	-10.27%	84.26	74.79	-11.24%

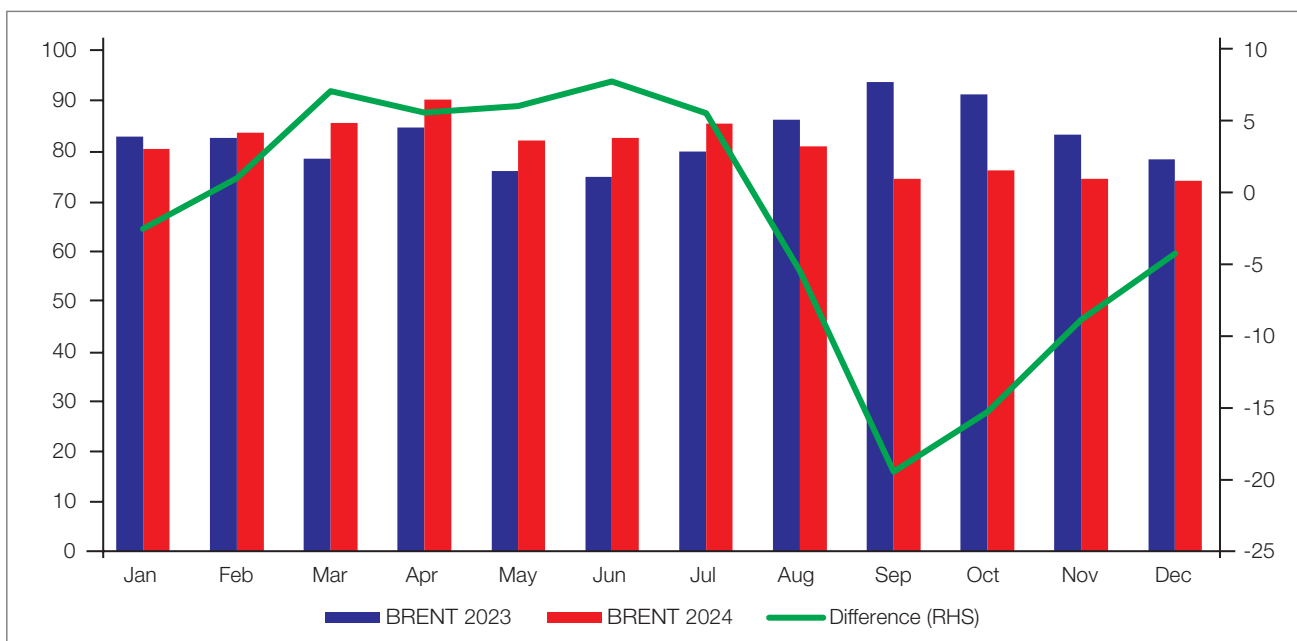
Source: Bloomberg, GIC Research.

Figure 6: WTI Average Monthly Prices in 2023 and 2024 (\$/b)



Source: Bloomberg, GIC Research.

Figure 7: BRENT Average Monthly Prices in 2023 and 2024 (\$/b)



Source: Bloomberg, GIC Research.



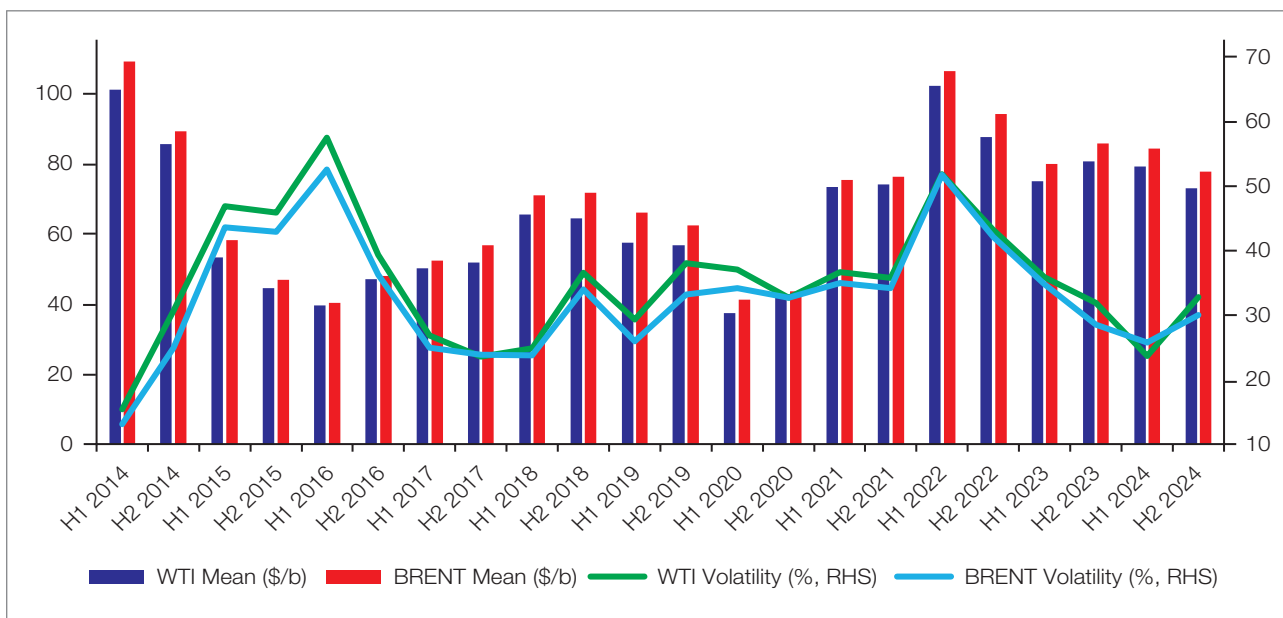
Oil prices declined by 7.5% in the second half of 2023 compared to the first half, reflecting market pressures from oversupply concerns and shifting demand dynamics. In terms of volatility, the average volatility coefficient for WTI decreased from 33.7% in 2023 to 28.8% in 2024, while BRENT also saw a moderation, with volatility easing to 27.7%, down from 31.6% in 2023. However, as highlighted in the following table, average volatility in the second half of 2024 was notably higher than in the first half for both WTI and Brent, reflecting increased market sensitivity to geopolitical risks, supply fluctuations, and evolving macroeconomic conditions.

Table 6: WTI and Brent Mean and Volatility

	WTI		BRENT	
	Mean (\$/b)	Volatility (%)	Mean (\$/b)	Volatility (%)
H1 2014	100.91	15.40	108.90	13.09
H2 2014	85.36	30.75	89.08	24.93
H1 2015	53.23	46.93	58.11	43.67
H2 2015	44.34	45.90	46.82	42.93
H1 2016	39.48	57.58	40.23	52.64
H2 2016	47.02	39.39	47.92	36.30
H1 2017	50.06	26.81	52.20	24.92
H2 2017	51.77	23.55	56.60	23.84
H1 2018	65.44	24.91	70.79	23.77
H2 2018	64.28	36.59	71.46	34.05
H1 2019	57.36	29.35	65.88	25.97
H2 2019	56.66	38.11	62.27	33.21
H1 2020	37.28	486.84	41.15	103.59
H2 2020	41.74	32.68	43.57	32.68
H1 2021	73.11	36.66	75.28	35.02
H2 2021	73.97	35.80	76.12	34.26
H1 2022	101.90	51.94	106.15	51.78
H2 2022	87.41	43.27	93.93	42.15
H1 2023	74.90	35.90	79.70	34.80
H2 2023	80.47	31.90	85.50	28.50
H1 2024	78.95	23.70	84.04	25.80
H2 2024	72.90	32.80	77.49	30.00

Source: Bloomberg, GIC Research.

Figure 8: WTI and BRENT Mean and Volatility (\$/b, %)



Source: Bloomberg, GIC Research.

2.1. Oil Fundamentals and Prices

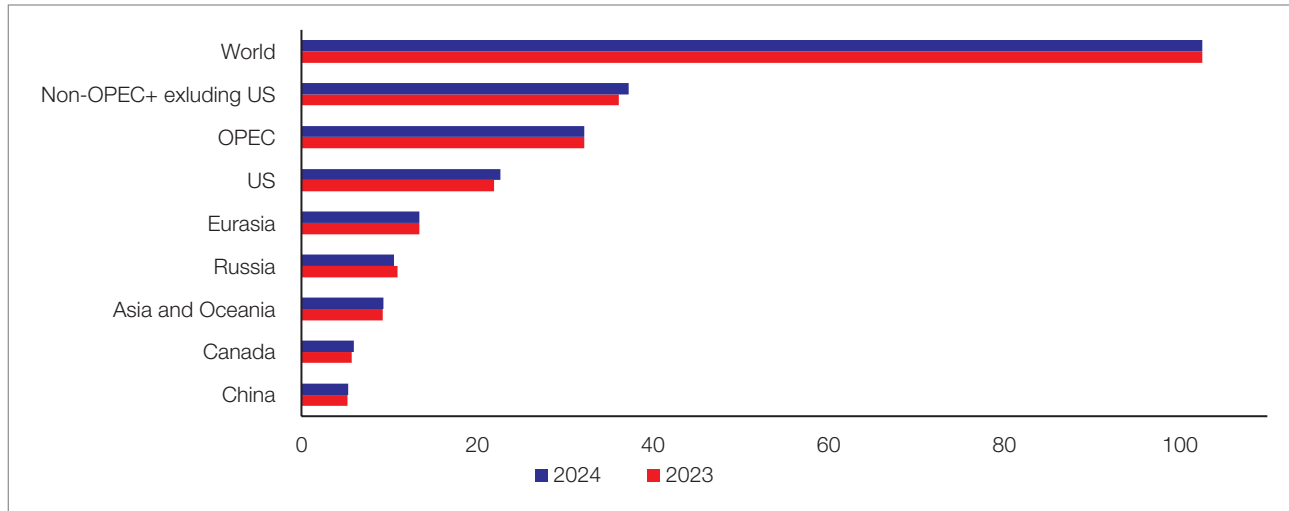
Global crude oil production remained steady at 102.6 mb/d in 2024, unchanged from 2023, despite notable regional shifts in output. Canada saw a 3.6% increase in oil production, rising from 5.7 mb/d in 2023 to 5.9 mb/d in 2024, while the US boosted its crude output by 3.1%, reaching 22.6 mb/d, up from 21.9 mb/d the previous year, maintaining its position as the world's largest oil producer. Conversely, Russia experienced a 3.5% decline in production, with output falling from 10.9 mb/d in 2023 to 10.5 mb/d in 2024, amid ongoing sanctions and operational challenges¹⁶.

Table 7: International Petroleum Production (mb/d, 2024)

	Q1	Q2	Q3	Q4	2024
OPEC	32.21	32.14	32.12	32.36	32.21
Non-OPEC+ excluding US	36.90	37.15	37.25	37.85	37.29
US	21.91	22.77	22.88	23.09	22.66
Canada	5.95	5.82	5.92	6.17	5.97
Eurasia	13.81	13.42	13.22	13.22	13.42
Russia	10.83	10.55	10.34	10.42	10.53
Asia and Oceania Total	9.36	9.31	9.19	9.34	9.30
China	5.39	5.36	5.29	5.33	5.34
World Total	102.07	102.55	102.61	103.14	102.60

Source: EIA. "Short-Term Energy Outlook". January 14, 2025.

¹⁶ EIA. "Short-Term Energy Outlook". January 14, 2025.

Figure 9: International Petroleum Production: 2024 vs. 2023 (mb/d)

Source: EIA, "Short-Term Energy Outlook", January 14, 2025. GIC Research.

Reflecting modest growth in oil demand, global crude oil consumption edged up by 0.9% in 2024, rising from 101.8 mb/d in 2023 to 102.7 mb/d. India recorded a significant increase in crude consumption, growing by 4.2% to 5.5 mb/d, up from 5.3 mb/d in 2023, driven by strong economic activity and rising energy needs. In contrast, China experienced only modest growth of 0.5%, with consumption rising from 16.2 mb/d in 2023 to 16.3 mb/d in 2024, reflecting a slower economic recovery and weaker industrial demand. This uneven growth underscores shifting dynamics in global oil markets, where emerging economies like India are driving demand, while traditional heavyweights like China are experiencing more subdued growth¹⁷.

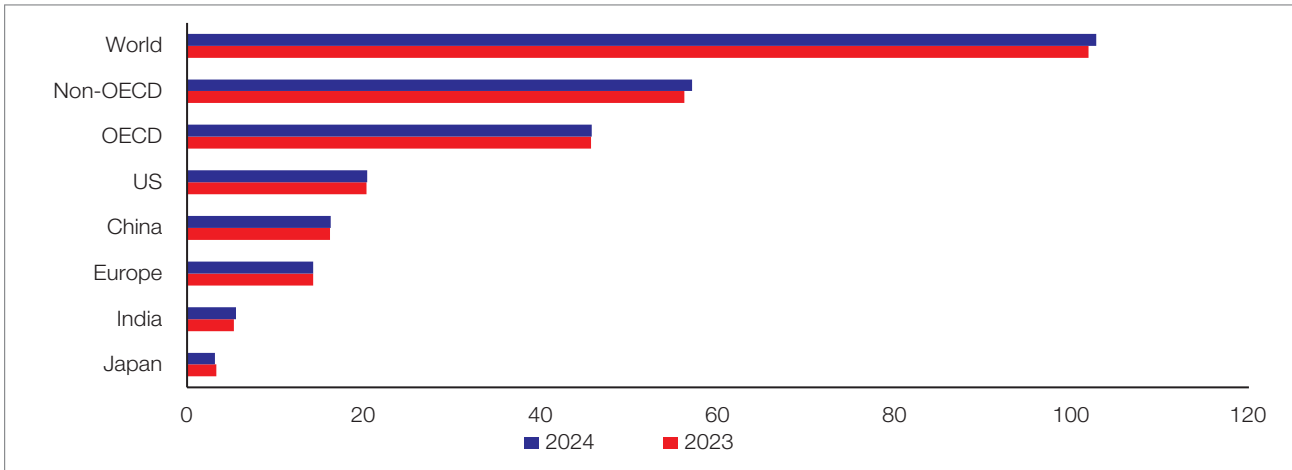
Table 8: International Petroleum Consumption (mb/d, 2024)

	Q1	Q2	Q3	Q4	2024
OECD	44.81	45.55	46.15	46.29	45.70
Non-OECD	57.11	57.22	56.83	57.11	57.07
United States	19.80	20.36	20.50	20.64	20.33
Europe	13.61	14.38	14.70	14.28	14.25
China	16.53	16.43	15.89	16.23	16.27
India	5.62	5.56	5.16	5.63	5.49
Japan	3.44	2.95	2.91	3.37	3.170
World	101.92	102.77	102.97	103.40	102.77

Source: EIA. "Short-Term Energy Outlook". January 14, 2025.

17. EIA. "Short-Term Energy Outlook". January 14, 2025.

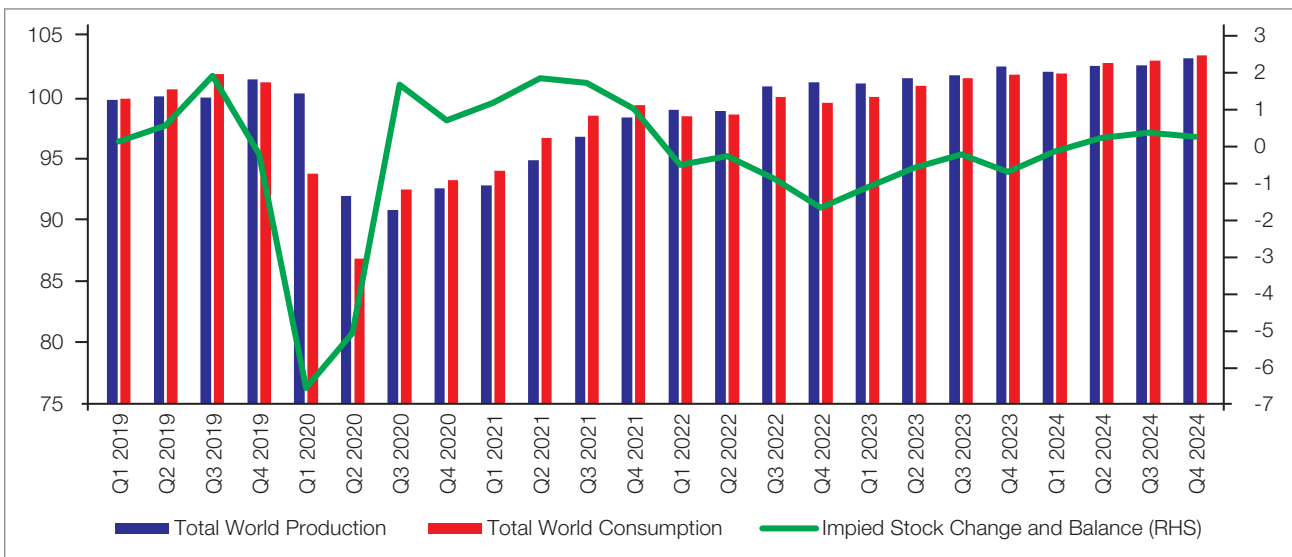
Figure 10: International Petroleum Consumption: 2024 vs. 2023 (mb/d)



Source: EIA, "Short-Term Energy Outlook", January 14, 2025. GIC Research.

EIA estimate that total global crude oil and other liquid inventories rose on average by 0.18 mb/d in 2024 compared with an inventory loss of 0.22 mb/d in 2023¹⁸.

Figure 11: World Liquid Fuels Production and Consumption Balance (mb/d)



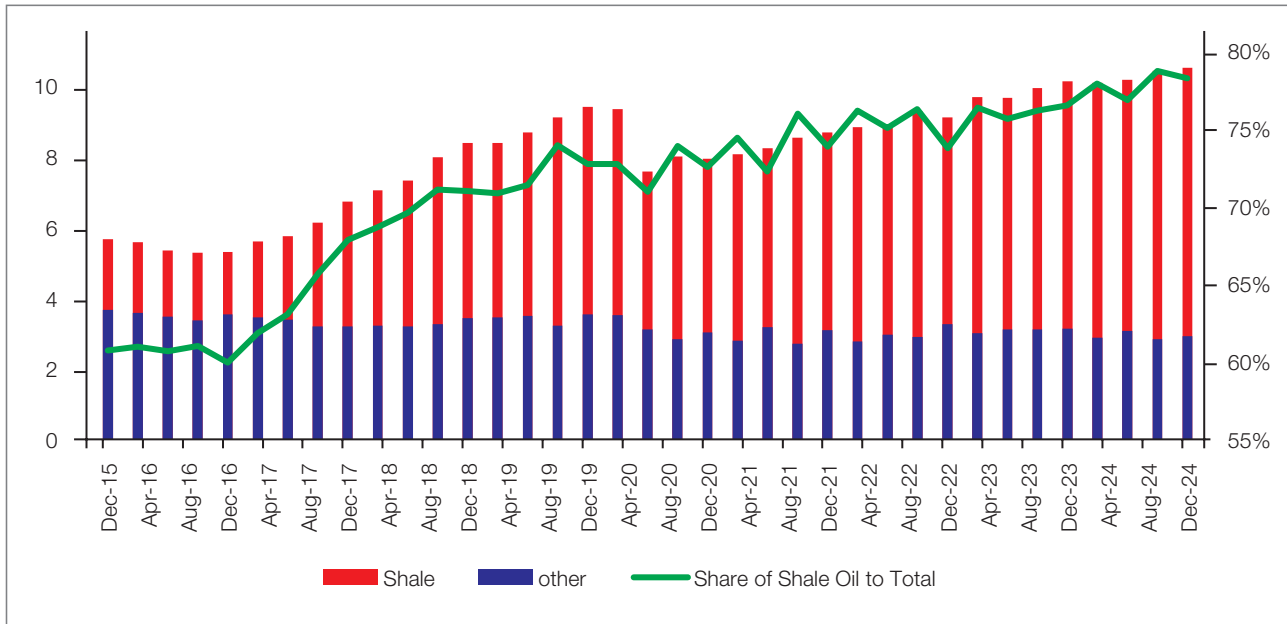
Source: EIA. "Short Term Energy Outlook". January 14, 2025, and GIC Research.

2.2. US Crude Oil Production

US crude oil production averaged 13.2 mb/d in 2024, up from 12.9 mb/d in 2023, driven primarily by increased shale output. Shale production rose to an average of 10.3 mb/d in 2024, up from 9.94 mb/d the previous year, reflecting continued investment and operational efficiency in key shale basins. In contrast, production from other oil sources declined, averaging 2.92 mb/d in 2024, down from 3.08 mb/d in 2023, as conventional wells saw lower output and some capacity was phased out.

On an annual basis, US shale oil production grew steadily, increasing from 10.1 mb/d in December 2023 to 10.5 mb/d in December 2024, underscoring shale's role as the primary US production growth.

18. EIA Database.

Figure 12: US Crude Oil Production: Share of Shale Oil to Total Oil Production (mb/d, %)

Source: EIA, Bloomberg, and GIC Research.

3. GCC Economies Review

Economic growth in the GCC member states reached 2.43% in 2024, a modest improvement from the 1.29% growth in 2023. However, this average masks significant differences among individual states. The UAE led the region with a robust 4% growth rate, demonstrating the success of its ongoing diversification efforts and strong non-oil sector performance. Saudi Arabia experienced a recovery, with growth reaching 1.01%, following a 0.75% contraction in 2023.

Table 9: Real GDP Growth (% change)

	2021	2022	2023	2024*
Bahrain	2.67	4.86	2.05	1.97
Kuwait	1.80	8.44	0.08	2.93
Oman	3.09	4.31	1.93	2.17
Qatar	1.52	4.90	0.64	2.50
Saudi Arabia	5.08	7.49	-0.75	1.01
UAE	4.35	7.51	3.78	4.00
GCC (Average)	3.09	6.25	1.29	2.43

* IIF Forecast.

Source: IIF. Respective Country's Database.

In 2024, the hydrocarbon sector in the GCC region exhibited varied performance. Qatar showed the strongest growth in its hydrocarbon sector with a substantial 4.62% growth. Bahrain and the UAE witnessed a marginal growth while Saudi Arabia's hydrocarbon sector contracted by 4.95%.

Table 10: Hydrocarbon Real GDP Growth (% change)

	2021	2022	2023	2024*
Bahrain	-0.26	-1.36	-1.24	0.59
Kuwait	-0.17	11.85	-3.20	2.00
Oman	3.81	8.71	1.61	2.86
Qatar	-0.28	1.69	3.80	4.62
Saudi Arabia	1.22	14.96	-9.05	-4.95
UAE	-1.05	8.50	-3.10	0.34

* IIF Forecast.

Source: IIF. Respective Country's Database.

The non-hydrocarbon sector in the GCC region maintained its growth despite varying paces across the region. The UAE leads with a robust growth of 5.2%, closely followed by Saudi Arabia at 4.4%, demonstrating continued strength in their diversified economies. Qatar, following a contraction in 2023, experienced a modest rebound of 1.2% growth in its non-hydrocarbon sector.

Table 11: Non-Hydrocarbon Real GDP Growth (% change)

	2021	2022	2023	2024*
Bahrain	3.34	6.23	2.72	2.24
Kuwait	4.10	4.62	4.01	3.97
Oman	2.75	3.66	2.10	1.80
Qatar	2.66	6.87	-1.20	1.20
Saudi Arabia	4.38	5.52	4.63	4.40
UAE	6.53	7.14	6.16	5.20

* IIF Forecast.

Source: IIF. Respective Country's Database.

Kuwait and Qatar witnessed substantial surpluses of 11.8% and 7.9% of GDP, respectively, while fiscal balances in Bahrain, Oman, and Saudi Arabia's saw deficits ranging from 2.3% to 4.4%.

Table 12: GCC Overall Fiscal Balance (% GDP)

	2021	2022	2023	2024*
Bahrain	-6.44	-0.85	-3.61	-4.44
Kuwait	3.18	22.77	14.62	11.84
Oman	-3.61	2.90	-2.78	-2.33
Qatar	0.24	11.00	6.92	7.92
Saudi Arabia	-2.24	2.50	-2.02	-2.92
UAE	2.41	8.98	3.74	2.65

* IIF Forecast.

Source: IIF. Respective Country's Database.

With respect to fiscal breakeven oil prices, Bahrain faces the highest breakeven price at \$135.7/b followed by Saudi Arabia with a price of \$98.4/b. Qatar saw the lowest price at \$46.9/b.



Table 13: GCC Fiscal Breakeven Prices (\$/b)

	2022	2023	2024
Bahrain	131.80	152.90	135.70
Kuwait	81.60	79.60	88.90
Oman	55.40	54.00	55.40
Qatar	48.30	49.80	46.90
Saudi Arabia	88.00	94.90	98.40
UAE	46.60	52.80	53.90

Source: Bloomberg.

