



ANNUAL REPORT
AND ACCOUNTS
2025

مؤسسة الخليج للإستثمار
Gulf Investment Corporation



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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	2023	2024	2025
Gross Operating and Other Income	277	321	313
Operating Expenses	53	55	52
Net Profit	203	239	230
At year end			
Total Assets	3,690	3,446	3,504
Interest Bearing Securities and Funds	507	422	469
Equities and Managed Funds	744	793	859
Projects and Equity Participations	2,070	2,012	1,906
Deposits	792	409	444
Shareholders' Equity	2,802	2,885	2,875
Selected Ratios (%)			
Profitability			
Return on Paid-up Capital	9.7	11.4	11.0
Return on Adjusted Shareholders' Equity	7.0	7.9	7.4
Capital			
BIS Ratios			
- Total	33.4	33.0	32.5
- Tier 1	33.4	33.0	32.5
Shareholders' Equity as a % of Total Assets	75.9	83.7	82.0
Asset Quality			
Marketable Securities as a % of Total Assets	23.8	25.1	27.3
GCC Country Risk as a % of Total Assets	68.1	67.9	66.6
Liquidity			
Liquid Assets Ratio	42.4	40.4	63.5
Productivity			
Operating Income as Multiple of Operating Expenses	5.2	5.8	6.0



**BOARD OF
DIRECTORS**

Kingdom of Saudi Arabia



H.E. Mr. Turki bin Ibrahim Al-Malik * ****

Chairman of the Board
Deputy CEO, Sanabil Investments
Sanabil Investment Company



H.E. Mr. Waleed Hamad Al-Rashed Al-Humaid
** ***

Sadara Capital Company
Managing Director and Chief Executive Officer

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. Thuraiya Ahmed Suwaidan Al-Balushi
** ****

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-Abdulah ** ***

Chairman of the Audit Committee
Minister of State

State of Kuwait



H.E. Mr. Manaf Abdulaziz Al-Hajeri * ***

Financial and Development Sector
Chairman of the Risk Management Committee



H.E. Mr. Bader Fawaz Al-Qattan ** ****

Acting Director - Hedge Funds Department
Kuwait Investment Authority

United Arab Emirates



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

Assistant Undersecretary of Budget & Revenue
Ministry of Finance



H.E. Mr. Younis Haji Al-Khoori ** ****

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 - Global Asset Management
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 Board of Directors, it gives me great pleasure to present to you the 42nd Annual Report, covering the Corporation's activities and financial results for the year ended December 31, 2025.

The Corporation successfully recorded a net profit of \$230 million, compared to the budgeted profit target of \$210 million.

These results were achieved amidst significant economic and geopolitical challenges. The Gulf Investment Corporation successfully navigated these headwinds thanks to the high quality and effective management of its investment portfolios, as well as its strategic approach to asset allocation and investment weighting, which aims to maximize profitability within acceptable risk parameters. Furthermore, these achievements are supported by the Corporation's solid financial position, its continuous drive to enhance operational efficiency, and its commitment to increasing the added value of its investments.

The Corporation has continued to focus on Principal Investments to achieve its strategic objectives. This is accomplished through participation in regional infrastructure projects, the establishment of new ventures, and investing in existing companies in partnership with GCC and international investors.

Furthermore, the Global Markets Group maintains a diverse operational scope, seeking opportunities in various investment portfolios and funds while utilizing asset allocation strategies to enhance

returns. These efforts are balanced against target risk profiles to ensure performance metrics remain competitive with relevant benchmarks.

Reflecting the high level of confidence in its performance efficiency and financial robustness, global credit rating agencies have reaffirmed the Corporation's strong financial position. Fitch Ratings affirmed GIC's long-term rating at BBB+ and its short-term rating at F1, while upgrading its outlook from 'Stable' to 'Positive.' Meanwhile, other global rating agencies maintained their credit ratings for the Corporation at their previous levels.

Finally, on behalf of the Board of Directors, I wish to take this opportunity to extend my appreciation to their Royal Highnesses, Kings and Amirs, rulers of the GCC countries, for their continuous support. Special thanks to the State of Kuwait for hosting GIC's headquarters, and for providing all necessary forms of support. I would also like to extend my appreciation to their Excellencies Ministers of Finance of the Gulf Cooperation Council for their support.

I would also like to express my appreciation to the Board of Directors and all the members of executive management and staff for their commitment and effort during the year in achieving the Corporation's goals.

Turki bin Ibrahim Al-Malik

Chairman of the Board





**CEO'S
STATEMENT**



By the grace of Almighty God, Gulf Investment Corporation is pleased to report that it has achieved net profits of \$230 million, exceeding the target profitability established for the fiscal year by \$20 million.

The Corporation delivered these results while navigating a complex landscape of accelerating global and regional risks. These challenges included persistent uncertainties regarding global economic performance, declining oil prices, and shifts in public policy, alongside the outbreak of trade wars, market volatility, and heightened geopolitical tensions. Despite these headwinds, the Corporation's conservative investment strategy, the high caliber of its investment portfolios, and its disciplined management provided the resilience necessary to overcome these obstacles and maintain an outstanding level of performance.

Regarding our specific business segments, the Principal Investment portfolio recorded total revenues of \$180 million. In comparison, the Global Market portfolio generated total revenues of \$167 million, up from \$134 million in the prior year. Consequently, the Corporation's total assets reached \$3.5 billion as of the end of 2025.

As Principal Investment remains a primary pillar for achieving the Corporation's long-term objectives, we remain dedicated to engaging in new ventures and supporting the growth of companies across the GCC. Furthermore, the Gulf Investment Corporation seeks to increase the volume of both Gulf and foreign direct investment while actively contributing to the localization of global expertise within the GCC.

In line with our strategic vision, the Corporation remains steadfast in its efforts to take a major role in the development of the infrastructure sector across the GCC countries. We recognize this as a high-value-added domain where our depth of expertise allows us to drive meaningful progress. Our dedication to support private sector participation in the development of the basic infrastructure has recently culminated in a landmark achievement: winning Az-Zour North Phase II and III Project in the State of Kuwait. This achievement was realized through a consortium with Saudi Arabia's Acwa, in which we maintain a 40% ownership stake. This project, to be developed on a BOOT (Build, Own, Operate, Transfer) model and governed by a 25-year concession agreement, is designed to enhance Kuwait's power and water capacity fundamentally. By delivering over 2,700 MW of electricity and 120 million gallons of water, this initiative represents the largest project of its kind in the nation's history.

Furthermore, the Corporation has successfully participated in a capital increase for Emirates Rawabi, a market leader in integrated dairy and poultry production within the UAE. Through this strategic investment, the Corporation supports the financial restructuring and growth of the company. GIC holds 20% ownership in the company.

Throughout the year, the Corporation's vital projects under construction witnessed significant progress across their various stages. Among these is Juranah Water Reservoir Company, which is expected to commence operations in the second quarter of 2027. This project, in which GIC holds a 30% stake, is one of the most prominent water infrastructure projects in Saudi Arabia, aimed at enhancing water security and supporting sustainability in line with Vision 2030.

The same applies to the Al-Wakra and Al-Wukair project in Qatar, which was developed on a Build-Own-Operate-Transfer (BOOT) basis for a 25-year term. The project aims to produce 150,000 cubic meters per day, with GIC holding a 25% stake. Commercial operation is expected to commence in 2027.

Additionally, Al-Ezzel Power Company (AEPC) in the Kingdom of Bahrain signed an extension of its electricity supply agreement with the Electricity and Water Authority for an additional 10.5 years beyond the original term, extending the contract until October 2037. AEPC developed and owns the Al-Ezzel Independent Power Project, the first of its kind in Bahrain. The Corporation, in collaboration with its partners, was awarded the development of this project in 2004, and the Corporation's stake in the company stands at 45%.

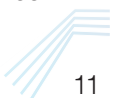
Furthermore, the Corporation continued to implement its divestment strategy and reduce portfolio concentration. This involved a complete exit from Gulf Re in the UAE and the disposal of the Corporation's entire stake in ALAFCO in Kuwait. Additionally, the Institution reduced its holding in Action Energy Company following its successful listing on Boursa Kuwait.

While Fitch Ratings upgraded its outlook for the Corporation, other global credit rating agencies affirmed their ratings for GIC at previous levels. This reflects the agencies' confidence in the Corporation's financial position, its deleveraging policy, and its maintenance of strong capital adequacy ratios. Furthermore, it underscores the Corporation's robust liquidity, high asset quality, adequate provisioning, and prudent risk management, which serve as fundamental pillars in confirming the Institution's credit rating.

Moreover, the Corporation's workforce is now entirely composed of GCC nationals, compared to 80% of the total staff in 2024. This transformation is a source of great pride, reflecting the Corporation's commitment to regional talent and its ongoing efforts to empower and develop Gulf human capital.

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**

INTRODUCTION

In 2025, the global economy demonstrated continued resilience amid easing inflation, shifting monetary policy, and persistent geopolitical and trade-related uncertainties. Growth remained stable but uneven across regions, with Advanced Economies showing mixed momentum while Emerging Markets continued to play a central role in supporting global expansion. The year marked a turning point for monetary policy, as major central banks decisively shifted toward easing cycles, shaping financial conditions and capital flows worldwide. At the same time, global trade remained robust despite rising protectionist pressures, and oil markets experienced heightened volatility amid changing supply dynamics and demand concerns.

Moreover, GCC economies experienced a recovery in 2025, supported by improved hydrocarbon performance, resilient non-oil growth, and broadly stable fiscal, monetary, and financial market conditions. Despite periods of volatility driven by geopolitical and policy developments, equity markets delivered broadly positive returns supported by resilient economic conditions and strong corporate earnings.

1. Global Economic Review

1.1. Global Growth

The global economy has shown impressive resilience, staying well clear of recession risks. This stability is primarily supported by a robust labor market-despite occasional setbacks-solid consumer demand, and, most significantly, the continued easing of inflation. In 2025, global economic growth held steady at 3.3%, mirroring the 2024 rate. This consistent performance occurred even amid challenges such as trade tensions, shifting policies, and ongoing geopolitical uncertainty.

Regional economic performance diverged sharply throughout 2025. The US exhibited unexpected resilience, with growth consistently outperforming forecasts, whereas the Euro Area continued to struggle with sluggish momentum. In contrast, EMDEs maintained a steady trajectory, led by India, which secured its position as the world's fastest-growing major economy. Conversely, China grappled with persistent headwinds, including tepid domestic demand, a fragile industrial base, and waning business confidence. Moreover, the friction of geopolitical tensions and looming trade disputes, global trade volumes proved remarkably robust, accelerating from 3.6% in 2024 to 4.1% in 2025¹.

Table 1: Real GDP and Trade Growth (%)

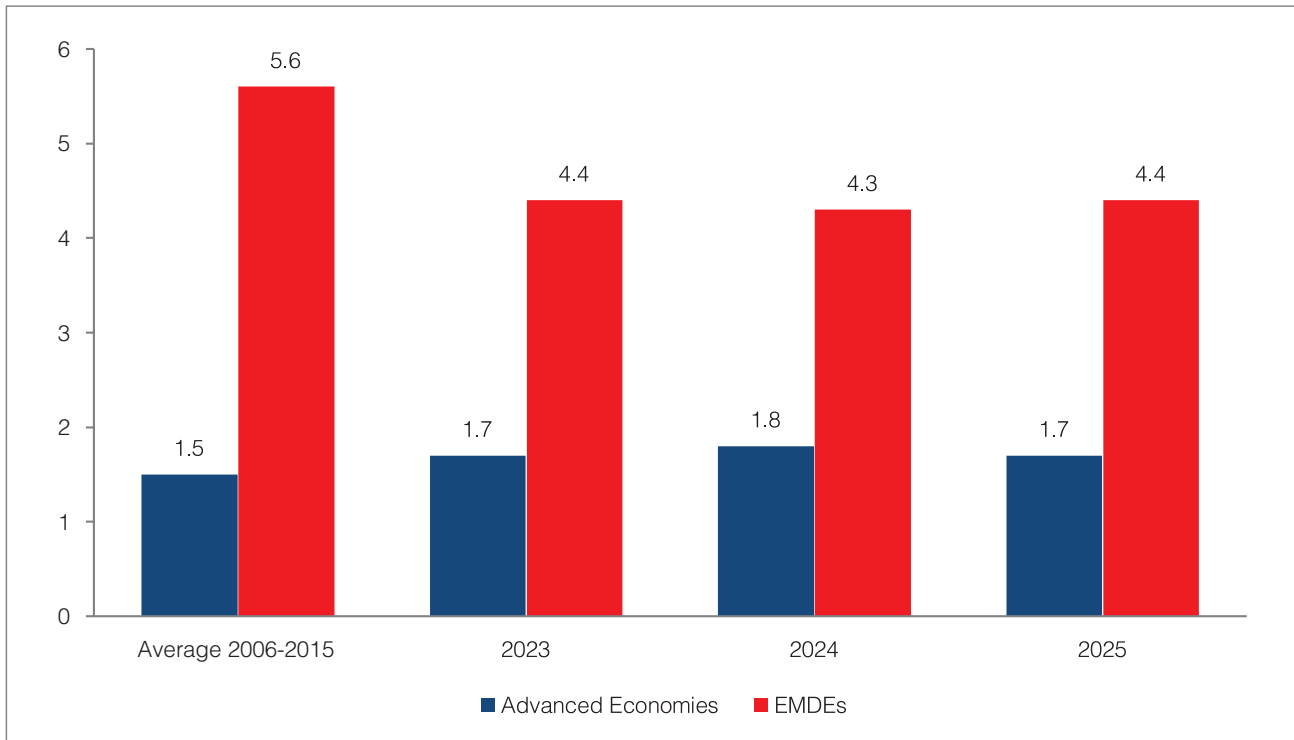
Real GDP growth	Average 2007-2016	2023	2024	2025
World	3.4	3.5	3.3	3.3
Advanced Economies	1.3	1.7	1.8	1.7
United States	1.5	2.9	2.8	2.1
Euro area	0.7	0.4	0.9	1.4
Japan	0.4	1.2	-0.2	1.1
Other Advanced Economies	2.2	1.5	2.3	1.8
EMDEs	5.3	4.7	4.3	4.4
China	9.0	5.4	5.0	5.0
India	6.8	9.2	6.5	7.3
Brazil	2.1	3.2	3.4	2.5
World Real Trade Growth	2.4	2.9	3.6	4.1

Source: IMF World Economic Outlook, October 2025 and January 2026.

Advanced Economies maintained a steady growth rate of 1.6% in 2025, down slightly from 1.8% in 2024. While robust US consumer spending remained a vital catalyst, domestic demand shifted toward a more balanced regional distribution. Momentum firmed across Europe, though the broader investment outlook was dampened by uncertainties surrounding global trade policy².

1. IMF, "World Economic Outlook Update". October 2025 and January 2026.

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

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

Source: GIC Research based on IMF.

US economic growth moderated to 2.1% in 2025, down from 2.8% in 2024. This performance was characterized by a surge in business investment and a spike in imports during the first half of the year, largely driven by ‘front-loading’ ahead of anticipated trade shifts. However, the momentum softened in the second half of 2025 as tepid consumer sentiment, persistent inflationary pressures, and a slowdown in hiring began to weigh on overall growth³.

Economic growth in the Euro Area accelerated from 0.9% in 2024 to 1.4% in 2025. This uptick was secured by a strategic frontloading of exports, complemented by a revival of domestic demand and a steady recovery in business investment. Japan recorded a notable recovery in 2025, with GDP growth reaching 1.1% and reversing the 0.2% decline seen in 2024. The shift was driven by a synergy of resilient consumer spending, higher business investment, and a tactical frontloading of exports⁴.

Despite mounting concerns over trade restrictions and a sluggish global outlook, growth in EMDEs reached 4.4% in 2025, up from 4.3% in 2024, fueled by strong exports and the services sector. India led the group with a significant rise to 7.3%, whereas China held firm at 5%. However, growth slowed in Brazil, where it fell to 2.5% from 3% the previous year⁵.

1.2. Global Inflation

Global inflation continued to moderate in 2025, converging toward central bank targets despite regional disparities. While global headline inflation edged up to 3.2%, driven primarily by upward pressure in many advanced economies, it continued to ease across most EMDEs. Notably, global core inflation maintained a downward trend as wage growth cooled. However, goods price inflation saw a slight uptick in advanced economies—most notably in the United States due to the implementation of higher tariffs—whereas it fell across many EMDEs because of aggressive stock-building during the first half of the year⁶.

Headline inflation accelerated its descent in 2025, falling from 2.6% to 2.5% in Advanced Economies and dropping significantly from 7.9% to 5.3% across EMDEs. This disinflationary trend was mirrored across major markets: the US saw a slight decline to 2.7%, the Euro Area experienced a drop from 2.4% to 2.1%, while Japan’s rate rose from 2.7% in 2024 to 3.3% in 2025. China’s inflation rate reached a standstill at 0%, down from a marginal 0.2% in 2024, while India recorded a substantial decline, with inflation dropping from 4.6% to 2.8% over the same period⁷.

3. World Bank. “Global Economic Prospects”, January 2026.

4. World Bank. “Global Economic Prospects”, January 2025.

5. World Bank. “Global Economic Prospects”, January 2025.

6. World Bank. “Global Economic Prospects”, January 2026.

7. IMF, WEO, October 2025.

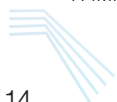
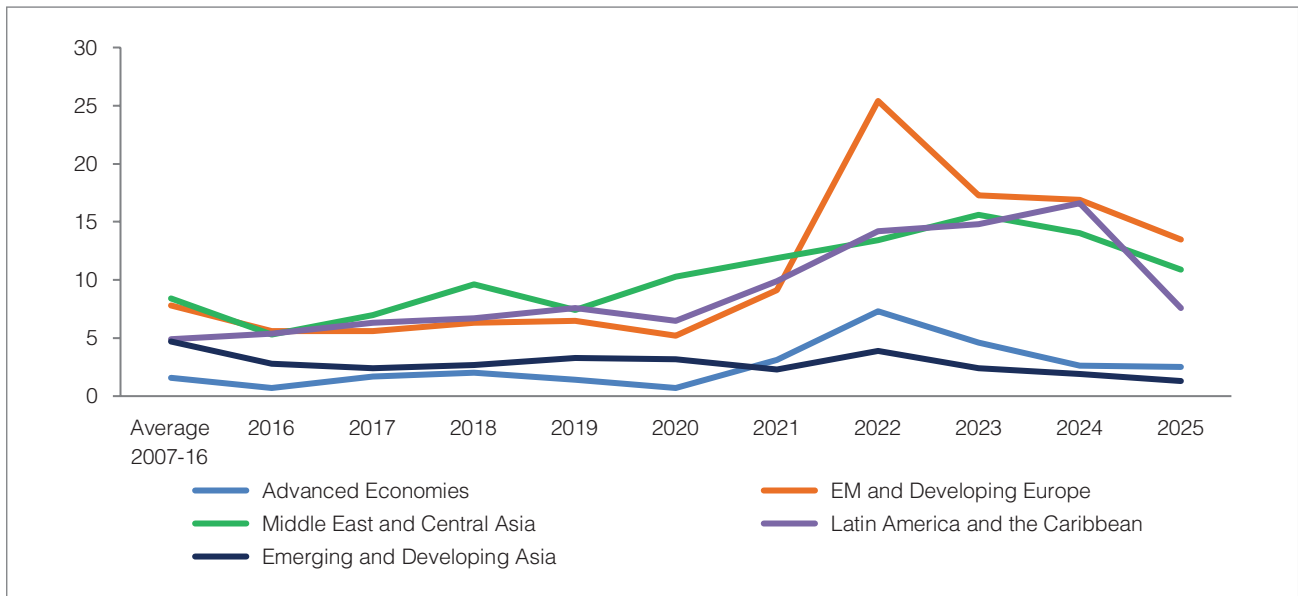


Figure 2: Consumer Prices (% change, y-o-y)



Source: GIC Research based on IMF data.

Global Financial Developments

Global financial conditions remained accommodative and eased further during the second half of 2025, despite intermittent volatility and rising sovereign yields. This environment was underpinned by a robust appetite for risk and the Federal Reserve's pivot toward monetary easing in response to U.S. labor market softness. Equity markets have seen substantial gains since June, with positive sentiment spilling over into Emerging Market and Developing Economies (EMDEs). These regions benefited from significant debt-related inflows and a depreciating U.S. dollar, which enhanced local currency bond returns. Furthermore, EMDE sovereign and corporate bond issuance in foreign currencies accelerated as spreads narrowed, even as yield curves in advanced economies steepened. While the dollar staged a brief late-year recovery as investor hedging slowed, it remained vulnerable to ongoing uncertainty surrounding the Federal Reserve's leadership and policy path⁸.

The year 2025 served as a definitive turning point for global monetary policy as major central banks shifted from the initial pivot of late 2024 into a full-scale easing cycle. Monetary policy across Advanced Economies became significantly more accommodative throughout 2025, with major central banks lowering interest rates to support economic growth as headline inflation stabilized near target levels. By the fourth quarter of 2025, the US Federal Reserve had implemented a total of 150bps in cuts for the year, bringing the policy rate down from its Q4 2024 range of 4.25%–4.50% to a range of 2.75%–3%. Similarly, the ECB continued its aggressive easing to combat sluggish regional growth, lowering rates by an additional 100bps in 2025 to reach 2% by year-end. In addition, the BoE accelerated its pace of cuts in 2025, implementing a 125bp reduction to bring its base rate down to 3.5% by December. In contrast, the BoJ continued its unique normalization path, moving in the opposite direction of its peers as the Bank has raised its policy rate further to 0.75% by the end of 2025, up from the 0.25% level seen at the close of 2024⁹.

