



Sustainability Report 2024

Kuwait Finance House (K.S.C.P)



بيت التمويل الكويتي
KFH

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Report Parameters

In this Report, the terms “KFH,” “the Bank,” and “We” refer collectively to Kuwait Finance House—Kuwaiti Shareholding Company Public (K.S.C.P). Per its Memorandum of Association, KFH was established by the Ministry of Awqaf and Islamic Affairs, the Ministry of Finance, and the Public Authority for Minors Affairs under the Law Decree No. 72 of 1977.

The Bank operates under the governance of several key legal frameworks: Law No. 32 of 1968, which covers currency, the Central Bank of Kuwait (CBK), and the banking profession, along with its subsequent amendments; Companies Law No. 1/2016 and its amendments; the Executive Regulations; Law No. 7 of 2010, which pertains to the Establishment of the Capital Markets Authority and the Regulation of Securities Activity, as well as its Executive Regulations; and the stipulations of the Memorandum of Association. KFH is a publicly listed company on the Premier Markets of Boursa Kuwait, trading under the ticker symbol KFH.

Scope of Report and Cycle Covered

This document (“The Report”) represents the fifth Annual Sustainability Report and has been developed with consideration of stakeholder engagement. The Report covers the period from January 1, 2024, to December 31, 2024, and focuses on activities and operations conducted in Kuwait.

It is noted that, following the acquisition of AUB Group, and the merger of AUB Kuwait, all operations of AUB Kuwait have been included within the report’s boundaries, where applicable.

To provide a more comprehensive understanding, data that fall outside the primary scope of this Report may be included, particularly if they offer pertinent context to the activities of the reporting period.

Referenced Reporting Guideline

The Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, aligned with the International Integrated Reporting Council (IIRC) Integrated Reporting Framework, and the Sustainability Accounting Standards Board (SASB) standards. Following the 2023 Sustainability Report, KFH continued its transition toward adopting the Integrated Reporting (IR) Framework. This Report represents the second step in that journey, incorporating several IR elements to support our ongoing alignment with the framework.

Date of Previous Sustainability Report

The first Sustainability Report prepared in accordance to the GRI Standards: Core Options was published in 2021. Since then, we have continued to publish annual sustainability reports, maintaining our commitment to transparency and accountability.

Mistakes and Typographical Errors

Any errors discovered following the publication of the Report will be corrected, and the corrections will be displayed on our website. Our reports are published on our website in downloadable PDF file format.

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Glossary and Abbreviation

Glossary

Term	Definition
Contractors	Individuals who perform work for the Bank but are not employees, and whose work is controlled by the Bank.
Fatwa	An Islamic ruling on the point of Islamic law, issued by the Fatwa and Shari'a Supervisory Board.
Forced Labor	All work and service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily.
Gharar	Refers to the presence of uncertainty in a business transaction or contract.
Haram	Forbidden or unlawful.
Ijara	A form of leasing. It involves a contract where the bank buys and then leases an item to a customer for a specified rental over a specific period. The lease's duration and the rental basis are set and agreed upon in advance.
Injaz	Achieving a goal.
Makrooh	Undesired.
Mobah	Permissible.
Mu'amalat	A transaction related to an exchange of goods or services.
Mustahab	Favorable or encouraged.
Qard Hasan	An interest-free loan.
Shari'a	A group of rulings as prescribed by Allah to organize the life of individuals in two directions; their relation with Allah and their relations with others.
Sukuk	Similar to conventional bonds, with the key difference being that they are backed by tangible assets such as property.
Takaful	Known as Islamic insurance, Takaful means "guaranteeing each other" in Arabic.
Tawaruq	A financing arrangement where a customer receives cash at the end of it for their own needs through a series of sale transactions.
Umrah	Umrah is an Islamic pilgrimage to the Holy City of Mecca, performed by Muslims, which can be undertaken at any time of the year
Usury	The lending of money with an interest charge for its use.
Wajeb	Duty or obligation.
Zakat	An obligatory tax prescription by Islam on all Muslim adults having wealth above an exemption limit at a rate fixed by the Shari'a.