3.1. Inflation

Bahrain and Oman experienced moderate inflation of 2.50% each, while Kuwait's inflation was to be slightly higher at 2.60%. The UAE and Saudi Arabia have the lowest inflation rates, at 1.71%.

Table 14: Average Consumer Prices (annual % Change)

	2021	2022	2023	2024*
Bahrain	-0.61	3.63	0.50	2.50
Kuwait	3.42	3.98	3.63	2.60
Oman	1.55	2.81	2.50	2.50
Qatar	2.30	5.00	2.81	2.00
Saudi Arabia	3.10	2.50	2.30	1.70
UAE	-0.11	4.83	1.62	1.71

* IIF Forecast.

Source: IIF. Respective Country's Database.

3.2. GCC Trade

Hydrocarbon exports moderated slightly in 2024 across all GCC economies, with the exception of Oman, as hydrocarbon exports rose to \$34 billion, up from \$33 billion in 2023. In contrast, non-hydrocarbon exports witnessed growth, particularly in the UAE, reaching \$329 billion, and Saudi Arabia at \$104 billion. Total imports expanded in 2024 in all countries, reflecting growing domestic demand and potentially ongoing investments in infrastructure and development projects.

Table 15: GCC's Trade (\$ bn)

	2021	2022	2023*	2024*
Hydrocarbon Exports				
Bahrain	10	15	12	11
Kuwait	63	94	75	73
Oman	26	43	33	34
Qatar	79	117	80	79
KSA	203	328	227	191
UAE	70	114	93	91
Non-Hydrocarbon Exports				
Bahrain	12	15	15	15
Kuwait	5	6	7	7
Oman	18	19	21	22
Qatar	8	12	11	11
KSA	73	83	95	104
UAE	254	296	315	329
Total Imports				
Bahrain	-17	-22	-22	-23
Kuwait	-28	-28	-30	-32
Oman	-28	-32	-32	-33
Qatar	-27	-34	-28	-28
KSA	-140	-176	-196	-205
UAE	-244	-300	-313	-336

* IIF Forecast.

Source: IIF. Respective Country's Database.

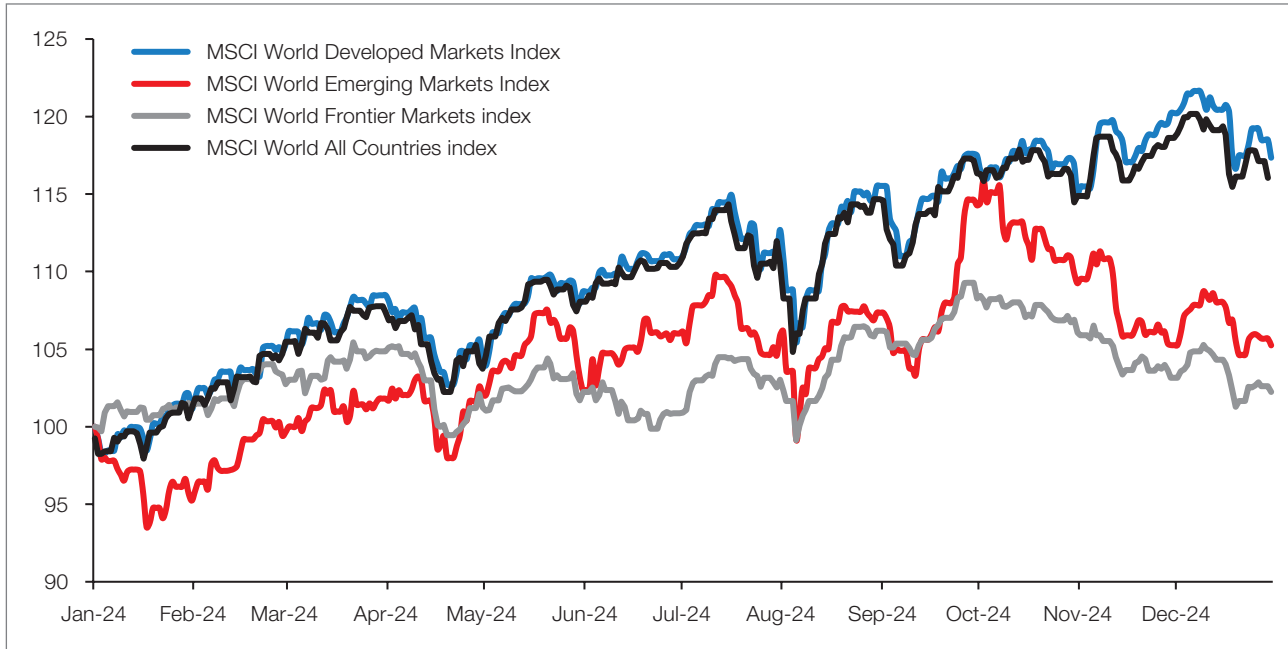
4. Equity Markets Review

4.1. Global Equity Markets Overview

The year 2024 marked a continuation of the economic recovery that began in 2023, albeit with significant challenges. Global equity markets experienced volatility and growth, driven by evolving monetary policies, geopolitical tensions, and shifting investor sentiment. The year started with optimism as inflation continued to ease in major economies, and central banks signaled a potential end to their tightening cycles. However, the second half of the year saw renewed concerns over slowing global growth, particularly in China, and the impact of sustained high interest rates in the United States and Europe.

Major benchmark indexes have moved in coordination during the year 2024. Starting the year, there was a short-lived weakening, followed by consistent inclines. Several setbacks were seen during the year; with the first one identified in April, the second one in mid-July, reaching a bottom in the first week of August, and the last one during the first week of September. The Developed Markets Index outperformed major benchmarks, logging an annual gain of 17.3%, followed by the MSCI All Country World Index with 16.1%, and the Emerging Markets Index followed behind with 5.2%.

Figure 13: Rebased Performance of Global Equity Benchmarks, 2024



Source: Bloomberg, GIC Research.

US equity markets delivered a strong performance in 2024, with the S&P 500 gaining 23.8% for the year, driven by robust corporate earnings and a resilient economy. The technology sector remained a standout performer, fueled by advancements in artificial intelligence (AI) and cloud computing. The NASDAQ Composite surged by 29.8%, while the Dow Jones Industrial Average rose by 12.9%. However, the Russell 2000 index, which tracks small-cap stocks, underperformed with a modest gain of 9.9%, reflecting concerns over higher borrowing costs and economic uncertainty.

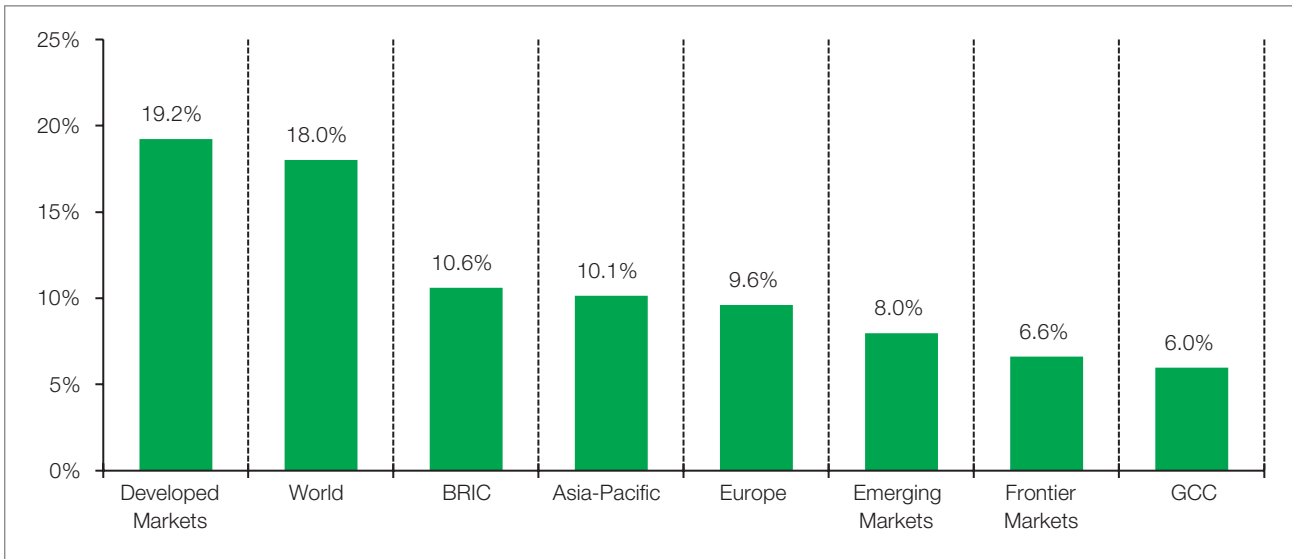
Figure 14: Rebased Performance of US Indices, 2024



Source: Bloomberg, GIC Research.

Global equities also posted solid gains, with the MSCI World Index rising by 18% in 2024. Developed markets have outperformed all other indexes, logging a jump of 19.2% on implementing continuous monetary easing and government stimulus measures. European markets, mainly the Stoxx Europe 600, gained 9.6%, supported by easing inflation and a rebound in consumer confidence. Meanwhile, the MSCI Emerging Markets Index increased by 8%, with notable contributions from India and Southeast Asia, while China's equity markets lagged due to ongoing economic challenges and regulatory concerns.

Figure 15: Performance of Major Global Equity Benchmarks, 2024



Source: Bloomberg, GIC Research.

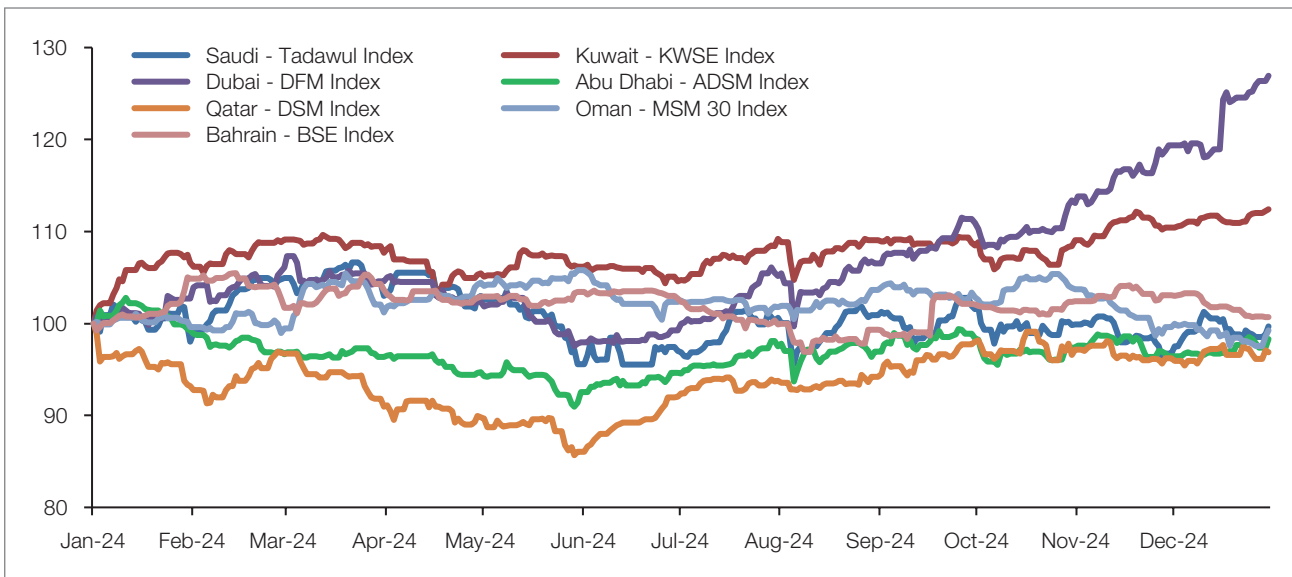
4.2. GCC Equity Markets Overview

GCC equity markets in 2024 showed mixed performance, with regional indices struggling to keep pace with global benchmarks. The S&P GCC composite index yielded a net return of 6.0% for the year, significantly trailing major developed market indices and narrowly lagging behind the bellwether emerging market index. Furthermore, fluctuating oil prices, geopolitical tensions, and varying levels of foreign investor participation influenced the region's markets.

The performance varied between gains and losses, with different trends across individual indices. For instance, the standout performance of Dubai's DFM index and Kuwait's KWSE index sparked during the second week of October. Meanwhile, the weakness of Qatar's DSM index, Abu Dhabi's ADSM index, and Oman's MSM 30 that started early in the year weighed down the performance, making the indexes fluctuate below the baseline until the end of the year.

As the top performer in the region, Dubai DFM Index soared by 27.1% on the back of a robust economic outlook, particularly in the real estate and tourism sectors, which in turn boosted investor confidence. Kuwait's KWSE Index managed to gain 12.4% throughout the year, boosted mainly by the strong performance of the banking sector. Moreover, Qatar's DSM lagged behind the region, losing 3.2%, while Abu Dhabi's index cut 1.7%. The Saudi's Tadawul index, Oman's MSM 30 index, and Bahrain's BSE index all fell by less than 1%.

Figure 16: Rebased Performance of GCC market indices, 2024

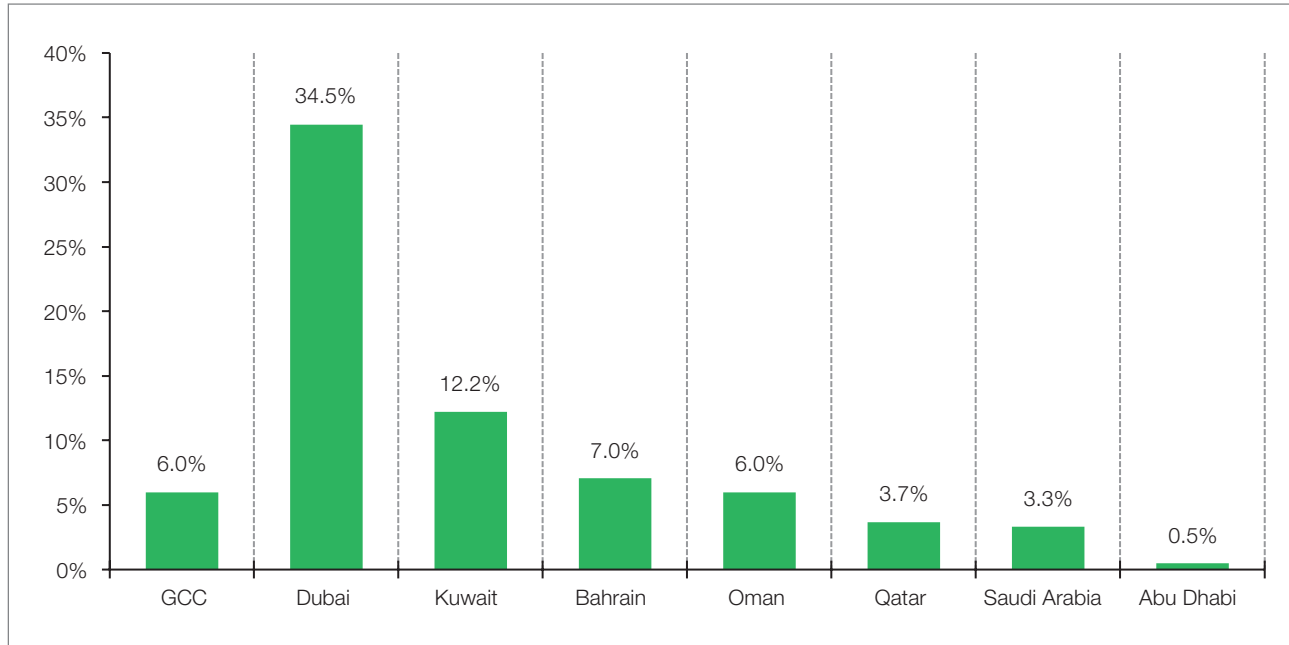


Source: Bloomberg, GIC Research.



When compared to the previous year, the performance of all GCC markets has logged gains. The S&P GCC index, which represents the average performance in the area, inched by 6% y-o-y. Dubai's market still shows a standout performance as it jumped by 34.5%, followed by Kuwait and Bahrain with 12.2% and 7%, respectively. The change in the performance of Oman's market exactly matched the average, which is 6%. Qatar's performance improved by 3.7% followed by Saudi Arabia with 3.3%, while Abu Dhabi lagged with only a 0.5% increase y-o-y.

Figure 17: Performance of Major GCC Equity Benchmarks (y-o-y)



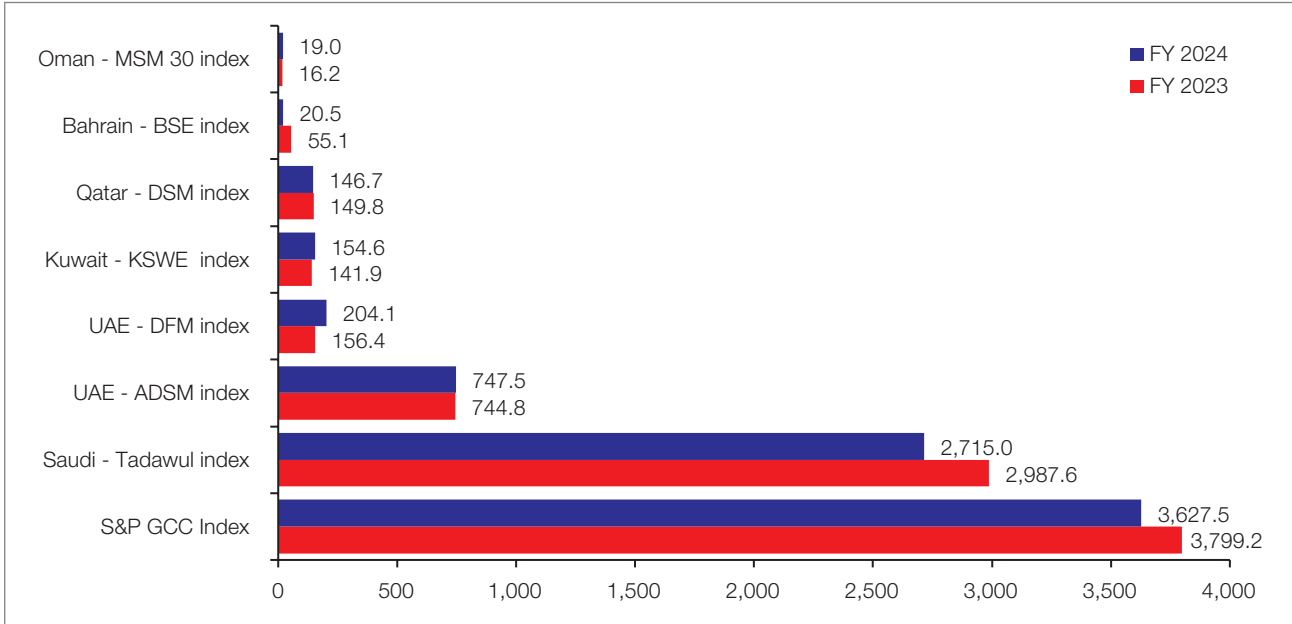
Source: Bloomberg, GIC Research.

4.3. GCC Market Capitalization and Trading Activity

The total market capitalization of the S&P GCC composite index declined by 5% during the year 2024, mainly drawn down by the Saudi and Bahraini markets. The index slumped down from \$3.799 trillion at the end of 2023 to \$3.627 trillion in 2024. The primary factors were the war in Gaza and related geopolitical tensions.

The DFM index in Dubai outperformed the region as it rallied 30% to conclude the year at a value of \$204.1 billion. In comparison, Abu Dhabi's ADSM index and Qatar's DSM index finished at \$747.5 billion and \$146.7 billion with no significant y-o-y increases. Although the Saudi Tadawul concluded the year registering the highest value of capitalization in the region at \$2,715 billion; however, it is lower than the previous year's level of \$2,988 billion, marking a year-on-year drop of 9%. Oman's MSM 30 Index capitalization also jumped by 17%, finishing at \$19 billion, and Kuwait's KSWE Index added 9%, which concluded at \$154.6 billion. The capitalization in Bahrain's BSE index underperformed the region significantly, cutting 63% y-o-y and ended 2024 with only \$20.5 billion capitalization.

Figure 18: Market Capitalization for individual GCC Markets in 2023 and 2024 (\$ billion)



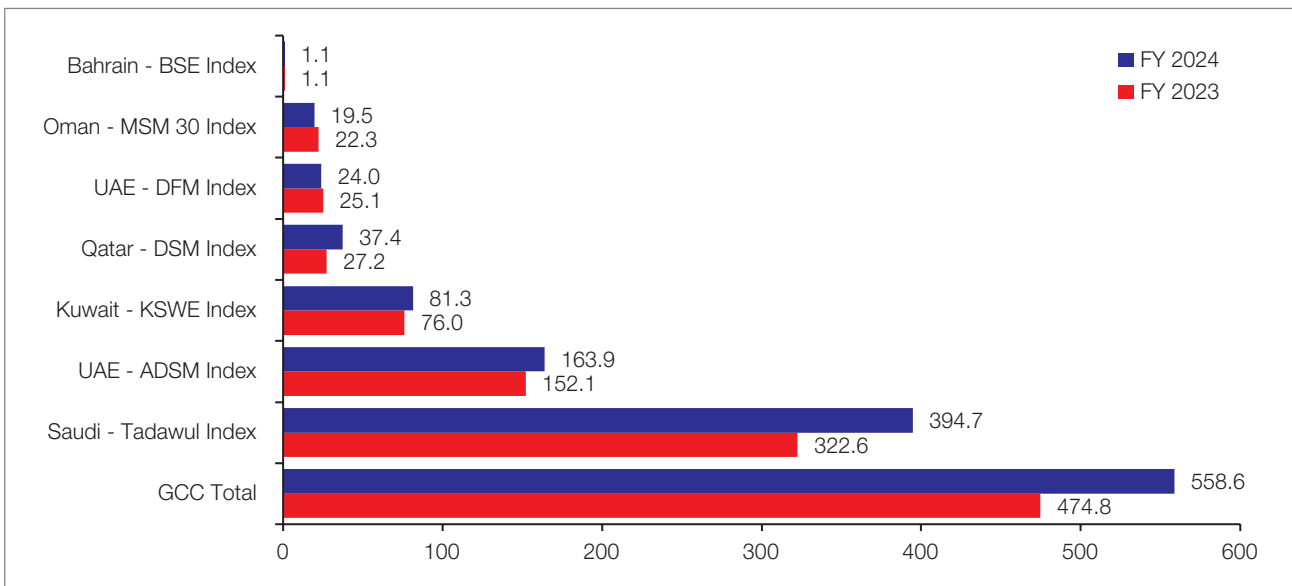
Source: Bloomberg, GIC Research.

Traded value activity in the GCC experienced a significant surge in 2024, rising at an annualized rate of approximately 17.6% to reach \$558.6 billion, up from \$474.8 billion in 2023. This growth was primarily driven by elevated traded values in Saudi Arabia, Abu Dhabi, Kuwait, and Qatar.

The traded value activity remained the largest in Saudi Tadawul, accounting for \$394.7 billion, followed by Abu Dhabi's ADSM with \$163.9 billion, Kuwait's KWSE with \$81.3 billion, and Qatar's DSM with \$37.4 billion. The market activity of Dubai's DFM and Oman's MSM 30 were comparably modest, with traded value activity of \$24 billion and \$19.5 billion, respectively, whereas Bahrain's BSE remained at the same level as the previous year at \$1.1 billion.

From another angle, the growth in traded value activity in Qatar's stock market surpassed its peers, logging a tremendous jump of 37.6% y-o-y by the end of 2024. This was followed by the Saudi market incline of 22.3%, followed by the markets of Abu Dhabi and Kuwait with yearly increases of 7.8% and 7%, respectively. Conversely, Oman's MSM 30 and Dubai's DFM experienced a decline in traded value activity of 12.6% and 4.4%, respectively.

Figure 19: Trading Activity on Individual GCC Indices for 2023 and 2024 (\$ billion)



Source: Bloomberg, GIC Research.

4.4 GCC Markets Volatility

Volatility levels in the GCC market remained moderately high throughout 2024, continuing the trend observed in 2023. The S&P GCC Composite Index exhibited a volatility of 9.6%, reflecting persistent fluctuations in regional markets. The fluctuations in the GCC markets were driven by factors such as global market movements, changes in oil prices, and geopolitical developments.