8. World Bank. "Global Economic Prospects". January 2026.

9. GIC Research based on Bloomberg Database.

Table 2: Short-Term Policy Rates (%)

	US	Euro Erea	UK	Japan	China	India
Q1 2020	0.25	0.00	0.10	-0.10	2.20	4.00
Q2 2020	0.25	0.00	0.10	-0.10	2.20	3.35
Q3 2020	0.25	0.00	0.10	-0.10	2.20	3.35
Q4 2020	0.25	0.00	0.10	-0.10	2.20	3.35
Q1 2021	0.25	0.00	0.10	-0.10	2.20	3.35
Q2 2021	0.25	0.00	0.10	-0.10	2.20	3.35
Q3 2021	0.25	0.00	0.10	-0.10	2.20	3.35
Q4 2021	0.25	0.00	0.25	-0.10	2.20	3.35
Q1 2022	0.50	0.00	0.75	-0.10	2.10	3.35
Q2 2022	1.75	0.00	1.25	-0.10	2.10	3.35
Q3 2022	3.25	1.25	2.25	-0.10	2.00	3.35
Q4 2022	4.50	2.50	3.50	-0.10	2.00	3.35
Q1 2023	5.00	3.50	4.25	-0.10	2.00	3.35
Q2 2023	5.25	4.00	5.00	-0.10	1.90	3.35
Q3 2023	5.50	4.50	5.25	-0.10	1.80	3.35
Q4 2023	5.50	4.50	5.25	-0.10	1.80	3.35
Q1 2024	5.50	4.50	5.25	0.10	1.80	3.35
Q2 2024	5.50	4.25	5.25	0.10	1.80	3.35
Q3 2024	5.00	3.65	5.00	0.25	1.50	3.35
Q4 2024	4.50	3.15	4.75	0.25	1.50	3.35
Q1 2025	4.50	2.65	4.50	0.50	1.50	3.35
Q2 2025	4.50	2.15	4.25	0.50	1.40	3.35
Q3 2025	4.25	2.15	4.00	0.50	1.40	3.35
Q4 2025	3.75	2.15	3.75	0.75	1.40	3.35

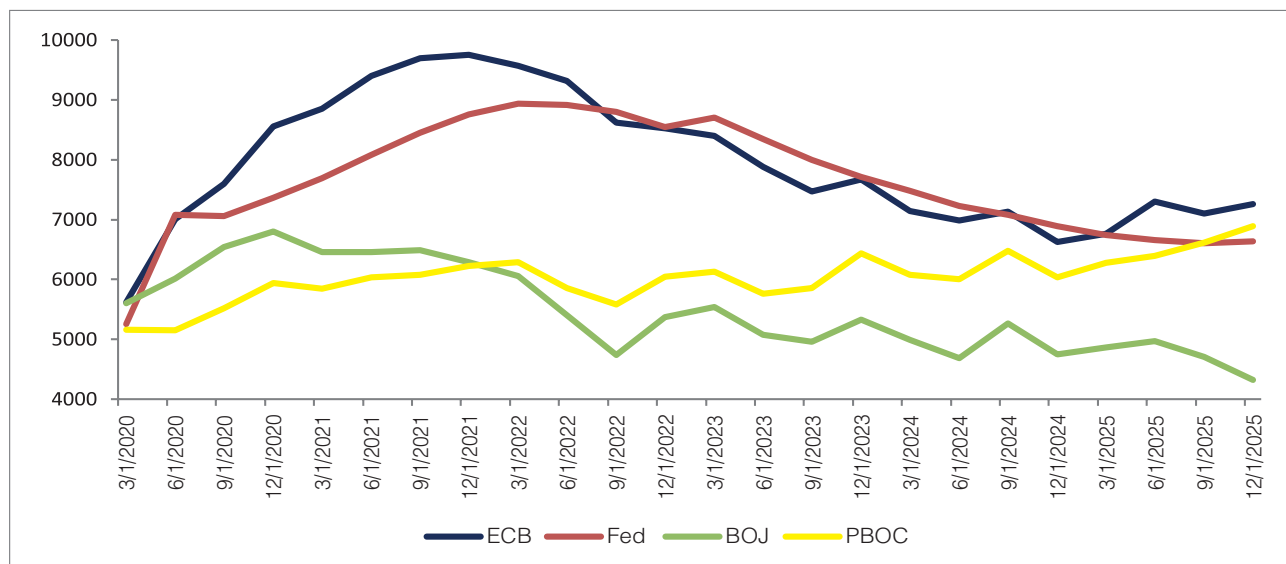
Note: Bank of China's 7-day Reverse Repurchase rate & Reserve Bank of India Reverse Repo Rate.

Source: GIC Research based on Bloomberg.

The combined total assets of the world's major central banks expanded by 3.3% y-o-y in 2025, reaching \$25.1 trillion in December, up from \$24.3 trillion the previous year. This aggregate growth masked significant divergence in individual balance sheet trajectories. The US Federal Reserve continued to reduce its balance sheet, with total assets falling 3.6% to \$6.6 trillion. Conversely, the ECB and the People's Bank of China saw substantial expansions of 9.5% (\$7.2 trillion) and 14.2% (\$6.9 trillion), respectively. Meanwhile, the Bank of Japan's total assets declined by 9%, ending the year at \$4.3 trillion¹⁰.

10. GIC Research based on Bloomberg.

Figure 3: Major Central Banks Total Assets (Trillion 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 2025, beginning the year at a peak of over 109.4 on the DXY Index before declining to a yearly low near 96.6 by September. Meanwhile, in 2025, the dollar underwent a historic reversal against the euro. After opening the year at a multi-year high, with the Euro costing just \$1.03, the dollar entered a sustained decline, eventually closing the year at approximately \$1.17 per Euro. Ultimately, the dollar depreciated by roughly 11.8% against the euro in 2025, marking its weakest annual performance in decades¹¹.

1.4.2. Total Portfolio Flows to Emerging Markets

Emerging Market portfolio inflows rose significantly in 2025, reaching \$266.47 billion, up from \$210.37 billion in 2024. This growth was driven by robust debt inflows of \$315.33 billion, which effectively offset \$48.87 billion in equity outflows. Regionally, EM Asia led the surge with \$108.06 billion, followed by Emerging Europe with \$67.35 billion, Latin America with \$60.64 billion, and the Middle East and Africa at \$30.41 billion.

The year concluded with a strong December, which saw \$36.7 billion in total inflows, a marked improvement over both the previous month and December 2024. However, the divergence between China and the broader EM landscape persisted; while EM excluding China absorbed \$34.9 billion in December, China itself registered a \$5.5 billion net debt outflow¹².

11. Bloomberg Database.

12. IIF Capital Flows Tracker, January 2026 and 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					
2022	-4.88	17.65	6.89	0.42	20.07
2023	91.62	44.69	34.30	-19.27	151.33
2024	138.60	80.10	64.92	-17.23	266.39
2025	147.72	71.99	58.71	36.92	315.33
Total	533.21	288.23	203.62	67.10	1092.18
Portfolio Equity Flows					
2022	-32.96	34.14	12.08	6.81	20.06
2023	32.44	-4.41	7.89	-6.73	29.19
2024	32.69	-35.74	-27.45	-25.52	-56.02
2025	-39.65	-11.34	8.64	-6.51	-48.87
Total	-64.97	10.45	59.8	-3.57	1.71
Total Portfolio Flows (Equity and Debt)					
2022	-37.84	51.79	18.96	7.23	40.14
2023	124.06	40.28	42.19	-26.00	180.53
2024	171.28	44.36	37.48	-42.75	210.37
2025	108.06	60.64	67.35	30.41	266.47
Total	468.36	298.59	263.38	63.49	1093.82

Source: GIC Research based on IIF.

1.5. Global Trade

Expectations of increased US tariffs have triggered a significant frontloading of trade, as importers rushed to secure goods before the new rates took effect. Consequently, US import volumes slowed noticeably following this initial surge. By the second half of 2025, a clear shift emerged: imports from countries targeted by higher tariffs declined, while volumes from unaffected regions rose. Despite these geopolitical shifts, global trade remained resilient, buoyed primarily by sustained demand for technology-related exports¹³.

Global trade reached a record \$35 trillion in 2025, driven by a surge in first-quarter activity. This momentum was largely fueled by robust US import demand and strong export performance from Asia and the euro area, as firms front-loaded in anticipation of higher US tariffs and a temporarily weaker dollar. While global trade moderated in the second quarter, regional resilience varied. Exports from major European economies—notably Germany, Spain, and the UK—to the US contracted significantly, yet total euro area volumes remained stable due to strengthened intra-regional trade. Meanwhile, a 27% decline in direct US-China trade was partially mitigated as China pivoted toward the euro area and ASEAN markets¹⁴.

Global trade volume accelerated to 4.1% in 2025, up from 3.6% in 2024. This growth was characterized by diverging trends, while trade volume in advanced economies increased to 3%, up from 2% in 2024, growth in EMDEs moderated to 5.7%, down from 6.3% in the previous year¹⁵.

Table 4: World Volume of Trade (Goods and Services)

Annual % change	Average 2017-2026		2024		2025	
	EXP	IMP	EXP	IMP	EXP	IMP
Advanced Economies	2.2	2.4	1.8	2.1	2.1	3.1
EM & Developing Economies	3.8	3.4	6.5	3.0	5.6	4.3
World Trade Volume	2.8		3.6		4.1	

Source: IMF. "World Economic Outlook". October 2025 and January 2026.

13. IMF. "World Economic Outlook". October 2025 and January 2026. and World Bank. "Global Economic Prospects". January 2026.

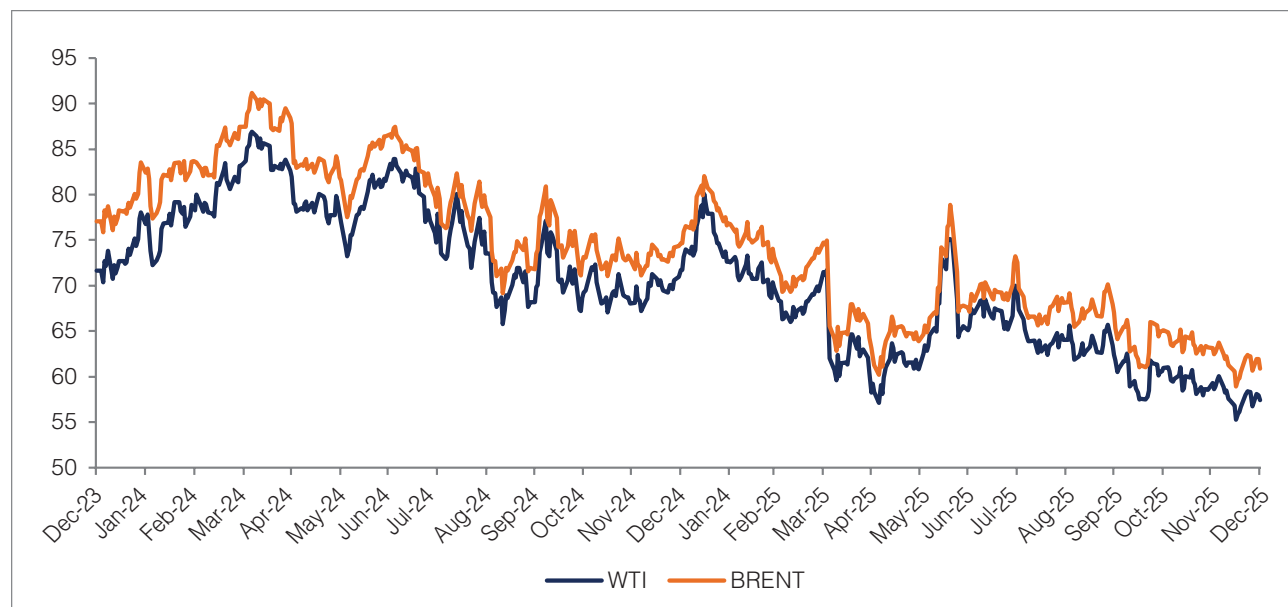
14. IMF. "World Economic Outlook". October 2025 and January 2026, and UNCTAD. "Global Trade Update", December 2025.

15. IMF. "World Economic Outlook" Update. January 2026.

2. Oil Dynamics

Crude oil started the year on a strong note, driven by falling US stockpiles, cold weather, new US sanctions against Russia's oil industry, and uncertainties about possible new US restrictions on oil supplies from Iran. However, oil prices lost steam amid US President Trump's trade-war threats, concerns of oversupply, weak demand from China, and a possible US policy change.

Figure 4: WTI and BRENT Daily Prices in 2025 vs. 2024 (\$/b)



Source: Bloomberg, GIC Research.

At the beginning of the first quarter, oil prices continued to increase, fueled by shrinking US stockpiles, weather conditions in the Northern Hemisphere, geopolitical tensions, and renews US sanctions on Russia's energy sector. By mid-January, oil prices have rallied by almost 10%. However, prices then started to retreat on concerns over weak demand from China, the status of the global economy, trade-war fears, and threats of oversupply. By mid-March, crude prices have lost over \$10/b from January's high as OPEC+ announce its intension to increase production and as trade-war between the US and China intensified. Oil ended the quarter little changed despite notable swings in prices. During the quarter, WTI averaged \$71.5/b while BRENT has averaged \$75/b.

With the start of the second quarter, oil prices fell after the US President launched tariffs on major trading partners, including the EU and China, that created concerns that higher tariffs will harm global growth and in turn global oil demand. This was further compounded by OPEC+'s decision to increase production by more than expected, which led to a further decline in crude prices. By the end of April, crude has lost almost 22%, or around \$13/b on the back of fears that trade-war may ignite global recession and cause weaker oil demand, with market participants slashing their price forecasts and anticipating oversupply. Oil fluctuated on the back of deescalation of trade war and improvements in US-Iran nuclear negotiations amid concerns of heightened geopolitical concerns, mainly an Israeli attack on Iran. Towards the mid of June, prices shot higher following Isreal attack on Iran. However, prices started to retreat as the standoff eased and a truce was reached between Iran and Isreal. During this quarter, WTI averaged \$64/b while BRENT averaged \$66.7/b. In addition, oil prices have lost around 11% q-o-q during the second quarter.

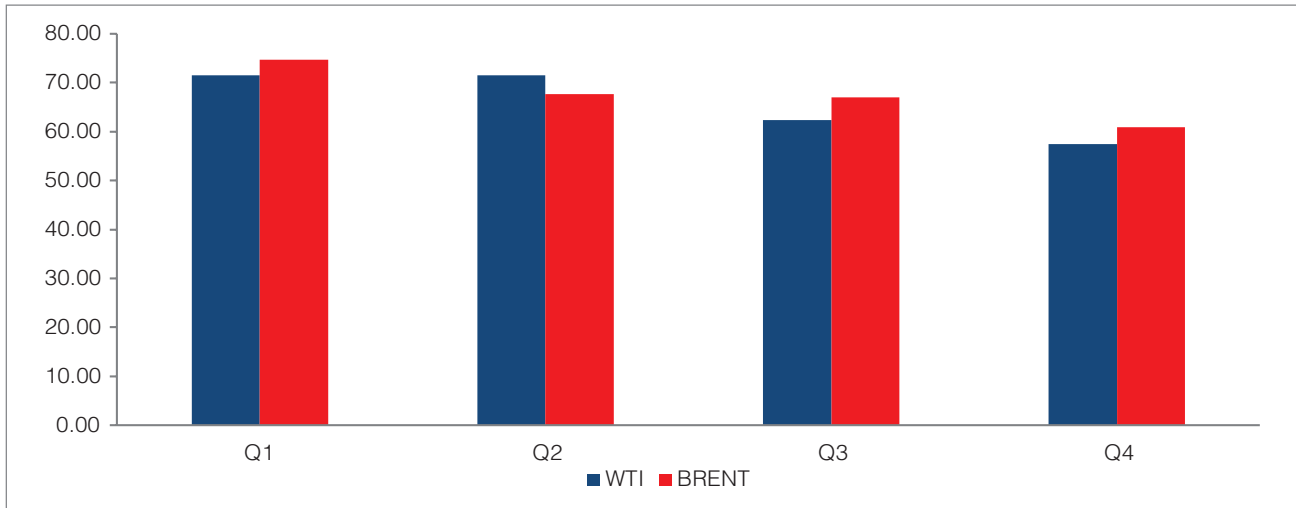
With the start of the third quarter, market focus has shifted from Iran-Isreal truce to concerns related to oversupply and OPEC+ intention to increase production and prices continued their gains, driven by fears of renewed US sanctions on Russian oil and shrinking US stockpiles. However, prices started to ease in August due to concerns regarding the health of the US economy and higher supplies from OPEC+. During this quarter, oil prices averaged around \$65/b for WTI while BRENT averaged \$68/b.

During the last quarter, oil prices have been depressed further by concerns that the market will face oversupply, as OPEC+ agreed to bring back around 2.2 mb/d of halted barrels during the year as well as higher production from other producers. The drop in prices was also driven by escalating trade tensions between the US and China. In the fourth quarter, oil prices averaged \$59/b for WTI and \$63/b for BRENT. WTI posted a 9% quarterly loss, while BRENT edged lower by 7.5%.

In 2025, WTI averaged \$64.8/b, lower than \$75.8/b in 2024, while Brent averaged \$68, down from \$79.8/b the previous year. WTI began the year at \$71.7/b and ended the year at \$57.4/b, reflecting overall market weaknesses throughout the year. In contrast, Brent started at \$74.6/b then declined to \$60.8/b by year-end, driven by concerns over oversupply, the impact of trade-war, and a weaker demand outlook, particularly from China. The significant declines in both benchmarks underscore the market's struggle to balance geopolitical tensions, policy changes, and global demand uncertainties throughout the year.



Figure 5: WTI and BRENT Average Quarterly Prices in 2025 (\$/b)



Source: Bloomberg, GIC Research.

Additionally, WTI averaged \$67.6/b in the first half of 2025 and declined to \$62/b in the second half, compared to \$78.7/b and \$72.9/b in the respective halves of 2024. Brent maintained a slight premium over WTI, averaging \$70.8/b in the first half of 2025 and \$65.6/b in the second half. This compares to \$83.4/b in the first half of 2024 and \$76.4/b in the second half.

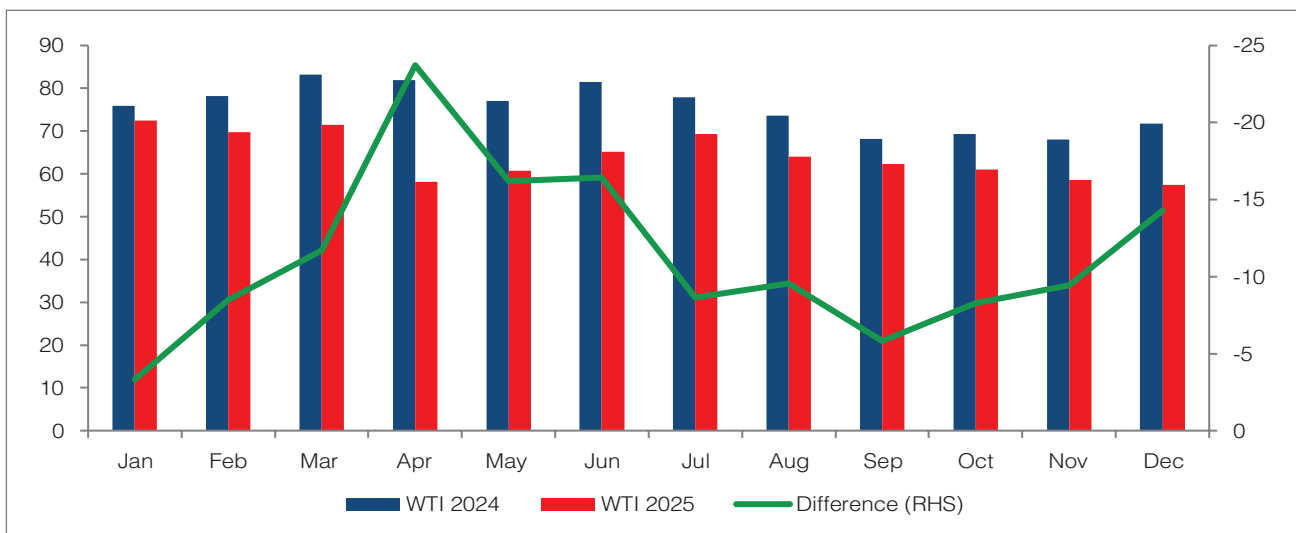
The decline in prices during the second half of 2025 for both benchmarks reflected growing concerns over global demand weakness, alongside shifts in OPEC+ supply strategies, trade-war, and evolving geopolitical risks. The softer second half performance highlights the market’s sensitivity to macroeconomic uncertainties and shifting supply dynamics.

Table 5: WTI and BRENT Average Quarterly Prices 2025 vs. 2024

	WTI (\$/b)			BRENT (\$/b)		
	2024	2025	% change	2024	2025	% change
Q1	83.17	87.48	5.18%	71.48	74.74	4.56%
Q2	81.54	86.41	5.97%	65.11	67.61	3.84%
Q3	68.17	71.77	5.28%	62.37	67.02	7.46%
Q4	71.72	74.64	4.07%	57.42	60.85	5.97%

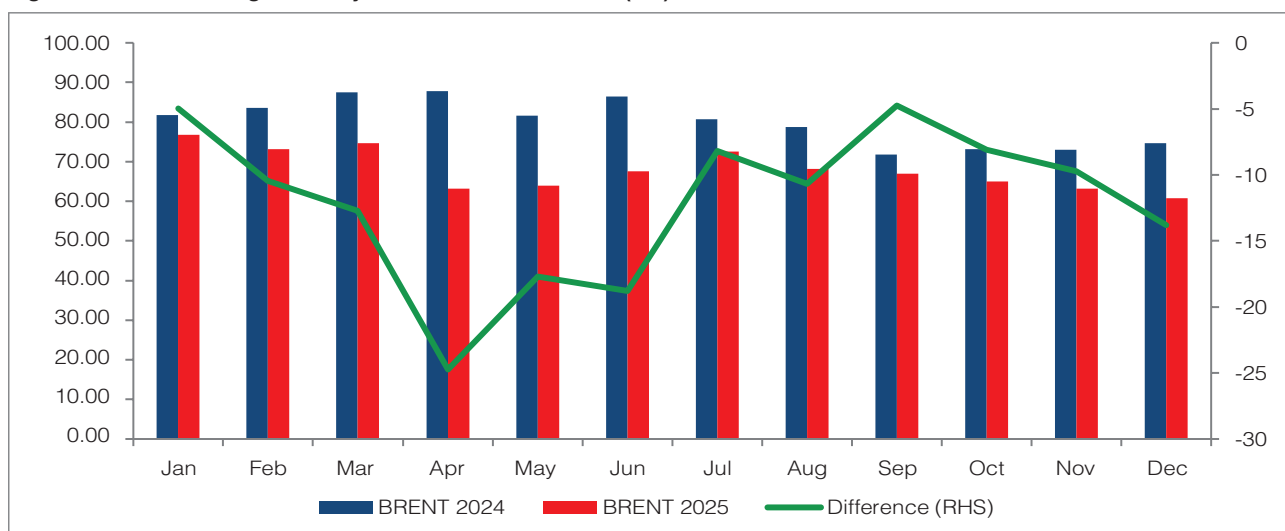
Source: Bloomberg, GIC Research.

Figure 6: WTI Average Monthly Prices in 2024 and 2025 (\$/b)



Source: Bloomberg, GIC Research.

Figure 7: BRENT Average Monthly Prices in 2024 and 2025 (\$/b)



Source: Bloomberg, GIC Research.

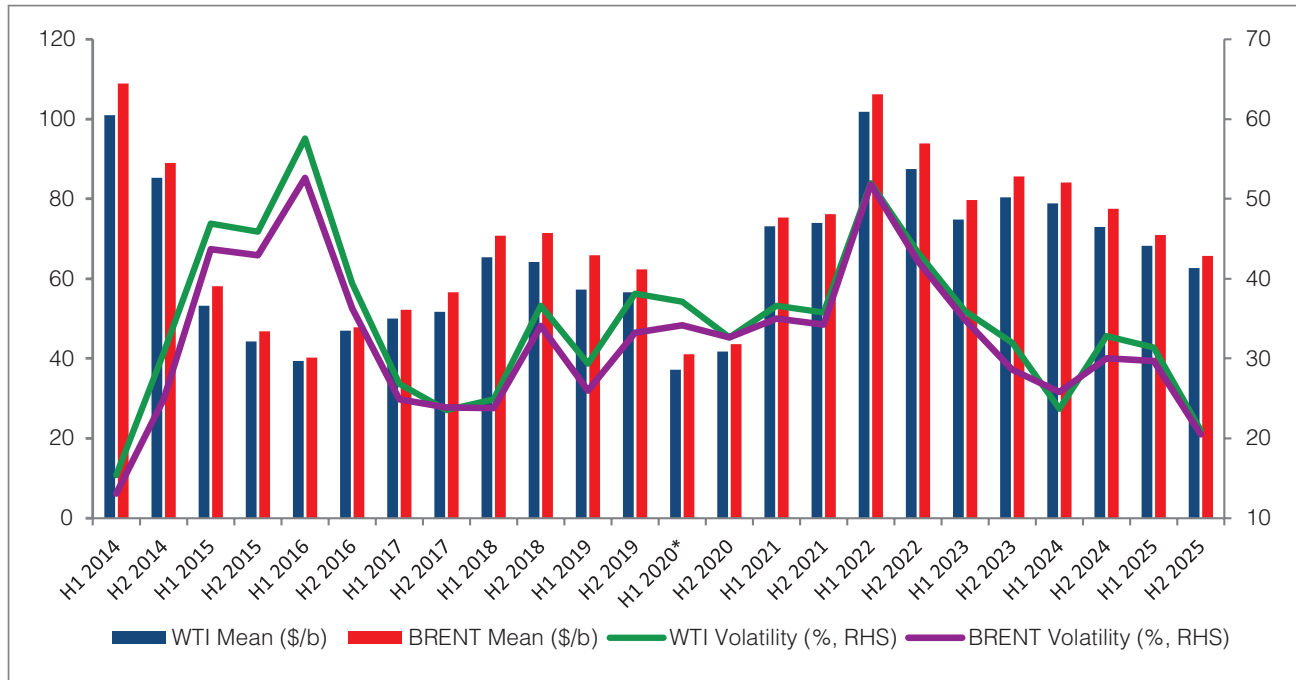
In terms of volatility, the average volatility coefficient for WTI increased from 34.11% in 2024 to 37.1% in 2025, while BRENT saw a similar uptick to 34.2%, up from 30.85% in 2024. However, as illustrated in the table below, this upward trend was heavily influenced by a volatile second half of 2025. During this period, market sensitivity spiked as traders reacted to intensifying geopolitical risks, supply fluctuations, trade tensions, and shifting macroeconomic conditions.