Abbreviation

Term	Definition
AI	Artificial Intelligence
AML	Anti-Money Laundering
AOC	Attestation of Compliance
ATM	Automated Teller Machine
AUB	Ahli United Bank Group
BACC	Board Audit and Compliance Committee
BEC	Board Executive Committee
BGSC	Board Governance and Sustainability Committee
BIC	Board Investment Committee
BNPL	Buy Now Pay Later
BNRC	Board Nomination and Remuneration Committee
BoD	Board of Directors
BRC	Board Risk Committee
CBK	Central Bank of Kuwait
CFT	Combating the Financing of Terrorism
CMA	Capital Market Authority
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
CSV	Corporate Shared Value
CX	Customer Experience
CX Index	Customer Experience Index
DTI	Digital Transformation and Innovation
E&S	Environmental and Social
EDR	Endpoint Detection and Response
EESG	Economic, Environmental, Social, and Governance
ERM	Enterprise Risk Managements
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social, and Governance
ESRM	Environmental and Social Risk Management
FI	Financial Institution
FinTech	Financial Technology
FSSB	Fatwa and Shari'a Supervisory Board
GCEO	Group Chief Executive Officer

Abbreviation

Term	Definition
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSAS	Global Sustainability Assessment System
GUST	Gulf University for Science and Technology
HR	Human Resources
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
KBA	Kuwait Banking Association
KFAS	Kuwait Foundation for the Advancement of Sciences
KFH	Kuwait Finance House
KIA	Kuwait Investment Authority
KNF	Kuwait National Fund
KPIs	Key Performance Indicators
KD	Kuwaiti Dinar
LED	Light-Emitting Diode
MoI	Ministry of Interior
MoU	Memorandum of Understanding
MSME's	Micro, Small, and Medium Enterprises
NFR	Non-Financial Risk
NGOs	Non-Governmental Organizations
NPF	Non Performing Finance
PACI	Public Authority for Civil Information
PAMA	Public Authority for Minors Affairs
PCI DSS	Payment Card Industry Data Security Standard
PIFSS	The Public Institution for Social Security
PII	Personally Identifiable Information
PMS	Printing Management System
POS	Point of Sale
RMC	Risk Management Committee
ROC	Report on Compliance
RPA	Robotic Process Automation

Abbreviation

Term	Definition
Sadu House	AlSadu Society
SASB	Sustainability Accounting Standards Board
SME	Small and Medium Enterprise
STEM	Science, Technology, Engineering, and Mathematics
TCFD	Task Force on Climate – Related Financial Disclosures
tCO₂e	Tonnes of Carbon Dioxide Equivalent
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UN SDGs	UN Sustainable Development Goals
UNDP	United Nation Development Programme
USD	United States Dollars

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Chairman Statement

Hamad Abdulmohsen AlMarzouq

Chairman



This report underscores KFH's ongoing dedication to the United Nations Sustainable Development Goals (UN SDGs) as a fundamental pillar of our operations. By the grace of Allah, we have successfully embedded sustainability in KFH, in line with our mission and values.

Our progress includes strengthening governance, reaffirming community responsibilities, delivering innovative financial solutions, maintaining digital leadership, improving resource efficiency, and supporting significant environmental efforts.

Our sustainability approach

KFH was the first bank to establish a Governance and Sustainability Committee reporting to its Board of Directors. KFH was also the first bank to have designed an integrated sustainability strategy covering the four pillars of economic, environmental, social and governance. In addition, it is the first bank to have established a unit assigned to monitor sustainability strategy and reporting.

Group governance

In support of its sustainability vision, KFH continues to promote its governance framework. This was achieved through integrating risk systems and frameworks and adopting globally recognized best practices. This strategy facilitated the continuation of the seamless integration initiatives at the Group level. As a result, the Group underwent strategic reviews by leading international credit rating agencies, such as Moody's and Fitch, which highlighted the robustness of its risk management frameworks and their positive impact on the Group's asset quality.