The elevated volatility in Qatar's DSM and UAE's DFM surpassed that on the S&P GCC composite, while the volatility in UAE's ADSM was at the exact same level. Kuwait's KSWE recorded comparatively lower volatility, accounting for 7.9%. In comparison, Saudi Arabia's Tadawul Index was at 7.9%, Bahrain at 7.3%, and Oman at 7%. Despite a decrease in extreme daily changes, market sentiment remained sensitive to shifts in central bank policies and concerns regarding global economic slowdowns, contributing to persistent fluctuations.

Table 16: Volatility of indices across the GCC markets, 2024

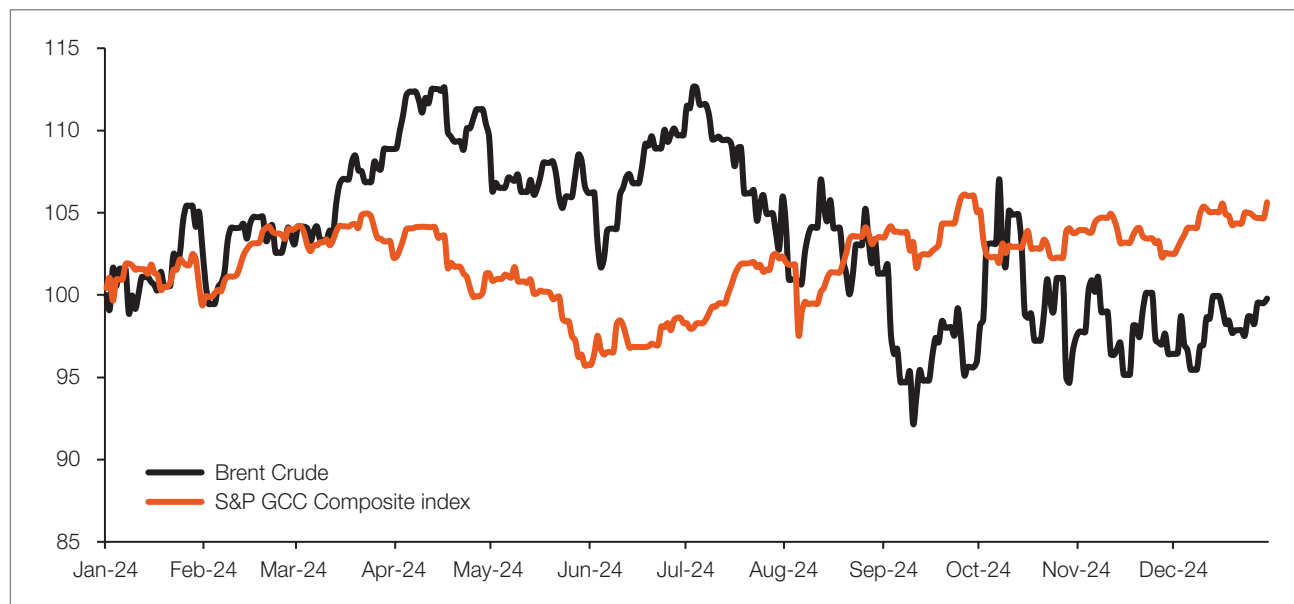
	Year Opening	Year Closing	Year High	Year Low	Index Volatility
S&P GCC composite index	284.76	301.75	302.16	272.57	9.6%
Qatar - DSM index	11,967.39	12,036.50	12,835.65	11,498.93	11.8%
UAE - DFM index	4,059.80	5,158.67	5,158.67	3,959.80	10.7%
UAE - ADSM index	3,629.57	3,775.48	10,735.37	9,279.05	9.6%
Kuwait - KSWE index	9,577.85	9,419.00	9,844.70	8,710.96	7.9%
Saudi - Tadawul index	8,944.66	10,035.92	10,055.04	9,119.69	7.6%
Bahrain - BSE index	4,514.07	4,576.60	4,845.73	4,468.19	7.3%
Oman - MSM 30 index	1,971.49	1,985.91	2,079.34	1,910.77	7.0%

Source: Bloomberg, GIC Research.

4.5 Relative Performance of market indices to Oil Prices

The correlation between GCC equity markets and oil prices weakened further throughout the year, with regional markets showing greater sensitivity to investors' sentiments than oil price movements. The S&P GCC Composite Index rose by 5.19%, even as oil prices slightly declined by 0.21% during the year, highlighting the decoupling between the two benchmarks. Particularly interesting was the amplification of this decoupling during the second half of the year, when equity markets experienced a sustained upward rerating, even as oil prices continued to decline with much higher volatility.

Figure 20: Rebased changes in S&P GCC Composite Index relative to Oil Prices, 2024



Source: Bloomberg, GIC Research.

5. Selected Measures

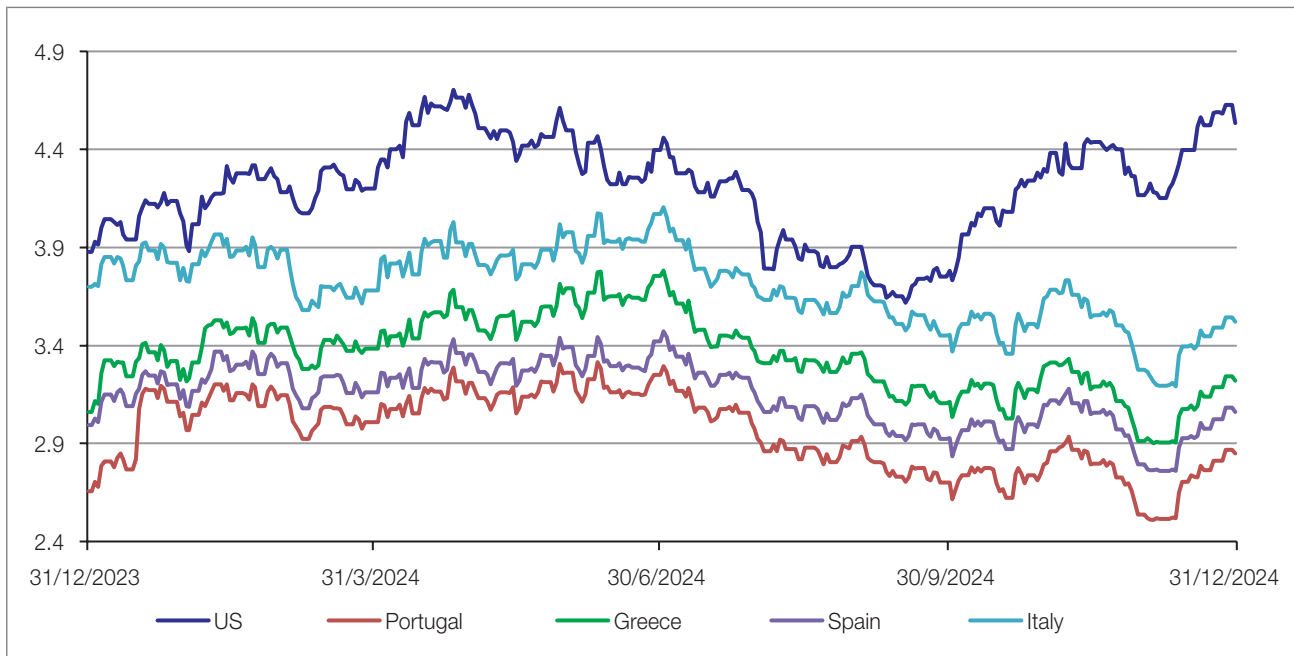
5.1. Treasuries

Throughout 2024, the Treasury markets across the US and the EU underwent prominent transformations influenced by central bank policies, economic concerns, and geopolitical events. Easing cycles had an apparent impact on 10-year yields, shaping investor sentiment and market dynamics in both regions.

In 2024, the US economy was fueled by low unemployment, resilient consumer spending, and optimism in AI advancements. The Federal Reserve adopted to a more accommodative monetary policy stance. Simultaneously, we saw treasury yields fluctuating, ending the year steeper and higher. During the year, the US treasury yield curve ended the phase of inversion. The US yield started the year at 4.20 and concluded at 4.56.

During 2024, Italy's bond yields started the year at 3.681 and ending at 3.522 after reaching a mid-year peak in the second quarter. In addition, Greece, Portugal, and Spain also exhibit volatility throughout the year, with peaks and troughs occurring in different quarters, indicating varied responses to market influences.

Figure 21: Euro Area and US 10-year Government Bond Yields during 2024



Source: Bloomberg, January 2025.

Table 17: Volatility of Spreads, 2024

	US	Portugal	Greece	Spain	Italy
Opening Value	3.879	2.656	3.061	2.993	3.700
Closing Value	4.533	2.848	3.221	3.061	3.522
Average	4.204	2.960	3.355	3.149	3.707
Standard Deviation	0.252	0.200	0.196	0.159	0.194
Minimum Value	3.618	2.510	2.901	2.760	3.191
Maximum Value	4.704	3.315	3.782	3.472	4.105

Source: Bloomberg, January 2025.



Table 18: Government Bond Yields (%), 2024

	US	Portugal	Greece	Spain	Italy
Q1	4.200	3.007	3.383	3.162	3.681
Q2	4.396	3.249	3.753	3.419	4.072
Q3	3.781	2.701	3.112	2.926	3.453
Q4	4.569	2.848	3.221	3.061	3.522

Source: Bloomberg, January 2025.

5.2. Credit Default Swaps (CDS)

In the EU, specifically Italy and Greece, we denote moderate CDS levels, with Italy showing a peak of 80.09, and Greece reaching 60.90. Stability in Abu Dhabi and Dubai's CDS was marked, with values ranging between 57.79 and 65.09. In the US, however, a low CDS spread was maintained with values ranging from 31.98 to 33.48.

Table 19: CDS Performance, 2024

	Portugal	Ireland	Greece	Spain	Italy	US	Bahrain	Abu Dhabi	Dubai
Opening	27.50	23.91	57.64	29.93	75.03	31.98	205.99	42.13	63.25
Closing	28.68	15.64	60.10	35.11	60.57	33.48	187.34	43.25	62.83
Average	27.96	16.17	58.57	32.50	62.17	32.62	188.25	40.83	61.68
Low	27.31	15.67	56.72	29.93	55.30	31.98	165.19	35.13	57.79
High	28.85	17.01	60.90	35.11	80.09	33.48	221.09	50.96	65.09

Source: Bloomberg, January 2025.

5.3. GCC Monetary Policy

The growth of private domestic credit in the GCC varied across member states, ranging from low rates, as in Kuwait and Saudi Arabia, and to strong rates, as in Bahrain and the UAE.

Table 20: Private Sector Credit Growth (% Change)

	2020	2021	2022	2023	2024
Bahrain	6.80	4.39	3.81	3.38	4.98
Kuwait	3.56	5.26	7.95	4.95	5.05
Oman	2.42	4.14	4.57	5.35	2.78
Qatar	8.30	9.48	7.40	1.96	1.59
KSA	14.82	15.52	14.08	9.99	10.61
UAE	-2.65	1.54	4.17	6.23	6.65

Source: IIF, January 2025.

The GCC countries' policy rates maintained a general trend of moderation in 2024, with central banks decreasing their policy rates compared to 2023 levels. Kuwait's policy rate has been reduced from 4.5% in 2023 to 3.75% in 2024. Similarly, Qatar's rate has dropped from 5% to 4%. Oman is the exception, maintaining a relatively stable rate, only moving from 4.9% in 2023 to 4.6% in 2024.

Table 21: Policy Rate (EOP)

	2020	2021	2022	2023	2024
Bahrain	1.00	1.00	5.25	5.50	4.50
Kuwait	1.50	1.50	3.75	4.50	3.75
Oman	0.50	0.50	4.77	4.90	4.60
Qatar*	1.22	0.98	4.00	5.00	4.00
KSA	0.50	0.50	4.50	5.50	4.75
UAE	1.49	1.25	4.50	4.70	4.10

* Interbank rate

Source: IIF, January 2025.

The data for M2 money supply growth in 2024 reveals varied trajectories across the GCC. Kuwait and Bahrain anticipate moderate growth rates of 6.08% and 4.8% respectively. Oman, after a significant surge in 2023, returned to a more sustainable growth of 4.35%. Qatar and Saudi Arabia exhibit similar trends of moderating growth in 2024. The UAE stands out with growth of 11.22%, the highest among the listed countries.

Table 22: M2 % Change

	2020	2021	2022	2023	2024
Bahrain*	3.51	5.18	1.69	5.32	4.80
Kuwait*	3.85	3.79	6.03	6.68	6.08
Oman	8.93	4.57	0.59	18.83	4.35
Qatar	3.79	1.44	17.42	7.97	6.72
KSA*	8.48	7.67	8.31	7.75	6.16
UAE	4.63	5.71	9.00	18.74	11.22

* Broad Money (M3).

Source: IIF, January 2025.



FINANCIAL REVIEW

The background of the page is a solid dark blue. In the lower half, there is an abstract geometric composition of overlapping shapes. A large, dark teal triangle points downwards from the left. Overlapping its right side is a lighter teal triangle pointing upwards from the left. Below these, there are several dark blue and teal rectangular and trapezoidal shapes that create a sense of depth and movement, resembling architectural elements or a stylized landscape.

Net income analysis

Gulf Investment Corporation (GIC) reported a net profit of US\$239 million, up from US\$203 million in the previous year. The Global Markets portfolio delivered positive returns, driven by strong performances in both GCC and global financial markets. This resulted in a net gain from investment of US\$103 million, primarily due to the outstanding performance of the equity and bond portfolios. Additionally, direct investments in projects performed well, with the corporation's share of results from associate companies rising to US\$214 million (2023: US\$184 million), attributable to continued high levels of profitability of associate companies operating in the metals and electricity and water companies sectors.

Impairment losses of US\$27 million (2023: US\$21million), which related to investment in associates, have been provided. Other comprehensive loss for the year amounted to US\$6 million (2023: other comprehensive income: US\$16 million) bringing the consolidated total comprehensive income to US\$233 million (2023: US\$219 million).

Interest income

Interest income is generated from both debt securities portfolio and placement with banks.

Interest income for the year amounted to US\$43 million, reflecting an increase of US\$16 million from the previous year. Debt securities contributed 49% of the total interest income. The rise in interest income from placements with banks was driven by higher placement volumes and increased interest rates throughout 2024.

Net gain from investments

Net gain from investments represent the realised gain on sale of financial assets at fair value through statement of income, investment in associates, investment in subsidiaries, in addition to unrealised change in fair values of financial assets at fair value through statement of income.

GIC recorded net gain of US\$103 million during 2024 (2023: US\$94 million) comprise of realised gain on financial assets at fair value through statement of income of US\$23 million (2023: US\$35 million) and unrealised gain of US\$45 million (2023: US\$56 million) from financial assets at fair value through statement of income. During 2024, GIC recorded a realised gain on sale of an associate company amounting to US\$11 million (2023: US\$3 million) and a realised gain on sale of a subsidiary company amounting to US\$24 million.

Dividend income

Dividend income of US\$12 million (2023: US\$5 million) comprises of receipts from equity participations, equities and managed funds. Dividends from principal investment portfolio amounted to US\$10 million. The remaining balance contribution is from equities and managed funds portfolio amounted to US\$2 million.

Share of results of associates

Share of results of associates during the year amounted to profit of US\$214 million compared to prior year share of results of US\$184 million. The major factor contributing the increase in share of results in comparison to previous year is mainly due to the improved performance of associate companies that operating in cyclical activities.

Interest expense

The volume of deposits from others increased during the year, and interest rates remained relatively high, leading to an increase in interest expense to US\$52 million (2023: US\$34 million).





Operating expenses

The Corporation maintained its focus on operational efficiency and productivity, implementing strict cost controls. As a result, operating expenses totaled US\$55 million.

Provision for of impairment losses

Provisions for impairment losses amounted to US\$27 million (2023: US\$21 million), primarily related to impairment losses on investments in associates.

A detailed breakdown is provided in Note 17 to the Financial Statements.

Balance sheet analysis

GIC remains committed to an investment policy focused on lower leverage and rebalancing investment portfolios to achieve higher returns with reduced risk. Total assets declined by US\$244 million from the previous year, reaching US\$3,446 million. Equity increased by US\$83 million to US\$2,885 million compared to the prior year.

The Corporation's strategic focus continues to be on the GCC region. Note 20 to the Financial Statements presents the geographic distribution of the Corporation's credit risk exposure.

The following sections provide details on the key components of the balance sheet:

Financial assets at fair value through statement of income

As of 31 December 2024, financial assets at fair value through statement of income amounted to US\$1,337 million, reflecting a US\$9 million decrease from the prior year. Debt and other interest-bearing securities, which make up 32% of the financial assets at fair value through statement of income, declined by US\$85 million compared to the previous year.

The debt portfolio primarily consists of floating rate notes and fixed-rate securities, managed under strict internal guidelines to ensure high investment quality. A significant portion of this portfolio is composed of investment-grade issuers and high-quality GCC sovereign credits. A detailed credit risk analysis of the investment securities portfolio is available in the Risk Management section of this report.

Financial assets at fair value through statement of income also include investments in equities and managed funds totaling US\$793 million, equity participations of US\$78 million, and international & GCC private equity fund exposures of US\$44 million. Investments in equities and managed funds increased by US\$49 million, driven by a US\$71 million rise in emerging and global quoted equity investments, partially offset by a US\$22 million decrease in hedge and other unquoted alternative funds. The increase in equity participations was primarily due to a new US\$55 million project investment, partially offset by a US\$20 million fair value loss on unquoted investments.

The private equity funds invest their money in investments with diverse strategies and are managed by qualified fund managers who are selected within the framework of Corporation's investment policy.

Financial assets at fair value through other comprehensive income

As of 31 December 2024, financial assets at fair value through other comprehensive income stood at US\$258 million, reflecting a US\$30 million increase from the prior year. This was driven by a new US\$50 million investment, partially offset by a fair value loss of US\$20 million on an unquoted investment.

Investment in associates

An associate is a company over which the Group has significant influence. The Corporation's investments in associates are accounted for using the equity method of accounting. Under the equity method, investment in associate is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Corporation's share of net assets of the investee company.

Principal investments in viable business ventures in the GCC region is the core activity of GIC. The focus has been on niche sectors like Metal, Logistics, Power & Utilities, Education and Building materials, where a sustainable competitive advantage has been built.

Investment in associates amounted to US\$1,676 million, marking a US\$124 million decline. This was primarily due to dividends received from associates amounting to US\$241 million and capital repayments from associates totaling US\$103 million. These reductions were partially offset by the Corporation's US\$214 million share of results from associates. Additional changes were driven by investments in new associate companies, and the share of net changes in revaluation reserves of associates.

Other assets

As of 31 December 2024, other assets totaled US\$11 million, of which US\$6 million related to accrued income receivable. The remaining balance included trade and accounts receivables, the positive fair value of derivative instruments, prepaid expenses, and other miscellaneous assets, net of expected credit losses. Further details are provided in Note 7 of the Financial Statements.

Liquidity and funding

Total borrowings amounted to US\$444 million, comprising US\$409 million in deposits from central banks and other financial institutions and US\$35 million in term finance.

The annual report includes more detailed discussion on liquidity and funding, the various risks associated with our business activities, and the capital strength is included in the Risk Management section that follows.

Other liabilities

Other liabilities totaled US\$117 million as of 31 December 2024. This included US\$51 million in advance payments related to the sale of an investment in an associate. The remaining balance consisted of accrued interest and expenses, and the negative fair value of derivative instruments.

Equity

Equity at US\$2,885 million increased by US\$83 million due to net profit US\$239 million and other comprehensive loss of US\$6 million compared to the payment of dividends to shareholders during the year of \$150 million.

Equity stood at US\$2,885 million, reflecting an increase of US\$83 million. This growth was driven by a net profit of US\$239 million, offset by other comprehensive losses of US\$6 million and dividend payments to shareholders totaling US\$150 million.

RISK MANAGEMENT

The background features a series of overlapping, semi-transparent geometric shapes in various shades of blue and teal. These shapes, including triangles and trapezoids, are arranged in a way that creates a sense of depth and movement, with some appearing to recede into the background while others come forward. The overall effect is a modern, layered composition that complements the central text.

Unequivocally, GIC remains a significantly resilient, measurably strong and stable financial institution. Risk management will continue to be an important aspect of corporate strategy and every effort will be made to ensure it is adaptive, effective and value adding.

The financial goal of the Corporation is to consistently earn competitive returns while maintaining risks within acceptable levels- defined risk appetite. Recognizing the relationship between risk and return, the management of risk forms an integral part of the corporate strategic objective. The continuous and rapidly changing business environment has increased the complexity and diversity of risks. The goal of risk management is to understand, analyze and manage these risks. Besides its vital role as the business protector, the risk function of the Corporation strives to contribute as a business enabler as well.

GIC's resilience during 2024, a challenging year in many respects, is testimony to strong business capabilities and a robust enterprise risk framework. Unequivocally, GIC remains a significantly resilient, measurably strong and stable financial institution. Risk management will continue to be an important aspect of corporate strategy and every effort will be made to ensure it is adaptive, effective and value adding.

During 2024, the world economy faced many challenges that impacted markets and institutions all around the world. Central banks policies were ambiguous about decreasing rates given uncertain inflation data. Volatility in fixed income yields and equity markets returns added to the uncertainty. The geopolitical risks remain high with the continuation of the Russian-Ukraine war and the increased tension in the Middle East. However, despite these challenges, GIC continued its strong performance and the Risk Management Division made sure that all appropriate risk mitigants and controls were available to the decision makers before making any market moves.

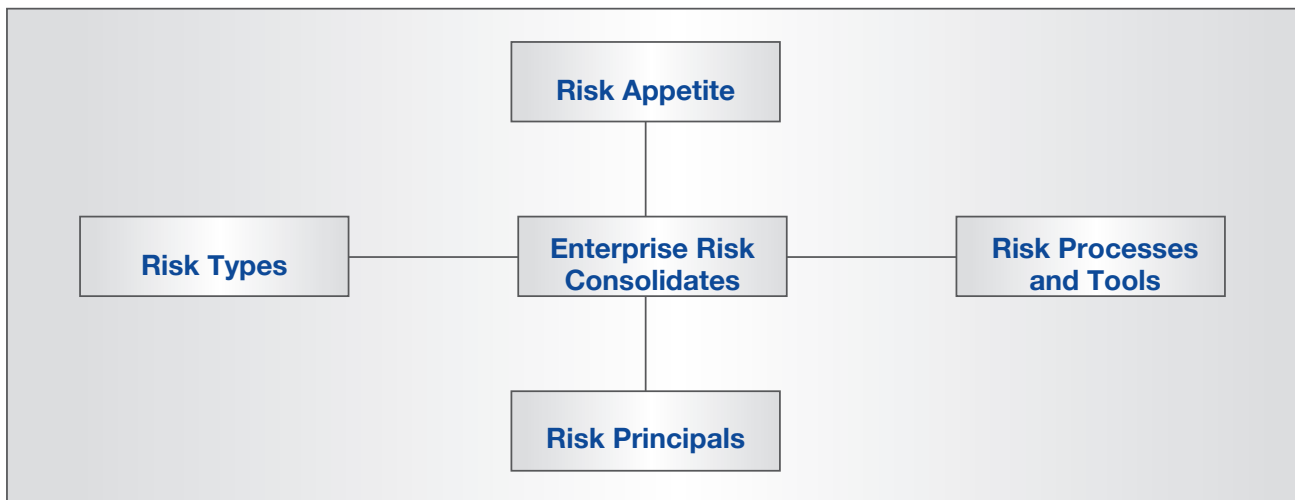
Looking forward to 2025, certain challenges might increase uncertainty during the year. Continued uncertain certain banks policies, volatile commodity prices, swings in equity markets and the continuation of geopolitical tensions might bring pressure to GIC's earnings. The Risk Management Division at GIC will keep monitoring all risk limits according to the risk appetites of GIC and make sure that they are communicated effectively with all business units to manage those risks.

The goal of risk management is not to avoid risks, but to comprehend and manage them.

The various business activities of the Corporation expose GIC to a wide spectrum of risks. The primary goal of the risk management is to ensure that an appropriate balance is maintained between risk taking activities, the expected return and GIC's risk appetite.

An Independent Risk Management Division (RMD) formalizes the Enterprise Risk Management (ERM) framework. The ERM framework encompasses all facets of prudent risk management via strong enterprise-wide policies, procedures and limits.

With these tools Risk Management is able to identify strategic opportunities and reduce uncertainty from both operational and strategic perspectives. It also enhances GIC's ability to manage risks, evaluate performance and allocate capital.



The ERM framework identifies and defines a broad spectrum of risks to which GIC's business and operations may be exposed. These risks are: Credit, Market, Funding and Liquidity, and Operational risks.