Table 6: WTI and Brent Mean and Volatility

	WTI		BRENT	
	Mean	Volatility (%)	Mean	Volatility (%)
H1 2020	48.52	32.68	41.74	32.68
H2 2020	73.47	36.66	73.11	35.02
H1 2021	75.21	35.80	73.97	34.26
H2 2021	105.76	51.94	101.9	51.78
H1 2022	80.26	43.27	87.41	42.15
H2 2022	70.64	35.90	74.90	34.80
H1 2023	71.65	31.90	80.47	28.5
H2 2023	81.54	23.70	78.95	25.80
H1 2024	71.72	32.80	72.90	30.00
H2 2024	65.11	43.15	67.65	39.06
H1 2025	57.42	30.37	62.05	29.05
H2 2025	48.52	32.68	41.74	32.68

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 increased from 103.3 mb/d in 2024 to 106.3 mb/d in 2025. Production from non-OPEC+ (excluding the US) saw a 5% increase in crude production, rising from 27.3 mb/d in 2024 to 28.7 mb/d in 2025, while Canada saw a 4.7% increase, from 6 mb/d in 2024 to 6.3 mb/d in 2025. The US boosted its crude output by 2.9%, reaching 13.6 mb/d in 2025 and maintaining its position as the world's largest oil producer. Despite persistent sanctions and operational hurdles, Russia's production edged up by 0.09%, with output holding steady at roughly 10.6 mb/d across 2024 and 2025¹⁶.

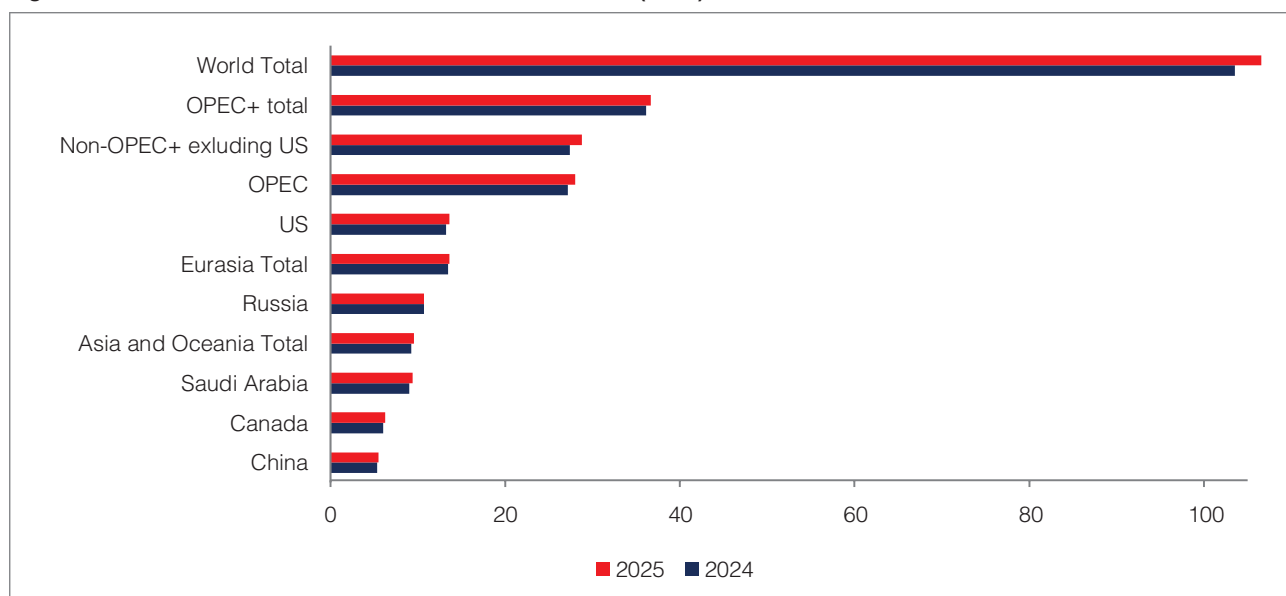
Table 7: International Petroleum Production (mb/d, 2025)

	Q1	Q2	Q3	Q4	2025
World Total	103.63	105.18	107.97	108.32	106.29
OPEC+ total	35.70	36.33	37.08	37.30	36.61
Non-OPEC+ excluding US	28.23	28.14	28.98	29.32	28.67
OPEC	27.21	27.71	28.18	28.62	27.93
US	13.28	13.51	13.78	13.87	13.61
Eurasia Total	13.53	13.59	13.64	13.64	13.60
Russia	10.44	10.47	10.50	10.69	10.65
Asia and Oceania Total	9.48	9.49	9.44	9.54	9.49
Saudi Arabia	8.94	9.21	9.43	9.80	9.35
Canada	6.28	5.96	6.37	6.49	6.28
China	5.51	5.48	5.42	5.41	5.46

Source: EIA. "Short-Term Energy Outlook". January 13, 2026.

16. EIA. "Short-Term Energy Outlook". January 13, 2026.

Figure 9: International Petroleum Production: 2025 vs. 2024 (mb/d)



Source: EIA. "Short-Term Energy Outlook". January

Global crude oil consumption edged up by 1.1% in 2025, rising from 102.5 mb/d in 2024 to 103.7 mb/d in 2025. India recorded a 1.43% increase in crude consumption, growing to 5.6 mb/d, up from 5.58 mb/d in 2024, driven by strong economic activity and rising energy needs. China also witnessed a 1.4% growth as consumption rising from 16.3 mb/d in 2024 to 16.6 mb/d in 2025, reflecting a resilient economic growth and continuous industrial demand. Crude consumption underscores shifting dynamics in global oil markets, where Emerging Economies like India and China are driving demand, while Advanced Economies are experiencing more subdued oil demand¹⁷.

Table 8: International Petroleum Consumption (mb/d, 2025)

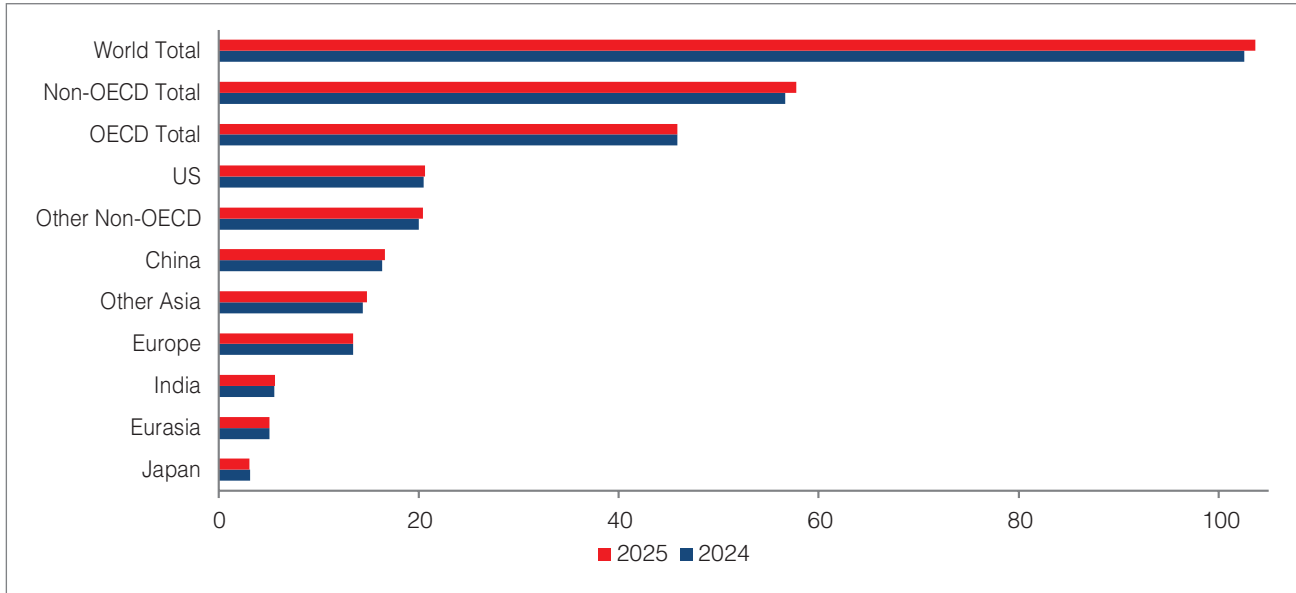
	Q1	Q2	Q3	Q4	2025
World Total	101.96	103.68	104.55	104.52	103.69
Non-OECD Total	56.75	58.00	58.10	58.29	57.79
OECD Total	45.21	45.69	46.45	46.23	45.90
US	20.31	20.51	20.97	20.66	20.61
Other Non-OECD	19.79	20.58	21.06	20.38	20.45
China	16.43	16.69	16.45	16.81	16.60
Other Asia	14.93	14.92	14.46	15.08	14.85
Europe	12.92	13.66	13.72	13.54	13.46
India	5.72	5.76	5.37	5.81	5.66
Eurasia	4.84	5.00	5.31	5.20	5.09
Japan	3.35	2.87	2.88	3.19	3.07

Source: EIA. "Short-Term Energy Outlook". January 13, 2026.

17. EIA. "Short-Term Energy Outlook". January 13, 2026.



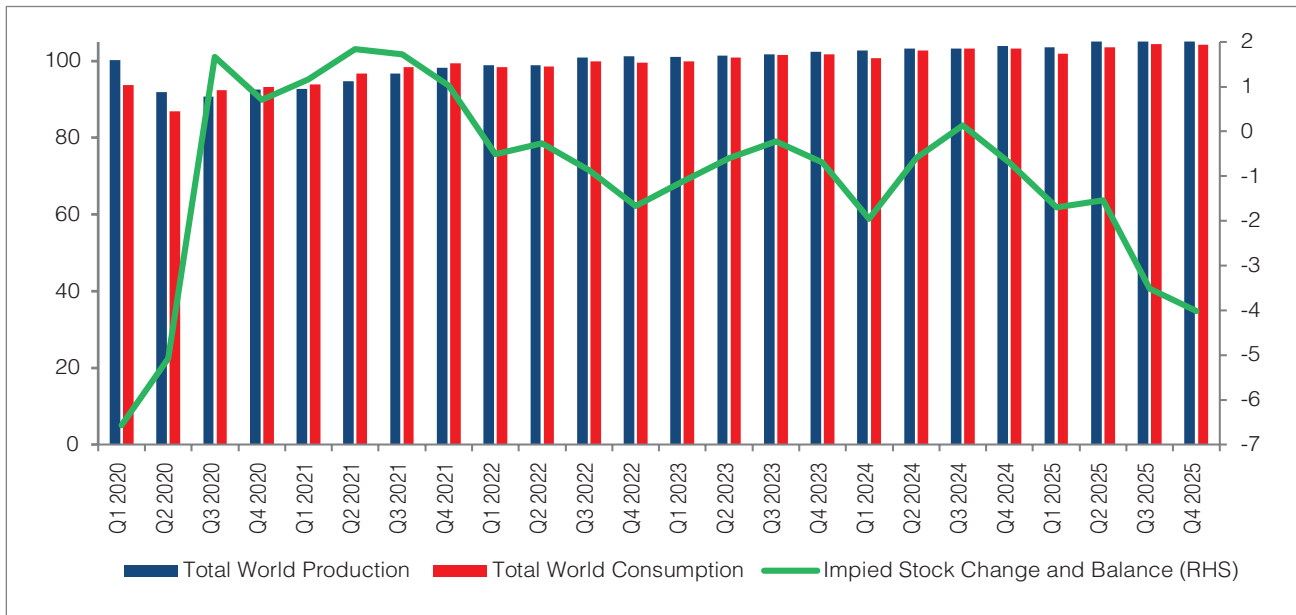
Figure 10: International Petroleum Consumption: 2025 vs. 2024 (mb/d)



Source: EIA. "Short-Term Energy Outlook". January 13, 2026, GIC Research.

According to EIA estimates, global crude oil and liquid fuel inventories decreased by an average of 2.7 mb/d in 2025. This represents a significant acceleration in stock draws compared to the 0.78 mb/d decline recorded in 2024¹⁸.

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



Source: EIA. "Short Term Energy Outlook". January 13, 2026, and GIC Research.

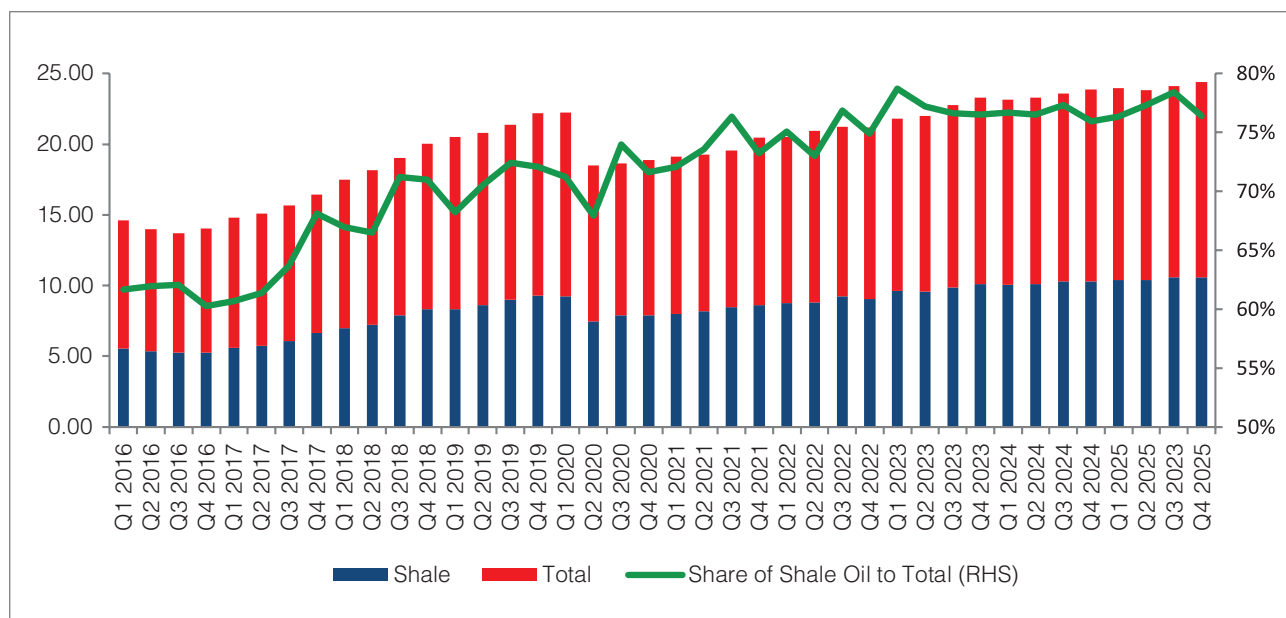
2.2. US Crude Oil Production

US crude oil production averaged 13.8 mb/d in 2025, an increase from 13.5 mb/d in 2024, propelled by gains in the shale sector. Shale output rose to 10.5 mb/d, up from 10.3 mb/d the previous year, driven by continued investment and operational efficiency across major basins. Meanwhile, production from other oil sources remained almost steady, averaging 3.26 mb/d in 2025 and 2026, highlighting shale's role as the primary US production growth¹⁹.

18. EIA Database.

19. Bloomberg.

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 is expected to reach 3.57% in 2025, a robust improvement from the 1.8% growth in 2024. The UAE led the region with a robust 4.7% performance. Saudi Arabia experienced a modest recovery, with growth rising to 4.3% from 2.7% in 2024. Qatar, however, is expected to see slower growth, from 2.4% in 2024 to 2.1% in 2025.

Table 9: Real GDP Growth (%)

	2022	2023	2024	2025*
Bahrain	6.2	3.9	2.6	2.8
Kuwait	6.8	-1.7	*-2.6	4.1
Oman	8.0	1.2	1.7	3.4
Qatar	4.2	1.5	2.4	2.1
Saudi Arabia	12.0	0.5	2.7	4.3
UAE*	7.5	4.3	4.0	4.7
GCC (Average)	7.45	1.62	1.80	3.57

* IIF Forecast.

Source: IIF. Respective Country's Database.

In 2025, the hydrocarbon sector in the GCC region exhibited positive performance. Kuwait showed the strongest growth in its hydrocarbon sector with a substantial 6.3% growth. Bahrain and Qatar witnessed a marginal growth of 0.5% and 1.2% respectively, while Saudi Arabia's hydrocarbon sector grew by 4.8%, recovering from the 4.4% contraction the previous year.



Table 10: Hydrocarbon Real GDP Growth (%)

	2022	2023	2024	2025*
Bahrain	-1.4	-2.5	-1.0	0.5
Kuwait	11.8	-3.2	*-4.8	6.3
Oman	8.6	0.0	-3.0	3.0
Qatar	1.7	0.6	0.6	1.2
Saudi Arabia	15.0	-9.0	-4.4	4.8
UAE*	8.9	-3.0	1.0	5.6

* IIF Forecast.

Source: IIF. Respective Country's Database.

The non-hydrocarbon sector in the GCC region maintained its growth, albeit at varying paces. The UAE leads with a robust growth of 4.4%, closely followed by Saudi Arabia at 4.1%, demonstrating continued strength in their diversified economies. Kuwait demonstrated a slight improvement with growth of 2.1%, compared to 1.8% the previous year.

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

	2022	2023	2024	2025*
Bahrain	7.7	5.1	3.2	3.2
Kuwait	1.6	1.0	*1.8	2.1
Oman	7.7	1.8	3.9	3.6
Qatar	5.7	2.1	3.4	2.6
Saudi Arabia	5.5	4.2	5.1	4.1
UAE*	7.0	7.0	5.0	4.4

* IIF Forecast.

Source: IIF. Respective Country's Database.

Kuwait and the UAE witnessed modest surpluses of 4.4% and 4.0% of GDP, respectively, while fiscal balances in Bahrain, Oman, Qatar, and Saudi Arabia saw deficits ranging from 0.2% to 5.6%.

Table 12: GCC Overall Fiscal Balance (% GDP)

	2022	2023	2024	2025*
Bahrain	-1.1	-4.5	-5.4	-5.6
Kuwait	8.2	4.5	*4.5	4.4
Oman	2.8	2.4	1.3	-0.4
Qatar	10.4	5.4	0.7	-0.2
Saudi Arabia	2.2	-1.8	-2.5	-4.5
UAE*	9.4	3.4	4.4	4.0

* IIF Forecast.

Source: IIF. Respective Country's Database.

With respect to fiscal breakeven oil prices, Bahrain has the highest breakeven price at \$137.0/b, followed by Saudi Arabia at \$92.3/b. Qatar saw the lowest price at \$44.7/b.

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

	2023	2024	2025
Bahrain	137.8	160.8	137.0
Kuwait	79.6	88.2	80.2
Oman	54.0	53.7	57.0
Qatar	49.9	47.1	44.7
Saudi Arabia	94.5	96.1	92.3
UAE	45.6	50.0	50.4

Source: Bloomberg.



3.1. Inflation

The UAE, Qatar, and Oman experienced moderate inflation between 0.9% and 1.1%, while Kuwait and Saudi Arabia's inflation was slightly higher at 2.3% and 2.1%, respectively. Bahrain experienced deflation, with consumer prices decreasing by a slight 0.1% in 2025.

Table 14: Average Consumer Prices (annual % Change)

	2022	2023	2024	2025*
Bahrain	3.63	0.07	0.92	-0.11
Kuwait	3.98	3.64	2.90	2.33
Oman	2.51	0.95	0.59	0.93
Qatar	5.00	3.03	1.23	1.06
Saudi Arabia	2.55	2.47	1.50	2.09
UAE*	4.83	1.62	1.66	1.03

* IIF Forecast.

Source: IIF. Respective Country's Database.

3.2. GCC Trade

Hydrocarbon exports moderated slightly in 2025 across all GCC economies, except for Qatar remaining flat at \$86 billion. In contrast, non-hydrocarbon exports witnessed growth, particularly in the UAE, reaching \$392 billion, followed by Saudi Arabia at \$88 billion. Total imports expanded in 2025 in all countries, reflecting growing domestic demand and potentially ongoing investments in infrastructure and development projects.

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

	2022	2023	2024	2025*
Hydrocarbon Exports				
Bahrain	15	12	12	10
Kuwait	94	78	67	65
Oman	43	36	44	41
Qatar	117	87	86	86
KSA	328	250	232	211
UAE	107	87	85	78
Non-Hydrocarbon Exports				
Bahrain	15	12	12	13
Kuwait	6	6	11	11
Oman	23	24	23	24
Qatar	14	10	9	9
KSA	83	70	73	88
UAE	301	328	360	392
Total Imports				
Bahrain	-22	-20	-21	-21
Kuwait	-28	-33	-33	-35
Oman	-35	-35	-39	-42
Qatar	-34	-29	-33	-40
KSA	-176	-192	-215	-236
UAE	-304	-336	-371	-407

* IIF Forecast.

Source: IIF. Respective Country's Database.