Financial performance

As part of its strategic initiatives to sustainable growth, KFH reported a strong financial performance in 2024, delivering historic financial results. The Bank achieved growth in operating income, profits, financing portfolio and all key financial indicators.

In 2024, KFH recorded a net profit of KD 601.8 million attributable to the shareholders of the bank, an increase of 3% compared to the previous year. Net financing income increased to KD 1,147 million, an increase of 18.7% compared to the previous year. Net operating income also increased to KD 1,030.7 million, an increase of 9.0% compared to the previous year.

Mega banking entity

KFH is a mega banking entity with a presence in 8 countries worldwide, including Kuwait, Bahrain, Egypt, Turkey, the UK, and Germany, supported by an extensive network of over 600 branches. KFH continues to lead all banks and companies listed on Bursa Kuwait, with market capitalization of about KD 13 billion. This global presence drives the Group's goal of ranking among the world's top 100 banks over the next decade.

A sustainable banking model

As part of our ongoing commitment to addressing global environmental challenges and advancing the United Nations Sustainable Development Goals (UN SDGs), Kuwait Finance House was honored to participate in the Sixteenth session of the Conference of the Parties (COP16) to the United Nations Convention to Combat Desertification (UNCCD) this participation reflects our stance in addressing Climate change.

Furthermore, KFH proudly joined the inaugural Global Takaful Alliance agreement in collaboration with the United Nations Development Program (UNDP), an initiative aimed to expand access to Shari'a-compliant insurance solutions, particularly for underserved communities, by leveraging the principles of Takaful, the Alliance promotes financial inclusion, resilience, and social solidarity in alignment with sustainable development objectives.

The Bank also released its second issue of the Carbon Footprint Report, the first of its kind in the Kuwaiti banking sector. Moreover, KFH continues to issue sustainability reports, highlighting its commitment to environmental leadership and responsible banking.

In recognition of these efforts, KFH has been included in the FTSE4Good Index Series and awarded an "A" rating by MSCI for its exemplary (ESG) practices. Additionally, the Bank scooped the "Kuwait's Best Bank for ESG" award by Euromoney Magazine.

Prominent role in the local economy

KFH played a prominent role in supporting the local economy and contributed to the development of the infrastructure by financing large scale projects across various sectors. KFH also strengthened its role as a strategic partner for small and medium-sized enterprises (SMEs) within the Kuwaiti banking sector.

Innovation and digital transformation

At KFH, we believe that digital transformation is a key component in achieving sustainable banking performance. In 2024, we successfully integrated advanced technologies to enhance customer experience and rolled out a suite of digital financial services and solutions.

In 2024, KFH launched a number of successful automation initiatives, enhancing operational efficiency and reducing costs. These initiatives enhanced our operational capacity, improved customer experience and offered value to our customers.

Human capital and woman empowerment

In line with KFH's vision, we believe that our success must be built upon a healthy and sustainable work environment. We are also confident that KFH's continuous growth is driven by our dedicated workforce who demonstrate the values of creativity, commitment and excellence. Therefore, we worked towards creating an inclusive, diverse and supportive work environment that fosters employees' development, supports women empowerment and promotes continuous self-learning and development.

Positive role in social responsibility

KFH also succeeded in launching impactful social initiatives that positively contribute to the communities it serves. This encompasses fostering progress in education, health, sports, youth empowerment, environment preservation, training and supporting people with special needs. Undoubtedly, these efforts contribute to the development and progress of the overall communities.

Additionally, KFH has remained committed to being the benchmark of social engagement, leveraging its pioneering position as the largest bank in Kuwait by market value and the world's second-largest Islamic bank. Consequently, its initiatives were diverse and encompassed all areas of community work.

Thanks and appreciation

As a final note, I would like to thank my fellow members of the KFH Board of Directors for their continued support, the Executive Management and all dedicated employees who are the true drivers of the success of our sustainability journey. I also extend my appreciation to our valued shareholders and customers for their trust, support and loyalty. As we move ahead, I look forward to a new year with new opportunities for further development and success.