Management of these risks through investment in knowledge and systems has been a priority at GIC. A successful blend of talent, experienced staff working with quantitative-based analytical tools, and utilizing continuously-upgraded technological infrastructure are



critical resources that GIC applies in order to manage risks effectively. The qualitative and quantitative techniques utilized to optimize the risk return profile incorporate information from the past with emerging trends in the current business environment along with futuristic scenarios and expectations.

Structurally, risk management begins with the Risk Management Committee (RMC), composed of members from GIC's Board of Directors and senior management, which defines and recommends the Corporation's risk appetite to the Board of Directors'. Sequentially, this is followed by a three step process:

- a) Identifying and measuring the various risks generated,
- b) Monitoring, reporting and controlling them, and finally,
- c) Optimizing in relation to the return.

The Risk Management team of GIC acts as a critical link between management and risk taking divisions by first assisting management to define and quantify risk appetite. The team then effectively communicates these risk appetite parameters to concerned risk takers in the Corporation in order to ensure that the risk taking activity is within the management's acceptable levels.

Within the Corporation, responsibility for the management of risk is not restricted to a single division. The philosophy has been to encourage a culture of prudent risk management across all business and support areas.

From an "Internal Control" perspective, the process of risk management is facilitated by a set of independent functions in addition to RMD. These units reporting directly to senior management include Finance, Internal Audit, Legal and Compliance. This multi faceted approach enables the effective management of risks by identifying and monitoring them from a variety of perspectives.

The process of managing the risk categories identified above is discussed in more detail in the following sections.

CREDIT RISK

Credit risk refers to the risk of an economic loss that might arise from the failure of counterparty to fulfill its contractual obligations.

Global credit markets in 2024 showed remarkable resilience. Despite high interest rates through much of the year, credit conditions remained favorable: corporate bond spreads tightened to multi-year lows, default rates stabilized, and debt issuance surged. Looking ahead to 2025, the global credit landscape is expected to gain stability as macroeconomic conditions continue to normalize. However, there are four major risk that could disrupt this positive outlook: Trump's policies could drive inflation and market instability, European defense spending may strain economies, Middle East tensions threaten energy supplies, and a sudden loss of investor confidence could trigger defaults.

GIC with its active portfolio management registered an impressive performance on the credit portfolios. GIC remained relatively unscathed during the year, registering nil credit losses, thanks to prudent proactive measures, stringent control frameworks and continuous monitoring. While the Corporation's credit portfolio, mainly made up of debt securities, constitutes a material portion of the overall asset base, strong internal risk guidelines and proactive portfolio management ensure that high quality is maintained at all times. Notwithstanding the Corporation's rigorous and prudent policies for provisioning, no material write-downs were required during 2024. This is a reflection of the good quality of the portfolio.

GIC continued to focus on regional credit markets where the team has a better understanding of inherent risks. This has resulted in an enhanced risk return profile.

The Corporation continued to be flexible and ready to adapt rapidly to unforeseen events supported by the efficient utilization of conventional risk management tools, including mathematical and statistical models.

The primary tool used in the management of credit risk is a set of well-defined credit policies and procedures. In addition to communicating management's risk appetite in the form of country, product, Industry and obligor limits, these policies also detail the process of measurement, monitoring and reporting. The stringent credit approval framework mandates a rigorous and thorough evaluation of creditworthiness of each obligor, after which limits are approved by management. Additionally, Limits for product and industry are also defined to ensure broad diversification of credit risk. Credit policies and procedures are designed to identify, at an early stage, exposures which require more detailed monitoring and review.

The credit risk management process applies pertinent statistical methods as well, to estimate expected and unexpected loss amounts for

the various business activities. The system, based on the Creditmetrics methodology, enables accurate credit risk measurement on an individual exposure as well as a portfolio basis. Expected and Unexpected loss estimates are computed based on Probabilities of Default (PD) and Loss Given Default (LGD) data published by leading rating agencies.

The Debt Capital Markets (DCM) portfolio constitutes approximately 13% of the balance sheet is monitored against a Credit Value at Risk (Credit VaR) limit, approved by the board. The US\$ 109 million VaR limit (99.96% confidence, 1 year), which supplements the existing notional limits for this portfolio, is based on the Creditmetrics methodology and is measured using Monte Carlo Simulation techniques.

The table below provides the Credit VaR figures for the DCM Portfolios. On 31st December 2024 the market value of this portfolio was US\$ 422 million, compared to US\$ 507 million in the previous year. The year-end Credit VaR is slightly lower compared to previous year. The maximum point was in December, while the minimum was in March.

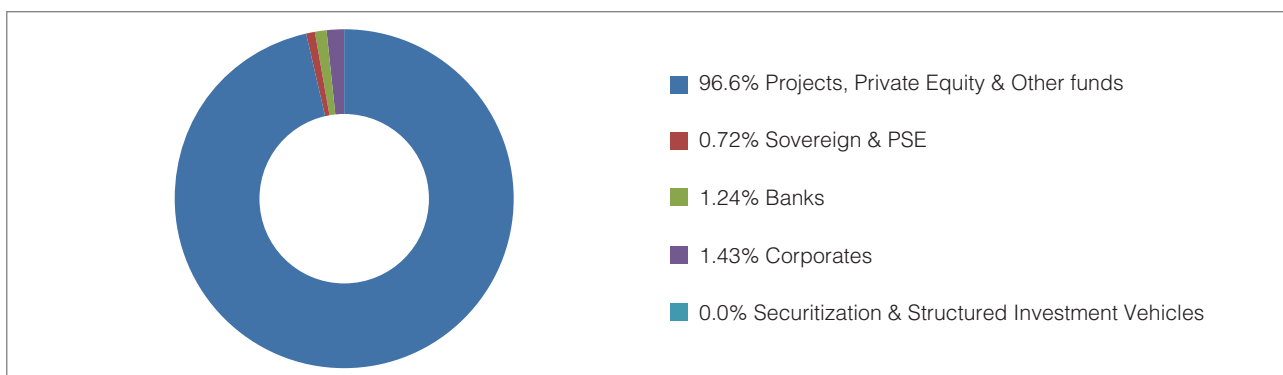
Table 1: 2024 Credit Value at Risk - 99.96% confidence level, 1 year holding period

US\$ 000's	Average	Minimum	Maximum	31-Dec-24
Debt Portfolios	74,828	38,449	91,671	38,449

Although, business units are responsible for maintaining exposures within limits, actual exposures are continuously monitored by Independent control functions including Risk Management, Finance, Compliance and Internal Audit. Technology is a key element in the monitoring process. To illustrate, cutting edge systems that are capable of approaching “real time” monitoring and control of risk taking activities, are effectively utilized.

An activity-wise break down of the principal sources of credit risk is illustrated in the pie chart below. The proportions reflect Credit Risk Weighted Exposure, computed based on BIS capital Adequacy Guidelines. Additional details, including credit exposures by rating, sector, geography and maturity are provided in the comprehensive Basel III Disclosure section.

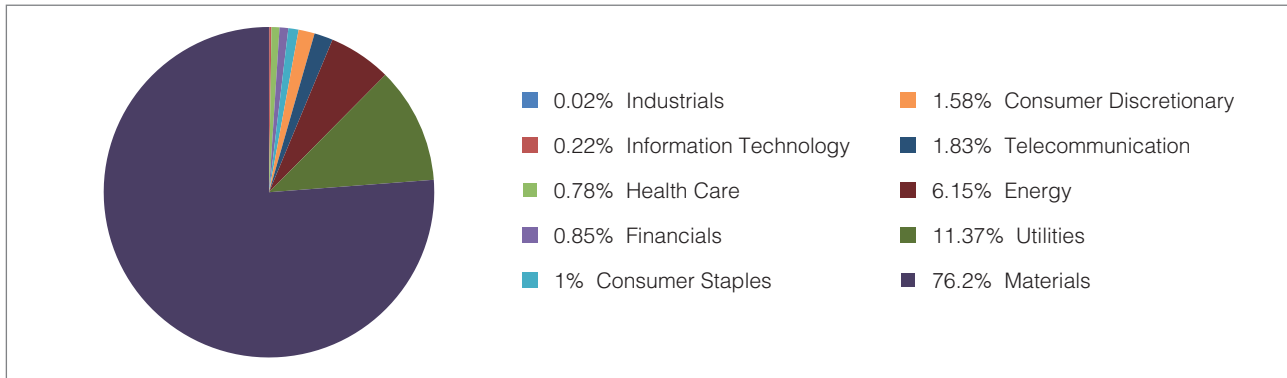
Chart 1: Sources of Credit Risk (Weighted Credit Risk Exposure)



Between 2023 and 2024, the credit risk-weighted exposure remained largely concentrated in Projects, Private Equity & Other Funds, with a slight decrease from 96.8% to 96.6%. Sovereign & PSE exposure declined from 1.0% to 0.7%, while Banks saw a marginal decrease from 1.3% to 1.2%. Corporates experienced the most notable increase, rising from 0.9% to 1.5%, indicating a shift in exposure allocation.

The projects activity mainly focuses on the GCC countries, a region whose thriving dynamics we comprehend well and where we have a better understanding of the inherent risk. Investments are made after rigorous qualitative and quantitative analysis, and where the desired risk-return Objectives are met. As highlighted in the graph below, a healthy diversification across industry sectors is maintained within this portfolio. Private Equity and other Equity Funds represent investments made with third party fund managers typically in the United States and Europe who are selected after careful assessment of their records and extensive due diligence.

Chart 2: Principal Investing (Projects) by Industry



Off-balance Sheet Financial Instruments

In the normal course of its business, the Corporation utilizes derivatives and foreign exchange instruments to meet its financial needs, to generate trading revenues and to manage its exposure to market risk.

In the case of derivatives and foreign exchange transactions, procedures similar to on balance sheet products are used for measuring and monitoring credit risk. Credit risk weighted exposure to off balance sheet products amounted to nearly 1.74% of total credit risk weighted exposure.

At the year-end 2024, there were no outstanding derivatives held for trading. Off balance sheet transactions also include credit related contingent items designed to meet the financial requirement of the Corporation. A detailed credit risk analysis of credit-related contingent items, derivatives and foreign exchange products is set in Notes 20, 21 & 22 to the Consolidated Financial Statements.

In an uncertain and volatile global credit market, the Corporation will continue to adhere to strong internal risk controls.

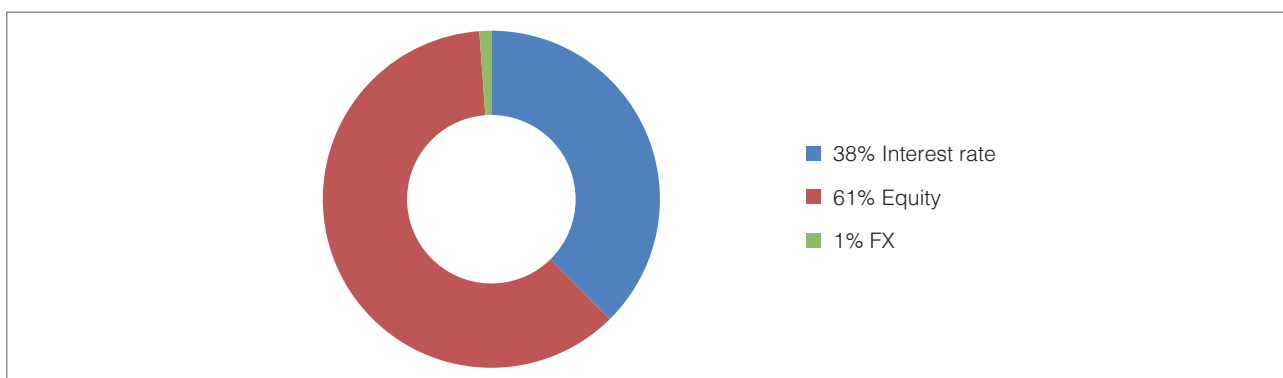
While the mechanism of risk monitoring and control has been fostered further, the risk management function is now more engaged with the business units, having been brought forward within the investment process. In addition to incorporating additional credit information, including Credit Default Swap (CDS) prices, equity prices and market Implied ratings within the credit analyses framework, the monitoring and reporting frequency has also been increased.

MARKET RISK

Market risk is the possibility of loss from changes in value of financial instruments, resulting from an adverse change in market factors.

Within the Corporation, market risk is made up of three key risk constituents - interest rate risk, equity risk and foreign exchange risk. A breakdown, based on risk constituents, is provided below for the combined mark-to-market and Investment activities, within the Global Markets Group alone (strategic equity positions within the Principal Investment business are not included). The percentages shown on the pie chart reflect average VaR amounts, considered independently, and ignore the effects of diversification across risk classes.

Chart 3: Market Risk Constituents - Overall



Market risk is measured, monitored and managed, both on a notional basis, and using a Market Value-at-Risk (Market VaR) concept. A blend of quantitative statistical methods combined with expert judgments and experienced talent is used to effectively manage market risk. A system of limits and guidelines restrain the risk taking activity with regard to individual transactions, net positions, volumes, maturities, concentrations, maximum allowable losses and other parameters. It ensures that risks are within the acceptable levels in terms of notional amounts. The VaR based system provides a more dynamic measure of market risk, capturing in a timely manner the impact of changes in the business environment on the value of the portfolio of financial instruments.

Market VaR is calculated and reported to senior management on a daily basis at various levels of consolidation including portfolio, business unit and Corporation.

The following table provides Total Value-at-Risk statistics for Global Markets Group by risk factor (please note: Total Global Markets Group VaR excludes Strategic Equity Investments within Principal Investing). These VaR measures are based on a 95% confidence level, 25 day holding period and use historical data sets.

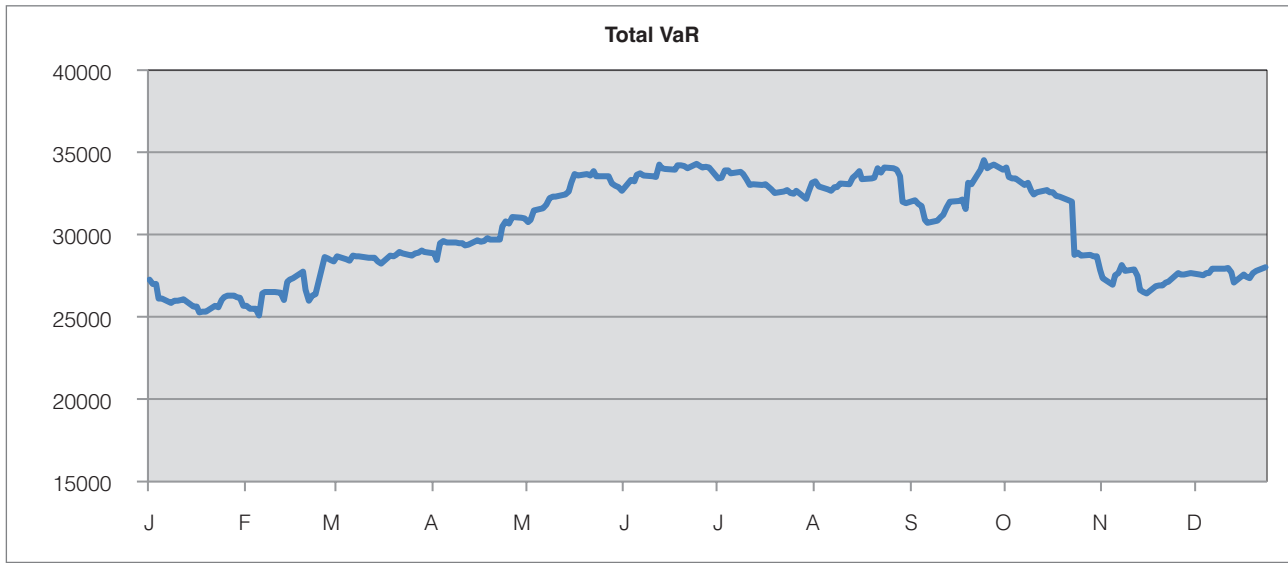
Table 2: Market Value at Risk for Global Markets Group alone - 25 day holding period, 95% confidence level

2024				
US\$ 000's	Average	Minimum	Maximum	31-Dec-24
Interest rate	14,499	9,779	18,169	10,364
Equity	23,634	20,023	28,081	24,486
Foreign Exchange	440	103	879	208
Total*	30,259	25,092	34,531	28,008
2023				
US\$ 000's	Average	Minimum	Maximum	31-Dec-23
Interest rate	9,951	8,215	12,939	12,835
Equity	25,509	17,707	30,898	22,891
Foreign Exchange	296	127	918	145
Total*	29,438	20,907	36,162	26,719

* Total VaR incorporates benefits of diversification

On an average basis, VaR pertaining to market risk is higher as compared to the previous year. As at 31st December 2024, total market risk VaR reached US\$ 28.0 million. Total market risk VaR remained within limits as approved by the Risk Management Committee and the Board of Directors. The Corporation will closely monitor the operating environment and seek to take on appropriate market risk at opportune times.

Chart 4: Profile of daily VaR- 25 day holding period, 95% confidence level, VaR (US\$ 000's):



It should be noted that certain portfolios and positions are not included in the Market VaR analysis, where VaR is not the most suitable measure of risk. These include the principal project investments in the GCC and the portfolio of International private equity funds. The market risk relating to these investments are measured in terms of a 10% sensitivity measure an estimated decline in asset values. The fair values of the underlying positions may be sensitive to changes in a number of factors, including but not limited to: the financial performance of the companies, projected timing and amount of future cash flows, discount rates, trends within sectors and underlying business models. The table below provides the sensitivity measure for 2024 and 2023. The principal investment and private equity portfolio are categorized as financial assets at fair value through statement of income, investments in subsidiaries and associates.

Table 3: Sensitivity Measure: for assets not included in market VaR (US\$ 000s)

Asset Categories	10% sensitivity measure	10% sensitivity measure	
		31-Dec-24	31-Dec-23
Principal Investments	Underlying asset value	201,216	210,438
Private Equity Funds	Underlying asset value	4,399	5,242

Likewise, scenario analysis is an essential component of the market risk management framework. The assumption of normality on which the statistical models are based may become invalid due to the occurrence of certain events. Future scenarios that result in a breakdown of the historical behavior and relationships between risk constituents are projected, and potential loss amounts are determined. Most of these scenarios are derived from historical macroeconomic trends adjusted for fermenting and unfolding developments and expectations about futuristic events.

Liquidity Risk Management

Liquidity risk is the failure to meet all present and future financial obligations in a timely manner and without undue effort, whether it is a decrease in liabilities or increase in assets. This risk may be further compounded by the inability of the Corporation to raise funds at an acceptable cost to meet its obligations in due time.

There are two sources of liquidity risk that GIC takes into account, which are:

- a) Cash flow illiquidity, arising from the inability to honor financial commitments or to procure funds at reasonable rates and required maturities; and
- b) Asset illiquidity, relating to the lack of market depth during times when assets are to be liquidated on a forced basis.

The Corporation believes that capital plays a special role in liquidity planning in as much as liquidity problems could arise in the short

run if the market believes that capital has been so impaired that in the long run the Corporation may not be able to pay-off its liabilities.

GIC's management of liquidity considers an overall balance sheet approach that brings together all sources and uses of liquidity. More specifically, liquidity requirements cover various needs that are addressed by the Corporation's senior management. Among these needs are:

- a) Meeting day-to-day cash outflows;
- b) Providing for seasonal fluctuation of sources of funds;
- c) Providing for cyclical fluctuations in economic conditions that may impact availability of funds;
- d) Minimizing the adverse impact of potential future changes in market conditions affecting GIC's ability to fund itself; and
- e) Surviving the consequences of loss of confidence that might induce fund providers to withdraw funding to GIC.

Liquidity Limits

As part of the funding and liquidity plan, liquidity limits, liquidity ratios, market triggers, and assumptions for periodic stress tests are established and approved. The size of the limit depends on the size of the balance sheet, depth of the market, the stability of the liabilities, and liquidity of the assets. Generally, limits are established such that in stressed scenarios, GIC could be self-funded.

The liquidity limits that are regularly monitored include the following:

- a) Maximum daily cash outflow limit for major currencies;
- b) Maximum cumulative cash outflow which should include likely outflows as a result of draw-down of commitments, etc.; and
- c) Net liquid asset ratio - this ratio is calculated by taking a conservative view of marketability of liquid assets, with a discount to cover price volatility and any drop in price in the event of a forced sale. The ratio is the proportion of such liquid assets to volatile liabilities.

The net liquid asset ratio as of 31st December 2024 was 171%. This figure was determined taking into account the following basic criteria:

- a) A 3-month remaining maturity is used to establish the time threshold by which balance sheet items are determined to be liquid or illiquid, stable or volatile;
- b) Appropriate "haircuts" are applied on liquid assets to reflect potential market discounts; and
- c) A "business as usual" posture is maintained in ascertaining the level of assets to be liquidated or pledged to avoid sending a wrong signal to the market.

The Corporation's Investment portfolio is managed so that the holdings of un-pledged, marketable securities that are comprised of strategic reserves are equivalent to approximately 30% of the projected maximum 30 day cumulative cash outflow. By the end of December 2024, investments in marketable securities tallied at approximately US\$ 1.215 billion, and are primarily made up of investment grade securities.

The quantities of pledged securities are reviewed periodically in order to ensure that the quantity of pledged securities does not exceed the amounts actually required to secure funding or for other purposes. Additionally, to the greatest extent possible, the selection of securities to be pledged is made in a manner whereby the longest term and/or least marketable securities are utilized.

Market Access for Liquidity

Effective liquidity management includes assessing market access and determining various funding options. That said, GIC deems it critical to maintain market confidence to attain the flexibility necessary to capitalize on opportunities for business expansion, and to protect the Corporation's capital base.

Proactive and prudent liquidity management requires a stable and diversified funding structure. To this end, GIC always maintains a well-balanced portfolio of liabilities in order to generate a stable flow of financing and to provide protection against sudden market disruptions. To the extent practical and consistent with other GIC objectives, the Corporation emphasizes both minimal reliance on short-term borrowed funds as well as the use of Intermediate and long-term borrowings in place of short-term funding.



A diversity of funding sources, currencies, and maturities are used in order to gain a broad access to the investor base. The proactive steps GIC undertook during the previous years, particularly in terms of raising medium term financing, enabled the Corporation to secure a sound asset-liability maturity profile. As of 31 December 2024, the Corporation's term financing stood at US\$ 35 million.

Further, the Corporation was successful in enhancing the diversity of its depositor base, a reflection of increased market confidence. At year-end 2024 the Corporation's deposit base stood at about US\$409million, 82% of which is due to GCC depositors. GCC deposits have proven to be a stable source of funds over the years.

The table below provides the breakdown of the Corporation's funding source for the comparative years 2023 to 2024.

US\$ Millions	2024 (US\$)	2024 (%)	2023 (US\$)	2023 (%)
GCC Deposits	334	10%	717	19.8%
International Deposits	75	2.3%	75	2.1%
Repo Financing	0	0.0%	0	0.0%
Term Financing	35	1.1%	34	0.9%
Shareholder's funds and others	2,885	86.7%	2,802	77.2%
Total	3,329	100.0%	3,628	100.0%

Contingency Funding Plan

Within GIC, liquidity is managed through a well-defined process to ensure that all funding requirements are met properly. This process includes establishment of an appropriate contingency funding plan (CFP).

GIC's CFP prepares the Corporation for the unlikely event of a liquidity crisis caused by material changes in the financial market conditions, including credit rating downgrades. CFP procedures are articulated clearly in the Corporation's Liquidity Policy Document.

These procedures include:

- A suite of measures to be undertaken in the absence of liquidity crisis to enhance GIC's available liquidity in the event of a crisis;
- Careful identification of specific triggers that would prompt activation of CFP; and;
- Specification of exact guidelines for adequate management of liquidity crisis.

Throughout the challenging year, our liquidity position remained adequate to carry on with our strategy.

Interest Rate Gapping Risk

GIC actively manages its interest rate exposure to enhance net interest income and limit potential losses arising from the mismatches between placements, Investments and borrowings. It is one of the primary responsibilities of the Treasury management group. The Interest Rate Gap is measured in Eurodollar futures contract equivalents. It is widely accepted that the rate calculated from short dated (up to two years) Eurodollar futures contract is effectively the forward interest rate of the underlying. Any funding, placements or borrowing that has a maturity or re-pricing of over two (2) years are either matched or hedged.

Since GIC also runs gapping positions in other major currencies apart from the USD, the gaps on these currency positions are translated to USD equivalents in order to estimate the equivalent number of Eurodollar futures contract.

The Eurodollar futures contract, given its liquidity, is a reasonable proxy to gauge interest rate risk on the short-term funding gap. The rationale behind this type of measurement is, if necessary, positive (negative) gaps within a given time bucket could be covered by selling (buying) Eurodollar futures contracts equivalent to the notional amount of the gaps. Potential contracts from individual time buckets are accumulated for each currency and then subsequently aggregated for all major currencies. The maximum number of notional contract is currently set at 3,000.