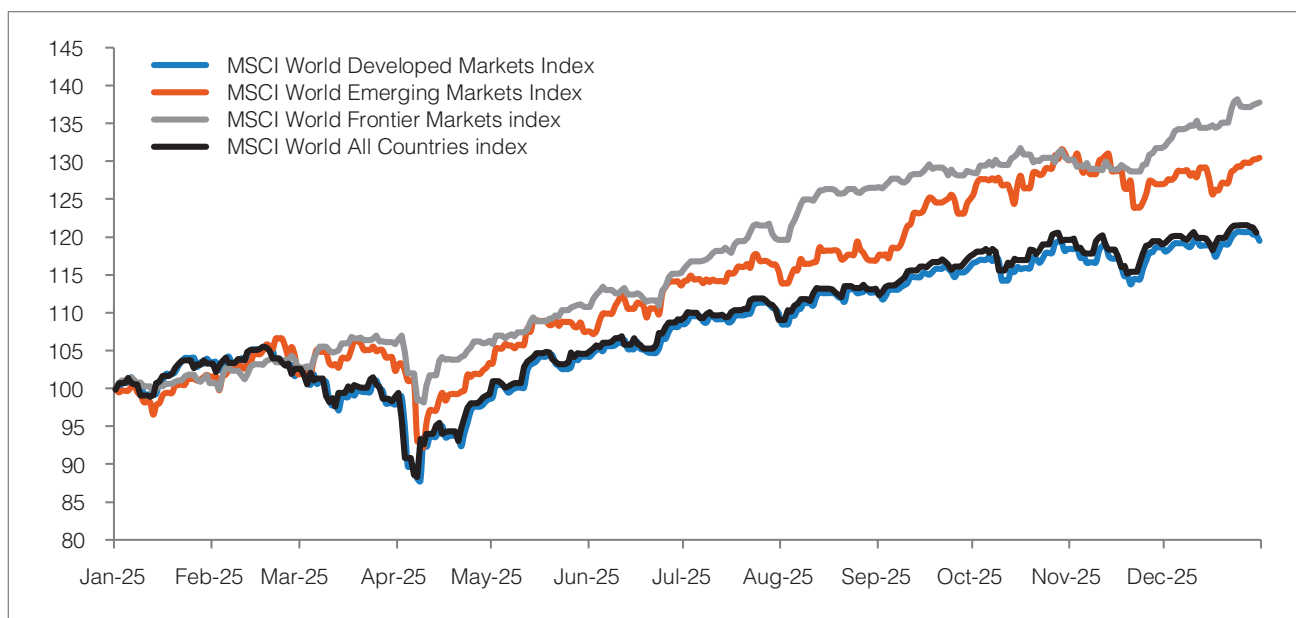
4. Equity Markets Review

4.1. Global Equity Markets Overview

Major Global equity benchmarks exhibited coordinated movements throughout 2025 with more dispersion in magnitudes happening during the second half of the year. Markets started the year with a resilient momentum before experiencing a synchronized pullback in late March and early April on the back of the “Tariff War” that was initiated by the US. The hit was more significant on Developed markets than their emerging and frontier counterparts.

From May onward, global equities resumed an upward trend supported by superb corporate earnings and improving investor sentiment. The MSCI World Frontier Market index led its counterparts since March with a couple of detractions in June and November. During those detractions, the MSCI Emerging Markets index outperformed slightly before losing again to the MSCI World Frontier Markets index; however, the MSCI Emerging Markets index maintained its outperformance over the MSCI Developed markets index. Over the year the MSCI World Frontier Markets index accumulated 38% gains, followed by the MSCI World Emerging Markets index with 30%, while the MSCI World Developed Markets index inched by 19%.

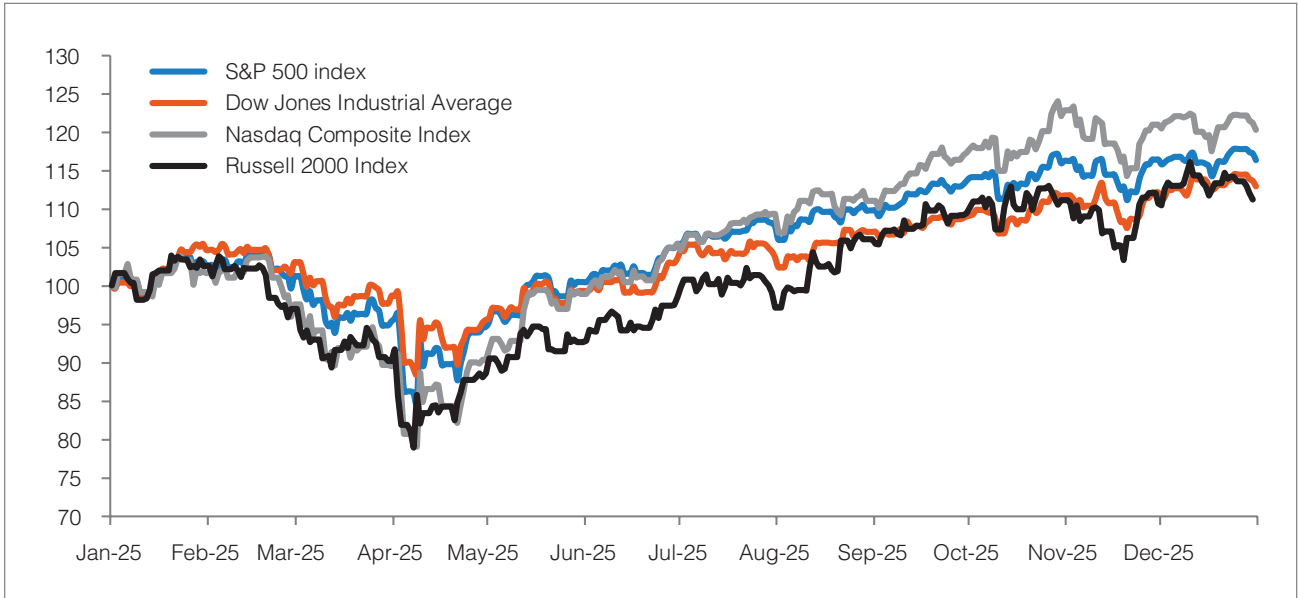
Figure 13: Rebased Performance of Global Equity Benchmarks, 2025



Source: Bloomberg, GIC Research.

US equity markets delivered strong performance in 2025, driven mainly by robust corporate earnings and growing spending on AI. It is evident that the “Tariff War” significantly weighed down the performance in April; however, the performance picked up afterwards to the end of the year, albeit having the government fully shutdown in October and the first half of November. During the first quarter, the Dow Jones Industrial outperformed its counterparts, but during the second half of the year, the Nasdaq Composite outperformed, closing the year with 20% gains. The S&P 500 index also accumulated 16% gains throughout the year, followed by the Dow Jones Industrial index with 13% and the Russel 2000 index with 11%.

Figure 14: Rebased Performance of US Indices, 2025

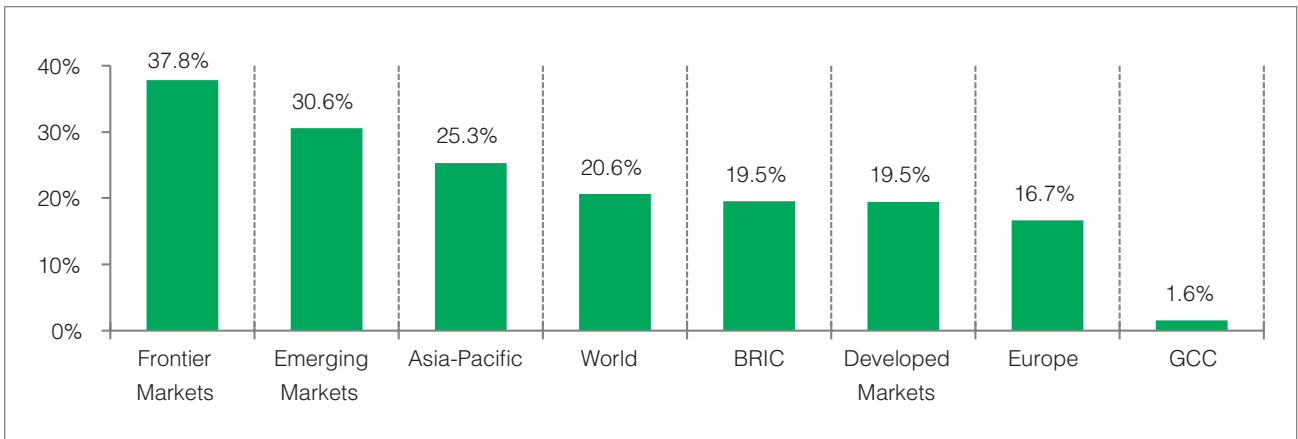


Source: Bloomberg, GIC Research.

Global equities advanced by 20.6% in 2025, reflecting broad-based strength across major economies. Performance was notably stronger in higher-growth regions such as Frontier Markets, Emerging Markets, and Asia Pacific Markets. Frontier Markets outperformed all other categories, recording an exceptional gain of 37.8%, underscoring renewed risk appetite and capital flows into smaller, higher growth-oriented economies. Emerging Markets followed with 30.6% gains, supported by resilient economic expansion and improved investor sentiment.

Markets in Asia Pacific have also posted solid returns accounting for 25.3% benefiting from domestic and regional demand and improving trade dynamics during the “Tariff War” time. The BRIC and Developed Markets have all increased equally and by 19.5% during the year, slightly below the World’s average benchmark, yet indicative of continued economic stability and supportive policy conditions. European equities posted a 16.7% gain, reflecting gradual macroeconomic improvement and stabilization across key sectors. In contrast, GCC equity markets lagged registering comparatively modest gains of 1.6%, weighed down by regional market-specific challenges, geopolitical events, and more subdued investor activity.

Figure 15: Performance of Major Global Equity Benchmarks, 2025

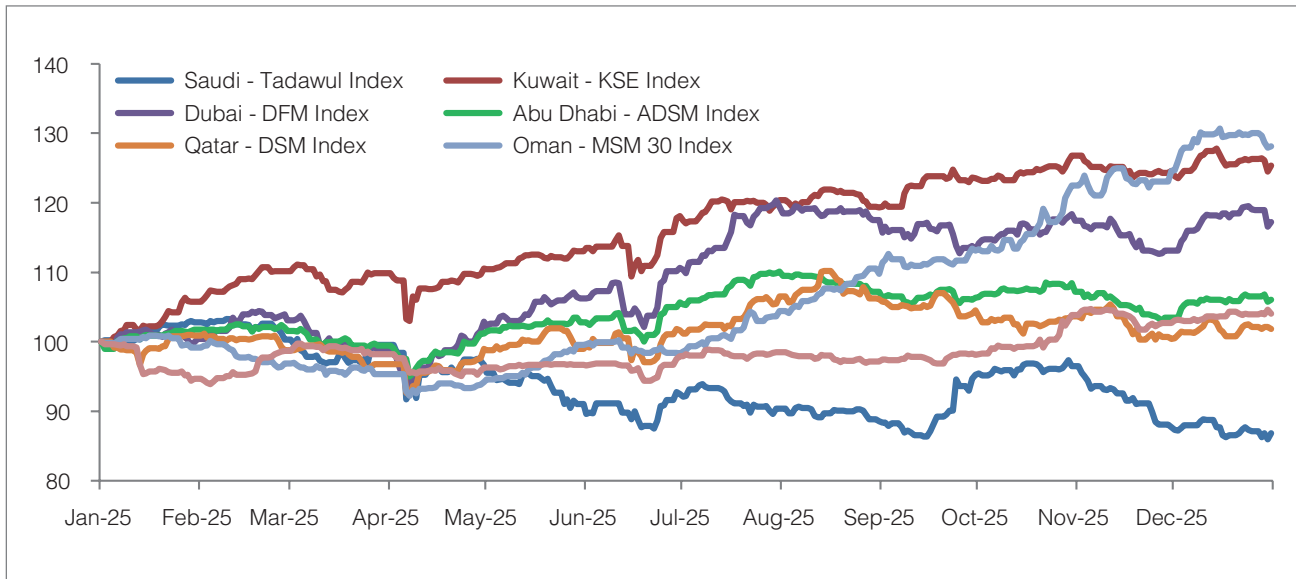


Source: Bloomberg, GIC Research.

4.2. GCC Equity Markets Overview

GCC equity markets exhibited divergent performance trends in 2025, with most markets closing the year in positive territory, reflecting the underlying economic resilience. Oman emerged as the strongest performer over the year, recording the highest gain among regional peers, supported by improved fiscal metrics, continued public debt reduction, and stronger hydrocarbon revenues amid relatively stable oil prices. Kuwait's market outperformed the region all year but lost the lead to Oman in December. UAE markets also delivered robust returns, benefiting from sustained momentum in real estate, tourism, and capital markets. Equity markets in Qatar and Bahrain posted moderate growth, showing stability and resilience in their economies. In contrast, the Saudi market retreated by the end of the year as it navigated oil price fluctuations and cautious foreign investor participation during several periods of the year.

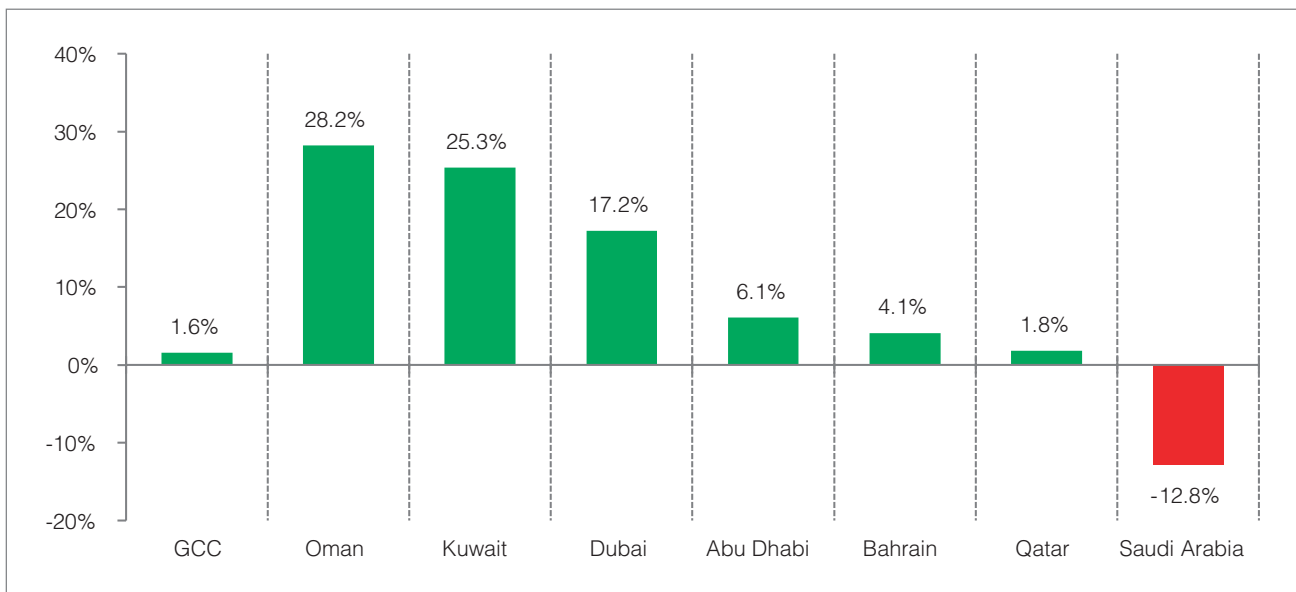
Figure 16: Rebased Performance of GCC Market Indices, 2025



Source: Bloomberg, GIC Research.

The overall GCC equity markets saw a modest y-o-y gain of 1.6%. The double-digit gains recorded by some countries were offset by the sharp contraction in Saudi Arabia. The Saudi Tadawul index was the only one in the region to post negative year-on-year performance, slumping 12.8%. Oman's MSM 30 index outperformed the region with a jump of 28.2%, followed closely by Kuwait's KSE index with 25.3%, and Dubai's DFM index with 17.2%. Abu Dhabi's ADSM index saw a single-digit gain of 6.1%, while Bahrain's BSE increased by 4.1% and Qatar's DSM by 1.8%.

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



Source: Bloomberg, GIC Research.

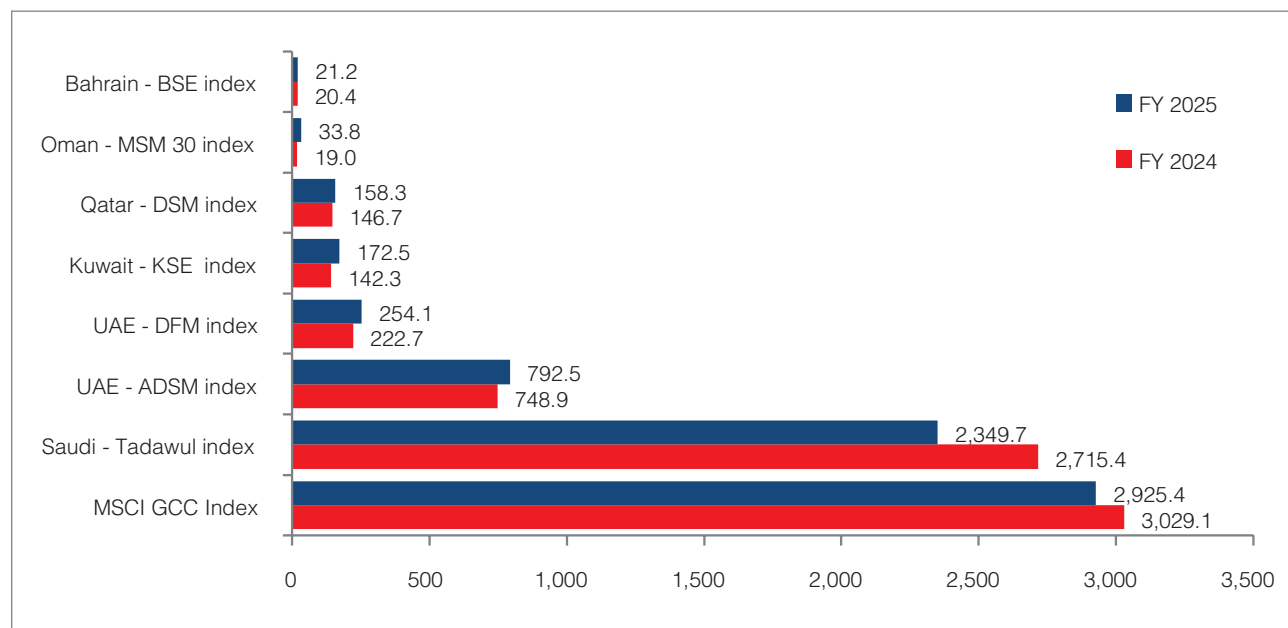
4.3. GCC Market Capitalization and Trading Activity

The total market capitalization of the MSCI GCC combined index declined by 3.4% during the year 2025 relative to 2024, mainly driven down by the Saudi markets. The capitalization slumped from \$3,029 billion at the end of 2024 to \$2,295 billion in 2025. Although the Saudi Tadawul concluded the year registering the highest value of capitalization in the region at \$2,349.7 billion, it is lower than the previous year's level of \$2,715.4 billion.

In contrast, every other market in the region has recorded higher capitalization in 2025 compared to 2024. Oman's MSM 30 index posted the largest increase, nearly doubling its capitalization from \$19 billion to \$33.8 billion. Kuwait's KSE index also performed strongly 2025, finishing at \$172.5 billion, up 21% year-over-year. The UAE markets continued their upward trajectory as well; the DFM index logged a growth of 14%, from \$222.7 billion to \$254.1 billion, while the ADSM index grew from \$748.9 billion to \$792.5 billion.

Other markets showed modest and steady growth. Qatar's DSM index rose by nearly 8%, from \$146.7 billion to \$158.3 billion, while Bahrain's BSE index inched by nearly 4%, from \$20.4 billion to \$21.2 billion.

Figure 18: Market Capitalization for Individual GCC Markets in 2024 and 2025 (\$ billion)



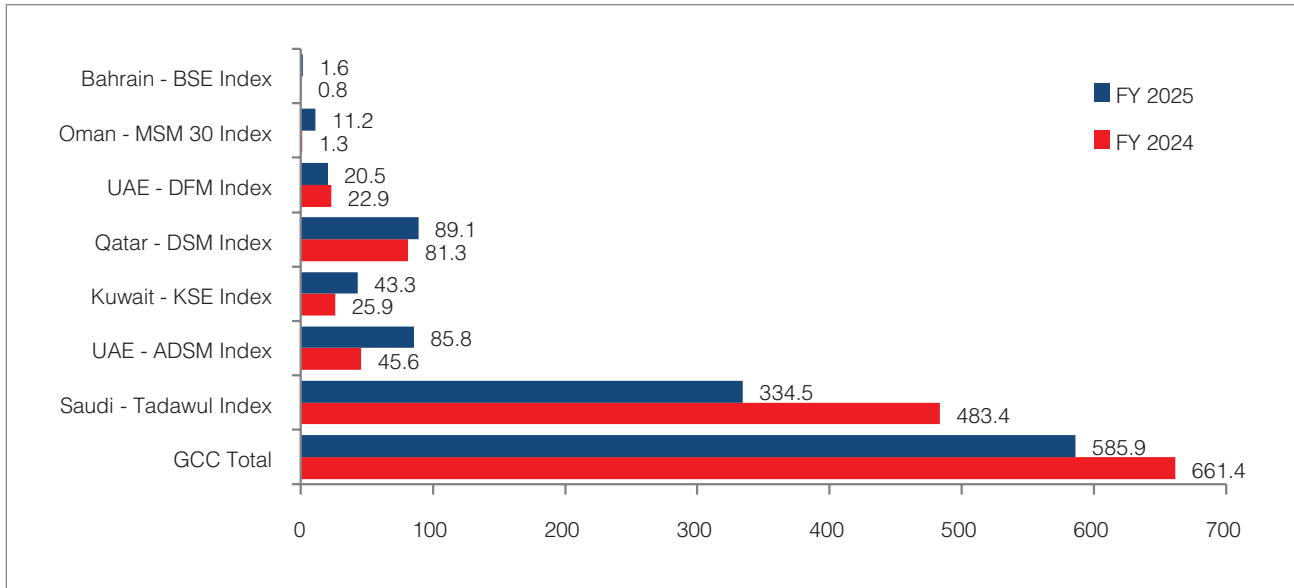
Source: Bloomberg, GIC Research.

Looking at traded value activity in 2025, markets in the area experienced a decline, shrinking at an annualized rate of approximately 11.4% to reach \$585.9 billion, down from \$661.4 billion in 2024, mainly weighed down by the Saudi and Dubai Markets.

The traded value activity remained the largest in Saudi Tadawul, accounting for \$334.5 billion, followed by Abu Dhabi's ADSM at \$85.8 billion, Kuwait's KSE at \$43.3 billion, and Qatar's DSM at \$89.1 billion. The market activity in Dubai's DFM and Oman's MSM 30 were comparably modest, with traded value activity of \$20.5 billion and \$11.2 billion, respectively, while Bahrain's BSE level was the lowest at \$1.6 billion.

From another angle, the year-over-year growth in traded value activity in Bahrain's BSE was the highest accounting for 93%, followed by Abu Dhabi's ADSM with 88%. The traded activity also grew in Kuwait's KSE by 67%, and in Qatar's DSM by 10%. In contrast, the activity shrank in Dubai's DFM by 11% and sharply dropped in Saudi's Tadawul by 31%.



Figure 19: Trading Activity on Individual GCC Indices for 2024 and 2025 (\$ billion)

Source: Bloomberg, GIC Research.

4.4. GCC Markets Volatility

Volatility levels in the GCC market remained moderately high throughout 2025, even higher than the levels seen in the previous year. The MSCI GCC combined index exhibited an average annual volatility of 10.8%, reflecting persistent volatility across regional markets. The fluctuations in the GCC markets were driven by factors such as investors' sentiment, changes in oil prices, and geopolitical developments. The elevated volatility in Qatar's DSM was at a historical level and unmatched by its peers; the average annual volatility reached 100.6%.

Saudi's Tadawul and Dubai's DFM also exhibited more fluctuations with volatilities exceeding the regional average standing at 14.1% and 11.6%, respectively. Kuwait's KSE volatility averaged at 10.4%, while the remaining markets witnessed lower volatilities throughout the year averaging at a single-digit range.