About this Report

KFH's Sustainability Report 2024 is the fifth edition that reflects the Bank's journey of four decades of service and leadership position in Kuwait and the region. Throughout this period, the Bank has remained committed to a new era of sustainability. It has restructured its long-term vision by identifying its economic, environmental, social, and governance material objectives. This Report presents a comprehensive account of KFH's business performance through global EESG key indicators that align with national needs and global development.

The purpose of the Report is to enhance transparency, accountability, and communication with all stakeholders by achieving multiple objectives. These include monitoring and reporting the Bank's EESG performance, providing a broad set of disclosures that address all stakeholders, complementing and supporting the Bank's corporate disclosures, and allowing stakeholders to provide additional perceptions and opinions about their expectations or concerns. The Report aims to demonstrate KFH's commitment to sustainable banking practices, prioritizing the long-term well-being of all stakeholders and showcasing the Bank's integration of sustainability into its business operations and strategy.

KFH seeks to engage with stakeholders to address their concerns, incorporate their feedback into its decision-making processes, and foster open dialogue around its sustainability initiatives. Ultimately, the Bank aims to promote sustainable growth and positive social and environmental impacts and contribute to the long-term success of its business and the communities it serves.

The Report covers a range of sustainability topics, including ESG performance, initiatives toward creating positive social and environmental impacts, to support the UN SDGs and ethical business practices. It showcases KFH's business performance and growth from an ESG perspective for stakeholders including shareholders, investors, and international agencies. The Report also highlights KFH's adherence to Islamic finance principles and Shari'a compliance rules.

2024 EESG Highlights

Economics

<p>12%</p> <p>increase in total operating income, reaching KD 1,630.7M</p>	<p>3%</p> <p>growth in net profit attributable to shareholders, totaling KD 601.8M</p>
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Environmental

<p>USD 364M</p> <p>in Green Sukuk investment, a 4% increase compared to 2023</p>	<p>1 branch</p> <p>with LEED Gold Certification for Operations and Maintenance</p>
<p>51%</p> <p>of the credit cards issued were made from recycled plastic</p>	<p>11</p> <p>KFH Go Digital Branches reflecting an increase of 10% from 2023</p>

Governance

<p>100%</p> <p>of Board members are Non-Executive Directors</p>	<p>29%</p> <p>of Board members are Independent Directors</p>
<p>7%</p> <p>female representation on the Board</p>	<p>100%</p> <p>of employees completed anti-corruption training</p>

Social

<p>79.5%</p> <p>Customer Experience Index, reflecting a 1.7% increase from 2023</p>	<p>39%</p> <p>of KFH's retail finance portfolio was extended to female clients</p>
<p>24.5%</p> <p>female participation in the workforce, an increase from 22.5% in 2023</p>	<p>13.9%</p> <p>of senior and middle management roles held by women, up 1.9% from 2023</p>
<p>244</p> <p>people with disabilities employed across KFH Group, marking a 4.3% increase from 2023</p>	<p>25.8%</p> <p>of employees are under the age of 30</p>
<p>35.97</p> <p>average training hours per employee, a 28% increase compared to 2023</p>	<p>5.51%</p> <p>voluntary turnover rate, reflecting stronger employee retention</p>
<p>92.3%</p> <p>of total procurement spending is directed to local suppliers</p>	

About KFH

A Continuous Pursuit of Islamic Finance Leadership

KFH is a pioneering institution in Islamic finance and Shari'a-compliant banking. Established in 1977 in the State of Kuwait, we hold the distinction of being the first Islamic Bank in the country. Offering a comprehensive range of Shari'a-compliant products and services, we cater to various needs, including real estate, trade finance, investment portfolios, commercial, retail, and corporate banking.

Throughout our journey, KFH is committed to upholding the principles of Islamic finance and serving as a pioneer of Islamic banking practices. KFH's legacy as a leading Islamic financial institution continues to shape the industry and inspire excellence in the world of finance.