Treasury is responsible for monitoring and ensuring that potential short-term interest rate risk exposure remains within the authorized limits. However, proper escalation procedures are in place to address temporary and permanent excesses.

The Eurodollar futures contract position value as at December 31, 2024 was 935 contracts, with an estimated VaR of US\$ 744,387. The number of contracts has increased compared to the year before. In addition, the estimated VaR is lower than the levels of the previous year (31st December 2023: 120 contracts, estimated VaR US\$ 142,776). This is excluding the impact of the fixed rate EMTN Issuance.



Maturity profile of assets and liabilities

A detailed breakdown of the maturity profile by individual asset and liability category is provided in Note 20.2 to financial statements. At December 31st 2024, roughly 30% of total assets within 3-months, based on internal assessment of the Corporation's right and ability to liquidate these instruments. Comparatively, on the same basis, approximately 70% of total liabilities were in the same bucket. The sizable portfolio of high quality marketable securities contributed to the relatively high ratio of liquid assets. The Corporation's GCC retention record shows that short maturity deposits from GCC governments, central banks and other regional financial Institutions have been regularly renewed over the past several years. With the success achieved in raising medium term finance, the Corporation was able to optimize the asset liability maturity gap, especially within the medium and long term buckets.

CREDIT RATING

GIC's strong financial indicators were acknowledged in the rating reports, by all the credit rating agencies. As of end 2024, GIC's long term deposits were rated A2 by Moody's and BBB+ by Fitch.

All ratings carry a stable outlook. GIC continues to be rated AAA by Rating Agency Malaysia (RAM).

	Moody's	Fitch	RAM
Long-term Deposits	A2	BBB+	AAA
Short-term Deposits	P1	F1	P1

CAPITAL STRENGTH

Capital represents the shareholder's investment and is a key strategic resource which supports the Corporation's risk taking business activities. In line with the Corporation's financial Objective, management strives to deploy this resource in an efficient and disciplined manner to earn competitive returns. Capital also reflects financial strength and security to the Corporation's creditors and depositors. Capital management is fundamental to GIC's risk management philosophy, and takes into account economic and regulatory requirements.

The Corporation's capital base stood at US\$ 2,821.6 billion at 2024 year end. GIC continues to be one of the best capitalized financial Institutions in the region.

OPERATIONAL RISK

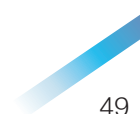
Operational Risk is the risk of loss resulting from inadequate or failed processes, people, or systems, either internally or externally, and unexpected significant and unusual one-time events.

- Other risks to which GIC is exposed to include Regulatory, Strategic, and Reputational;
- Regulatory risk is controlled through a framework of Compliance policies and procedures;
- Strategic risk is managed through the close monitoring of reviews, targets and goals, by senior management; and
- Reputational risk is controlled through clear and transparent guidelines and the GIC Code of Conduct.

KEY AIMS:

The management of Operational Risk has the following key objectives:

- to identify, assess, control and mitigate operational risk and the effective reporting of risk and emerging risk issues; and
- to embed operational risk awareness in all our activities, including the practices and controls used to manage other types of risks.



OVERVIEW:

GIC's Operational Risk Framework is composed of four key components: -

- a) Risk and Control Self-Assessment framework;
- b) Loss Event framework;
- c) Corrective Action Plans framework; and
- d) Operational Risk Reporting framework.

By providing a basis for the institutional understanding of Operational Risk, the framework supports a culture in which employees are aware of the risk inherent in the daily operations, and are encouraged to proactively identify existing, emerging and/or other potential problems.

a) Risk and Control Self-Assessment (RCSA) Framework.

The RCSA procedures establish a consistent framework for describing the key business activities, risks and controls. The controls are then assessed on a regular frequency. It is a process which transparently assesses the business's risks and analyzes the strength or weakness of controls that are put in place in order to manage the identified risks.

The assessment of fraud detection controls have also been integrated within the RCSA process.

b) Loss Event Framework

Operational loss events are reported in a central database. Comprehensive Information about these events is collected, and includes information regarding the amount, occurrence, discovery date, business area and product involved, and detailed root cause analysis.

In keeping with our broad definition of Operational Risk, we began to include data on events with non-monetary impacts and near-miss events in our collection and analysis activities.

c) Corrective Action Plans (CAPs) Framework

The CAPs framework is a key component of management practice to identify, document and resolve control issues or any high risk exposures. This includes issues identified through our integrated RCSA and monitoring program, internal audits, Compliance reviews, or Operational Risk loss event reporting.

It will enable management to demonstrate to audit (internal and external) and regulators, that management is aware and is actively addressing issues as well as monitoring the timely resolution of these issues.

The Risk Management Committee will be kept abreast of all material Operational Risk issues that have been identified.

d) Operational Risk Reporting Framework

The Reporting framework is used to ensure that all Operational Risk types and events are categorized and reported consistently following the Basel II ratings methodology. This will help to:

- establish a common language regarding Operational Risk, throughout the Corporation; and
- facilitate the correlation of similar events and to identify causes (rather than symptoms) of risk within departments.

OPERATION RISK WEIGHTED EXPOSURE:

The Operational Risk Weighted Exposure sets out the risk measurement framework, i.e. the quantitative criteria for calculating the capital charge for operational risk that follows the Standardized Approach developed by the Basel Committee on Banking Supervision.

The Corporation's business activities are categorized within the identified business lines to be used i.e. Principal Investment, Debt Capital Market, Equities Investments, Alternative Investments, Treasury, and Head Quarters.



INSURANCE:

As part of the Enterprise Risk Management solution, the Corporation uses a comprehensive suite of insurance policies to mitigate the impact of operational risks and to ensure adequate coverage. These policies are closely aligned to the operational risk profile and are cost beneficial to GIC.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLANNING:

The Business Continuity Plan Team, led by Operational Risk and Information Technology, are responsible for creating, managing and continuously improving GIC’s disaster recovery planning. Currently there are three active and fully tested disaster recovery sites:-

- Kuwait (Local)
- Luxembourg (Outer-Regional)
- Bahrain (Regional)

LEGAL RISK MANAGEMENT:

GIC has a dedicated General Counsel, for the effective management of legal risks by the provision of legal advice and litigation management.

INFORMATION SECURITY FRAMEWORK:

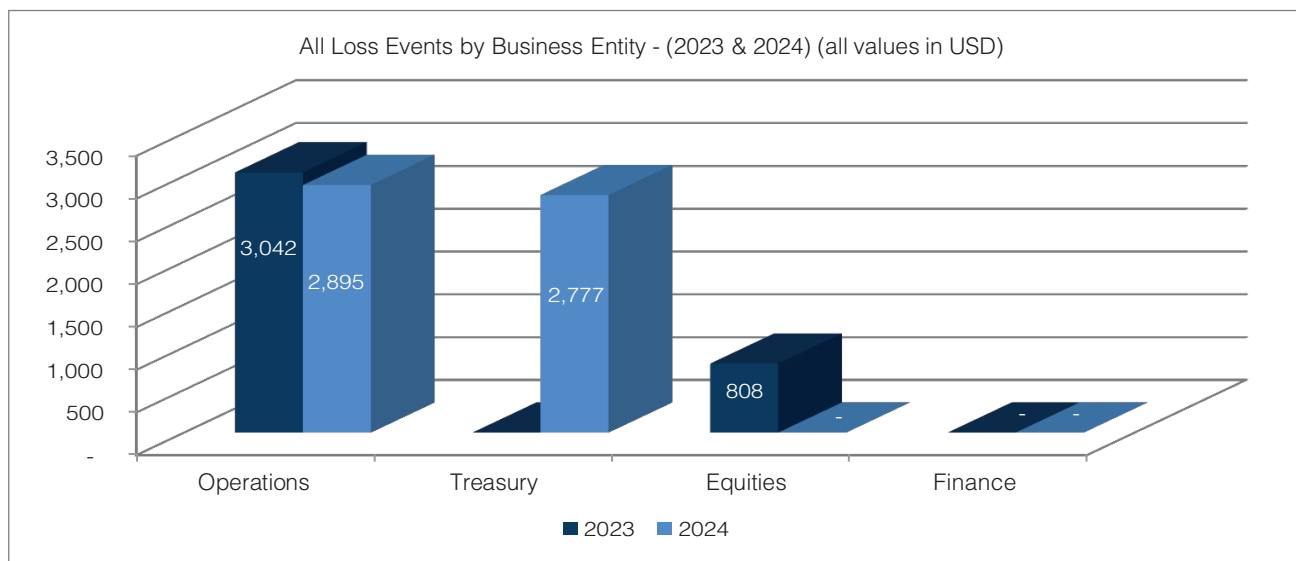
A secure Information security framework is in place to identify the responsibilities at every level of Information handling, i.e. from data ownership (encoding) to data access. Periodic audits are conducted to ensure compliance with the policies and standards set, by Internal Audit, information Security Risk Officer and the Risk and Control Self-Assessment review. Since 2015, the Corporation’s Information Security Management obtained the ISO 27001:2013 certification.

OPERATIONAL LOSS EVENT PROFILE FOR 2024:

The Corporation monitors the loss events by the Basel III loss event categories.

There are no threshold limits - all events whether a loss or gain are captured, including near misses.

During 2024, all events occurred under the stage 1 loss event categories: “Execution, delivery and process management” and “Business disruption and system failures” category.



BASEL III DISCLOSURE

The background of the page is a solid dark blue. In the lower half, there is an abstract graphic design consisting of several overlapping, semi-transparent geometric shapes. These shapes include triangles and trapezoids in various shades of blue and teal, creating a layered, architectural effect. The shapes are arranged in a way that suggests depth and movement, with some appearing to recede into the background while others come forward.

Basel III Rationale:

Aligning banking risk management with Capital Requirements

In response to the lessons learnt from the global financial and economic crisis in 2008, and to address the market failures across the banking sector revealed by the same, the Basel Committee issued the Basel III framework. Basel III regulations aim to strengthen the quality of capital and increase the regulatory capital requirements to help absorb losses. In addition, the introduction of capital buffers as part of prudential policies is applied by regulatory authorities to prevent global risks and enhance financial stability.

With Basel III, the Basel Committee is raising the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel II framework. The reforms raise both the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework. They are underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures, is intended to constrain excess leverage in the banking system and provide an extra layer of protection against model risk and measurement error. Finally, the Committee is introducing a number of macro prudential elements into the capital framework to help contain systemic risks arising from procyclicality and from the interconnectedness of financial institutions.

Also, the Basel Committee is introducing internationally harmonized global liquidity standards. As with the global capital standards, the liquidity standards will establish minimum requirements and will promote an International level playing field to help prevent a competitive race to the bottom.

The Architecture of Basel III- Capital and Liquidity

With Basel III, the Basel Committee continues with the three-pillar that seeks to align regulatory requirements with economic principles of risk management. Principles of sound liquidity risk management and supervision have been incorporated into the standard on account of lessons learned during the crisis and is based on a fundamental review of sound practices for managing liquidity risk in banking organizations.

The Three Pillars Defined

Pillar 1 - Minimum Capital Requirements

Pillar 1 sets out minimum regulatory capital requirements -meaning the amount of capital banks must hold against risks. Greater focus under the new accord is on quality and level of capital, capital loss absorption at the point of non-viability, capital conservation buffer and countercyclical buffer. The new framework provides for higher risk coverage for certain complex securitizations, significantly higher capital for trading and derivatives activities, substantial strengthening of the counterparty credit risk framework and risk coverage for bank exposure to central counterparties. A key measure introduced under the new accord is a non-risk based leverage ratio to serve as a backstop to the risk-based capital requirement and to help contain system wide buildup of leverage. The new accord provides for a continuum of approaches from basic to advanced methodologies for the measurement of both credit and operational risks. It provides a flexible structure in which banks, subject to supervisory review, will adopt approaches that best fit their level of sophistication and their risk profile. The framework also deliberately builds in rewards for stronger and more accurate risk measurement.

Pillar 2 - Risk Management and Supervision

Pillar 2 defines the process for supervisory review of a bank's governance and risk management framework and ultimately, its capital adequacy. It sets out specific oversight responsibilities for the board and senior management, thus reinforcing principles of internal controls and corporate governance practices. Financial supervisors would be responsible for evaluating how well banks are assessing their capital adequacy needs relative to their risks. Intervention would be exercised, where appropriate.

Pillar 3 - Market Discipline

Pillar 3 aims to bolster market discipline through enhanced disclosure by banks. It sets out disclosure requirements and recommendations. In several areas, including the way a bank calculates its capital adequacy and its risks assessment methods. The intended result is enhanced transparency and comparability with other banks.

Gulf Investment Corporation G.S.C. (GIC or 'the Corporation') -

Market Disclosure

The following sections set out the Corporation's disclosure details prepared in line with the new accord's requirements via its publication dated December 2010- Basel III: A global regulatory framework for more resilient banks and banking systems and revisions to the same and Liquidity coverage ratio disclosure standards dated January 2014 and revisions to the same.

1. Capital Structure

GIC is an investment company incorporated in the State of Kuwait on November 15, 1983 as a Gulf Shareholding Company. It is equally owned by the governments of the six member states of the Gulf Cooperation Council (GCC), i.e., Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The Corporation has no subsidiaries or significant Investments in banking, insurance, securities, and other financial entities.

Table 1 presents the Corporation's regulatory capital resources for the years ending December 2024 and December 2023. Basel III permits recognition of general provision (albeit subject to a maximum of 1.25% of credit risk weighted assets) as part of Tier 2 capital. Meanwhile, the exposures to 'securitization' that fall below a cut-off risk grade are deducted 50% from Tier 1 and 50% from Tier 2 capital, respectively. For 2024, full deduction is made from Tier 1 capital due to negative fair value adjustment. Total eligible regulatory capital was US\$ 2,821.6 million by year-end December 2024 compared to US\$ 2,742.9 million recorded in December 2023. The Corporation has adopted a conservative policy for the treatment of net fair value reserve, wherein, if negative - the total amount is deducted from eligible capital, and if positive - only 45% of fair value reserve is included within eligible capital.

Table 1: Regulatory Capital Resources

In US\$ millions	31 December 2024	31 December 2023
Paid-up capital	2,100.0	2,100.0
Disclosed reserves	599.5	579.3
Retained earnings	298.4	229.4
Less: Goodwill	62.5	62.5
Less: Deductions	0.3	0.4
Less: Adjustment for Fair value reserve	113.6	106.2
Total Tier 1 Capital	2,821.6	2,742.9
Total Tier 2 Capital	-	-
Total eligible regulatory capital	2,821.6	2,742.9
In US\$ millions	31 December 2024	31 December 2023
Common Equity Tier 1 (CET1)	2,821.6	2,742.9
Additional Tier 1 (AET 1)	-	-
Total Tier 1 Capital	2,821.6	2,742.9
Total Tier 2 Capital	-	-
Total eligible regulatory capital	2,821.6	2,742.9

2. Capital Adequacy Management

The Corporation's primary guiding principle to its capital adequacy management is to maintain a strong capital base that could support current as well as future growth in business activities, and at the same time, with the objective of maintaining satisfactory capital ratios and high credit ratings.

GIC's process of assessing the capital requirements commences with the compilation of the annual business plan by individual business units which are then consolidated into the annual budget plan of the Corporation. The annual budget plan provides the estimated overall growth in assets, its impact on capital and targeted profitability for the forthcoming fiscal year. Utilizing the financial projections generated from the budget plan, capital is allocated to the various business units in such a way that the allocations remain consistent with the risk profile of the business activity. These capital allocations as well as corresponding Return On Risk Adjusted Capital (RORAC) are reviewed on an ongoing basis during the budget year in order to optimally deploy capital to achieve targeted returns. Whilst the Corporation acknowledges the benefits of higher leverage to Return on Equity (ROE), it also believes in the advantage and benefit of keeping a strong capital position. As such, GIC maintains a prudent balance among the major components of its capital. Current internal policy aims to maintain a floor of 16% total capital adequacy ratio.

The annual dividend payout, meanwhile, is prudently determined and proposed by the Board of Directors, endeavoring to meet shareholder expectations while ensuring adequate retention of capital to support organic growth. Finally, the Corporation targets a credit risk rating of single 'A' or better. This would allow easy access to capital from the market at competitive pricing in the event additional funding needs to be appropriated. GIC is among a select few financial institutions in the region to maintain high ratings by both major International agencies (Moody's & Fitch). Details of the Corporation's ratings are provided on page 49 of this annual report.

Table 2: Capital Adequacy Ratios

In US\$ millions	Risk-weighted assets	Capital requirement
Credit Risk	5812.0	465.0
Market Risk	2213.1	177.0
Operational Risk	526.7	42.1
Total	8551.7	684.1
Capital Adequacy Ratios		
Total CAR	33.0%	
Common Equity Tier 1 (CET1)	33.0%	
Tier 1 Ratio	33.0%	
Leverage Ratio (Non risk based)		
	12.9%	

Table 2 details the risk-weighted assets together with their corresponding regulatory capital requirements as at 31 December 2024. Total capital adequacy ratio and Tier 1 capital ratio are likewise calculated. The numbers were generated by applying the Standardized' approach for credit and operational risks, while the 'Internal Model' approach was utilized to yield market risk positions. Total risk-weighted exposures of US\$ 8,551.7 million, as at 31 December 2024, requires regulatory capital of US\$ 684.1 million to meet the minimum Basel III CAR of 8%. Should the minimum CAR threshold be raised to GIC's internal target of 16%, the required regulatory capital increases to about US\$ 1,368 million. The reported eligible regulatory capital of US\$ 2,821.6 million still provides sufficient cushion to support business expansions.

Table 3: Risk Exposure Break-down

In US\$ millions	31 December 2024
Credit Risk (RWA)	
Claims on sovereigns	37.3
Claims on Public Sector Entities	4.8
Claims on Banks	72.3
Claims on Corporates	82.9
Securitization and Structured Investment Vehicle	0.1
Venture Capital and Private Equity	50.0
Investments in Commercial Entities	5,101.4
Investments in Other Funds and Quoted Equities	444.5
Other Assets	18.6
Total	5,812.0
Market Risk (VaR)	
Interest rate risk position	0.0
Foreign exchange risk position	0.0
Equity risk position	49.7
(Total VaR +Stress VaR) x 3	149.1
Specific risk position	28.0
Total capital requirement	177.0
Total RWA (capital requirement x 12.5)	2,213.1
Operational Risk (RWA):	
Operational risk capital charge	42.1
Total RWA (capital charge x 12.5)	526.7

3. Risk Management Structure

To address the continuously changing and complex business environment, the Corporation adapts an agile and effective risk management process. Management realizes that not all risks need to be eliminated; however, they need to be systematically identified and measured in order to be properly managed. To this end, the Corporation established an effective Enterprise Risk Management framework to enable a process of achieving an appropriate balance between risk and reward, by optimizing profits and ensuring that GIC is protected from unwarranted exposures that are likely to threaten the viability of the Corporation.

The Corporation's risk management process is an integral part of the organization's culture, and is embedded into the organization's practices as well as in all those involved in the risk management process.

The Risk Management Committee (RMC) is established by the Board of Directors. The RMC focuses on the effectiveness and appropriateness of the Internal risk management strategy, risk management framework and risk controls (collectively the Enterprise Risk Management).

The RMC comprises members of the Board of Directors and senior management. Its key aims, with the Risk Management Division (RMD), are to:

- a) Review and assess the Enterprise Risk Management governance structure;
- b) Review the Risk Management framework (encompassing risk assessment guidelines and policies regarding Credit, Market, Liquidity, Interest Rate, and Operational risk management);
- c) Oversee policies and guidelines for determining the macro Enterprise Risk Limit levels, and review the utilization of these limits;
- d) Review the adequacy of GICs' capital allocations including economic and regulatory, incorporating the risk adjusted return on capital;
- e) Review and assess the integrity and adequacy of the Risk Management Division of the Corporation; and
- f) Receive and review reports on selected risk topics as management deems appropriate from time to time.

The RMC, senior management, risk officers, and line managers contribute to effective Enterprise-wide Risk Management. The RMC defines its expectations, and through its oversight determines its accomplishment. The Board of Directors has ultimate responsibility for risk management as they set the tone and other components of an enterprise risk management.

Risk officers have the responsibility for monitoring progress and for assisting line managers in reporting relevant risk Information and the line managers are directly responsible for all business risk generated in their respective domains. The effective relationship between these parties significantly contributes to the improvement in the Corporation's overall risk management practices as this leads to the timely identification of risk and facilitation of appropriate response.

The RMD structure has a distinct identity and independence from business units. The RMD ensures that risk exposures remain within tolerable levels relative to the Corporation's capital and financial position. The RMD reports directly to the Chief Executive Officer, and is manned by dedicated risk specialists in all disciplines to address the pertinent business risks exposure of the Corporation. Its main responsibilities are to:

- a) Evaluate and analyze the enterprise wide risk profile by developing risk monitoring techniques;
- b) Set up and develop criteria for defining the Corporation's risk threshold in terms of various risks;
- c) Develop and establish tools for the measurement of the Corporation's various risk types; and
- d) Recommend appropriate strategies/actions for mitigating risk and ensuring a sound risk asset structure for the Corporation.

The abridged organizational structure of GIC's risk management structure is shown below:



The following management committees have the responsibility and authority for the day-to-day risk management activities of the Corporation, and where by such authorities are being exercised within the objectives and policies approved by the RMC:

- a) Management Committee covers mainly general management issues including performance review vis-a- vis budget, and assessment of status quo against strategic business plan;
- b) Global Markets Group Investment Committee translates Investment strategy directions into asset allocation guidelines, recommends investment proposals, and reviews investment portfolios. The committee also functions as a surrogate Asset Liability Committee;
- c) Principle Investing Investment Committee evaluates proposals for Investments and divestiture of assets and ensures compliance to Investment criteria as well as investment procedures at each phase of the Investment process;
- d) Human Resource Committee which reviews strategic HR issues;
- e) Systems Steering Committee provides the forum to review the IT architecture and its condition to meet current and future business requirements; and
- f) Provisioning Committee ensures that all provisioning activity (making or writing back provisions), covering all of GIC's on and off balance sheet items.

The objectives and policies for measurement and reporting of the major risk areas, i.e., Credit, Market, Liquidity and Operational, are detailed in the Risk Management section. The same section includes the approach adopted by the Corporation towards management and mitigation of these risks.



4. Credit Risk Exposure

The Corporation follows both qualitative and quantitative approaches to credit risk management. These approaches are clearly articulated in the Corporation's Credit Policy document which aims to promote a strong credit risk management architecture that includes credit procedures and processes. The policy defines the areas and scope of Investment activities undertaken by the Corporation and its main goal is not simply to avoid losses, but to ensure achievement of targeted financial results with a high degree of reliability. The Corporation's credit risk management focuses on the dynamic and interactive relationship between three credit process phases: portfolio strategy and planning, Investment origination and maintenance, and performance assessment and reporting. Each of these phases is discussed briefly below.

Portfolio Strategy and Planning

The overall desired financial results, the portfolio strategy of each business unit, and the credit standards required to achieve the targets are defined during the planning phase. The business strategies are developed in such a way that they integrate risk and that they meet the defined hurdles in terms of RORAC. Portfolio management establishes composition targets, monitors the results of these diverse business strategies on a continual basis, and allows the Corporation to manage concentrations that can result from seemingly unrelated activities. Specifically, portfolio management involves setting concentration limits by standard dimensions so that no one category of assets or dimension of risk can materially harm the overall performance of the Corporation. The Board has set specific limits for individual borrowers and groups of borrowers and for geographical and industry segments. These limits consider the individual credit of the various counterparties as well as the overall portfolio risk.

The Investment Committees

The Committees monitor and approve investment proposals and review portfolio concentrations in terms of economic sectors and asset class. These limits are reviewed annually to ensure that there are no undue concentrations in one sector or asset class, and that the limits are within those set out by the Corporation. For counter-party limits, such as limits for banks and financial institutions, credit line approval follows a strict process of credit review, with proper authority levels delegated to senior credit officers. Foreign exchange trading and interest rate gap limits, together with ancillary limits (e.g., daylight, overnight, stop loss, etc.) are recommended by Treasury for the review of risk management, and eventual approval by the RMC. The RMD quantifies the Corporation's credit risk appetite in line with the overall strategy. The RMD employs a process of allocating capital on a portfolio level for the total credit exposure assumed by each business unit. The business units' actual capital consumption is assessed against the budget, and variances are appropriately reported to senior management.