Table 16: Volatility of Indices Across the GCC Markets, 2025

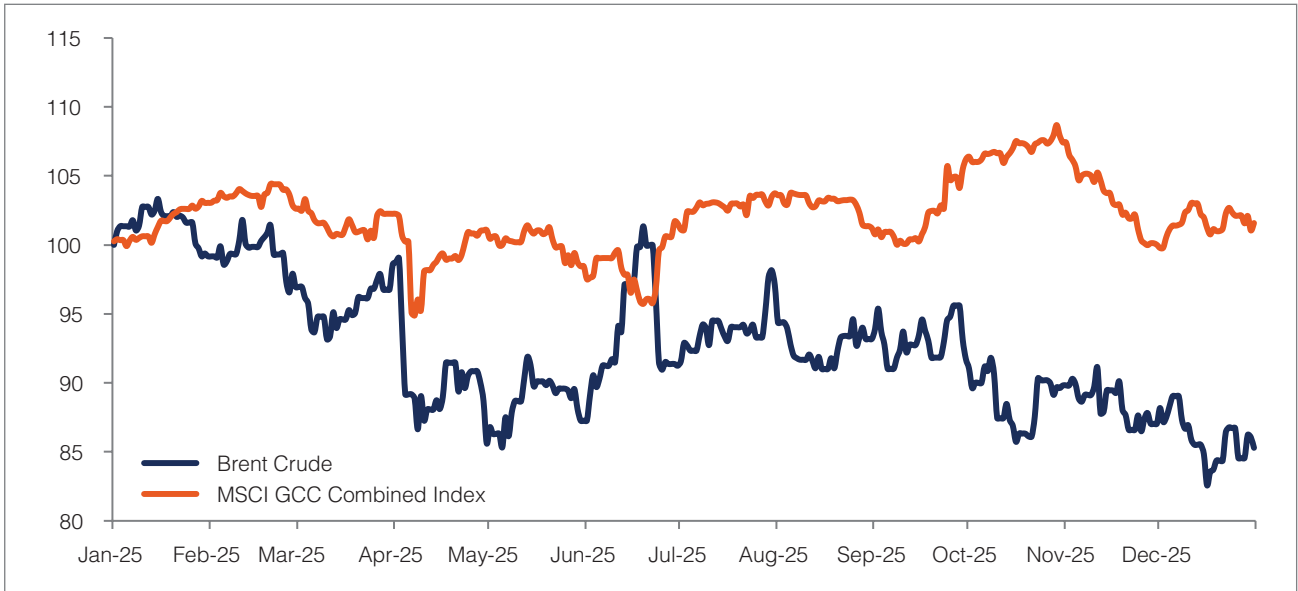
	Year Opening	Year Closing	Year High	Year Low	Index Volatility
MSCI GCC combined index	723	735	786	686	10.8%
Qatar - DSM index	10,571	10,763	11,649	9,766	100.6%
Saudi - Tadawul index	12,037	10,491	12,472	10,382	14.1%
UAE - DFM index	5,159	6,047	6,208	4,799	11.6%
Kuwait - KSE index	10,036	12,579	9,083	7,416	10.4%
Oman - MSM 30 index	4,577	5,867	5,986	4,224	8.7%
UAE - ADSM index	9,419	9,993	10,371	8,949	7.6%
Bahrain - BSE index	1,986	2,067	2,080	1,865	6.7%

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 investor sentiment and geopolitical events than to oil price movements. The MSCI GCC Combined index slightly inched by 1.3%, while oil prices stumbled by 14.7% during the year, highlighting the decoupling between the two benchmarks. Notably, the correlation between the two benchmarks was positive at 48% during the first half of 2025; however, it slumped significantly during the second half of the year to a negative at 4%.

Figure 20: Rebased Changes in S&P GCC Composite Index Relative to Oil Prices, 2025



Source: Bloomberg, GIC Research.

5. Selected Measures

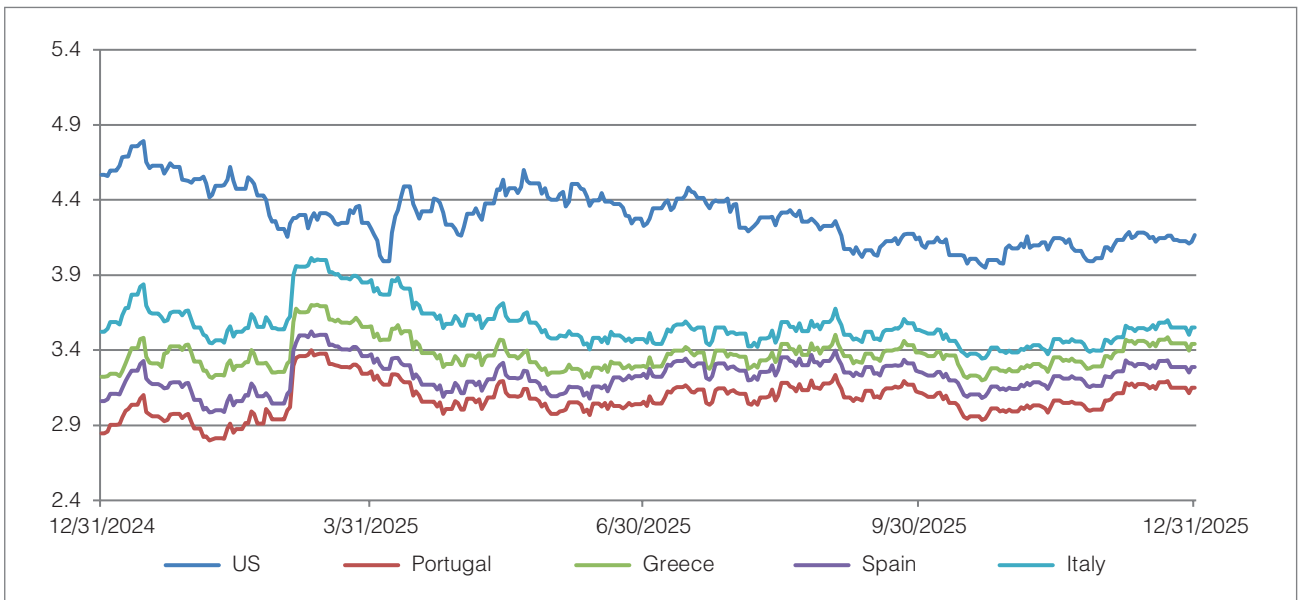
5.1. Treasuries

Throughout 2025, Treasury markets across the US and the EU underwent significant 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.

During the year, the 10-year Treasury yield ended lower, influenced by inflation expectations, labor market resilience, and reduced rate-cut expectations. Early in April, we saw yields sharply drop to around 4.05%, as a reaction to the tariffs announcement. Towards the final quarter of the year, the benchmark yield hovered around the 4.0% mark as the Fed issued its first rate cut.

With the onset of tariff announcements, we saw EU yields spike. However, as the ECB continued its easing cycle during the first half of the year, we saw a gradual downward trend in yields.

Figure 21: Euro Area and US 10-Year Government Bond Yields During 2025



Source: Bloomberg, January 2026.

Table 17: Volatility of Spreads, 2025

	US	Portugal	Greece	Spain	Italy
Opening Value	4.569	2.848	3.221	3.061	3.522
Closing Value	4.167	3.150	3.443	3.288	3.551
Average	4.288	3.077	3.369	3.227	3.568
Standard Deviation	0.184	0.112	0.102	0.103	0.139
Minimum Value	3.949	2.799	3.199	2.986	3.344
Maximum Value	4.792	3.400	3.703	3.525	4.014

Source: Bloomberg, January 2026.

Table 18: Government Bond Yields (%), 2025

	US	Portugal	Greece	Spain	Italy
Q1	4.205	3.260	3.559	3.372	3.867
Q2	4.228	3.055	3.297	3.242	3.476
Q3	4.150	3.117	3.384	3.257	3.534
Q4	4.167	3.150	3.443	3.288	3.551

Source: Bloomberg, January 2026.

5.2. Credit Default Swaps (CDS)

In the EU, we denote a decrease in CDS levels throughout the year. In the US, we saw a marginal increase, while the CDS spread remained relatively low at 39.59. In the GCC, CDS spreads also dropped. Abu Dhabi's spread decreased to 55.26 by year-end.

Table 19: CDS Performance, 2025

	Portugal	Ireland	Greece	Spain	Italy	US	Bahrain	Abu Dhabi	Dubai
Opening	54.63	27.28	112.69	64.11	115.41	38.65	247.44	63.88	93.72
Closing	40.19	28.76	70.56	40.76	58.02	39.59	242.56	55.26	77.99
Average	48.16	29.73	99.75	54.64	89.09	43.95	244.61	56.74	85.33
Low	38.82	21.37	70.56	40.49	58.00	38.27	231.35	53.42	77.47
High	56.51	41.65	113.77	67.02	115.52	61.84	289.54	66.62	94.55

Source: Bloomberg, February 2026.

5.3. GCC Monetary Policy

The growth of private domestic credit in the GCC varied across member states, ranging from 5.5% to 10%, except in Bahrain, which witnessed negative growth of 1.9% in 2025.

Table 20: Private Sector Credit Growth (% Change)

	2021	2022	2023	2024	2025*
Bahrain	4.4	3.5	2.6	0.8	-1.9
Kuwait	5.3	8.0	2.4	*4.6	6.8
Oman	4.1	4.3	5.5	6.9	7.2
Qatar	9.5	7.4	4.9	3.8	5.5
KSA	15.5	14.1	10.0	14.4	10.0
UAE*	1.5	4.2	6.2	8.7	6.6

* IIF Forecast.

Source: IIF. Respective Country's Database.

The GCC countries' policy rates maintained a general trend of moderation in 2025, with central banks decreasing their policy rates compared to 2024 levels. Kuwait's policy rate has been reduced from 4.0% in 2024 to 3.5% in 2025. Similarly, Oman's rate has dropped from 5.0% to 4.0%.

Table 21: Policy Rate (EOP)

	2021	2022	2023	2024	2025*
Bahrain	1.00	5.25	6.25	5.25	4.25
Kuwait	1.50	3.50	4.25	4.00	3.50
Oman	0.50	4.77	6.00	5.00	4.00
Qatar**	1.00	2.60	5.80	5.60	4.80
KSA	0.50	4.50	5.50	4.50	4.00
UAE*	1.25	4.50	4.70	4.10	3.30

* IIF Forecast.

** Interbank rate.

Source: IIF. Respective Country's Database.

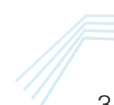
The data for M2 money supply growth in 2025 reveals varied trajectories across the GCC. Qatar and Bahrain anticipate moderate growth rates of 3.7% and 3.1%, respectively. Kuwait and Saudi Arabia exhibit similar trends of moderate growth in 2025, with growth rates of 5.9% and 6.3%, respectively. The UAE stands out with a growth of 10.8%, the highest among the listed countries.

Table 22: M2 % Change

	2021	2022	2023	2024	2025*
Bahrain*	5.2	1.7	5.5	1.6	3.1
Kuwait*	3.8	6.5	1.0	4.3	5.9
Oman	4.6	0.6	13.1	8.1	7.8
Qatar	1.4	17.4	1.1	-0.6	3.7
KSA*	7.7	8.4	7.9	8.9	6.3
UAE	5.7	9.0	18.7	14.6	10.8

* Broad Money (M3)

Source: IIF, January 2026.





**FINANCIAL
REVIEW**

Net income analysis

Gulf Investment Corporation (GIC) reported a net profit of US\$230 million, compared to US\$239 million in the previous year. The Global Markets portfolio delivered positive returns, driven by strong performances in Global Markets. This resulted in an increase of US\$39 million in net gain from investments, reaching US\$142 million compared to US\$103 million in 2024, mainly due to the outstanding performance of equity and bond portfolios. In addition, GIC's direct investment in projects continued to perform well. The Corporation's share of results from associate companies reached US\$151 million, reflecting the high profitability of associates operating in the metals, telecommunications, and electricity and water sectors.

Impairment of US\$31 million (2024: US\$27 million) related to investment in associates have been provided for the year. Other comprehensive loss for the year amounted to US\$60 million (2024: US\$6 million) resulting in a consolidated total comprehensive income to US\$170 million (2024: US\$233 million).

Interest income

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

Interest income for the year amounted to US\$34 million, reflecting a decrease of US\$9 million from the previous year. The decrease in interest income from placements with banks was mainly due to lower placement volumes and reduced interest rates throughout 2025.

Net gain from investments

Net gain from investments represents 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 a net gain of US\$142 million in 2025 (2024: US\$103 million) comprising realised gain on financial assets at fair value through statement of income of US\$24 million (2024: US\$23 million) and unrealised gain of US\$108 million (2024: US\$45 million) from financial assets at fair value through statement of income. During 2025, GIC recorded a realised gain on sale of associate companies amounting to US\$10 million (2024: US\$11 million).

Dividend income

Dividend income increased to US\$24 million in 2025, compared with US\$12 million in 2024. Dividend income comprises receipts from equity participations, listed equities, and managed funds. Dividends from the principal investment portfolio amounted to US\$21 million (2024: US\$10 million), while the equities and managed funds portfolio contributed the remaining US\$3 million (2024: US\$2 million).

Share of results of associates

The share of results from associate companies amounted to US\$151 million (2024: US\$214 million). The year-on-year decline was primarily attributable to weaker performance from associates in cyclical sectors, while contributions from companies in key industries remained strong and continued to provide a solid underlying earnings base.

Interest expense

In 2025, the volume of deposits declined and interest rates fell, following the US Federal Reserve's decision to reduce rates in response to a relative improvement in inflation. This led to a 35% reduction in interest expenses, which amounted to US\$34 million, compared with US\$52 million in 2024.

Operating expenses

The Corporation continued to focus on operational efficiency and productivity through the implementation of strict cost controls, resulting in a reduction of operating expenses by US\$3 million. Consequently, operating expenses decreased to US\$52 million, compared with US\$55 million in 2024.

Provision for impairment losses

Provisions for impairment losses amounted to US\$31 million (2024: US\$27 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 reducing leverage and rebalancing its portfolios to achieve higher returns with lower risk. Total assets increased by US\$58 million during the year to US\$3,504 million. Equity stood at US\$2,875 million, compared with US\$2,885 million in the previous 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 further details on the key components of the balance sheet:

Financial assets at fair value through statement of income

As of 31 December 2025, financial assets at fair value through statement of income amounted to US\$1,412 million, reflecting a US\$75 million increase from the previous year.

Debt and other interest-bearing securities, which make up 33% of the financial assets at fair value through statement of income increased by US\$47 million reaching US\$469 million compared to the previous year US\$422 million.

The debt portfolio primarily comprises fixed-rate securities and is managed in accordance with strict internal guidelines to ensure high investment quality. A significant portion of the portfolio consists of investment-grade issuers and high-quality GCC sovereign credits. A detailed credit risk analysis of the investment securities portfolio is provided 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\$859 million, equity participations of US\$47 million, and international & GCC private equity fund exposures of US\$37 million. Investments in equities and managed funds increased by US\$66 million, driven by a US\$17 million increase in emerging market equities, a US\$25 million increase in global and GCC markets equities and an increase of US\$24 million in other unquoted alternative funds.

The decrease in equity participations was mainly due to the reclassification of an investment during the year, which led to a US\$31 million reduction in the balance.

The private equity funds invest in a diversified range of strategies and are managed by qualified fund managers, selected in accordance with the Corporation's investment policy.

Financial assets at fair value through other comprehensive income

As of 31 December 2025, financial assets at fair value through other comprehensive income stood at US\$220 million with a net fair value change of US\$38 million.

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 sectors like Metal, Logistics, Power & Utilities, Education and Building materials, where a sustainable competitive advantage has been built.

Investment in associates amounted to US\$966 million in 2025, compared with US\$1,676 million in 2024. The decrease was primarily due to the reclassification of an investment to assets held for sale, valued at US\$673 million.

The share of results from associate companies for the year totalled US\$151 million. Additional changes were driven by additional investments in associate companies, and the share of net changes in revaluation reserves of associates.

Other assets

As of 31 December 2025, other assets totaled US\$31 million, of which US\$27 million represented amounts receivable from associate companies. The remaining balance comprised interest, trade and other 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\$482 million, comprising US\$444 million in deposits from central banks and other financial institutions and US\$38 million in term finance.

Further details on liquidity and funding, the various risks associated with the Corporation's business activities, and its capital strength are provided in the Risk Management section of this Annual Report.

Other liabilities

Other liabilities totaled US\$147 million as of 31 December 2025. This included US\$51 million in advance payments related to the sale of an investment in an associate. The remaining balance comprised accrued interest and expenses, as well as the negative fair value of derivative instruments.

Equity

Equity stood at US\$2,875 million as of 31 December 2025, compared with US\$2,885 million in the previous year. The movement in equity reflects a net profit of US\$230 million, offset by other comprehensive losses of US\$60 million and dividend payments to shareholders totaling US\$180 million.



**RISK
MANAGEMENT**

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 2025, 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. Further quantitative details regarding GIC's risk-weighted assets and capital adequacy are available in the Basel III Disclosure section.

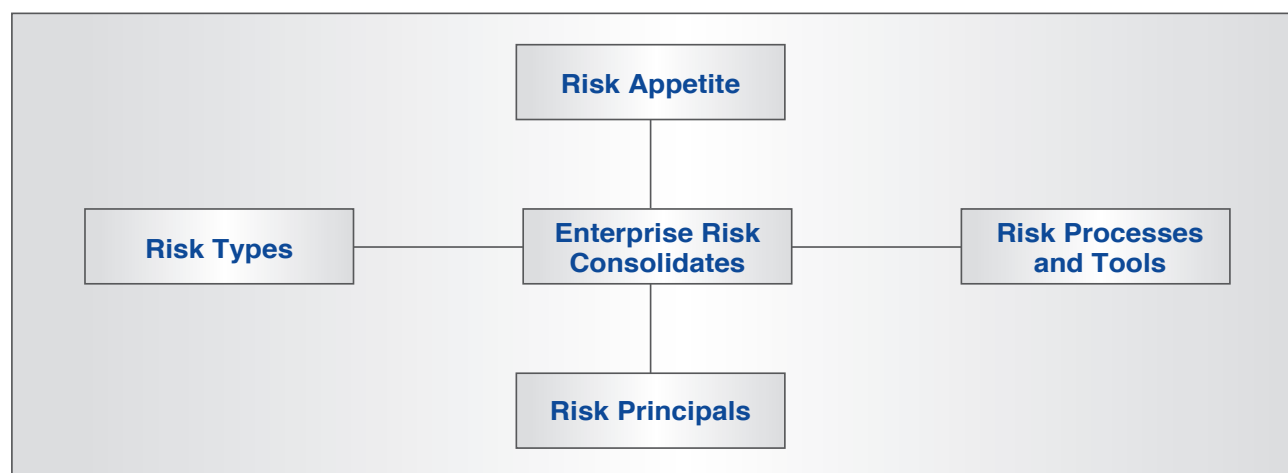
In 2025, the world economy faced many challenges that impacted markets and institutions all around the world. Central banks' policies were ambiguous about decreasing rates, given uncertain inflation data. Volatility in fixed income yields and equity market returns added to the uncertainty. The geopolitical risks remain high with the continuation of the Russia-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 2026, certain challenges might increase uncertainty during the year. Continued uncertain bank 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 risk management is to ensure an appropriate balance between risk-taking activities, expected returns, 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. It provides tools 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 categorized into four primary areas: 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 analytical tools, and a 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, emerging trends in the current business environment, and forward-looking scenarios and expectations.

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

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

The Risk Management team at 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 to ensure that risk-taking activity remains within the management's acceptable levels.

Within the Corporation, responsibility for the management of risk is not limited to a single division. The philosophy has been to encourage a culture of prudent risk management across all business and support areas. Ongoing risk awareness programs and training ensure that the risk culture is embedded in the Corporation.

From an "Internal Control" perspective, 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 multifaceted approach enables effective risk management by identifying and monitoring risks from a variety of perspectives.

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

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 has 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 in 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 appetite, 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) Define and recommend the Corporation's Risk Appetite to the Board of Directors.
- b) Review and assess the Enterprise Risk Management (ERM) governance structure.
- c) Review the Risk Management framework (encompassing risk assessment guidelines and policies for Credit, Market, Liquidity, Interest Rate, and Operational risk management).
- d) Oversee policies and guidelines for determining the macro-Enterprise Risk Limit levels, and review the utilization of these limits.
- e) Review the adequacy of GICs' capital allocations, including economic and regulatory, incorporating the risk-adjusted return on capital.
- f) Review and assess the integrity and adequacy of the Risk Management Division of the Corporation.
- g) 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 for the enterprise-wide risk management.

Risk officers are responsible for monitoring progress and assisting line managers in reporting relevant risk information. 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 of the Corporation's overall risk management practices, as this leads to the timely identification of risk and the facilitation of appropriate responses.

The RMD structure has a distinct identity and independence from business units. The RMD ensures that risk exposures remain within acceptable risk-appetite levels. The RMD reports directly to the Chief Executive Officer and is manned by dedicated risk specialists in all disciplines to address the pertinent business risk exposures 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.
- d) Recommend appropriate strategies and actions for mitigating risk and ensuring a sound risk asset structure for the Corporation.

The abridged organizational structure of GIC's risk management 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 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 the 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) Principal Investing Investment Committee evaluates proposals for investments and divestiture of assets, ensuring compliance with investment criteria and procedures.
- d) Human Resource Committee, which reviews strategic HR issues.
- e) Systems Steering Committee provides a forum to review the IT architecture and its condition to meet current and future business requirements.
- f) Provisioning Committee oversees all provisioning activity (making or writing back provisions), covering all 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.



CREDIT RISK

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

Global credit markets in 2025 demonstrated continued resilience amid significant headwinds. Despite tariff-driven volatility, particularly the sharp spread widening following the April “Liberation Day” tariff shock, credit conditions recovered quickly: investment-grade spreads tightened to 15-year lows, corporate fundamentals remained stable, and issuance stayed robust. Looking ahead to 2026, the global credit landscape is expected to remain broadly supportive as central banks continue easing and growth holds steady. However, there are four major risks that could disrupt this positive outlook: an escalating global trade war, intensified by a new 15% universal tariff in early 2026, could fuel inflation and fracture supply chains, a potential correction in AI-driven asset valuations could trigger a broader repricing of risk, rising government debt burdens across developed markets may strain sovereign creditworthiness, and persistent geopolitical tensions, including the war in Ukraine, Middle East instability, and U.S.-China rivalry, could undermine investor confidence and disrupt capital flows.

GIC, with its active portfolio management, delivered positive performance across its credit portfolios. GIC remained relatively unscathed during the year, recording nil credit losses, thanks to prudent proactive measures, stringent control frameworks, and continuous monitoring. While the Corporation's credit portfolio, mainly made up of investment-grade fixed income instruments, constitutes a material portion of the overall asset base, strong internal risk guidelines and proactive portfolio management ensure that quality is maintained at all times. Notwithstanding the Corporation's rigorous and prudent policies for provisioning, no material write-downs were required during 2025.

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

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

Credit risk is governed by well-defined credit policies and procedures. In addition to communicating management's risk appetite through country, product, industry, and obligor limits, these policies also detail the processes for measurement, monitoring, and reporting.

The stringent credit approval framework mandates a rigorous evaluation of the creditworthiness of each obligor. Limits are then approved through structured delegated authority levels. Additionally, specific product and industry limits are defined to ensure broad diversification of credit risk. Credit policies and procedures are designed to identify, at an early stage, exposures that require more detailed monitoring and review.

The credit risk management process also applies statistical methods to estimate Expected Credit Losses and Economic Capital Requirements for the various business activities. The system, based on the CreditMetrics methodology, enables accurate credit risk measurement at both the individual exposure and portfolio levels. Expected and Unexpected loss estimates are computed using Probabilities of Default (PD) and Loss Given Default (LGD) data published by leading rating agencies. All quantitative models are subject to regular backtesting and independent validation.

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 the achievement of targeted financial results with a high degree of reliability.

The Corporation's credit risk management process is divided into three phases: portfolio strategy and planning, investment origination and maintenance, and performance assessment and reporting. Each phase is discussed briefly below.