Vision, Mission, and Values



Vision

To lead the international development of Islamic financial services and become one of the most trusted and sustainably technologically advanced Shari'a-compliant bank in the world.



Mission

To deliver superior innovation and customer service excellence while protecting and enhancing the interest of all our stakeholders.



Values

- Leadership
- Accountability
- Partnerships



Sustainability in KFH’s Core Values: The Role of Shari’a Principles in Advancing Sustainability

Understanding Shari’a principles in banking and finance is essential from a sustainability standpoint. These principles are grounded in fairness, ensuring justice for all stakeholders.

Islamic finance is not solely about religious adherence; it is inherently connected to advancing social justice, economic well-being, and environmental sustainability, including the preservation of biodiversity. These values can be considered to align closely with the goals and targets of the UN SDGs.

Islamic finance encourages profit-and-loss sharing through equity-based and asset-backed structures. This model fosters a culture rooted in shared risk and reward, offering a distinctive and sustainable value proposition for society at large.

To fully appreciate the societal and economic benefits of Islamic finance, it is important to understand the following key aspects:

1. Foundations of Shari’a-compliant banking
2. The role and perception of money in Islamic finance
3. Treatment of time value in financial transactions
4. Prohibited practices under Shari’a guidelines

Shari’a Compliance in Banking

Shari’a provides a comprehensive framework governing personal conduct and business interactions (Mu’amalat). Shari’a rulings on transactions are classified into five categories: obligatory (Wajeb), favourable (Mustahab), permissible (Mobah), undesired (Makrooh), and forbidden (Haram). Banking products and services are reviewed accordingly to ensure Shari’a compliance.

This framework includes specific inclusion and exclusion criteria designed to uphold ethical, responsible, and sustainable practices derived from Shari’a principles.

KFH actively excludes involvement in sectors deemed non-compliant with Shari’a, such as controversial weapons, gambling, alcohol, and other unethical industries.

The Perception of Money

A cornerstone of Islamic finance is its unique view of money: it serves as a medium for exchanging goods and assets. Consequently, money itself cannot generate profit; instead, profit must come from the trade of tangible assets and services. This view encourages risk-sharing and tangible economic activity, creating an inclusive and supportive environment for our clients, specially SME, startups, and individuals transitioning into the formal financial system.

Time Value in Islamic Finance

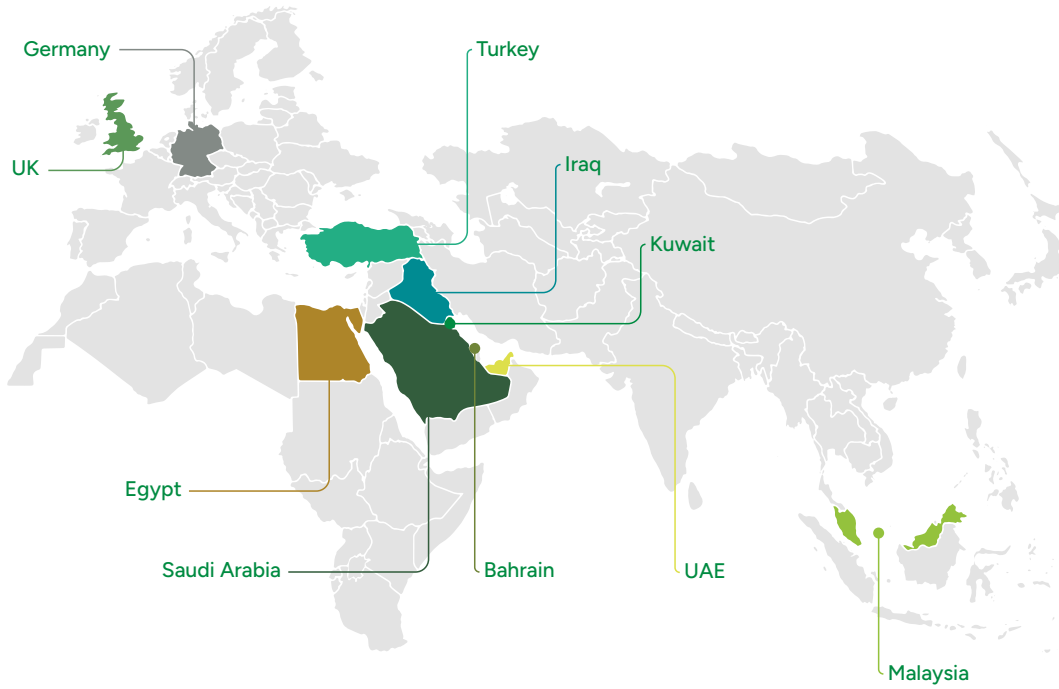
Islamic finance understands the time value of money in conventional finance. However, it is allowed in the context of credit sales, where goods may be sold at a higher price on deferred payment terms but charging interest on overdue payments is strictly prohibited, as it constitutes usury.