Investment Origination and Maintenance

The business units solicit, evaluate, and manage credit exposure according to the strategies and portfolio parameters established during the portfolio strategy and planning phase. Investments are generated within well-defined criteria, product structure, and are approved on the basis of risk and return assessment. The processes involved under credit maintenance include documentation review and disbursement, and review of the status of exposures. Within this phase, origination and underwriting for distribution to investors takes place. The business units remain the sponsor and main risk managers of their proposals. While the risk management team independently reviews Investment/product proposals prior to granting approvals to ensure that the proposals are within the tolerable risk appetite of the Corporation and are consistent with its policy, prior to disbursement of funds.

Performance Assessment and Reporting

The performance assessment and reporting phase allow both the senior management and business units to monitor results and improve performance continually. Both portfolio and process trends are monitored in order to make appropriate and timely adjustments to business strategies, portfolio parameters, credit policies and investment origination and maintenance practices. This phase of the credit process draws on information within the Corporation and external benchmarks to help evaluate performance. The goal of performance assessment is to achieve a balanced portfolio of assets, well diversified, and generating returns consistent with targets. Credit performance is assessed through analysis of:

- a) Portfolio concentrations by obligor, industry, risk rating, maturity, asset class, as well as other dimensions;
- b) Generated Return on Capital Employed (ROCE);
- c) Additional economic value created by individual projects;
- d) Exceptions to risk acceptance criteria; and
- e) Other policy exceptions.

Inherent in the Corporation's business activity is the presence of 'portfolio risk', which arises whenever there is high positive correlation between individual credit portfolios. To address this particular risk, the Corporation employs the 'Credit Manager' system promoted by the Risk Metrics Inc. (part of MSCI). The system is a quantitative based program where overall portfolio 'Credit Value at Risk (Credit VaR)' is measured and controlled. This model calculates Credit VaR based on credit ratings of the names, default probabilities, loss given default, current market prices of the credits, while considering the impact of correlation of the various credits in the portfolio. In order to institute a common language for understanding and dimensioning credit risk across GIC's range of investments in projects, RMD is in the process of developing an Internal Credit Risk Rating (ICRR) model that would assist management in determining level of capital allocation and other strategic schemes applicable to the Investment credit rating. Naturally, the model will also be used to benchmark the required return given a particular level of risk. Additionally, the rating results will subsequently be used as valuable inputs into the 'Credit Manager' system mentioned above.

Credit Risk as per Basel III Standardized Approach

Under the credit risk 'Standardized' approach, credit exposures are categorized to standard portfolios that are subject to a distinctive risk-weighting scale based on standard characteristics of the nature of borrower as well as the external credit assessments of International rating agencies where available. GIC uses the credit ratings assigned by Moody's and Fitch for this purpose. When more than one counter-party rating is available, Basel III's multiple assessment guidelines are invoked. In order to provide a common platform into which different notations used by the aforementioned rating agencies can be mapped, a scale of uniform Credit Quality Grades (COG) represented by the numerals 1 to 5 or 6 are used to represent the relevant risk weights of each standard portfolio. Separate scales are prepared for risk-weighting both long and short-term issues.

Table 4: CQG Mapping

Corporates Credit Quality Grades	Moody's	Fitch
1	Aaa	AAA
	Aa1	AA+
	Aa2	AA
	Aa3	AA-
2	A1	A+
	A2	A
	A3	A-
3	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-
4	Ba1	BB+
	Ba2	BB
	Ba3	BB-
5	B1	B+
	B2	B
	B3	B-
6	Caa1	CCC+
	Caa2	CCC
	Caa3	CCC-
	Ca	CC
	C	C
		D

Table 4: serves as a sample of mapping notations of rating agencies into COGs for claims on Corporates. At 31 December 2024, rated credit exposures accounted for about 2.6% of total credit exposures. Note that the numbers are after applying the equivalent risk-weights (credit conversion) as provided under the Basel III accord. Meanwhile, gross credit exposure to rated assets was recorded at approximately 8.7% of total gross credit exposure. Assets that are rated single A or better comprised 73.1% of rated gross credit exposure.



Tables 5 and 6 present the breakdown of credit exposures pre and post-credit conversion.

Table 5: Credit Exposure (post-credit conversion)

In US\$ millions	31 December 2024		
	Rated	Unrated	Total
Claims on Sovereigns	37.3	0.0	37.3
Claims on Public Sector Entities	4.1	0.7	4.8
Claims on Banks	68.1	4.3	72.3
Claims on Corporate	40.9	42.1	82.9
Securitization and SIVs	0.4	0.0	0.4
Venture Capital and Private Equity		50.0	50.0
Investments in Commercial Entities		5,101.4	5,101.4
Other Funds and Quoted Equities		444.5	444.5
Other Assets		18.6	18.6
Total	150.7	5,661.5	5,812.2
In Percent	2.6%	97.4%	100.0%

Table 6: Gross Credit Exposure (pre-credit conversion)

In US\$ millions	31 December 2024		
	Rated	Unrated	Total
Claims on Sovereigns	263.7	0.0	263.7
Claims on Public Sector Entities	4.1	0.7	4.8
Claims on Banks	224.7	21.3	246.0
Claims on Corporate	49.9	42.1	92.0
Securitization and SIVs	0.5	0.0	0.5
Venture Capital and Private Equity		50.0	50.0
Investments in Commercial Entities		5,101.4	5,101.4
Other Funds and Quoted Equities		444.5	444.5
Other Assets		18.6	18.6
Total	542.9	5,678.6	6,221.5
In Percent	8.7%	91.3%	100.0%

Table 7: Gross Credit Exposure before Credit Risk Mitigation (CRM)

In US\$ millions	31 December 2024		
	Funded	Unfunded	Total
Claims on Sovereigns	263.7	0.0	263.7
Claims on Public Sector Entities	4.8	0.0	4.8
Claims on Banks	223.3	22.8	246.0
Claims on Corporate	92.0	0.0	92.0
Securitization and SIVs	0.5	0.0	0.5
Venture Capital and Private Equity	44.0	6.0	50.0
Investments in Commercial Entities	5,006.4	95.0	5,101.4
Other Funds and Quoted Equities	444.5	0.0	444.5
Other Assets	12.5	6.0	18.6
Total	6,091.6	129.9	6,221.5
In Percent	98%	2%	100%

In terms of facility type (Table 7), US\$ 6,091.6 million or approximately 98% is funded. The balance is ascribed to guarantees issued and Commitments made by the Corporation, as well as credit exposures on outstanding forward and swap transactions with banks.

Table 8: Gross Credit Exposure by Geographic Distribution

In US\$ millions	31 December 2024				
	GCC	Europe	Americas	Others	Total
Claims on Sovereigns	42.0		208.9	12.7	263.7
Claims on Public Sector Entities	4.8				4.8
Claims on Banks	147.8	0.1	42.9	32.5	223.3
Claims on Corporate	16.4		37.2	38.3	92.0
Securitization and SIVs			0.5		0.5
Venture Capital and Private Equity	13.2	6.6	20.1	4.0	44.0
Investments in Commercial Entities	4,913.3		1.5	91.5	5,006.4
Other Funds and Quoted Equities	51.1	354.1	39.3		444.5
Other Assets	12.5				12.5
Total	5,201.2	360.8	350.4	179.1	6,091.6
In Percent	85.4%	5.9%	5.8%	2.9%	100.0%

The geographical distribution (Table 8) is based on either the primary purpose of the exposure or the place of incorporation of the debt security Issuer, or incorporation of the fund manager. A Sizable portion of credit exposure is in the GCC region tallying at US\$5,201 million or 85.4% of the total. Following suit are exposures to Europe at 5.9%. These exposures are due in great part to Investments in global securities and funds with varying investment themes.

Table 9: Gross Credit Exposure by Industry Sector

In US\$ millions	31 December 2024					
	Banks & Financial Institutions	Trading & Manufacturing	Energy & Utilities	Government Agencies	Others	Total
Claims on Sovereigns				263.7		263.7
Claims on Public Sector Entities			4.8			4.8
Claims on Banks	223.3					223.3
Claims on Corporate	72.3		19.6			92.0
Securitization and SIVs	0.5					0.5
Venture Capital and Private Equity		3.7	13.1		27.1	44.0
Investments in Commercial Entities	1.5	3,816.0	1,188.9			5,006.4
Other Funds and Quoted Equities	424.8	3.2	12.0		4.5	444.5
Other Assets					12.5	12.5
Total	722.4	3,822.9	1,238.4	263.7	44.1	6,091.6
In Percent	11.9%	62.8%	20.3%	4.3%	0.7%	100.0%

The table on industry distribution (Table 9) of the gross credit exposure reveals a concentration on Trading & Manufacturing sector and Energy & Utilities, amounting to 83.1% of total exposure which, is in line with GIC's commitment to support the industrial growth within the GCC region.

Table 10: Credit Exposure by Residual Contractual Maturity

In US\$ millions	31 December 2024				
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Claims on Sovereigns			104.1	159.5	263.7
Claims on Public Sector Entities	0.7		4.1		4.8
Claims on Banks	163.0		53.0	7.3	223.3
Claims on Corporate	3.4	9.9	68.7	9.9	92.0
Securitization and SIVs				0.5	0.5
Venture Capital and Private Equity				44.0	44.0
Investments in Commercial Entities				5,006.4	5,006.4
Other Funds and Quoted Equities				444.5	444.5
Other Assets	12.5				12.5
Total	179.7	9.9	229.9	5,672.1	6,091.6
In Percent	2.9%	0.2%	%3.8	93.1%	100.0%

The residual maturity of gross credit exposure broken down by standard credit risk exposure is shown in Table 10. Approximately 93% of gross credit exposure falls within the longest time bucket of over five years.

Recognition of Impairment of Assets

The Corporation assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. Investments are treated as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other Objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires considerable judgment. In addition, the Corporation evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for projects and unquoted equities. The Corporation reviews its problem loans and advances, and investment in debt instruments at each reporting date to assess whether a provision for impairment should be recorded in the statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions. Noteworthy, the Corporation has taken a strategic decision to wind down its lending activities. An insignificant amount of impaired assets stemming from project loan provided to a manufacturing company based in the GCC has been fully provided for.

5. Securitization Activities

The Corporation's securitization exposure comes by way of its investments in structured products, which can be generally classified under synthetic securitization. Capital cover treatment of securitization exposures follows the 'Ratings Based' approach as recommended in the Basel III capital adequacy guide lines. As such, the external credit assessments provided by Moody's is considered when determining credit risk weights for securitization exposures.

Table 11 provides the credit rating breakdown of the Corporation's investment in securitization and structured investment vehicles (SIVs): Exposures that are rated COG 5 and lower are deducted directly from regulatory capital.

Table 11: Credit Exposure on Securitization and SIVs

In US\$ millions	31 December 2024	
	Gross Exposure	Post-credit Conversion
COG 1	-	-
COG2	0.23	0.12
COG3	-	-
COG4	-	-
COG5	-	(deduction from capital)
COG 6	0.28	
Unrated	-	
Total	0.63	0.12

6. Market Risk

This section focuses regulatory capital adequacy computations based on the VaR measurement for the Trading' book. More details on VaR and Market Risk monitoring are provided in the Risk Management section of the annual report. The regulatory capital adequacy ratios are computed under Basel III. GIC follows the Internal Models Approach (IMA) to quantify the capital charge associated with market risk within the trading portfolio.

The Corporation uses the 'Risk Manager' system, developed by MSCI Risk Metrics, and utilizes a parametric computational method based on the variance- covariance concept. In line with the capital accord, the parameters used in determining the VaR are a 10 day holding period and 99% confidence level. The computation utilizes an equally weighted historical data set going back one year. The computation ignores the correlation benefit amongst the three risk types (Interest rate, equity and foreign exchange), with Total Market Risk VaR being equal to the arithmetic sum of the three components. The capital charge relating to market risk is determined for all portfolios categorized as trading (the trading book), which includes the following (Ref Notes 4 of 2024 consolidated financial statements).

(US\$ million)	2024	2023
Quoted debt instruments	-	-
Hedge and Other unquoted alternative funds	349	371
	<u>349</u>	<u>371</u>

Policies relating to recognition, classification, fair value measurement and gain/loss computation are detailed in Note 2 of consolidated financial statements. GIC believes that it is prudent to provide an explicit capital cushion for price risks to which it is exposed. Such risk of loss arising from the adverse changes in market variables is predominantly within the trading book. Within the Corporation, capital charge for market risk comprises three main categories: interest rate risk and equity risk (within the trading book) and foreign exchange risk for the entire Corporation.

The Value-at-Risk concept is a sound basis for the quantification of market risk, and the variance-co-variance methodology adequately suits the Corporation's asset types. Most of the exposures within the trading book entail very little optionality and are mostly linear in nature. The VaR based system provides a dynamic measure of market risk capturing, in a timely manner, the impact of changes in environment on the value of the portfolio of financial instruments. The VaR model is a statistical tool, based on simplifying assumptions, and as such has certain limitations (examples: occurrence of 'fat tails', non-normal distributions and event risks; the past not being a good approximation of future, etc.). To a large extent, these limitations are addressed by the back testing exercise and related multiplication factor used. For all the portfolios within the trading book, the same variance - co-variance methodology is used to compute VaR, which is computed on a daily basis as per the parameters described above.

Scenario analysis and stress testing is an essential component of the market risk management framework. The assumption of normality on which the statistical models are based may become invalid due to the occurrence of certain events.

Future scenarios, which result in a breakdown of the historical behavior and relationships between risk constituents, are projected, and potential loss amounts are determined. Most of these scenarios are derived from macroeconomic events of the past, modified with the expectations for the future.

Back-testing

The objective of ‘Back-testing’ is to measure/validate the accuracy of the internal VaR model. Back-testing essentially deals with the process of comparing actual trading results with the model generated risk measures (estimates). Back testing is conducted in line with the ‘Supervisory Framework Document’ issued by the Basel Committee. The parameters for back-testing are a one-day holding period and 99% confidence level. To the extent that the back-testing program is viewed purely as a statistical test of the integrity of the calculation of Value- at Risk (VaR) measure, the Corporation felt it appropriate to utilize the ‘hypothetical portfolio’ approach. In this approach, a static hypothetical model portfolio, with similar characteristics of the actual portfolio, is created and daily change in market value is computed based on actual price observations. VaR is also computed for this static portfolio using the model and comparisons are made between actual results and model estimates. The advantage of this method is that the value change outcomes are not ‘contaminated’ by changes in the portfolio (which could happen if the actual portfolio were used).

The multiplication factor of 3 is used for capital calculation, in line with the Basel guidelines. Capital charge for market risk is determined based on the following formula:

$$\text{Capital Charge (market risk)} = (\text{Max } \{V_{avg}, V_{end}\}) + \text{Max } (SV_{avg}, SV_{end}) \times Mf$$

Where, Vavg equals: Average Total VaR for the trading book over the previous 60 business days

Vend equals: End of period Total VaR for the trading book

SVavg equals: Average Stressed VaR for the trading book over the previous 60 business days

SVend equals: End of period Stressed VaR for the trading book

Mf equals: Multiplication factor (a factor of three issued based on the results of back-testing)

Table 12: Trading Book VaR (US\$ millions) - 10 day holding period, 99% confidence level. For the last 60 business days in 2024

In US\$ millions	Interest Rate	Equity	FX	Total
Min	8.8	19.3	.1	22.7
Max	14.2	24.0	.6	29.8
Average	10.4	20.9	.3	24.8
31-Dec-2024	8.9	20.3	0.2	23.2
Stress VaR	9.6	18.0	0.1	22.3

7. Operational Risk

The Corporation currently adopts the ‘Standardized’ approach in the estimation of regulatory capital to support potential operational risk exposure.

In keeping with the accord’s guidelines, gross income for each business line is determined using the transfer pricing methodology being employed by the Corporation. The identified business lines as well as its major business segments are presented in Table 13.

Table 13: Business Lines for Operational Risk

Business lines	Major business segments	Activity Groups
Principal Investments	Investment and Equity Participation	Venture Capital, Greenfield Investments, Mergers and Acquisitions, Privatizations, Equity Participation, IPOs, Secondary Private Placements
Debt Capital Markets	Investments of debt securities	International Corporate Securities, Sovereign Debts, GCC Issues/Bonds, Convertible Bonds, Islamic Bonds, ABSs, FRNs, SLVs, Structured Finance, Credit Funds, Emerging Market Debts, High Yield Debt, Trading Bonds & Derivatives
Equity Investments	Portfolio of Investments in equity funds and proprietary funds	Gulf Equities, Equity Portfolios
Alternative Investments	Portfolio of Investments in an array of different asset classes and managed funds	Hedge Funds, Real Estate, Managed Funds, MBSs, Private Equity, Global Equity
Treasury	Sales	Fixed Income, Equity, Foreign Exchanges, Commodities, Credit, Funding, Own Position Securities, Lending and Repos, Derivatives
	Market Making	
	Proprietary Positions	
	Advisory Services	
Head- quarters	Income classified for Head-quarters as per internal FTP (Fund Transfer Pricing) method, and other income that cannot be classified in any other business line	Income from Free Capital, Rental Income, Other Income, etc. _

Capital risk charge for each business line is computed and reported on a quarterly basis. The capital requirement for each business line and the corresponding capital charge are in Table 14.

Table 14: Operational Risk Capital Charge

In US\$ millions	31 December 2024		
	3 year Average Gross Income	Beta Factor	Capital Charge
Principal Investment	217.5	18%	39.2
Debt Capital Market	-6.6	18%	-1.2
Equities Investments	-5.4	18%	-1.0
Alternative Investments	16.3	18%	2.9
Treasury	10.3	18%	1.9
Head-quarters	1.9	18%	0.3
Total	234.1		42.1
Risk-weighted exposure			526.7

The highest beta factor of 18% is applied on all business lines as suggested in the capital accord.

The Corporation realizes that the accord offers a continuum of approaches from the simplest basic indicator approach to the more advanced measurement approaches. In its endeavor to adopt a more risk- sensitive approach to operational risk capital management, the Corporation plans to implement a more disciplined 'bottom-up' method whereby the approach is anchored on Objective loss data. To implement such an approach, a four -stage progression will be followed:

- (1) Risk and Control Self-Assessment Framework;
- (2) Loss Event Framework;
- (3) Corrective Action Plans Framework; and
- (4) Operational Risk Reporting Framework.

8. Equity Risk in the Banking Book

Equity investments in the banking book are classified at the time of acquisition into those acquired for realizing capital gain and to those purchased for strategic investments. The decision where to classify investments has arrived at after considering significant factors that include business and strategic advantages to the Corporation, and the amount of planned investments. All investment decisions require the approval of the Investment Committees, or the Executive Committee, depending on the amount of exposure. Investments acquired with a view to generating income and profits from capital appreciation are reviewed periodically and disposed of at opportune Instances. Meanwhile, the strategic investment portfolios are reviewed based on the industry, market and economic developments, and the Corporation decides whether to liquidate or further consolidate its holdings in these investments. Accounting treatment of equity investments can be found under 'Significant accounting judgments and estimates' in the notes to the consolidated financial statements.

Publicly traded Investments represent quoted equities traded in the local and international stock exchanges. Privately held investments represent investments in unquoted entities and projects. The total value of equity Investments in the banking book at the end of December 2024 is US\$ 128 million, net of provision (refer to Table 15 below). The total un-realized loss recorded in equity is US\$ 20 million.

Table 15: Equity Holdings in Banking Book

In US\$ millions	31 December 2024		
	Publicly Traded	Privately Held	Total
Fair Value of Equity Investments	-	128	128
Unrealized (loss)/gain recorded in equity	-	(20)	(20)
Unrealized (loss)/gain in Tier 2 Capital	-	(20)	(20)

9. Interest Rate Risk in the Banking Book

Treasury manages short term interest rate gapping by means of monitoring over all interest rate exposure in the next 24 months as measured in Eurodollar futures contract equivalents. Treasury is not allowed to mismatch positions over two years unless appropriate management approval has been obtained. Any funding, placements or borrowing that has a maturity or re-pricing profile of more than two years are either matched or hedged. The rate calculated from short dated (up to two years) Eurodollar futures contract is effectively the forward interest rate of the underlying, i.e. Eurodollar deposits. Total USD placements and borrowings transacted by Treasury are profiled in time buckets from one week and then monthly thereafter until 24 months. The same procedure is applied to other currencies; the gaps on these currency positions are translated to USD equivalents in order to ascertain the equivalent number of Eurodollar futures contracts for the individual major currencies.

A maximum limit of 3,000 Eurodollar contracts is currently set, with the maximum VaR at US\$ 2.7 million. The calculation of VaR equivalent is derived from the 30 day average price volatility of 3 month Eurodollar futures. The current yield is adjusted by the average volatility before it is applied on the position value. The resulting number is then scaled up to a 95% level of confidence.

The Eurodollar futures contract position value as at December 31, 2024 was 935 contracts, with an estimated VaR of US\$ 744,387. The number of contracts has increased compared to the year before. In addition, the estimated VaR is lower than the levels of the previous year (31st December 2023: 120 contracts, estimated VaR US\$ 142,776). This is excluding the impact of the fixed rate EMTN Issuance..



10. Funding Liquidity Assessment

The Basel committee as a foundation of its liquidity framework in 2008 published Principles for Sound Liquidity Risk Management and Supervision (“Sound Principles”). The Sound Principles provide detailed guidance on the risk management and supervision of funding liquidity risk and should help promote better risk management in this critical area, but only if there is full Implementation by banks and supervisors. A key reform in developing a more resilient banking sector was the Introduction of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Liquidity Coverage Ratio (LCR)

The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. It does this by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in private markets into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario.

Against a prescribed minimum of 100%, GIC’s LCR as of 31 December 2024 was 124%.

Table 16: Liquidity Coverage Ratio

In US\$ millions	31 December 2024
Value of stock of High quality liquid assets (HQLA)	569
Total Net Cash outflow over the next 30 calendar days	459
Liquidity Coverage Ratio (LCR)	124%

Net Stable Funding Ratio (NSFR)

The objective of the NSFR is to limit quick balance sheet expansion by relying on relatively cheap and abundant short-term wholesale funding and maintenance of stable funding structure.

Table 17: Net stable Funding Ratio

In US\$ millions	31 December 2024
Total Available Stable Funding (ASF)	2,862.0
Total Required Stable Funding (RSF)	1,845.9
Net Stable Funding Ratio (NSFR)	155.1%

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024



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Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Gulf Investment Corporation G.S.C. (the "Corporation") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing "ISAs". Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") 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 in the Group's 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2024 Annual Report after the date of our auditor's report.

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

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

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

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

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

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

Report on the Audit of Consolidated Financial Statements (continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We further report that we have obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements include the information required by the Corporations' Agreement of Incorporations and Articles of Association. In our opinion, proper books of account have been kept by the Corporation, and an inventory count was duly 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 Corporation. We have not become aware of any violations of the provisions of the Corporations' Agreement of Incorporation and Articles of Association during the year ended 31 December 2024 that might have had a material impact on the business of the Corporation or on its financial position.



SHEIKHA AL-FULAIJ

LICENCE NO. 289 A

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AL AIBAN, AL OSAIMI & PARTNERS

Kuwait: 6 April 2025

Consolidated Statement of Financial Position

as at 31 December 2024

(All amounts in US\$ millions)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents		62	48
Placements with banks	3	102	194
Financial assets at fair value through statement of income	4	1,337	1,346
Financial assets at fair value through other comprehensive income	5	258	228
Investments in associates	6	1,676	1,800
Other assets	7	11	26
Assets held for sale	16	-	48
TOTAL ASSETS		3,446	3,690
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks and other financial institutions	8	409	792
Term finance	9	35	34
Other liabilities	10	117	47
Liabilities directly associated with the assets held for sale	16	-	15
TOTAL LIABILITIES		561	888
EQUITY			
Share capital	11	2,100	2,100
Revaluation reserves		(112)	(106)
Other reserves	11	622	598
Retained earnings		275	210
TOTAL EQUITY		2,885	2,802
TOTAL LIABILITIES AND EQUITY		3,446	3,690

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.