Portfolio Strategy and Planning

The Corporation defines the overall desired financial results, the portfolio strategy for each business unit, and the credit standards required to achieve the targets. Business strategies are developed to integrate risk and meet the defined hurdles in terms of Return on Risk Adjusted Capital (RORAC).

Portfolio management establishes composition targets and continually monitors the results of these diverse business strategies to manage concentrations that can result from seemingly unrelated activities. The Board sets specific concentration limits for individual borrowers, groups of borrowers, and for geographical and industry segments, so that no single category of assets or dimension of risk can materially harm the overall performance of the Corporation. These limits consider the individual creditworthiness of counterparties as well as the overall portfolio risk.

The Investment Committees

The Committees monitor and approve investment proposals and review portfolio concentrations across economic sectors and asset classes. These limits are reviewed annually to ensure that concentrations are within the parameters set out by the Corporation.

For counterparty limits, such as limits for banks and financial institutions, credit line approvals follow a strict credit review process, with proper authority levels delegated to senior credit officers. Foreign exchange trading, interest rate gap limits, and ancillary limits (e.g., daylight, overnight, stop loss) are recommended by Treasury for risk management review and eventual approval by the RMC. The RMD quantifies the Corporation's credit risk appetite in line with the overall strategy. The RMD allocates capital at the portfolio level to reflect 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 established strategy and portfolio parameters. All investments must meet well-defined criteria and product-structure requirements and are approved based on a risk and return assessment. Credit maintenance processes include documentation review and disbursement, and review of the status of exposures.

In this phase, origination and underwriting for distribution to investors take place. The business units remain the sponsors and main risk managers of their proposals. The risk management team independently reviews Investment and product proposals prior to granting approvals to ensure that the proposals are within the risk appetite of the Corporation and are consistent with its policy, prior to disbursement of funds.

Performance Assessment and Reporting

This phase allows both the senior management and business units to continually monitor results and improve performance. Both portfolio and process trends are monitored to make appropriate and timely adjustments to business strategies, portfolio parameters, credit policies, and investment origination and maintenance practices.

This phase draws on information within the Corporation and external benchmarks to evaluate performance. The goal of performance assessment is to achieve a balanced, well-diversified portfolio of assets that generates 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.
- e) Other policy exceptions.

Inherent in the Corporation's business activity is the presence of 'portfolio risk', which arises whenever there is a high positive correlation between individual credit portfolios. To address this risk, the Corporation employs the 'Credit Manager' system promoted by Risk Metrics Inc. (part of MSCI). The system is a quantitative-based program where the overall portfolio's Credit Value at Risk (Credit VaR) is measured and controlled. This model calculates Credit VaR based on credit ratings, default probabilities, loss given default, current market prices, while considering the impact of the correlation of the various credits in the portfolio.

The Debt Capital Markets (DCM) portfolio, which 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 portfolio's existing notional limits, is based on the CreditMetrics methodology and is measured using Monte Carlo Simulation.

The table below provides the Credit VaR figures for the DCM Portfolios. On 31st December 2025, the market value of this portfolio was US\$ 468 million, compared with US\$ 421 million in the previous year. The year-end Credit VaR is slightly lower compared with the previous year.



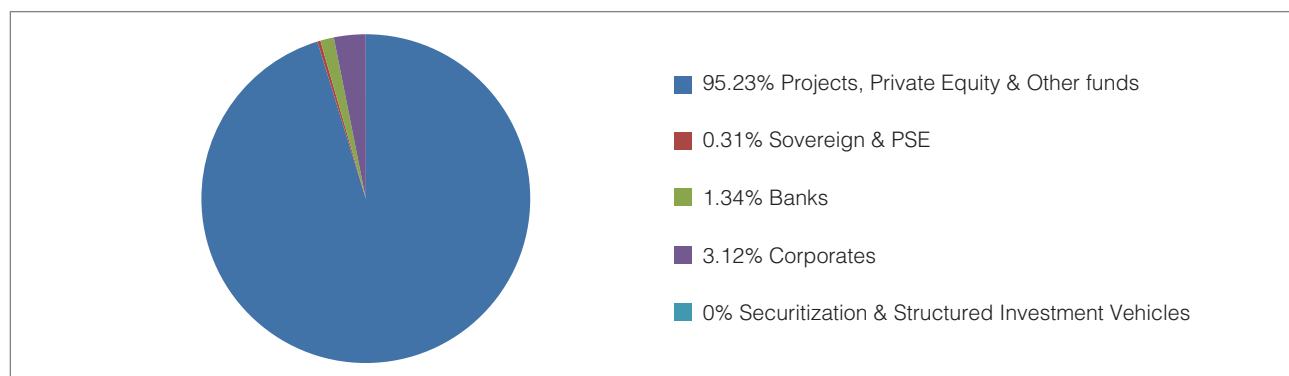
Table 1: 2025 Credit Value at Risk - 99.96% confidence level, 1 year holding period

US\$ 000's	Average	Minimum	Maximum	31 Dec 2025
Debt Portfolios	42,423	26,352	52,936	39,499

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 capable of near “real-time” monitoring and control of risk-taking activities are effectively utilized.

An activity-wise breakdown of the principal sources of credit risk is illustrated in the pie chart below. The proportions reflect Credit Risk-Weighted Exposure, computed based on Basel III’s Standardized Approach. 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)

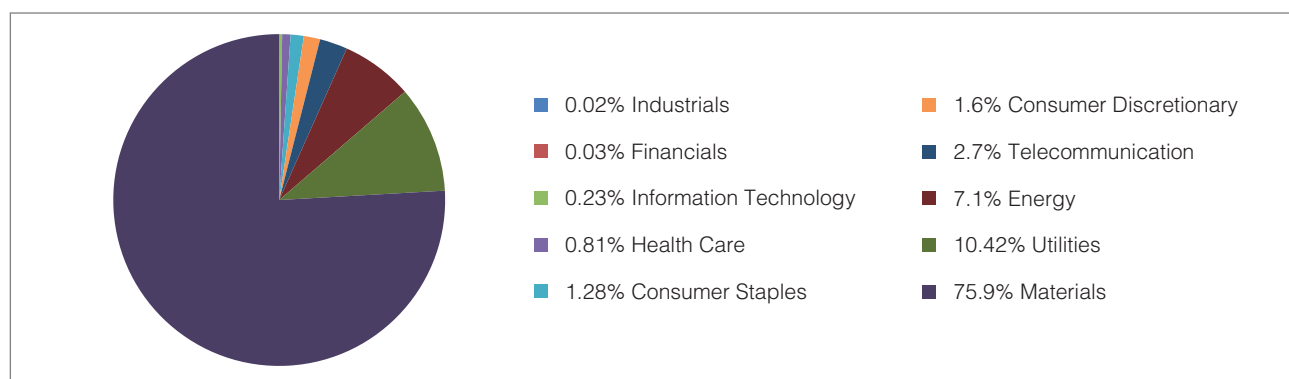


Between 2024 and 2025, credit risk-weighted exposure continued to be predominantly concentrated in Projects, Private Equity & Other Funds, though the category saw a modest decline from 96.6% to 95.2%. Sovereign & PSE exposure further decreased from 0.7% to 0.3%, while Banks recorded a slight uptick from 1.2% to 1.3%. The most significant shift occurred in Corporates, which more than doubled from 1.5% to 3.1%

The Principal Investing portfolio (projects) mainly focuses on the GCC countries, leveraging GIC’s regional presence and expertise. Investments are made after rigorous qualitative and quantitative analysis, and where the desired risk-return objectives are met. As highlighted in the graph below, the portfolio maintains healthy diversification across industry sectors.

Private Equity and other Equity Funds represent investments managed by third-party fund managers, typically in the United States and Europe, selected after careful assessment of their records and extensive due diligence. The performance of third-party fund managers is continuously monitored against benchmarks to ensure ongoing compliance with GIC’s investment mandates.

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 liquidity and hedging requirements, optimize portfolio returns, and manage its exposure to market risk.

In the case of derivatives and foreign exchange transactions, procedures similar to those for on-balance sheet products are used for measuring and monitoring credit risk. Credit risk-weighted exposure to off-balance sheet products amounted to nearly 1.75% of total credit risk-weighted exposure.

At the year-end 2025, there were no outstanding derivatives held for trading. Off-balance sheet transactions also include credit-related contingent items designed to meet the financial requirements 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.

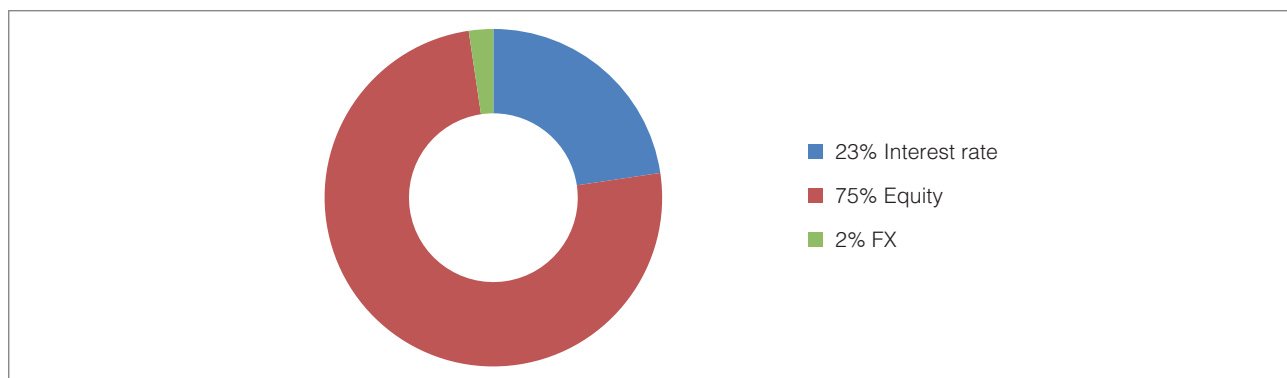
In an uncertain and volatile global credit market, the Corporation will continue to adhere to strong internal risk controls. While the mechanism of risk monitoring and control has been further strengthened, the risk management function is now more engaged with the business units, having been brought forward within the investment process. In addition to incorporating additional credit information, including Credit Default Swap (CDS) prices, equity prices, and market-implied ratings, into 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 the value of financial instruments, resulting from adverse changes 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, by 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 in 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 on both a notional basis and using a Market Value-at-Risk (Market VaR) concept. A blend of quantitative statistical methods, expert judgment, and experienced talent is used to effectively manage market risk. A system of limits and guidelines controls 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, a 25-day holding period, and use historical data sets.

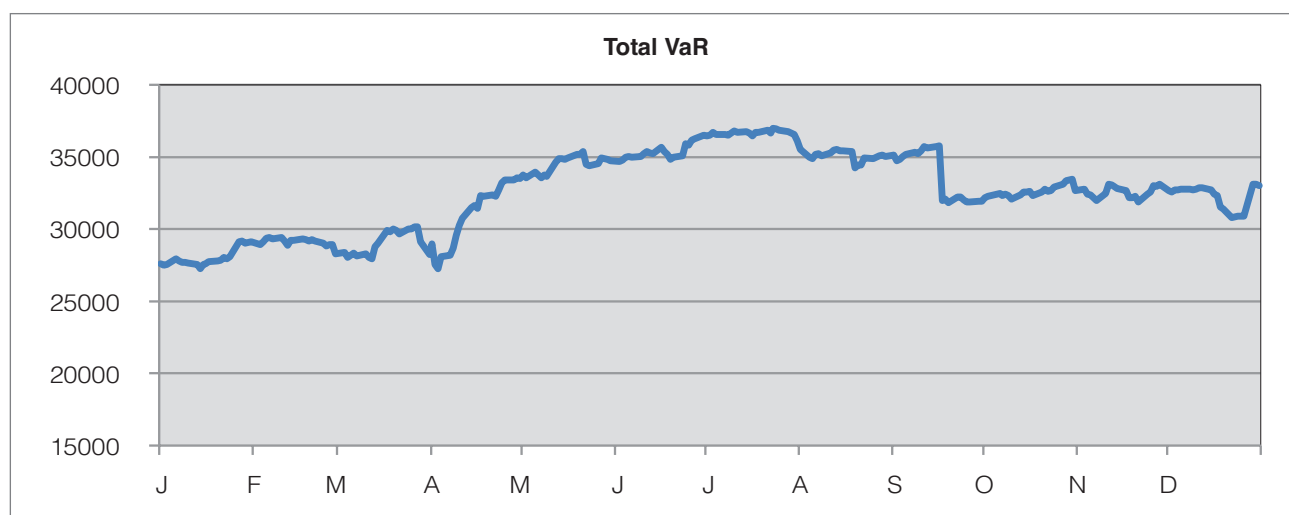
Table 2: Market Value at Risk for Global Markets Group alone - 25-day holding period, 95% confidence level

2025				
US\$ 000's	Average	Minimum	Maximum	31-Dec-25
Interest rate	9,227	8,551	10,653	8,551
Equity	30,548	23,931	35,690	32,286
Foreign Exchange	954	154	1,606	1,122
Total*	32,518	27,257	36,985	33,028
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

* Total VaR incorporates benefits of diversification

The average market risk VaR was higher compared with the previous year. As at 31st December 2025, total market risk VaR reached US\$ 33.0 million. Total market risk VaR remained within limits 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):



Certain portfolios and positions are excluded from the Market VaR analysis because 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 for these investments is measured using a 10% sensitivity measure, representing 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, the projected timing and amount of future cash flows, discount rates, sector trends, and underlying business models.

The table below provides the sensitivity measure for 2025 and 2024. The Principal Investment and Private Equity portfolios are categorized as financial assets at fair value through the statement of income, and 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-25	31-Dec-24
Principal Investments	Underlying asset value	190,676	201,216
Private Equity Funds	Underlying asset value	3,665	4,399

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 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 developments and expectations about future 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 through a decrease in liabilities or an 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 when they are due.

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.
- 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, 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 the availability of funds.
- d) Minimizing the adverse impact of potential future changes in market conditions affecting GIC's ability to fund itself.
- 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, the depth of the market, the stability of the liabilities, and the 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, resulting from drawdowns of commitments, etc.
- 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.

Throughout the year, the Corporation maintained a liquidity surplus well above the minimum thresholds set by the Risk Management Committee. The net liquid asset ratio as of 31st December 2025 was 193%. 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 to liquid assets to reflect potential market discounts.
- c) A "business as usual" posture is maintained in determining the level of assets to be liquidated or pledged to avoid sending the wrong signal to the market.

The Corporation's investment portfolio is managed so that the holdings of unpledged, marketable securities, comprising of strategic reserves, are equivalent to approximately 30% of the projected maximum 30-day cumulative cash outflow. By the end of December 2025, investments in marketable securities tallied at approximately US\$ 1.328 billion, and were primarily made up of investment-grade securities.

The quantities of pledged securities are reviewed periodically to ensure that the quantity of pledged securities does not exceed the amounts required to secure funding or for other purposes. 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. 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. Consistent with other GIC objectives, the Corporation emphasizes both minimal reliance on short-term borrowed funds and the use of Intermediate and long-term borrowings in place of short-term funding.

A diverse mix of funding sources, currencies, and maturities is used in order to gain broad access to the investor base. The proactive steps GIC undertook during the previous years, particularly in raising medium-term financing, enabled the Corporation to secure a sound asset-liability maturity profile. As of 31 December 2025, the Corporation's term financing stood at US\$ 38 million.

Further, the Corporation was successful in enhancing the diversity of its depositor base, a reflection of increased market confidence. At year-end 2025, the Corporation's deposit base stood at US\$444 million, 100% 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 sources for the comparative years 2024 to 2025.

US\$ Millions	2025 (US\$)	2025 (%)	2024 (US\$)	2024 (%)
GCC Deposits	444	12.8%	334	9.9%
International Deposits	0	0.0%	75	2.2%
Repo Financing	0	0.0%	0	0.0%
Term Financing	38	1.1%	35	1.0%
Shareholder's funds and others	2,978	86.1%	2,918	86.8%
Total	3,460	100.0%	3,361	100.0%

Contingency Funding Plan

Within GIC, liquidity is managed through a well-defined process to ensure that all funding requirements are met. This process includes establishing 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 financial market conditions, including credit-rating downgrades. CFP procedures are clearly articulated in the Corporation's Liquidity Policy Document.

These procedures include:

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

Throughout the year, our liquidity position remained adequate to support our strategy.

Interest Rate 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, using rates derived from short-dated (up to two years) Eurodollar futures contracts as a proxy for the forward interest rate on the underlying Eurodollar deposits. Any funding, placements, or borrowing with a maturity or repricing of over two (2) years are either matched or hedged.

GIC also manages gapping positions in other major currencies, converting non-USD gaps to USD equivalents to determine the equivalent number of Eurodollar futures contracts.

The Eurodollar futures contract, given its liquidity, is a reasonable proxy for measuring interest rate risk in the short-term funding gap. The rationale behind this approach is that, if necessary, positive (negative) gaps within a given time bucket could be covered by selling (buying) Eurodollar futures contracts with equivalent notional amounts. Contracts from individual time buckets are accumulated for each currency and then aggregated across all major currencies. The maximum number of notional contracts 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 both temporary and permanent excesses.

The interest rate sensitivity expressed in Eurodollar futures contract equivalent as of December 31, 2025, was 938 contracts, with an estimated VaR of US\$ 365,598. The number of contracts has slightly increased compared to the year before. In addition, the estimated VaR is lower than the levels of the previous year (31 December 2024: 935 contracts, estimated VaR US\$ 744,387). This excludes the impact of the fixed-rate EMTN Issuance.

GIC conducts stress tests to assess how changes in yield curves affect our portfolios. These tests simulate movements in interest rates, yields, and credit spreads. The Corporation applies several scenarios, including Curve Shifts, Steepening and Flattening, and Butterfly Shifts. Additionally, a Spread Gapping approach is used, in which a systematic 10-bps shift across all tenors is applied to measure the potential change in market value. These tests ensure that GIC's fixed-income strategy remains robust against both short-term interest rate volatility and long-term structural changes in the yield curve.

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 the financial statements.

As of December 31 2025, roughly 33% of total assets were classified as liquid, with maturities of less than 3 months. This classification is based on the Corporation's internal assessment of its right and ability to liquidate these instruments effectively. Approximately 89% of total liabilities fell into the same bucket. The sizable portfolio of high-quality marketable securities contributed to the relatively high ratio of liquid assets. The Corporation's historical 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.

By raising medium-term finance, the Corporation was able to optimize the asset-liability maturity gap, especially within the medium and long-term buckets, further strengthening its structural liquidity posture.

CREDIT RATING

GIC's strong financial indicators and disciplined risk management framework were acknowledged and reflected in the credit ratings assigned by leading international and regional credit rating agencies. As of the end of 2025, GIC maintained strong investment-grade ratings, with long-term deposits rated A2 by Moody's and BBB+ by Fitch.

Notably, Fitch Ratings recently revised GIC's outlook to "Positive" from "Stable". All other 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 shareholders' investment and is a key strategic resource that 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 signals 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\$ 2,842.6 million at year-end 2025. GIC continues to be one of the best capitalized financial Institutions in the region. GIC's Capital Adequacy Ratio remains well above the minimum Basel III requirements and internal risk appetite limits.



OPERATIONAL RISK

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

In addition to core operational risks, GIC actively monitors and manages other non-financial risks, including Regulatory, Strategic, and Reputational risks.

- Regulatory risk is managed through a framework of Compliance policies and procedures and a dedicated General Council.
- Strategic risk is managed through the close monitoring of reviews, targets, and goals by senior management.
- Reputational risk is managed through clear and transparent guidelines and the GIC Code of Conduct.

The management of Operational Risk has the following key objectives:

- Proactively identify, assess, control, and mitigate operational risk, while ensuring the effective reporting of risk and emerging risk issues.
- Embed operational risk awareness across all our activities, including the practices and controls used to manage other types of risks.

Overview of The Operational Risk Framework

GIC's Operational Risk Framework provides 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 other potential problems. The framework is composed of four key components:

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 regularly. This process transparently assesses the business's risks and analyzes the strengths and weaknesses of controls that are put in place, including assessment of fraud-detection controls.

b) Loss Event Framework

Operational loss events are reported in a central database. Comprehensive Information about these events is collected, including the amount, occurrence, discovery date, business area, and product involved, and a detailed root cause analysis. GIC also captures data on events with non-monetary impacts and near-miss events.

c) Corrective Action Plans (CAPs) Framework

The CAPs framework is a key component of management practice for identifying, documenting, and resolving control weaknesses or high-risk exposures. This includes issues identified through our integrated RCSA and monitoring program, internal audits, compliance reviews, and operational risk loss-event reporting. It enables management to demonstrate to internal and external auditors and regulators that it is aware of and is actively addressing these issues, as well as monitoring the timely resolution of these issues. The Risk Management Committee (RMC) is kept abreast of all material operational risk issues identified.

d) Operational Risk Reporting Framework

The Reporting framework ensures that all Operational Risk types and events are consistently categorized and reported following the Basel III ratings methodology. This will help establish a common language for Operational Risk across the Corporation, facilitate the correlation of similar events, and identify root 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, as defined by the Standardized Approach developed by the Basel Committee on Banking Supervision.

Under this methodology, the Corporation's business activities are categorized within the identified business lines. These include Principal Investment, Debt Capital Market, Equity Investments, Alternative Investments, Treasury, and Headquarters.

INSURANCE:

As part of the Enterprise Risk Management strategy, the Corporation uses a comprehensive suite of insurance policies to mitigate operational risks and ensure adequate coverage. The Risk Management Division (RMD) conducts independent reviews to ensure these policies are closely aligned with the operational risk profile and are cost-beneficial to GIC.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLANNING:

GIC maintains a Board-approved resilience framework to safeguard critical operations and protect earnings, capital, and stakeholders during disruptions. The Business Continuity Plan (BCP) Team, led by Operational Risk and Information Technology, is responsible for developing, managing, and continuously improving GIC’s disaster recovery planning. There are three active and fully tested disaster recovery sites:

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

Through regular simulations and stress tests, GIC validates that its business plans effectively complement its IT infrastructure recovery plans. This ensures that the Corporation can minimize service interruptions and achieve the timely resumption of operations in line with defined recovery objectives.

LEGAL RISK MANAGEMENT:

GIC has a comprehensive compliance framework and a dedicated General Counsel for the effective management of legal risks through the provision of legal advice and litigation management, thereby protecting the Corporation’s reputation and financial integrity.