Prohibitions in Islamic Financial Transactions

- All types of Usury: the designated increase for one party of the contract with no corresponding from the other party.
- Selling or purchasing non-compliant with Shari’a principles goods and assets.
- Uncertainty (Gharar): ambiguity in one or more contract terms that leads to conflict. In other words, it is what cannot be expected, evaluated, or properly described.

Prohibiting ambiguity and promoting financial disclosure are essential to KFH’s commitment to financial inclusion. This ensures transparency in all product and service offerings.

Global Reach



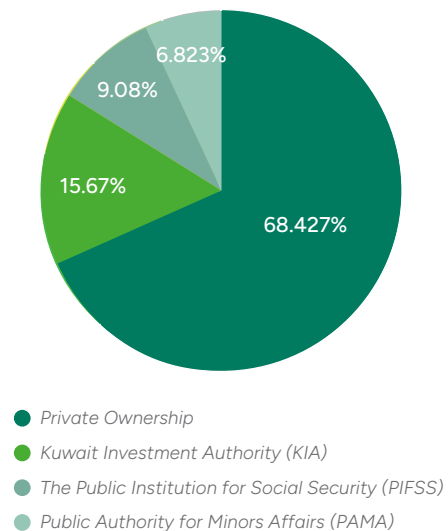
With international presence in three key regions, the Middle East, Europe, and Asia; we aim to lead the Islamic finance sector. By leveraging our extensive network and expertise in these regions and adhering to Islamic banking and finance principles, we strive to contribute to the well-being of individuals, businesses, and communities. With 600 banking branches, 2,084 ATMs, and nearly 17,500 employees, we aim to positively impact the global financial landscape.

Table 1: Ownership and Major Shareholders

Full Name	Percentage
Private Ownership	68.427%
Kuwait Investment Authority (KIA)	15.67%
The Public Institution for Social Security (PIFSS)	9.08%
Public Authority for Minors Affairs (PAMA)	6.823%

Table 1: Ownership and Major Shareholders presents the ownership stakes of shareholders holding 5% or more of the Bank.

Figure 1: Ownership and Major Shareholders



Leadership in Action: Ratings and Recognitions

Ratings



Long-Term Issuer Default Rating A
Short-Term Issuer Default Rating F1
STABLE Outlook
12 December 2024



LT FC Bank Deposits Rating A2
ST FC Bank Deposits Rating P-1
STABLE Outlook
4 December 2024



Rating Action Date:
July 26, 2024
Last Report Update:
December 11, 2024



ESG Risk Rating: 26.0
Medium Risk



KFH received 47 Awards in 2024

- 43 individual awards
- 4 prestigious Group-Wide Rankings

Global Finance Magazine Awards

- World's Best Islamic Financial Institution
- Best Islamic Corporate Bank – Global
- Best Islamic Project Finance Provider – Global
- Best Islamic Financial Institution in Turkey (KFH-Turkey)
- Bahrain's Best Bank (AUB, KFH subsidiary)
- Best SME Bank in Kuwait
- Kuwait's Best Bank for Sustainable Finance
- Best Investment Bank in Kuwait (KFH Capital)