Turki bin Ibrahim AlMalik
Chairman



Ibrahim Ali AlQadhi
Chief Executive Officer

Consolidated Statement of Income

for the year ended 31 December 2024

(All amounts in US\$ millions)

	Notes	2024	2023
Interest income	12	43	27
Net gain from investments	13	103	94
Dividend income	14	12	5
Share of results of associates	6	214	184
Fees and other income / (loss)		1	(1)
TOTAL INCOME		373	309
Interest expense	15	(52)	(34)
Other operating income from assets held for sale	16	-	2
NET OPERATING INCOME		321	277
Staff costs		(40)	(39)
Premises costs		(1)	(1)
Other operating expenses		(14)	(13)
Provision for impairment losses	17	(27)	(21)
PROFIT FOR THE YEAR		239	203

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

(All amounts in US\$ millions)

	2024	2023
Profit for the year	239	203
Other comprehensive income:		
<i>Items that are or may be subsequently reclassified to consolidated statement of income</i>		
Share of other comprehensive income of associates	14	35
<i>Items that will not be subsequently reclassified to consolidated statement of income</i>		
Fair value changes on financial assets at fair value through other comprehensive income	(20)	(19)
Other comprehensive (loss) / income for the year	(6)	16
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	233	219

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

(All amounts in US\$ millions)

	Revaluation reserves			Other reserves			Retained earnings	Total equity
	Share capital	Investment revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Compulsory reserve	Voluntary reserve		
Balance as at 1 January 2024	2,100	(98)	53	(61)	482	116	210	2,802
Profit for the year	-	-	-	-	-	-	239	239
Other comprehensive (loss) / income for the year	-	(19)	13	-	-	-	-	(6)
Total comprehensive (loss) / income for the year	-	(19)	13	-	-	-	239	233
Transfer to reserves (Note 11)	-	-	-	-	24	-	(24)	-
Dividend paid (Note 11)	-	-	-	-	-	-	(150)	(150)
Balance as at 31 December 2024	2,100	(117)	66	(61)	506	116	275	2,885
At 1 January 2023	2,100	(82)	39	(79)	462	116	132	2,688
Profit for the year	-	-	-	-	-	-	203	203
Other comprehensive (loss) / income for the year	-	(16)	14	18	-	-	-	16
Total comprehensive (loss) / income for the year	-	(16)	14	18	-	-	203	219
Transfer to reserves (Note 11)	-	-	-	-	20	-	(20)	-
Dividend paid (Note 11)	-	-	-	-	-	-	(105)	(105)
Balance as at 31 December 2023	2,100	(98)	53	(61)	482	116	210	2,802

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2024

(All amounts in US\$ millions)

	Notes	2024	2023
OPERATING ACTIVITIES			
Profit for the year		239	203
<i>Adjustments for:</i>			
Provision for impairment losses	17	27	21
Realised gain on sale of an associate	13	(11)	(3)
Realised gain on sale of a subsidiary	13	(24)	-
Unrealised gain from financial assets at fair value through statement of income	13	(45)	(56)
Share of results of associates	6	(214)	(184)
		<u>(28)</u>	<u>(19)</u>
<i>Changes in operating assets and liabilities:</i>			
Placements with banks		92	48
Financial assets at fair value through statement of income		54	(221)
Financial assets at fair value through other comprehensive income		(51)	(56)
Deposits from banks and other financial institutions		(383)	361
Movement in other assets and other liabilities		87	2
		<u>(229)</u>	<u>115</u>
Net cash flows (used in) / from operating activities			
INVESTING ACTIVITIES			
Proceeds from sale of an associate		30	7
Proceeds from sale of a subsidiary		58	-
Dividends from associates		241	269
Additional investments in associates		(39)	(193)
Repayment of capital from associates		103	-
		<u>393</u>	<u>83</u>
Net cash flows from investing activities			
FINANCING ACTIVITIES			
Term finance repaid		-	(94)
Dividend paid	11	(150)	(105)
		<u>(150)</u>	<u>(199)</u>
Net cash flows used in financing activities			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		14	(1)
Cash and cash equivalents at 1 January		48	49
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		62	48

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

1 CORPORATE INFORMATION AND ACTIVITIES

Gulf Investment Corporation G.S.C. ("the Corporation") is an investment company incorporated in the State of Kuwait on 15 November 1983 as a Gulf shareholding company. It is equally owned by the governments of the six member states of the Gulf Co-operation Council ("GCC") – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The Corporation is engaged in various investing and financing activities.

The Corporation is domiciled in the State of Kuwait and its registered office is at Jaber Al Mubarak Street, Al Sharq, State of Kuwait.

The consolidated financial statements of the Corporation and its subsidiaries (collectively "the Group") for the year ended 31 December 2024 were approved by the Board of Directors of the Corporation on 19 March 2025. The Annual General Assembly of shareholders has the power to amend these consolidated financial statements after issuance.

The Corporation's Agreement of Incorporation and Articles of Association gives it a special, supranational status. In particular, Article 8 of GIC's Agreement of Incorporation provides that local laws in each GCC state complement the provisions of GIC's Agreement of Incorporation and Articles of Association provided that such laws do not conflict with GIC's Agreement of Incorporation or Articles of Association. To the extent there is such a conflict, GIC's Agreement of Incorporation and Articles of Association prevail over local laws, including the Kuwait Companies Law No. 1 of 2016, as amended and its Executive Regulations.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standards promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Committee of the IASB. In addition, the consolidated financial statements have been prepared in accordance with the Corporation's Agreement of Incorporation and Articles of Association.

The consolidated financial statements are presented in United States Dollars, rounded to the nearest million, which is the functional and presentation currency of the Group.

The consolidated financial statements are prepared on a historical cost convention, except for the measurement at fair value of financial assets at fair value through statement of income, financial assets at fair value through other comprehensive income and derivative financial instruments.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries including special purpose entities. Specifically, the Group controls an investee if, and only if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control till the date the Group ceases to control the subsidiary.



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.2 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Corporation and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in consolidated statement of income; and
- Reclassifies its share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Changes in accounting policies

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - *Lease Liability in a Sale and Leaseback*

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no material impact on the Group's consolidated financial statements.

Amendments to IAS 1 - *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no material impact on the Group's consolidated financial statements.

Amendments to IAS 7 and IFRS 7 - *Supplier Finance Arrangements*

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.3 Changes in accounting policies (continued)

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

Other amendments to IFRS Accounting Standards which are effective for annual accounting period starting from 1 January 2024 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.4 Standards issued but not yet effective

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

Amendments to IAS 21 - Lack of exchangeability

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 - Presentation and Disclosure in Financial Statements

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

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

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

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

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's is not a subsidiary, it is not eligible to elect to apply IFRS 19.



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information

Business combination and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised either in the consolidated statement of income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of income.

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

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generation unit retained.

Financial instruments

Financial assets

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

- Financial assets carried at amortised cost; or
- Financial assets carried at fair value through other comprehensive income ("FVOCI") (with and without recycling of gains or losses to profit or loss on de-recognition of debt and equity securities, respectively); or
- Financial assets carried at fair value through statement of income ("FVTPL").

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

Financial assets carried at amortised cost

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

- The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Financial instruments (continued)

Financial assets (continued)

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

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

The SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Further, financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

Cash and cash equivalents, placements with banks and other assets are classified as financial assets carried at amortised cost.

Cash and cash equivalents comprise of cash and balances with banks and financial institutions, balances with central banks and placements with banks and other financial institutions maturing within seven days.

Financial assets carried at FVOCI

a) Equity instruments

Upon initial recognition, the Group makes an irrevocable election to classify its equity investments as equity investments at FVOCI if they meet the definition of equity under IAS 32, Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in consolidated statement of other comprehensive income ("OCI") and presented in the investment revaluation reserve as part of equity. Cumulative gains and losses previously recognised in OCI are transferred to retained earnings on de-recognition and are not recycled in the consolidated statement of income.

b) Debt instruments

The Group designates debt instruments at FVOCI when both of the following conditions are met:

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets carried at FVOCI (continued)

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value are recognised in OCI. Interest income and foreign exchange gains and losses and impairment losses are recognised in consolidated statement of income. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified to consolidated statement of income.

The Group does not have debt instrument at FVOCI category as at the reporting date.

Financial assets carried at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, interest income and dividends are recorded in consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Derecognition of financial assets

The Group derecognises 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Impairment of financial assets

The Group applies three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

For 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 recognised.

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 recognised.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. 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 the instruments by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

ECL for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of income. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement of income. Any gain or loss on derecognition is also recognised in consolidated statement of income.

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

Deposits from banks and financial institutions

Deposits from banks and financial institutions are stated at amortised cost using the effective interest rate method.

Term finance

Term finance is initially recognised at fair value of consideration received less directly attributable transaction costs. After initial recognition, term finance are subsequently measured at amortised cost using the effective interest rate method.

Other liabilities

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises 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 recognised at fair value.

Notes to the Consolidated Financial Statements

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Financial instruments (continued)

Financial liabilities (continued)

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 recognised in consolidated statement of income.

Offsetting of financial instruments

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

Fair value of financial instruments

The Group measures financial instruments, such as, financial assets at fair value through profit or loss, and non-financial assets such as investment properties, at fair value at each financial position date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|---------|--|
| Level 1 | - Quoted (unadjusted) market prices in active markets for identical assets or liabilities |
| Level 2 | - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable |
| Level 3 | - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets available-for-sale, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to recent arm's length transactions, current fair value of another instrument that is substantially the same, an earnings multiple, an industry specific price to book multiple, or an industry specific earnings multiple or is based on the expected cash flows of the investment discounted at current rates applicable for items with similar terms and risk characteristics. Fair value estimates take into account liquidity constraints and assessment for any impairment.

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(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Fair value of financial instruments (continued)

Investments with no reliable measures of their fair values and for which no fair value information could be obtained are carried at their initial cost less impairment in value.

The fair value of profit bearing financial instruments is estimated based on discounted cash flows using profit rates for items with similar terms and risks characteristics.

An analysis of fair value of financial instruments and further details as to how they are measured are provided in Note 22.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income.

Investments in associates

An associate is an entity over which the Group exerts significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee company but is not control or joint control over those policies, which is usually evidenced by a holding of 20% to 50% of the voting power of the investee company. The Group's investment in associates is accounted for using the equity method of accounting. Where an associate is acquired and held exclusively for resale, it is accounted for as a non-current asset held for sale under IFRS 5.

Under the equity method, investment in associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The Group recognises in the consolidated statement of income its share of the results of the associate from the date that influence effectively commenced until the date that it effectively ceases. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of other comprehensive income.

Distributions received from an associate reduce the carrying amount of the investment.

Unrealised gains on transactions with an associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The reporting dates of the associates and the Group are identical and in case of different reporting date of an associate, which are not more than three months, from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Investments in associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Gain or loss on this transaction is computed by comparing the carrying amount of the associate at the time of loss of significant influence with the fair value of retained investment as on that date. This resulting gain or loss is recorded in the consolidated statement of income.

Associates of the Group are listed in Note 25.

Other provisions

Other provisions are recognised in the consolidated statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, from which it is both probable and measurable that an outflow of economic benefits will be required to settle the obligation.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial year in which they are incurred.

The carrying amounts are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Depreciation is calculated on a straight-line basis over 3-20 years which the estimated useful lives of the assets.

An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in to the consolidated statement of income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in consolidated statement of income.

Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to settle net and a legal right to offset exists.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument is recognised immediately in the consolidated statement of income. The hedged items are also adjusted for fair value changes relating to the risk being hedged and the difference is recognised in the consolidated statement of income.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Derivative financial instruments and hedge accounting (continued)

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in fair value of the hedging instrument are taken directly to the consolidated statement of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to consolidated statement of income in the same period or periods as the hedged expected future cash flows affect consolidated statement of income.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to consolidated statement of income.

Recognition of income and expenses

The following specific recognition criteria must also be met before revenue is recognised.

Interest income and expense

Interest income and expense are recognised in the consolidated statement of income for all interest bearing financial assets and liabilities using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability or a shorter period, where appropriate to the net carrying amount of the financial asset or liability.

Fees and commission income

Fees earned for providing of services over a period of time are accrued over that period. Fee income for providing transaction services are recognised on completion of the underlying transaction. Performance fees are recognised when earned, being the time the risk of realisation of such fees no longer exists.

Net gains from investments

Investment income represents results arising from investment trading activities, including all gains and losses from changes in fair value for financial assets measured at FVTPL.

Employees end of service benefits

Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. This liability represents the amount payable to each employee as a result of involuntary termination on the reporting date. The obligations are paid into a plan which is administrated by an independent trustee.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Foreign currency

The consolidated financial statements are presented in US Dollars, which is also the Corporation's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated to US Dollars at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at market rates of exchange prevailing on the reporting date. Realised and unrealised foreign exchange gains and losses are included in the consolidated statement of income.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Material accounting policies information (continued)

Foreign currency (continued)

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary items at fair value through statement of income are recognised in the consolidated statement of income within the net change in fair value. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate of exchange at the reporting date.

As at the reporting date, the assets and liabilities of foreign subsidiaries, and the carrying amount of foreign associates, are translated into the Group's presentation currency at the rate of exchange ruling at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to foreign exchange translation adjustments within equity. On disposal of a foreign entity, the cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated statement of income.

Contingencies

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

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

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2.6 Significant accounting judgements, estimates and assumptions

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

Judgements

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

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model reference to recent market transactions, market comparable approach etc. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Any changes in these estimates, as well as, the use of different, but equally reasonable estimates may have an impact on their carrying amounts.

Considerable judgement by management is required in the estimation of the fair value of the assets acquired and liabilities assumed as a result of business combination including intangibles and contingent liabilities.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2024

(All amounts in US\$ millions)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.6 Significant accounting judgements, estimates and assumptions (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investment in associates

The Group calculates the amount of impairment as the difference between the recoverable amount and its carrying value if there is any objective evidence that the investment in associates are impaired. The estimation of recoverable amount requires the Group to make an estimate of the expected future cash flows and selection of appropriate inputs for valuation.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one or a combination of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- discounted cash flows; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

3 PLACEMENTS WITH BANKS

	2024	2023
Local banks	1	51
Other GCC and International banks	101	143
	<u>102</u>	<u>194</u>

Placements with banks carry an effective average interest rate of 5.62% per annum (2023: 5.58% per annum).

Notes to the Consolidated Financial Statements

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4 FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

	2024	2023
<i>Debt instruments</i>		
International bonds	276	358
GCC and Islamic bonds	145	148
Structured debt instruments	1	1
	<u>422</u>	<u>507</u>
<i>Equities and managed funds</i>		
Quoted equity investments	444	373
Hedge and other unquoted alternative funds	349	371
	<u>793</u>	<u>744</u>
<i>Equity participations</i>		
Unquoted equity investments	78	42
<i>Private equity funds</i>		
Managed funds portfolio	42	51
Real estate funds portfolio	2	2
	<u>44</u>	<u>53</u>
	<u>1,337</u>	<u>1,346</u>

The debt instruments carry effective interest rate ranging from 1.58% to 9.63% per annum (2023: 1.37% to 8.37% per annum).

The classification of financial assets at fair value through statement of income by levels of the fair value hierarchy has been disclosed in Note 22.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
<i>Equity participation</i>		
Quoted equity investment	50	-
Unquoted equity investment	208	228
	<u>258</u>	<u>228</u>

The classification of financial assets at fair value through other comprehensive income by levels of the fair value hierarchy has been disclosed in Note 22.

Notes to the Consolidated Financial Statements

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(All amounts in US\$ millions)

6 INVESTMENTS IN ASSOCIATES

The Group's investments in associates that are listed on a stock exchange have a carrying value of US\$ 23 million (2023: US\$ 100 million) and a market value of US\$ 26 million (2023: US\$ 99 million).

The following table illustrates the summarised financial information of the Group's investments in associates:

	2024	2023
Share of assets	3,972	4,655
Share of liabilities	(2,279)	(2,789)
Share of net assets	1,693	1,866
Goodwill	91	99
Accumulated impairment losses	(108)	(165)
Carrying amount	1,676	1,800
Share of revenue	2,212	2,394
Share of results for the year	214	184

Associates of the Group are set out in Note 25.

Summarised financial information of material associates of the Group is as follows:

2024	Foulath Holding B.S.C. (C)	Tristar Holding Ltd.	Wataniya Telecom Algerie S.P.A.	Al Dur Holding Company Limited
Assets	2,528	1,889	1,226	1,648
Liabilities	(1,161)	(1,108)	(699)	(1,206)
Non-controlling interests	(336)	(222)	-	-
Net assets	1,031	559	527	442
Revenue	2,589	1,227	780	367
Results for the year	290	73	111	55
Other comprehensive income / (loss) for the year	10	16	(6)	16
2023	Foulath Holding B.S.C. (C)	Tristar Holding Ltd.	Wataniya Telecom Algerie S.P.A.	Al Dur Holding Company Limited
Assets	2,590	1,644	1,127	1,725
Liabilities	(893)	(893)	(647)	(995)
Non-controlling interests	(330)	(219)	-	-
Net assets	1,367	532	480	730
Revenue	2,822	1,126	676	352
Results for the year	307	66	61	49
Other comprehensive (loss) / income for the year	-	(5)	89	(1)

Notes to the Consolidated Financial Statements

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6 INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of individually immaterial associates of the Group before any elimination is as follows:

	2024	2023
Assets	5,487	9,442
Liabilities	(3,371)	(6,416)
Net assets	2,116	3,026
Revenue	3,775	1,994
Results for the year	68	16
Other comprehensive income for the year	13	99

The management has carried out an assessment of impairment indicators on the Group's investments in associates considering the significant adverse changes in economy, market factors, legal environment, industry or the political factors affecting the investees business including the consideration for the changes in investees' financial condition.

The management has estimated the recoverable amount of the Group's investments in associates through determining the value-in-use and as a result, an impairment of US\$27 million (2023: US\$21 million) has been recorded in the consolidated statement of income (Note 17).

7 OTHER ASSETS

	2024	2023
Others receivables	11	13
Less: expected credit losses	(8)	(8)
	3	5
Accrued interest, fees, commissions and dividends	6	15
Positive fair value of derivative financial instruments	-	2
Prepayments	-	1
Property, plant and equipment	1	1
Margin money paid on derivative financial instruments	1	2
	11	26

8 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024	2023
Deposits from GCC central banks	141	180
Deposits from other GCC financial institutions	193	537
Deposits from other international financial institutions	75	75
	409	792

Deposits from central banks and other financial institutions carry an effective average interest rate of 5.82% per annum (2023: 5.18% per annum).

Notes to the Consolidated Financial Statements

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(All amounts in US\$ millions)

9 TERM FINANCE

		2024	2023
Medium Term Note Issues (EMTN)	Interest rate %		
MYR medium term fixed rate note due in 2027	5.30% per annum (semi-annual)	<u>35</u>	<u>34</u>

10 OTHER LIABILITIES

	2024	2023
Accrued interest	11	6
Negative fair value of derivative financial instruments	16	16
Advance payment on sale of an investment in associate	51	
Other payable and accrued expenses	<u>39</u>	<u>25</u>
	<u>117</u>	<u>47</u>

11 EQUITY

- 11.1 The authorised, issued and fully paid capital comprises of 2.1 million shares of US\$ 1,000 each (2023: 2.1 million shares of US\$ 1,000 each).
- 11.2 In accordance with the Corporation's Articles of Association, 10% of the profit for the year is required to be transferred to a non-distributable compulsory reserve until the reserve reaches a minimum of 50% of the share capital.
During the year, the Corporation has transferred 10% of the profit for the year to the compulsory reserve.
- 11.3 In accordance with the Corporation's Articles of Association, 10% of the profit for the year is required to be transferred to the voluntary reserve. The transfer to this reserve may be discontinued by a resolution adopted in the general assembly meeting of the shareholders. This reserve is available for distribution to shareholders in accordance with the Corporation's Articles of Association.
As set out in Note 26, the Board of Directors have recommended not to transfer the 10% of the profit for the years 2024 and 2023 to the voluntary reserve.
- 11.4 The Board of Directors meeting which was held on 21 March 2024 proposed distributing cash dividend of US\$ 71.43 per share amounting to US\$ 150 million for the year ended 31 December 2023. The shareholders in the Annual General Assembly meeting held on 21 April 2024 approved the cash dividend.
- 11.5 The Board of Directors meeting which was held on 19 March 2023 proposed distributing cash dividend of US\$ 50 per share amounting to US\$ 105 million for the year ended 31 December 2022. The shareholders in the Annual General Assembly meeting held on 16 April 2023 approved the cash dividend.

12 INTEREST INCOME

	2024	2023
Placements with banks	22	13
Financial assets at fair value through statement of income	<u>21</u>	<u>14</u>
	<u>43</u>	<u>27</u>

Notes to the Consolidated Financial Statements

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(All amounts in US\$ millions)

13 NET GAIN FROM INVESTMENTS

	2024	2023
Realised gain on sale of an associate	11	3
Realised gain on sale of a subsidiary (Note 16)	24	-
Realised gain from financial assets at fair value through statement of income	23	35
Unrealised gain from financial assets at fair value through statement of income	45	56
	<u>103</u>	<u>94</u>

14 DIVIDEND INCOME

	2024	2023
Equities and managed funds	2	2
Equity participations	10	3
	<u>12</u>	<u>5</u>

15 INTEREST EXPENSE

	2024	2023
Deposits from banks and other financial institutions	(47)	(29)
Term finance	(5)	(5)
	<u>(52)</u>	<u>(34)</u>

16 DISPOSAL GROUP HELD FOR SALE

16.1 Bituminous Products Company Limited

During the year, the Group sold its 100% ownership in Bituminous Products Company Limited ("Bitumat" or "the subsidiary") and realised a gain on sale of US\$ 24 million (Note 13), which was previously classified as asset held for sale as of 31 December 2023.

	2024	2023
Sales	-	19
Cost of sales	-	(14)
Gross profit	-	5
Other loss	-	(1)
Selling and distribution expenses	-	(1)
Administrative expenses	-	(1)
	<u>-</u>	<u>2</u>

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16 DISPOSAL GROUP HELD FOR SALE (continued)

16.1 Bituminous Products Company Limited (continued)

The major classes of assets and liabilities of Bitumat classified as held for sale as at 31 December 2024 are as follows:

	2024	2023
Assets held for sale		
Investment in an associate	-	5
Other assets	-	40
Cash and cash equivalents	-	3
Total assets held for sale	<u>-</u>	<u>48</u>
Liabilities directly associated with the assets held for sale		
Accruals and other liabilities	-	(15)
Net assets directly associated with disposal group	<u>-</u>	<u>33</u>

16.2 ALAFCO Aviation Lease and Finance Company K.S.C.P.

On 25 June 2024, the Group announced the decision of its Board of Directors to sell the associate company "ALAFCO Aviation Lease and Finance Company K.S.C.P." ("ALAFCO"). Accordingly, the investment was classified as an asset held for sale at its carrying value of US\$ 79 million as at 30 September 2024. Subsequently, management reassessed its position, given that ALAFCO is currently undergoing liquidation, and accordingly reclassified the investment as an associate as of 31 December 2024.

17 PROVISION FOR IMPAIRMENT LOSSES

	2024	2023
Provision for impairment of investment in associates (Note 6)	<u>(27)</u>	<u>(21)</u>

18 RETIREMENT AND OTHER TERMINAL BENEFITS

The Corporation has defined voluntary contribution and end of service indemnity plans which cover all its employees. Contribution to the voluntary plan is based on a percentage of pensionable salary and consists of contribution by employees and a matched contribution, up to a certain limit, by the Corporation. Contribution to the end of service indemnity plan is based on a percentage of pensionable salary and number of years of service by the employees. The amounts to be paid at the end of service benefits are determined by reference to the amounts of the contributions and investment earnings thereon.

The Corporation also pays contributions to government defined contribution pension plan for certain employees in accordance with the legal requirements in the State of Kuwait, as well as, contribution in line with the labour law in the countries where its subsidiaries operate.

The total cost of retirement and other end of service benefits included in staff costs for the year ended 31 December 2024 amounted to US\$ 8 million (2023: US\$ 7 million).

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19 COMMITMENTS AND CONTINGENT LIABILITIES

In the usual course of meeting the requirements of its operations of Group, the Group has commitments to extend credit and provide financial guarantees and letters of credit to guarantee the performance of group companies to third parties. The credit risk on these transactions is generally less than the contractual amount.

The table below sets out the notional principal amounts of guarantees and outstanding commitments as at the reporting date:

	2024	2023
Credit risk amounts		
Transaction-related contingent items:		
Letter of guarantees	<u>203</u>	<u>208</u>

Certain letters of guarantees are issued by the Corporation on behalf of its related parties (Note 23).

Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows.

The Group had the following non-credit commitments as at the reporting date:

	2024	2023
Undrawn commitments for investments in private equity funds	<u>12</u>	<u>14</u>

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

This note presents information on the Group's exposure to risks arising from the use of financial instruments. Risk is an inherent part of the Group's business activities. It is managed through a process of ongoing identification, assessment, measurement and monitoring of the business activities, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group is exposed to liquidity risk, market risk and credit risk. Market risk is subdivided into interest rate risk, foreign currency risk and equity price risk.

Risk management begins with the Risk Management Committee which is composed of members from the Corporation's Board of Directors and senior management, which defines and recommends the Group's risk appetite to the Board of Directors. The Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

20.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's Board of Directors has set limits for individual borrower and groups of borrowers and for geographical and industry segments. The Group also monitors credit exposures, and continually assesses the creditworthiness of counterparties. In addition, the Group obtains security where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.