INFORMATION SECURITY FRAMEWORK:

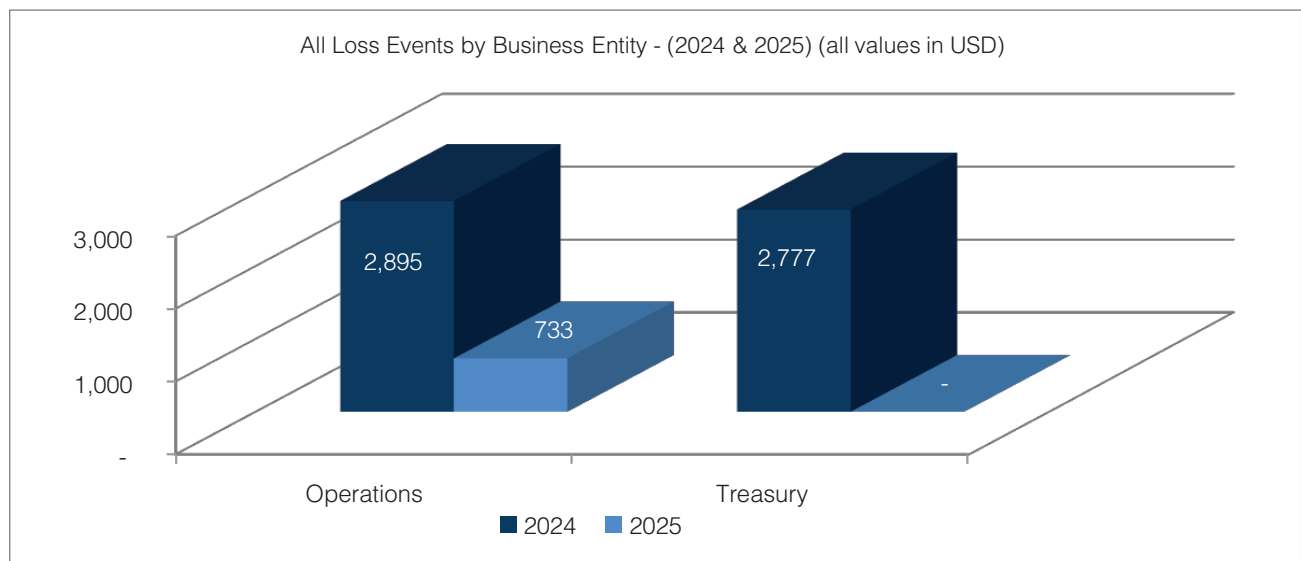
A secure Information security framework is in place to identify the responsibilities at every level of Information handling, i.e., from data ownership to data access.

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 2025:

The Corporation monitors and maintains a comprehensive database of operational loss events, categorized according to the Basel III loss event categories. The Corporation adopts a zero-threshold reporting policy; all events, whether resulting in a loss or again, are captured, including near misses.

During 2025, all events fell under the stage 1 loss event category: “Execution, delivery, and process management”, and were used to further refine the Corporation’s RCSA and control environments.





**BASEL III
DISCLOSURE**

Basel III Rationale:

Aligning banking risk management with Capital Requirements

In response to the global financial crisis in 2008, the Basel Committee issued the Basel III framework 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 has raised 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 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 introduced a number of macroprudential elements into the capital framework to help contain systemic risks arising from procyclicality and from the interconnectedness of financial institutions.

Also, the Basel Committee introduced internationally harmonized global liquidity standards to establish minimum requirements and promote an international level playing field to help prevent a competitive race to the bottom.

The Architecture of Basel III - Capital and Liquidity

Basel III continues with the three-pillar approach 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 are 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 credit, market and operational risks. Greater focus under the new accord is on quality and level of capital, including capital loss absorption at the point of non-viability, a capital conservation buffer, and a countercyclical buffer. The new framework provides 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 the system-wide buildup of leverage. The accord provides a continuum of approaches, from basic to advanced methodologies, for measuring 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.

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, 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.

Pillar 3 - Market Discipline

Pillar 3 aims to promote market discipline through enhanced standardized disclosures by banks. It sets out disclosure requirements and recommendations. In several areas, including the way a bank calculates its capital adequacy and its risk 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 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 (LCR) and Net Stable Funding Ratio (NSFR) 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, or other financial entities.

Table 1 presents the Corporation's regulatory capital resources for the years ending December 2025 and December 2024. Basel III permits recognition of general provision (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 2025, a full deduction is made from Tier 1 capital due to a negative fair value adjustment. Total eligible regulatory capital was US\$ 2,842.6 million by year-end December 2025, compared with US\$ 2,821.6 million recorded in December 2024. The Corporation has adopted a conservative policy for the treatment of the net fair value reserve, wherein, if negative, the total amount is deducted from eligible capital, and if positive, only 45% of the fair value reserve is included within eligible capital.

Table 1: Regulatory Capital Resources

In US\$ millions	31-Dec-25	31-Dec-24
Paid-up capital	2,100.0	2,100.0
Disclosed reserves	623.4	599.5
Retained earnings	325.1	298.4
Less: Goodwill	32.9	62.5
Less: Deductions	0.3	0.3
Less: Adjustment for Fair value reserve	172.6	113.6
Total Tier 1 Capital	2,842.6	2,821.6
Total Tier 2 Capital	-	-
Total eligible regulatory capital	2,842.6	2,821.6
In US\$ millions	31-Dec-25	31-Dec-24
Common Equity Tier 1 (CET1)	2,842.6	2,821.6
Additional Tier 1 (AT1)	-	-
Total Tier 1 Capital	2,842.6	2,821.6
Total Tier 2 Capital	-	-
Total eligible regulatory capital	2,842.6	2,821.6

2. Capital Adequacy Management

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

GIC's process for assessing 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 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. 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 maintains high ratings by both major international agencies (Moody's & Fitch). Details of the Corporation's ratings are provided on page 51 of this annual report.

Table 2: Capital Adequacy Ratios

In US\$ millions	Risk-weighted assets	Capital requirement
Credit Risk	5771.5	461.7
Market Risk	2335.8	186.9
Operational Risk	635.2	50.8
Total	8742.4	699.4
Capital Adequacy Ratios	31 December 2025	31 December 2024
Total CAR	32.5%	33%
Common Equity Tier 1 (CET1)	32.5%	33%
Tier 1 Ratio	32.5%	33%
Liquidity Coverage Ratio (LCR)	166%	124%
Net Stable Funding Ratio (NSFR)	160.5	155%

Table 2 details the risk-weighted assets and their corresponding regulatory capital requirements as of 31 December 2025. The total capital adequacy ratio and Tier 1 capital ratio are likewise calculated. GIC applies the Standardized Approach for credit and operational risks, and the Internal Model Approach for market risk. Total risk-weighted exposures of US\$ 8742.4 million, as of 31 December 2025, requires regulatory capital of US\$ 699.4 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\$ 1,399 million. The reported eligible regulatory capital of US\$ 2,842.6 million still provides sufficient cushion to support business expansions.

Table 3: Risk Exposure Breakdown

In US\$ millions	31 December 2025
Credit Risk (Standardized Approach)	
Claims on sovereigns	16.8
Claims on Public Sector Entities	1.0
Claims on Banks	77.1
Claims on Corporates	180.1
Securitization and Structured Investment Vehicle	0.1
Venture Capital and Private Equity	42.8
Investments in Commercial Entities	4,928.8
Investments in Other Funds and Quoted Equities	485.9
Other Assets	38.8
Total Credit RWA	5,771.5
Market Risk (Internal Model Approach)	
Interest rate risk position	0.0
Foreign exchange risk position	0.0
Equity risk position	52.3
(Total VaR + Stress VaR) x 3	157.0
Specific risk position	29.9
Total capital requirement	186.9
Total Market RWA (capital requirement x 12.5)	2,335.8
Operational Risk (Standardized Approach)	
Operational risk capital requirement	50.8
Total Operational RWA (capital requirement x 12.5)	635.2



3. Credit Risk as per Basel III Standardized Approach

For regulatory capital purposes, the Corporation applies the Standardized Approach to credit risk under Basel III. Under this approach, credit exposures are categorized into standard portfolios that are subject to a distinct risk-weighting scale based on standard characteristics as well as the external credit assessments from international rating agencies, where available. GIC uses the credit ratings assigned by Moody's and Fitch for this purpose. When more than one counterparty rating is available, Basel III's multiple assessment guidelines are invoked.

The Corporation applies Credit Conversion Factors (CCF) and Credit Risk Mitigation (CRM) techniques in accordance with Basel III standards. CCF is applied to off-balance sheet items, such as eligible guarantees and commitments, to estimate the credit equivalent of these potential exposures. CRM involves the use of eligible collateral or guarantees to reduce the credit risk of exposures.

Tables 4 and 5 present the breakdown of credit exposures pre- and post-credit conversion. As of 31 December 2025, rated credit exposures accounted for about 2.1% of total credit exposures after applying the Credit Conversion Factors (CCF). Meanwhile, gross credit exposures represented approximately 8.3% of total gross credit exposures. Of the rated exposures, assets rated single A or better comprised 78.8%.

Table 4: Credit Exposure (post-credit conversion)

In US\$ millions	31 December 2025		
	Rated	Unrated	Total
Claims on Sovereigns	16.8	0.0	16.8
Claims on Public Sector Entities	1.0	0.0	1.0
Claims on Banks	74.6	2.5	77.1
Claims on Corporate	28.3	151.8	180.1
Securitization and SIVs	0.1	0.2	0.3
Venture Capital and Private Equity		42.8	42.8
Investments in Commercial Entities		4,928.8	4,928.8
Other Funds and Quoted Equities		485.9	485.9
Other Assets		38.8	38.8
Total	120.8	5,650.9	5,771.7
In Percent	2.1%	97.9%	100.0%

Table 5: Gross Credit Exposure (pre-credit conversion)

In US\$ millions	31 December 2025		
	Rated	Unrated	Total
Claims on Sovereigns	222.1	0.0	222.1
Claims on Public Sector Entities	5.1	0.0	5.1
Claims on Banks	256.7	5.1	261.7
Claims on Corporate	28.3	151.8	180.1
Securitization and SIVs	0.2	0.2	0.4
Venture Capital and Private Equity		42.8	42.8
Investments in Commercial Entities		4,928.8	4,928.8
Other Funds and Quoted Equities		485.9	485.9
Other Assets		38.8	38.8
Total	512.4	5,653.4	6,165.8
In Percent	8.3%	91.7%	100.0%

Table 6: Gross Credit Exposure before Credit Risk Mitigation (CRM)

In US\$ millions	31 December 2025		
	Funded	Unfunded	Total
Claims on Sovereigns	222.1	0.0	222.1
Claims on Public Sector Entities	5.1	0.0	5.1
Claims on Banks	261.5	0.2	261.7
Claims on Corporate	180.1	0.0	180.1
Securitization and SIVs	0.4	0.0	0.4
Venture Capital and Private Equity	36.7	6.2	42.8
Investments in Commercial Entities	4,795.9	132.9	4,928.8
Other Funds and Quoted Equities	485.9	0.0	485.9
Other Assets	32.6	6.2	38.8
Total	6,020.4	145.4	6,165.8
In Percent	98%	2%	100%

In terms of facility type (Table 6), approximately US\$ 6,020.4 million, or 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 7: Gross Credit Exposure by Geographic Distribution

In US\$ millions	31 December 2025				Total
	GCC	Europe	Americas	Others	
Claims on Sovereigns	52.7		166.4	3.0	222.1
Claims on Public Sector Entities				5.1	5.1
Claims on Banks	220.4	0.2	5.6	35.4	261.5
Claims on Corporate	12.2	151.8		16.1	180.1
Securitization and SIVs			0.4		0.4
Venture Capital and Private Equity	9.2	4.6	20.0	2.8	36.7
Investments in Commercial Entities	4,664.7		1.5	129.7	4,795.9
Other Funds and Quoted Equities	49.8	391.1	45.1		485.9
Other Assets	32.6				32.6
Total	5,041.6	547.7	239.1	192.0	6,020.4
In Percent	83.7%	9.1%	4.0%	3.2%	100.0%

The geographical distribution (Table 7) is based on either the primary purpose of the exposure, the place of incorporation of the debt security issuer, or the incorporation of the fund manager. A sizable portion of credit exposure is in the GCC region, at US\$5,042 million or 83.7% of the total. Following suit are exposures to Europe at 9.1%, due in great part to investments in global securities and funds with varying investment themes.

Table 8: Gross Credit Exposure by Industry Sector

In US\$ millions	31 December 2025						Grand Total
	Banks & financial institutions	Trading & manufacturing	Energy & utilities	Government agencies	Information Technology	Others	
Claims on Sovereigns				222.1			222.1
Claims on Public Sector Entities	5.1						5.1
Claims on Banks	261.5						261.5
Claims on Corporate	158.9		21.2				180.1
Securitization and SIVs	0.4						0.4
Venture Capital and Private Equity		2.0	9.1			25.5	36.7
Investments in Commercial Entities	1.5	3,641.3	1,153.1				4,795.9
Other Funds and Quoted Equities	468.1	4.0	7.6		0.7	5.6	485.9
Other Assets						32.6	32.6
Total	895.6	3,647.3	1,191.0	222.1	0.7	63.7	6,020.4
In Percent	14.9%	60.6%	19.8%	3.7%	0.0%	1.1%	100.0%

The table on industry distribution (Table 8) of the gross credit exposure reveals a concentration in the Trading & Manufacturing sector and Energy & Utilities, amounting to 80.4% of total exposures, which is in line with GIC's commitment to support industrial growth within the GCC region.

The residual maturity of gross credit exposure broken down by standard credit risk exposure is shown in Table 9. Approximately 92% of gross credit exposures mature in over five years.

Table 9: Credit Exposure by Residual Contractual Maturity

In US\$ millions	31 December 2025			
	Within 3 months	1 to 5 years	Over 5 years	Total
Claims on Sovereigns		48.3	173.7	222.1
Claims on Public Sector Entities			5.1	5.1
Claims on Banks	4.2	215.6	41.7	261.5
Claims on Corporate		167.8	12.3	180.1
Securitization and SIVs			0.4	0.4
Venture Capital and Private Equity			36.7	36.7
Investments in Commercial Entities			4,795.9	4,795.9
Other Funds and Quoted Equities			485.9	485.9
Other Assets	32.6			32.6
Total	36.9	431.8	5,551.8	6,020.4
In Percent	0.6%	7.2%	92.2%	100.0%

Recognition of Impairment of Assets

The Corporation assesses, at each balance sheet date, whether there is objective evidence that a financial asset is impaired. Investments are treated as impaired when there is a significant or prolonged decline in fair value below cost, or when 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 prices for quoted equities, future cash flows, and the discount factors for projects and unquoted equities.

The Corporation reviews its problem loans and advances, and its 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 when estimating the amount and timing of future cash flows to determine the level of provisions required. Such estimates are necessarily based on assumptions about several factors, each involving varying degrees of judgment and uncertainty, and actual results may differ, resulting in future changes to such provisions. The Corporation has made a strategic decision to wind down its lending activities. An insignificant amount of impaired assets stemming from a project loan to a manufacturing company based in the GCC has been fully provided for.

4. Securitization Activities

The Corporation's securitization exposure consists of investments in structured products, generally classified as synthetic securitization. The capital treatment of securitization exposures follows the 'Ratings Based' approach recommended in the Basel III capital adequacy guidelines. Accordingly, Moody's external credit assessments are considered when determining credit risk weights for securitization exposures.

Table 10 provides the credit rating breakdown of the Corporation's investment in securitization and structured investment vehicles (SIVs). Exposures rated B and lower are deducted directly from regulatory capital.

Table 10: Credit Exposure on Securitization and SIVs

In US\$ millions	31 December 2025	
	Gross Exposure	Post-credit Conversion
AAA to AA-	-	-
A to A-	0.19	0.095
BBB+ to BBB-	-	-
BB+ to BB-	-	-
B to B-	-	(deduction from capital)
CCC to C	0.23	
Unrated	-	
Total	0.42	0.095

5. Market Risk

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

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, VaR is determined using a 10-day holding period, a 99% confidence level, and an equally weighted historical data set going back one year. The capital charge for market risk is determined for all portfolios categorized as trading (the trading book), which includes the following (Ref Notes 4 of 2025 consolidated financial statements):

(US\$ million)	2025	2024
Quoted debt instruments	-	-
Hedge and Other unquoted alternative funds	373	349
	<u>373</u>	<u>349</u>

Policies relating to recognition, classification, fair value measurement, and gain/loss computation are detailed in Note 2 of the consolidated financial statements. Furthermore, GIC maintains an explicit capital cushion against 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-covariance methodology adequately suits the Corporation's asset types. Most exposures in the trading book entail very little optionality and are mostly linear in nature. The VaR-based system provides a dynamic and timely measure of market risk, capturing the impact of changes in the 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 (e.g., the occurrence of 'fat tails', non-normal distributions, event risks, and the past not being a good approximation of the future, etc.). These limitations are largely addressed by the daily back-testing exercise and the application of the regulatory multiplication factor. For all the portfolios within the trading book, the same variance-covariance methodology is used to compute VaR, which is computed daily using the parameters described above.

Additionally, scenario analysis and stress testing are essential components 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 extreme events. Therefore, GIC projects future scenarios that simulate a breakdown of the historical behaviors and risk relationships to determine potential loss amounts. Most of these scenarios are derived from historical macroeconomic events, modified with the expectations for the future.

Back-testing

The objective of 'back-testing' is to validate the accuracy of the internal VaR model by 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 using a one-day holding period and a 99% confidence level.

Because the back-testing program is a statistical test of the integrity of the calculation of the VaR measure, the Corporation felt it appropriate to utilize the 'hypothetical portfolio' approach. In this approach, a static hypothetical model portfolio with characteristics similar to the actual portfolio is created, and daily changes in market value are 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 actual portfolio.

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

$$\text{Capital Charge (market risk)} = \text{Max} \{ \text{Vavg} * \text{Mf}, \text{Vend} \} + \text{Max} \{ \text{SVavg} * \text{Mf}, \text{SVend} \}$$

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 11: Trading Book VaR (US\$ millions) - 10-day holding period, 99% confidence level. For the last 60 business days in 2025

In US\$ millions	Interest Rate	Equity	FX	Total
Min	5.6	25.4	0.6	27.2
Max	7.3	30.8	1.2	32.3
Average	6.1	27.9	0.9	29.6
31-Dec-2025	6.0	26.9	0.7	28.7
Stress VaR	5.84	20.23	0.54	22.1

6. Operational Risk

The Corporation currently adopts the Standardized Approach to calculate the operational risk regulatory capital. Capital is calculated by multiplying the three-year average gross income of specific business lines by assigned "Beta" factors (ranging from 12% to 18%). Gross income for each business line is determined by using the Corporation's internal transfer pricing methodology.

The operational risk capital charge for each business line is computed and reported on a quarterly basis. The total operational capital requirement as of 31 December 2025 amounted to US\$ 635.2 million, as shown in Table 12. The highest beta factor of 18% is applied to all business lines as suggested in the capital accord.

Table 12: Operational Risk Capital Charge

	31 December 2024	31 December 2025
Operational risk capital requirement	42.1	50.8
Total RWA (capital requirement x 12.5)	526.7	635.2

The Corporation realizes that the accord offers a continuum of approaches, ranging 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 anchored in objective loss data. To implement this 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.

7. Equity Risk in the Banking Book

Equity investments in the banking book are classified at the time of acquisition as either investments acquired for realizing capital gain or purchased for strategic investments. This classification takes into account factors such as business and strategic advantages to the Corporation and the amount of planned future investments. All investment decisions require the approval of the Investment Committee or the Executive Committee, depending on the amount of exposure.

Investments acquired with a view to generating income and capital appreciation are reviewed periodically and disposed of at opportune instances. Meanwhile, the strategic investment portfolios are reviewed in light of industry, market, and economic developments. The Corporation then decides whether to liquidate or further consolidate its holdings in these investments. The accounting treatment of equity investments can be found under "Significant Accounting Judgments, Estimates and Assumptions" in the notes to the consolidated financial statements.

Publicly traded investments represent quoted equities listed on 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 2025 is US\$ 129 million, net of provision (refer to Table 13 below). The total unrealized gain recorded in equity is US\$ 3 million.

Table 13: Equity Holdings in Banking Book

In US\$ millions	31 December 2025		
	Publicly Traded	Privately Held	Total
Fair Value of Equity Investments	0	129	129
Unrealized (loss)/gain recorded in equity	0	3	3
Unrealized (loss)/gain in Tier 2 Capital	0	3	3

8. Interest Rate Risk in the Banking Book

Treasury manages short-term interest rate gapping by monitoring all interest rate exposure over 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 is obtained. Any funding, placements, or borrowing with a maturity or repricing profile of more than two years are either matched or hedged.

Short-dated (up to two years) Eurodollar futures contracts are used as a proxy for the forward interest rate of the underlying Eurodollar deposits. Total USD placements and borrowings are profiled in time buckets from one week, and then monthly thereafter up to 24 months. Gaps in non-USD currency positions are converted to USD equivalents to determine the equivalent number of Eurodollar futures contracts for each major currency. The aggregate gap is managed within a maximum limit of 3,000 Eurodollar futures contracts, with a corresponding maximum VaR limit of US\$ 2.7 million. The 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 being applied to the notional position value. The resulting figure is then scaled up to a 95% level of confidence.

The Eurodollar futures contract position value as of December 31, 2025, was 938 contracts, with an estimated VaR of US\$ 365,598. The number of contracts has increased compared with the year before. In addition, the estimated VaR is lower than the levels of the previous year (31st December 2024: 935 contracts, estimated VaR US\$ 744,387). This excludes the impact of the fixed-rate EMTN Issuance.

9. Funding Liquidity Assessment

In accordance with the Basel Committee's Principles for Sound Liquidity Risk Management and Supervision ("Sound Principles"), the Corporation maintains a robust framework to manage funding liquidity risk. Central to this reform is the introduction of the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). These benchmarks ensure the Corporation holds sufficient high-quality liquid assets to withstand short-term stress and promote long-term funding stability.

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 2025 was 166%.

Table 14: Liquidity Coverage Ratio

In US\$ millions	31 December 2025
Value of stock of High quality liquid assets (HQLA)	653
Total Net Cash outflow over the next 30 calendar days	394
Liquidity Coverage Ratio (LCR)	166%

Net Stable Funding Ratio (NSFR)

The objective of the NSFR is to promote a stable funding structure by limiting quick balance sheet expansion that relies on relatively cheap yet volatile short-term wholesale funding. It requires the Corporation to maintain a reliable profile of available stable funding relative to the liquidity characteristics of its assets and off-balance sheet activities over a one-year horizon.

Against a prescribed minimum of 100%, GIC's NSFR as of 31 December 2025 was 160.5%.

Table 15: Net stable Funding Ratio

In US\$ millions	31 December 2025
Total Available Stable Funding (ASF)	2,984
Net Stable Funding Ratio (NSFR)	1,859
Net Stable Funding Ratio (NSFR)	160.5%



**CONSOLIDATED
FINANCIAL STATEMENTS**
31 December 2025

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**Shape the future
with confidence**

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF INVESTMENT CORPORATION G.S.C.

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 2025, 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 2025, 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 2025 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2025 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 2025 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF GULF INVESTMENT CORPORATION G.S.C. (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 2025 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: 19 March, 2026



Consolidated Statement of Financial Position

as at 31 December 2025

(All amounts in US\$ millions)

	Notes	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents		5	62
Placements with banks	3	197	102
Financial assets at fair value through statement of income	4	1,412	1,337
Financial assets at fair value through other comprehensive income	5	220	258
Investments in associates	6	966	1,676
Other assets	7	31	11
Investment in an associate held for sale	16	673	-
TOTAL ASSETS		3,504	3,446
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks and other financial institutions	8	444	409
Term finance	9	38	35
Other liabilities	10	147	117
TOTAL LIABILITIES		629	561
EQUITY			
Share capital	11	2,100	2,100
Revaluation reserves		(172)	(112)
Other reserves	11	645	622
Retained earnings		302	275
TOTAL EQUITY		2,875	2,885
TOTAL LIABILITIES AND EQUITY		3,504	3,446

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 2025

(All amounts in US\$ millions)

	Notes	2025	2024
Interest income	12	34	43
Net gain from investments	13	142	103
Dividend income	14	24	12
Share of results of associates	6	151	214
Fees and other (loss) / income		(4)	1
TOTAL INCOME		347	373
Interest expense	15	(34)	(52)
NET OPERATING INCOME		313	321
Staff costs		(38)	(40)
Premises costs		(1)	(1)
Other operating expenses		(13)	(14)
Provision for impairment losses	17	(31)	(27)
PROFIT FOR THE YEAR		230	239

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

Consolidated Statement of other Comprehensive Income

for the year ended 31 December 2025

(All amounts in US\$ millions)

	2025	2024
Profit for the year	230	239
Other comprehensive income:		
<i>Items that are or may be subsequently reclassified to consolidated statement of income</i>		
Share of other comprehensive (loss) income of associates	(22)	14
<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	(38)	(20)
Other comprehensive loss for the year	(60)	(6)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	170	233

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 2025

(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 2025	2,100	(117)	66	(61)	506	116	275	2,885
Profit for the year	-	-	-	-	-	-	230	230
Other comprehensive (loss) / income for the year	-	(38)	(26)	4	-	-	-	(60)
Total comprehensive (loss) / income for the year	-	(38)	(26)	4	-	-	230	170
Transfer to reserves (Note 11)	-	-	-	-	23	-	(23)	-
Dividend paid (Note 11)	-	-	-	-	-	-	(180)	(180)
Balance as at 31 December 2025	2,100	(155)	40	(57)	529	116	302	2,875
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

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 2025

(All amounts in US\$ millions)

	Notes	2025	2024
OPERATING ACTIVITIES			
Profit for the year		230	239
<i>Adjustments for:</i>			
Provision for impairment losses	17	31	27
Realised gain on sale of associates	13	(10)	(11)
Realised gain on sale of a subsidiary	13	-	(24)
Unrealised gain from financial assets at fair value through statement of income	13	(108)	(45)
Share of results of associates	6	(151)	(214)
		<u>(8)</u>	<u>(28)</u>
<i>Changes in operating assets and liabilities:</i>			
Placements with banks		(95)	92
Financial assets at fair value through statement of income		1	54
Financial assets at fair value through other comprehensive income		-	(51)
Deposits from banks and other financial institutions		35	(383)
Movement in other assets and other liabilities		(6)	87
		<u>(73)</u>	<u>(229)</u>
NET CASH FLOWS USED IN OPERATING ACTIVITIES			
INVESTING ACTIVITIES			
Proceeds from sale of an associate		85	30
Proceeds from sale of a subsidiary		-	58
Dividends from associates		110	241
Additional investments in associates		(13)	(39)
Repayment of capital from associates		14	103
		<u>196</u>	<u>393</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES			
FINANCING ACTIVITIES			
Dividend paid	11	(180)	(150)
		<u>(180)</u>	<u>(150)</u>
NET CASH FLOWS USED IN FINANCING ACTIVITIES			
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			
		(57)	14
Cash and cash equivalents at 1 January		62	48
		<u>5</u>	<u>62</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER			

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 2025

(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 2025 were approved by the Board of Directors of the Corporation on 5 March 2026. 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 2025

(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 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - *Amendments to IAS 21*

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies 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 did not have a material impact on the Group's consolidated financial statements.

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.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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

2.4 Standards issued but not yet effective (continued)

IFRS 18 - Presentation and Disclosure in Financial Statements (continued)

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.

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

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's consolidated financial statements.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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

2.5 Material accounting policies information (continued)

Business combination and goodwill (continued)

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.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(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 (continued)

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 derecognition 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.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(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 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.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(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)

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.

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.



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(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)

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.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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

2.5 Material accounting policies information (continued)

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.

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.



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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

2.5 Material accounting policies information (continued)

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.

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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

2.5 Material accounting policies information (continued)

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.

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.



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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

2.5 Material accounting policies information (continued)

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.

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;

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(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 (continued)

Valuation of unquoted equity investments (continued)

- 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

	2025	2024
Local banks	91	1
Other GCC and International banks	106	101
	<u>197</u>	<u>102</u>

Placements with banks carry an effective average interest rate of 4.83% per annum (2024: 5.62% per annum).

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

	2025	2024
<i>Debt instruments</i>		
International bonds	318	276
GCC and Islamic bonds	150	145
Structured debt instruments	1	1
	<u>469</u>	<u>422</u>
<i>Equities and managed funds</i>		
Quoted equity investments	486	444
Hedge and other unquoted alternative funds	373	349
	<u>859</u>	<u>793</u>
<i>Equity participations</i>		
Quoted equity investments	26	-
Unquoted equity investments	21	78
	<u>47</u>	<u>78</u>
<i>Private equity funds</i>		
Managed funds portfolio	35	42
Real estate funds portfolio	2	2
	<u>37</u>	<u>44</u>
	<u>1,412</u>	<u>1,337</u>

The debt instruments carry effective interest rate ranging from 2.75% to 8.38% per annum (2024: 1.58% to 9.63% 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.



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
<i>Equity participation</i>		
Quoted equity investment	83	50
Unquoted equity investment	137	208
	<u>220</u>	<u>258</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.

6 INVESTMENTS IN ASSOCIATES

The Group's investments in associates that are listed on a stock exchange have a carrying value of US\$ 26 million (2024: US\$ 23 million) and a market value of US\$ 31 million (2024: US\$ 26 million).

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

	2025	2024
Share of assets	2,836	3,972
Share of liabilities	(1,822)	(2,279)
Share of net assets	1,014	1,693
Goodwill	68	91
Accumulated impairment losses	(116)	(108)
Carrying amount	<u>966</u>	<u>1,676</u>
Share of revenue	1,064	2,212
Share of results for the year	151	214

Associates of the Group are set out in Note 25.

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

2025	Tristar Holding Ltd.	Wataniya Telecom Algerie S.P.A.	Al Dur Holding Company Limited
Assets	1,852	1,811	1,549
Liabilities	(1,038)	(1,093)	(1,133)
Non-controlling interests	(217)	-	-
Net assets	<u>597</u>	<u>718</u>	<u>416</u>
Revenue	1,268	906	355
Results for the year	55	164	35
Other comprehensive income / (loss) for the year	10	23	(20)

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

6 INVESTMENTS IN ASSOCIATES (continued)

2024	<i>Tristar Holding Ltd.</i>	<i>Wataniya Telecom Algerie S.P.A.</i>	<i>Al Dur Holding Company Limited</i>
Assets	1,889	1,226	1,648
Liabilities	(1,108)	(699)	(1,206)
Non-controlling interests	(222)	-	-
Net assets	<u>559</u>	<u>527</u>	<u>442</u>
Revenue	1,227	780	367
Results for the year	73	111	55
Other comprehensive income / (loss) for the year	16	(6)	16

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

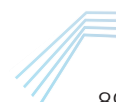
	2025	2024
Assets	5,826	5,487
Liabilities	(3,724)	(3,371)
Net assets	<u>2,102</u>	<u>2,116</u>
Revenue	1,943	3,775
Results for the year	64	68
Other comprehensive (loss) / income for the year	(60)	13

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\$ 31 million (2024: US\$ 27 million) has been recorded in the consolidated statement of income (Note 17).

7 OTHER ASSETS

	2025	2024
Other receivables	28	11
Less: expected credit losses	(8)	(8)
	<u>20</u>	<u>3</u>
Accrued interest, fees, commissions and dividends	9	6
Prepayments	1	-
Property, plant and equipment	1	1
Margin money paid on derivative financial instruments	-	1
	<u>31</u>	<u>11</u>



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

8 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025	2024
Deposits from GCC central banks	250	141
Deposits from other GCC financial institutions	134	193
Deposits from other international financial institutions	60	75
	<u>444</u>	<u>409</u>

Deposits from central banks and other financial institutions carry an effective average interest rate of 4.97% per annum (2024: 5.82% per annum).

9 TERM FINANCE

	2025	2024
Medium Term Note Issues (EMTN)		
	Interest rate %	
MYR medium term fixed rate note due in 2027	5.30% per annum (semi-annual)	
	<u>38</u>	<u>35</u>

10 OTHER LIABILITIES

	2025	2024
Accrued interest	4	11
Negative fair value of derivative financial instruments (Note 22)	11	16
Advance payment on sale of an investment in associate	51	51
Other payable and accrued expenses	81	39
	<u>147</u>	<u>117</u>

11 EQUITY

11.1 The authorised, issued and fully paid capital comprises of 2.1 million shares of US\$ 1,000 each (2024: 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 2025 and 2024 to the voluntary reserve.

11.4 The Board of Directors meeting which was held on 19 March 2025 proposed distributing cash dividend of US\$ 85.71 per share amounting to US\$ 180 million for the year ended 31 December 2024. The shareholders in the Annual General Assembly meeting held on 20 April 2025 approved the cash dividend.

11.5 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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

12 Interest income

	2025	2024
Placements with banks	15	22
Financial assets at fair value through statement of income	19	21
	<u>34</u>	<u>43</u>

13 NET GAIN FROM INVESTMENTS

	2025	2024
Realised gain on sale of associates	10	11
Realised gain on sale of a subsidiary	-	24
Realised gain from financial assets at fair value through statement of income	24	23
Unrealised gain from financial assets at fair value through statement of income	108	45
	<u>142</u>	<u>103</u>

14 DIVIDEND INCOME

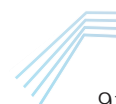
	2025	2024
Equities and managed funds	3	2
Equity participations	21	10
	<u>24</u>	<u>12</u>

15 INTEREST EXPENSE

	2025	2024
Deposits from banks and other financial institutions	(30)	(47)
Term finance	(4)	(5)
	<u>(34)</u>	<u>(52)</u>

16 INVESTMENT IN AN ASSOCIATE HELD FOR SALE

On 1 July 2025, the Group announced the decision of its Board of Directors to sell the associate company "Foulath Holding B.S.C.(c)" ("Foulath Holding"). At 31 December 2025, Foulath Holding was classified as an asset held for sale at its carrying value of US\$ 673 million. The sale of Foulath Holding is expected to be completed within a year from the reclassification date.



Notes to the Consolidated Financial Statements

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(All amounts in US\$ millions)

17 PROVISION FOR IMPAIRMENT LOSSES

	2025	2024
Provision for impairment of investment in associates (Note 6)	<u>(31)</u>	<u>(27)</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 2025 amounted to US\$ 7 million (2024: US\$ 8 million).

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:

	2025	2024
Credit risk amounts		
Transaction-related contingent items:		
Letter of guarantees	<u>265</u>	<u>203</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:

	2025	2024
Undrawn commitments for investments in private equity funds	<u>12</u>	<u>12</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.

Notes to the Consolidated Financial Statements

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(All amounts in US\$ millions)

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2025 and 2024, the Group has not obtained any collateral on any of the financial assets.

The maximum credit exposure of the Group is as follows:

	2025	2024
Cash and cash equivalents	5	62
Placements with banks	197	102
Debt securities at fair value through statement of income	469	422
Other assets	30	10
	<u>701</u>	<u>596</u>
Credit commitments (Note 19)	265	203
Total credit exposure	<u>966</u>	<u>799</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\$ 166 million (2024: US\$ 209 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 / Europe	Total
At 31 December 2025				
Cash and cash equivalents	3	2	-	5
Placements with banks	197	-	-	197
Debt securities at fair value through statement of income	150	319	-	469
Other assets	28	2	-	30
	<u>378</u>	<u>323</u>	<u>-</u>	<u>701</u>
Credit commitments	265	-	-	265
Total credit exposure	<u>643</u>	<u>323</u>	<u>-</u>	<u>966</u>

Notes to the Consolidated Financial Statements

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(All amounts in US\$ millions)

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.1 Credit risk (continued)

20.1.1 Maximum exposure to credit risk (continued)

	GCC	America	Asia / Africa / Europe	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
	288	287	21	596
Credit commitments	203	-	-	203
Total credit exposure	491	287	21	799

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 2025					
Cash and cash equivalents	5	-	-	-	5
Placements with banks	197	-	-	-	197
Debt securities at fair value through statement of income	118	7	222	122	469
Other assets	2	22	3	3	30
Credit exposure on assets	322	29	225	125	701
Credit commitments	-	265	-	-	265
Total credit exposure	322	294	225	125	966
	<i>Banks & FIs</i>	<i>Energy & Utilities</i>	<i>Govt. agencies</i>	<i>Other</i>	<i>Total</i>
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

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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 2025	Neither past due nor impaired		Total
	Investment grade	Unrated	
Cash and cash equivalents	5	-	5
Placements with banks	197	-	197
Debt securities at fair value through statement of income	469	-	469
Other assets	5	25	30
Credit exposure on assets	676	25	701
Credit commitments	265	-	265
Total credit exposure	941	25	966

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 income statement	422	-	422
Other assets	6	4	10
Credit exposure on assets	592	4	596
Credit commitments	203	-	203
Total credit exposure	795	4	799

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

At 31 December 2025	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	5	-	-	5
Placements with banks	197	-	-	197
Other assets	3	27	-	30
Total	205	27	-	232

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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 2025 and 2024 was as follows:

31 December 2025	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Deposits from banks and other financial institutions	440	8	-	-	448
Term finance	-	2	39	-	41
Gross settled derivative instruments:					
- Contractual amount payable	470	-	49	-	519
- Contractual amount receivable	(470)	-	(38)	-	(508)
Other liabilities	123	7	13	4	147
Total undiscounted financial liabilities	563	17	63	4	647
Commitments	-	-	12	-	12
Contingent liabilities	36	60	55	114	265
<i>31 December 2024</i>	<i>Within 3 months</i>	<i>3 months to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
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

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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 2025					
Assets					
Cash and cash equivalents	5	-	-	-	5
Placements with banks	197	-	-	-	197
Financial assets at fair value through statement of income	955	376	7	74	1,412
Financial assets at fair value through other comprehensive income	-	-	-	220	220
Investment in associates	-	-	-	966	966
Other assets	8	10	12	1	31
Investment in an associate held for sale	-	673	-	-	673
Total assets	1,165	1,059	19	1,261	3,504
Liabilities					
Deposits from banks and other financial institutions	436	8	-	-	444
Term finance	-	-	38	-	38
Other liabilities	123	7	13	4	147
Total liabilities	559	15	51	4	629
Net gap	606	1,044	(32)	1,257	
	<i>Within 3 months</i>	<i>3 months to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
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	

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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	2025			2024		
	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%	6	-	+ 5%	9	-
Saudi Riyal	+ 5%	(7)	7	+ 5%	(10)	11

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.

2025	Average	Minimum	Maximum	31 December
Interest rate	9	9	11	9
Equity price	31	24	36	32
Foreign exchange	1	-	1	1
Total*	33	27	37	33
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

* Total VaR incorporates benefits of diversification.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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 (2024: US\$ 49 million) and its net fair value was a swap loss of US\$ 11 million (2024: 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\$ 519 million (2024: US\$ 536 million) and its net fair value was a swap gain of US\$ nil million (2024: a swap loss of US\$ 1 million).

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

	2025			2024		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Derivatives held for hedging						
- Cross currency swaps	-	(11)	49	-	(15)	49
- Forward foreign exchange contracts	-	-	519	-	(1)	536
	<u>-</u>	<u>(11)</u>	<u>568</u>	<u>-</u>	<u>(16)</u>	<u>585</u>

Maturity analysis

	Within 1 year	Year 1 to 5	Total
At 31 December 2025			
Notional amounts			
Cross currency swaps	-	49	49
Forward foreign exchange contracts	519	-	519
	<u>519</u>	<u>49</u>	<u>568</u>
	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>



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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:

2025	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	468	-	1	469
Quoted equity investments	486	-	-	486
Hedge and other unquoted alternative funds	-	373	-	373
Equity participations	26	-	21	47
Private equity funds	-	-	37	37
<i>Financial assets at fair value through other comprehensive income</i>				
Equity participation	83	-	137	220
	1,063	373	196	1,632
<i>Other liabilities - fair value of derivative financial instruments (Note 10)</i>				
Cross currency swaps	-	11	-	11
	-	11	-	11



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

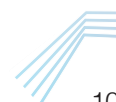
(All amounts in US\$ millions)

22 FAIR VALUE INFORMATION (continued)

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 participation	50	-	208	258
	915	349	331	1,595
<i>Other liabilities - fair value of derivative financial instruments (Note 10)</i>				
Cross currency swaps	-	15	-	15
Forward foreign exchange contracts	-	1	-	1
	-	16	-	16

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 2025	Loss recorded in the consolidated statement of income	Loss recorded in other comprehensive income	Net purchases, sales, transfers and settlements	At 31 December 2025
Assets measured at fair value					
<i>Financial assets at fair value through statement of income</i>					
Debt instruments	1	-	-	-	1
Equity participations	78	(2)	-	(55)	21
Private equity funds	44	1	-	(8)	37
<i>Financial assets at fair value through other comprehensive income</i>					
Equity participation	208	-	(71)	-	137
	331	(1)	(71)	(63)	196



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

22 FAIR VALUE INFORMATION (continued)

	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>

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	5.6% to 18.7% (2024: 5.2% to 17.5%)	A 5% (2024: 5%) increase in the discount rate would decrease the fair value by US\$ 3 million (2024: 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.



Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

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:

	2025	2024
Letter of guarantees (Note 19)	265	203
Receivables from associates	27	2

Compensation of key management personnel

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

	2025	2024
Salaries and short-term employee benefits	11	12
Post-employment benefits	3	3
	<u>14</u>	<u>15</u>

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:

	2025	2024
Interest-bearing deposits, term finance and other borrowings	482	444
Other liabilities	147	117
Less: Cash and cash equivalents and placements with banks	(202)	(164)
Net debt	<u>427</u>	<u>397</u>
Equity attributable to equity holders of the Corporation	2,875	2,885
Gearing ratio (net debt / equity)	0.1	0.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31 December 2025

(All amounts in US\$ millions)

25 PRINCIPAL ASSOCIATES

The principal associates of the Corporation are set out below:

Associates	Country of incorporation	% of shareholding		Financial statements reporting date	Principal business activity
		2025	2024		
Gulf Re Holdings Limited	Channel Islands	-	50.0	31 December 2024	Re-insurance
Foulath Holding B.S.C (c)	Bahrain	50.0	50.0	30 June 2025	Holding company
Al Ezzel Power Company B.S.C. (c)	Bahrain	45.0	45.0	31 December 2025	Power & Water Utility project
Tamkeen Holdings LTD	UAE	45.0	45.0	31 December 2025	Healthcare Services
Water Consortium Holding Co.	Saudi Arabia	40.1	40.1	31 December 2025	Power & Water Utility project
Shams Ad-Dhahira Generating Company SAOC	Oman	40.0	40.0	31 December 2025	Power & Water Utility project
Horizon (AD) Investment Ltd.	Cayman Islands	35.0	35.0	31 August 2025	Education
SGA Mafariq Holdings W.L.L.	Bahrain	33.3	33.3	31 December 2025	Power & Water Utility project
Technical Supplies & Services Co. Ltd.	UAE	30.7	30.7	31 December 2025	Refrigeration & Cooling Services
Juranah Water Reservoir Company	Saudi Arabi	30.0	30.0	31 December 2025	Power & Water Utility project
Osool Poultry Company S.A.O.C.	Oman	26.7	26.7	31 December 2025	Poultry & Dairy Products
Al Dur Holding Company Limited	UAE	25.0	25.0	31 December 2025	Power & Water Utility project
Al Wakra Water Contracting W.L.L.	Qatar	25.0	25.0	31 December 2025	Power & Water Utility project
Bahrain LNG Ltd.	Bahrain	24.0	24.0	31 December 2025	Oil and Gas
Interplast Company Ltd.	UAE	23.5	23.5	31 December 2025	Plastic
Rawabi Emirates (PJSC)	UAE	20.0	22.5	31 December 2025	Dairy Products
Pipecare Group Holding Limited	UAE	22.2	22.2	31 December 2025	Oil and Gas pipeline service
Wataniya Telecom Algeria S.P.A.	Algeria	20.0	20.0	31 December 2025	Telecom service provider
A'Saffa Foods Company SAOG	Oman	20.0	20.0	31 December 2025	Poultry & Dairy Products
Tristar Holdings Ltd.	UAE	19.6	19.6	31 December 2025	Logistics

26 SUBSEQUENT EVENT

The Board of Directors meeting held on 5 March 2026, proposed cash dividend of US\$ 91.43 per share amounting to US\$ 192 million for the year ended 31 December 2025. 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 2025 to the voluntary reserve.



Gulf Investment Corporation G.S.C.
Stand-alone Statement of Financial Position
as at 31 December 2025
(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.

	2025	2024
Assets		
Cash and cash equivalents	4	60
Placements with banks	196	101
Financial assets at fair value through statement of income	1,412	1,337
Financial assets at fair value through other comprehensive income	220	258
Investments in associates	966	1,676
Investment in subsidiaries	1	1
Other assets	32	13
Investment in an associate held for sale	673	-
Total assets	3,504	3,446
Liabilities and equity		
Liabilities		
Deposits from banks and other financial institutions	444	409
Term finance	38	35
Other liabilities	147	117
Total liabilities	629	561
Equity		
Share capital	2,100	2,100
Revaluation reserves	(172)	(112)
Other reserves	645	622
Retained earnings	302	275
Total equity	2,875	2,885
Total liabilities and equity	3,504	3,446



PRINCIPAL INVESTING

Major Projects and Equity Participations

As of 31 December 2025

Name of the Project	Location	GIC Effective holding %	Sector
Associates of GIC			
1 Foulath Holding	Bahrain	50.00%	Heavy Industries
2 Al Ezzel Power Co.	Bahrain	45.00%	Power Generation
3 Tamkeen Holdings	UAE	45.00%	Healthcare
4 Jazlah Water Desalination Co.	Saudi Arabia	40.00%	Water Generation
5 Shams Ad-Dhahira Generating Co.	Oman	40.00%	Power Generation
6 Technical Supplies & Services Co.	UAE	30.67%	Light Industries
7 Juranah Water Reservoir Co.	Saudi Arabia	30.00%	Logistics
8 Osool Poultry Co.	Oman	26.68%	Food
9 Al Dur Power & Water Co.	Bahrain	25.00%	Power and Water Generation
10 Al Wakra Water Contracting Co.	Qatar	25.00%	Utilities
11 Bahrain LNG Co.	Bahrain	24.00%	Utilities
12 Interplast Co.	UAE	23.50%	Light Industries
13 Pipecare Group Holding	UAE	22.22%	Oil Field Services
14 A'Saffa Foods Co.	Oman	20.01%	Food
15 AlephYa Education Holding	UAE	20.00%	Education
16 Rawabi Emirates Co.	UAE	20.00%	Food
17 Wataniya Telecom Algeria Co.	Algeria	20.00%	Telecommunications
18 Jubail Water & Power Co.	Saudi Arabia	20.00%	Power and Water Generation
19 Tristar Holdings Co.	UAE	19.61%	Logistics

Name of the Project	Location	GIC Effective holding %	Sector
Equity Participations			
1 The National Titanium Dioxide Co. (CRISTAL)	Saudi Arabia	20.00%	Chemicals
2 Shuqaiq Water & Electricity Co.	Saudi Arabia	20.00%	Power and Water Generation
3 Shuaa Energy 3	UAE	16.00%	Power Generation
4 Gulf Alliance for Power & Water Co.	Kuwait	16.00%	Power and Water Generation
5 Ras Laffan Power Co.	Qatar	10.00%	Power Generation
6 Action Energy Co.	Kuwait	6.58%	Oil Field Services
7 OQ Base Industries (OQBI)	Oman	5.00%	Chemicals

CORPORATE DIRECTORY 2025

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. Khalifa Al-Rashid
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. Tareq Al-Mulla
Head of Light Industry Projects Div.

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.

Support Group

Mr. Hani Ahmed
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.

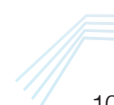
Corporate Office

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



CONTACT DETAILS

Mailing Address

P.O. Box 3402, Safat 13035, Kuwait

Courier Address

Sharq, Jaber Al-Mubarak Street, Kuwait

Website

www.gic.com.kw

Email

gic@gic.com.kw

S.W.I.F.T.

GCOR KWKW

Telephone

(+965) 2222 5000

Fascimile

(+965) 2222 5010