As at 31 December 2024 and 2023, the Group has not obtained any collateral on any of the financial assets.

The maximum credit exposure of the Group is as follows:

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.1 Credit risk (continued)

	2024	2023
Cash and cash equivalents	62	48
Placements with banks	102	194
Debt securities at fair value through statement of income	422	507
Other assets	10	24
	<u>596</u>	<u>773</u>
Credit commitments (Note 19)	203	208
Total credit exposure	<u>799</u>	<u>981</u>

Credit risk with respect to derivative financial instruments is limited to those with positive fair values, which are included under other assets.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The maximum credit exposure to a single counterparty is US\$ 209 million (2023: US\$ 231 million).

20.1.1 Maximum exposure to credit risk

The Group's concentration of credit risk exposure by geographic region is as follows:

	GCC	America	Asia / Africa	Total
At 31 December 2024				
Cash and cash equivalents	33	29	-	62
Placements with banks	102	-	-	102
Debt securities at fair value through statement of income	146	256	20	422
Other assets	7	2	1	10
	<u>288</u>	<u>287</u>	<u>21</u>	<u>596</u>
Credit commitments	203	-	-	203
Total credit exposure	<u>491</u>	<u>287</u>	<u>21</u>	<u>799</u>
	GCC	America	Asia / Africa	Total
At 31 December 2023				
Cash and cash equivalents	7	41	-	48
Placements with banks	194	-	-	194
Debt securities at fair value through statement of income	148	359	-	507
Other assets	18	4	2	24
	<u>367</u>	<u>404</u>	<u>2</u>	<u>773</u>
Credit commitments	208	-	-	208
Total credit exposure	<u>575</u>	<u>404</u>	<u>2</u>	<u>981</u>

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.1 Credit risk (continued)

20.1.1 Maximum exposure to credit risk (continued)

The Group's concentration of credit risk exposure by industry sector is as follows:

	Banks & FIs	Energy & Utilities	Govt. agencies	Other	Total
At 31 December 2024					
Cash and cash equivalents	62	-	-	-	62
Placements with banks	102	-	-	-	102
Debt securities at fair value through statement of income	83	15	268	56	422
Other assets	4	-	3	3	10
Credit exposure on assets	251	15	271	59	596
Credit commitments	-	203	-	-	203
Total credit exposure	251	218	271	59	799
	Banks & FIs	Energy & Utilities	Govt. agencies	Other	Total
At 31 December 2023					
Cash and cash equivalents	48	-	-	-	48
Placements with banks	194	-	-	-	194
Debt securities at fair value through statement of income	67	22	279	139	507
Other assets	6	16	2	-	24
Credit exposure on assets	315	38	281	139	773
Credit commitments	-	208	-	-	208
Total credit exposure	315	246	281	139	981

20.1.2 Credit quality of financial assets

In managing its portfolio, the Group utilises external ratings and other measures and techniques which seek to take account of all aspects of perceived risk. Credit exposures classified as 'Investment grade' quality are those where the ultimate risk of financial loss from the obligor's failure to discharge its obligation is assessed to be low. These include exposure to corporate entities with financial condition, risk indicators and capacity to repay which are considered to be good to excellent. All investment grade securities are rated by well-known rating agencies. Credit exposures classified as 'Unrated' quality comprise all other exposures whose payment performance is fully compliant with contractual conditions and which are not 'impaired', but are not assigned any published ratings.

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.1 Credit risk (continued)

20.1.2 Credit quality of financial assets (continued)

The table below shows the credit quality by class of assets:

At 31 December 2024	Neither past due nor impaired		Total
	Investment grade	Unrated	
Cash and cash equivalents	62	-	62
Placements with banks	102	-	102
Debt securities at fair value through statement of income	422	-	422
Other assets	6	4	10
Credit exposure on assets	592	4	596
Credit commitments	203	-	203
Total credit exposure	795	4	799

At 31 December 2023	Neither past due nor impaired		Total
	Investment grade	Unrated	
Cash and cash equivalents	48	-	48
Placements with banks	194	-	194
Debt securities at fair value through income statement	507	-	507
Other assets	9	15	24
Credit exposure on assets	758	15	773
Credit commitments	208	-	208
Total credit exposure	966	15	981

The table below shows the credit exposure of financial assets carried at amortised cost on year-end stage allocation.

At 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	61	1	-	62
Placements with banks	81	21	-	102
Other assets	6	4	-	10
Total	148	26	-	174

At 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	45	3	-	48
Placements with banks	194	-	-	194
Other assets	4	20	-	24
Total	243	23	-	266

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The liquidity profile of financial liabilities reflects the projected cash flows, based on contractual repayment obligations which include future interest payments over the life of these financial liabilities. The liquidity profile of undiscounted financial liabilities at 31 December 2024 and 2023 was as follows:

31 December 2024	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Deposits from banks and other financial institutions	380	32	-	-	412
Term finance	-	2	37	-	39
Gross settled derivative instruments:					
- Contractual amount payable	479	8	49	-	536
- Contractual amount receivable	(478)	(8)	(34)	-	(520)
Other liabilities	12	78	22	5	117
Total undiscounted financial liabilities	393	112	74	5	584
Commitments	-	-	12	-	12
Contingent liabilities	3	30	82	88	203
31 December 2023	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Deposits from banks and other financial institutions	410	397	-	-	807
Term finance	-	2	38	-	40
Gross settled derivative instruments:					
- Contractual amount payable	650	16	49	-	715
- Contractual amount receivable	(651)	(16)	(34)	-	(701)
Other liabilities	21	5	17	4	47
Total undiscounted financial liabilities	430	404	70	4	908
Commitments	-	-	14	-	14
Contingent liabilities	10	28	90	80	208

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.2 Liquidity risk (continued)

The asset and liability maturity profile shown in the table below is based on management's assessment of the Group's right and ability (and not necessarily the intent) to liquidate these instruments based on their underlying liquidity characteristics.

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
At 31 December 2024					
Assets					
Cash and cash equivalents	62	-	-	-	62
Placements with banks	102	-	-	-	102
Financial assets at fair value through statement of income	866	354	17	100	1,337
Financial assets at fair value through other comprehensive income	-	-	-	258	258
Investment in associates	-	-	-	1,676	1,676
Other assets	5	3	2	1	11
Total assets	1,035	357	19	2,035	3,446
Liabilities					
Deposits from banks and other financial institutions	378	31	-	-	409
Term finance	-	-	35	-	35
Other liabilities	12	78	22	5	117
Total liabilities	390	109	57	5	561
Net gap	645	248	(38)	2,030	
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
At 31 December 2023					
Assets					
Cash and cash equivalents	48	-	-	-	48
Placements with banks	194	-	-	-	194
Financial assets at fair value through statement of income	880	375	13	78	1,346
Financial assets at fair value through other comprehensive income	-	-	-	228	228
Investment in associates	-	-	-	1,800	1,800
Other assets	17	3	5	1	26
Assets held for sale	48	-	-	-	48
Total assets	1,187	378	18	2,107	3,690
Liabilities					
Deposits from banks and other financial institutions	408	384	-	-	792
Term finance	-	-	34	-	34
Other liabilities	21	5	17	4	47
Liabilities directly associated with the assets held for sale	15	-	-	-	15
Total liabilities	444	389	51	4	888
Net gap	743	(11)	(33)	2,103	

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.3 Market risk

Market risk arises from fluctuations in interest rates, foreign exchange rates and equity prices. The nature of these risks is as follows:

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. The related sensitivity of changes in interest rates is not material to the consolidated statement of income.

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate of the Arab Emirates Dirham and Saudi Riyal against US Dollars, with all other variables held constant, on the Group's profit and other comprehensive income.

Currencies	2024			2023		
	Change in currency rate %	Effect on profit	Effect on other comprehensive income	Change in currency rate %	Effect on profit	Effect on other comprehensive income
Arab Emirates Dirham	+ 5%	9	-	+ 5%	5	-
Saudi Riyal	+ 5%	(10)	11	+ 5%	(8)	9

The Group's exposure to foreign currency changes for all other currencies is not material.

Equity price risk

Equity price risk arises from the change in fair values of equity investments.

Market risk pertaining to investments by the Debt Capital Market, Equity and Alternative Investments and Treasury divisions are measured, monitored and managed both on a notional basis and using the Market Value at Risk (Market VaR) concept.

The table below shows Total Value at Risk (Total VaR) by risk factor. These VaR measures are based on a 95% confidence level, 25 day holding period and use historical market data.

2024	Average	Minimum	Maximum	31 December
Interest rate	15	10	18	10
Equity price	24	20	28	24
Foreign exchange	-	-	1	-
Total*	30	25	35	28
2023	Average	Minimum	Maximum	31 December
Interest rate	10	8	13	13
Equity price	26	18	31	23
Foreign exchange	-	-	1	-
Total*	29	21	36	27

* Total VaR incorporates benefits of diversification.

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21 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are utilised by the Group as part of its asset and liability management activity to hedge its own exposure to market, interest rate and currency risk.

In the case of derivative transactions, the notional principal typically does not change hands. It is simply a quantity, which is used to calculate payments. While notional principal is a volume measure used in the derivatives and foreign exchange markets, it is neither a measure of market nor credit risk. The Group's measure of credit exposure is the cost of replacing contracts at current market rates should the counterparty default prior to the settlement date. Credit risk amounts represent the gross unrealised gains on transactions before taking account of any collateral held or any master netting agreements in place.

Cross currency swaps are used to hedge non US\$ term finance issued in fixed rate coupon. As at the reporting date, the notional amount of cross currency swaps amounted to US\$ 49 million (2023: US\$ 49 million) and its net fair value was a swap loss of US\$ 15 million (2023: US\$ 15 million).

Forward foreign exchange contracts are contractual agreements to buy, sell or exchange a specified financial instrument at a specific price and date in the future. Forwards are customized contracts transacted on the over the counter market and are settled on a gross basis. As at the reporting date, the notional amount of forward foreign exchange contracts amounted to US\$ 536 million (2023: US\$ 715 million) and its net fair value was a swap loss of US\$ 1 million (2023: a swap gain of US\$ 1 million).

The table below summarises the aggregate notional amounts and net fair value of derivative financial instruments.

	2024			2023		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Derivatives held for hedging						
- Cross currency swaps	-	(15)	49	-	(15)	49
- Forward foreign exchange contracts	-	(1)	536	2	(1)	715
	<u>-</u>	<u>(16)</u>	<u>585</u>	<u>2</u>	<u>(16)</u>	<u>764</u>

Maturity analysis

	Within 1 year	Year 1 to 5	Total
At 31 December 2024			
Notional amounts			
Cross currency swaps	-	49	49
Forward foreign exchange contracts	487	49	536
	<u>487</u>	<u>98</u>	<u>585</u>
	Within 1 year	Year 1 to 5	Total
At 31 December 2023			
Notional amounts			
Cross currency swaps	-	49	49
Forward foreign exchange contracts	666	49	715
	<u>666</u>	<u>98</u>	<u>764</u>

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22 FAIR VALUE INFORMATION

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are determined from quoted prices in active markets for identical financial assets or financial liabilities where these are available. Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

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

Determination of fair value and fair value hierarchy:

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

Level 1: quoted prices in active market for the same instrument;

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data including the net asset value of private equity funds where the underlying investments are unquoted private companies / real estate assets.

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

2024	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
<i>Financial assets at fair value through statement of income</i>				
Debt instruments	421	-	1	422
Quoted equity investments	444	-	-	444
Hedge and other unquoted alternative funds	-	349	-	349
Equity participations	-	-	78	78
Private equity funds	-	-	44	44
<i>Financial assets at fair value through other comprehensive income</i>				
Equity participations	50	-	208	258
<i>Other assets- fair value of derivative financial instruments</i>				
Forward foreign exchange contracts	-	-	-	-
	<u>915</u>	<u>349</u>	<u>331</u>	<u>1,595</u>
<i>Other liabilities - fair value of derivative financial instruments</i>				
Cross currency swaps	-	15	-	15
Forward foreign exchange contracts	-	1	-	1
	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>

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22 FAIR VALUE INFORMATION (continued)

2023	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
<i>Financial assets at fair value through statement of income</i>				
Debt instruments	506	-	1	507
Quoted equity investments	373	-	-	373
Hedge and other unquoted alternative funds	-	371	-	371
Equity participations	-	-	42	42
Private equity funds	-	-	53	53
<i>Financial assets at fair value through other comprehensive income</i>				
Equity participation	-	-	228	228
<i>Other assets- fair value of derivative financial instruments</i>				
Forward foreign exchange contracts	-	2	-	2
	<u>879</u>	<u>373</u>	<u>324</u>	<u>1,576</u>
<i>Other liabilities - fair value of derivative financial instruments</i>				
Cross currency swaps	-	15	-	15
Forward foreign exchange contracts	-	1	-	1
	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>

The following table shows a reconciliation of the beginning and closing balances of the financial instruments classified in Level 3 of the fair value hierarchy:

	At 1 January 2024	Loss recorded in the consolidated statement of income	Loss recorded in other comprehensive income	Net purchases, sales, transfers and settlements	At 31 December 2024
Assets measured at fair value					
<i>Financial assets at fair value through statement of income</i>					
Debt instruments	1	-	-	-	1
Equity participations	42	(20)	-	56	78
Private equity funds	53	-	-	(9)	44
<i>Financial assets at fair value through other comprehensive income</i>					
Equity participation	228	-	(20)	-	208
	<u>324</u>	<u>(20)</u>	<u>(20)</u>	<u>47</u>	<u>331</u>

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22 FAIR VALUE INFORMATION (continued)

	At 1 January 2023	Loss recorded in the consolidated statement of income	Loss recorded in other comprehensive income	Net purchases, sales, transfers and settlements	At 31 December 2023
Assets measured at fair value					
<i>Financial assets at fair value through statement of income</i>					
Debt instruments	1	-	-	-	1
Equity participations	50	(5)	-	(3)	42
Private equity funds	56	(1)	-	(2)	53
<i>Financial assets at fair value through other comprehensive income</i>					
Equity participation	191	-	(19)	56	228
	<u>298</u>	<u>(6)</u>	<u>(19)</u>	<u>51</u>	<u>324</u>

The fair value of Group's investments in private equity funds classified under Level 3 of the fair value hierarchy is determined based on the net asset values reported by the fund managers considering the nature of underlying assets, geographic location and expected economic conditions pertaining to the underlying assets.

With respect to the equity participations carried at fair value through other comprehensive income classified under Level 3 of the fair value hierarchy, the fair values are estimated using appropriate valuation techniques such as discounted cash flows, market multiples of comparable companies, recent arm's length transactions, reference to current fair value of similar assets and other valuation techniques.

Significant unobservable inputs used by the management in determining the fair value of the equity participations represent the discount rates used in determining the present value of future cash flows. The quantitative sensitivity analysis as at 31 December is as below:

Significant unobservable inputs	Range	Sensitivity of the input to fair value
Discount rates used for determining the present value of future cash flows	5.2% to 17.5% (2023: 6.5% to 8.1%)	A 5% (2023: 5%) increase in the discount rate would decrease the fair value by US\$ 3 million (2023: US\$ 3 million)

Measurement of other financial instruments under Level 3

Debt instruments: The fair values are based on broker quotes, prices quoted on Bloomberg and Reuters.

23 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, Directors and key management personnel of the Corporation, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Corporation's management.

Outstanding balances with associates during the year are as follows:

	2024	2023
Letter of guarantees (Note 19)	203	208
Receivables from associates	2	16

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23 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

	2024	2023
Salaries and short-term employee benefits	12	11
Post-employment benefits	3	3
	15	14

24 CAPITAL MANAGEMENT

The Corporation's capital represents shareholders' investment and is a key strategic resource which supports the Corporation's risk taking business activities.

The objective of the Group is to deploy this resource in an efficient and profitable manner to earn competitive returns.

The Corporation manages its capital taking into account both regulatory and economic requirements. No changes were made in the objectives, policies or processes from the previous year. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity as follows:

	2024	2023
Interest-bearing deposits, term finance and other borrowings	444	826
Other liabilities	117	47
Less: Cash and cash equivalents and placements with banks	(164)	(242)
Net debt	397	631
Equity attributable to equity holders of the Corporation	2,885	2,802
Gearing ratio (net debt / equity)	0.1	0.2

25 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

The principal subsidiaries and associates of the Corporation are set out below:

Subsidiaries	Country of incorporation	% of shareholding		Financial statements reporting date	Principal business activity
		2024	2023		
Bituminous Products Company Limited (Bitumat) (Note 16)	Saudi Arabia	-	100	31 December 2024	Building material manufacturing

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25 PRINCIPAL SUBSIDIARIES AND ASSOCIATES (continued)

Associates	Country of incorporation	% of shareholding		Financial statements reporting date	Principal business activity
		2024	2023		
Gulf Re Holdings Limited	Channel Islands	50.0	50.0	31 December 2024	Re-insurance
Foulath Holding B.S.C (c)	Bahrain	50.0	50.0	31 December 2024	Holding company
Al Ezzel Power Company B.S.C. (c)	Bahrain	45.0	45.0	31 December 2024	Power & Water Utility project
Tamkeen Holdings LTD	UAE	45.0	-	31 December 2024	Healthcare Services
Water Consortium Holding Co.	Saudi Arabia	40.1	40.1	31 December 2024	Power & Water Utility project
Shams Ad-Dhahira Generating Company SAOC	Oman	40.0	40.0	31 December 2024	Power & Water Utility project
Horizon (AD) Investment Ltd.	Cayman Islands	35.0	35.0	31 August 2024	Education
SGA Mafariq Holdings W.L.L.	Bahrain	33.3	33.3	31 December 2024	Power & Water Utility project
Technical Supplies & Services Co. Ltd.	UAE	30.7	30.7	31 December 2024	Refrigeration & Cooling Services
Osool Poultry Company S.A.O.C.	Oman	26.7	26.7	31 December 2024	Poultry & Dairy Products
Al Dur Holding Company Limited	UAE	25.0	25.0	31 December 2024	Power & Water Utility project
Jeddah Cables Company Ltd.	Saudi Arabia	-	25.0	31 December 2024	Manufacturing Cables
Moon Iron and Steel Company SAOC	Oman	25.0	25.0	31 December 2024	Iron and steel
Bahrain LNG Ltd.	Bahrain	24.0	24.0	31 December 2024	Oil and Gas
Interplast Company Ltd.	UAE	23.5	23.5	31 December 2024	Plastic
Rawabi Emirates (PJSC)	UAE	22.5	22.5	31 December 2024	Dairy Products
Pipecare Group Holding Limited	UAE	22.2	22.2	31 December 2024	Oil and Gas pipeline service
Wataniya Telecom Algeria S.P.A.	Algeria	20.0	20.0	31 December 2024	Telecom service provider
A'Saffa Foods Company SAOG	Oman	20.0	20.0	31 December 2024	Poultry & Dairy Products
Tristar Holdings Ltd.	UAE	19.6	19.6	31 December 2024	Logistics
Aviation Lease and Finance Company K.S.C.P.	Kuwait	14.0	14.0	30 September 2024	Aviation Leasing

26 SUBSEQUENT EVENT

The Board of Directors meeting held on 19 March 2025, proposed cash dividend of US\$ 85.71 per share amounting to US\$ 180 million for the year ended 31 December 2024. The proposed dividend is subject to approval of the shareholders in their Annual General Assembly. The Board of Directors further recommended not to transfer the 10% of the profit for the year ended 31 December 2024 to the voluntary reserve.

Gulf Investment Corporation G.S.C. Stand-alone Statement of Financial Position

as at 31 December 2024

(All amounts in US\$ millions)

The following appendix represents the statement of financial position of Gulf Investment Corporation excluding the assets and liabilities of its subsidiaries do not form part of the consolidated financial statements of the Corporation

	2024	2023
Assets		
Cash and cash equivalents	60	46
Placements with banks	101	193
Financial assets at fair value through statement of income	1,337	1,346
Financial assets at fair value through other comprehensive income	258	228
Investments in associates	1,676	1,800
Investment in subsidiaries	1	34
Other assets	13	28
Total assets	3,446	3,675
Liabilities and equity		
Liabilities		
Deposits from banks and other financial institutions	409	792
Term finance	35	34
Other liabilities	117	47
Total liabilities	561	873
Equity		
Share capital	2,100	2,100
Revaluation reserves	(112)	(106)
Other reserves	622	598
Retained earnings	275	210
Total equity	2,885	2,802
Total liabilities and equity	3,446	3,675

PRINCIPAL INVESTING

Major Projects and Equity Participations

As of 31 December 2024

Name of the Project	Location	GIC Effective holding %	GIC holding type
Associates of GIC			
1 Foulath Holding B.S.C (c)	Bahrain	50.00%	Direct
2 Al Ezzel Power Company B.S.C. (c)	Bahrain	45.00%	Direct
3 Tamkeen Holdings LTD	UAE	45.00%	Direct
4 Jazlah Water Desalination Company J.S.C.	Saudi Arabia	40.00%	Indirect
5 Shams Ad-Dhahira Generating Company SAOC	Oman	40.00%	Direct
6 Horizon (AD) Investment Ltd	Cayman Islands	35.00%	Direct
7 Technical Supplies & Services Co. Ltd.	UAE	30.67%	Direct
8 Juranah Water Reservoir Co.	Saudi Arabia	30.00%	Direct
9 Osool Poultry SAOC	Oman	26.68%	Direct
10 Al Dur Power & Water Co. B.S.C. (c)	Bahrain	25.00%	Indirect
11 Al Wakra Water Contracting W.L.L.	Qatar	25.00%	Direct
12 Bahrain LNG Ltd.	Bahrain	24.00%	Direct
13 Interplast Company Ltd.	UAE	23.50%	Direct
14 Rawabi Emirates PJSC	UAE	22.54%	Direct
15 Pipecare Group Holding Limited	UAE	22.22%	Direct
16 A'Saffa Foods Company SAOG	Oman	20.01%	Direct
17 Wataniya Telecom Algeria S.P.A.	Algeria	20.00%	Indirect
18 Jubail Water & Power Company J.S.C.	Saudi Arabia	20.00%	Indirect
19 Tristar Holdings Ltd.	UAE	19.61%	Direct
20 Aviation Lease & Finance Company K.S.C. (p) (ALAFCO)	Kuwait	14.00%	Direct

Name of the Project	Location	GIC Effective holding %	GIC holding type
Equity Participations			
1 The National Titanium Dioxide Company Ltd. (CRISTAL)	Saudi Arabia	20.00%	Direct
2 Shuqaiq Water & Electricity Company J.S.C.	Saudi Arabia	20.00%	Indirect
3 Shuaa Energy 3 P.S.C.	UAE	16.00%	Indirect
4 Ras Laffan Power Company Limited Q.S.C.	Qatar	10.00%	Direct
5 OQ Base Industries (OQBI)	Oman	5.00%	Direct
6 Action Energy Company K.S.C.C.	Kuwait	*	Direct

* Preferred Shares Convertible into Ordinary Shares

CORPORATE DIRECTORY 2024

Senior Management Team

Mr. Ibrahim Ali AlQadhi
Chief Executive Officer

Mr. Meshary Al-Judaimi
Group Head of Principal Investment

Mr. Talal Al-Tawari
Group Head of Global Markets

Mr. Hani Al-Shakhs
Group Head of Support

Global Markets Group

Mr. Osama Al-Musallam
Head of Treasury Div.

Mr. Raffaele Bertoni
Head of Debt Capital Markets Div.

Mr. Abdulla Al-Derbass
Head of Equities Div.

Dr. Mohammad Al-Omar
Head of Research Div.

Principal Investment Group

Mr. Faisal Al-Roomi
Head of Manufacturing Projects Div.

Mr. Mohammad Al-Fares
Head of Diversified Projects Div.

Mr. Meshari Al-Bader
Head of Principal Investment Analytics Div.

Mr. Fahad Al-Nusef
Head of Financial Services & Utilities Div.

Mr. Fadi Twainy
Head of Light Industry Projects Div.

Support Group

Mr. Hazem El-Rafie
Head of Finance Div.

Mr. Talal Al-Zamami
Head of Operations Div.

Mr. Mohammed Al-Jallal
Head of Human Resources Div.

Mr. Amer Al-Dakhail
Head of Information Technology Div.

Mr. Khaled Al-Suraye
Head of Public Relations Dept.

Corporate Office

Dr. Faisal Al-Fahad
Head of Legal & Compliance Div.

Dr. Yaqoub Alabdullah
Head of Risk Management Div.

Mr. Mohammad Al-Rashed
Head of Internal Audit Div.

Ms. Maryam AlKooheji
Secretary to the BOD



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