Euromoney Middle East Awards for Excellence 2024

- Kuwait's Best Bank
- Kuwait's Best Bank for ESG
- Kuwait's Best Digital Bank – tam digital bank
- Kuwait's Best Islamic Bank
- Islamic Finance Deal of the Year (KFH Capital, Turkey's USD 2.5B Sukuk)

Euromoney Securities Houses Awards

- Best for Fixed Income in Kuwait (KFH Capital)

Sheikh Salem Al-Ali Informatics Award

- Excellence in Digital Transformation in Technical Financial Solutions (2023 award ceremony held in 2024)

EMEA Finance Middle East Banking Awards (16th Annual)

- Best Islamic Bank - Middle East
- Best Bank – Kuwait
- Best Islamic Bank – Kuwait
- Best Product Launch (Zaheb) – Middle East
- Corporate Social Responsibility – Middle East
- Best Islamic Finance House

22. *Best Financial Institution Sukuk (US\$1B Tier 1 Sukuk issuance)*

Brandon Hall Group (Human Resources Awards) – 13 Awards

For KFH Kuwait:

23. *Best Leadership Development Program (Gold)*
24. *Best Social Impact (Gold)*
25. *Best Certification Program (Silver)*
26. *Best New Hire Onboarding Program (Silver)*
27. *Best Unique or Innovative L&D Program – Forssah Program (Bronze)*
28. *Best Approach to HCM Innovation (Bronze)*
29. *Best Human Resources Data Analytics (Bronze)*

For KFH-Turkey:

30. *Best Benefits, Wellness & Well-being Program (Gold)*
31. *Best Selecting and Onboarding Interns (Gold)*
32. *Best Talent Acquisition Process (Gold)*
33. *Best Corporate Culture Transformation (Gold)*
34. *Best Corporate Learning University – Kuveyt Turk Academy (Gold)*
35. *Best Use of Blended Learning – Kuveyt Turk Academy (Gold)*

Islamic Finance News (IFN) Awards 2023 (awarded in 2024)

36. *Best Islamic Bank in Kuwait*
37. *Best Islamic Bank in Turkey (KFH-Turkey)*
38. *Hybrid Deal of the Year (US\$1B Ijarah-tawaruq Sukuk, Oman – KFH Capital)*

GCC Labor Ministers Recognition

39. *Excellence in Manpower Nationalization and Qualification Programs*

Incentive Awards (London)

40. *Best Technology Use in a Program (tam Digital Bank rewards program)*

Citibank Group – Straight Through Processing Excellence Award (2023)

41. *STP Excellence in Remittances, e-payment, and Transactions (achieved 100% score)*

The Asian Banker

42. *Best Retail Bank in Kuwait*

The Banker (Financial Times Group)

43. *Bank of the Year 2024 – Kuwait*

Forbes Top 100 Listed Companies (Middle East)

44. *Top Kuwaiti Company by Market Value and Profitability*
45. *Ranked 10th in Middle East by Forbes*

The Banker – Top 100 Arab Banks Rankings

46. *1st in Kuwait by Growth*
47. *1st in Kuwait by Return on Risk*

01.

Strategic Sustainability Approach



Sustainability Governance

Governance is a cornerstone of our dedication to sustainability, a “Core Value.” It influences sustainability reporting across the dimensions of marketplace, environment, workplace, and community. Our governance aligns with national and international ESG frameworks, forming the basis of our strategy to integrate ESG into our practices and address material concerns according to global norms and local needs.

In 2024, KFH continued to strengthen its ESG standards, positioning itself as a leading bank in the region. Building on the sustainability strategy approved by the Board of Directors (BoD) in 2022, which is aligned with Kuwait’s 2035 vision and the UN SDGs, has resulted in enhanced resilience, compliance, and progress toward our strategic goals.

KFH’s long-term commitment to sustainable business practices enhanced its leadership and ability to navigate challenges and provide value to stakeholders by promoting consistency and integration among governance, strategy, and sustainability. The BoD plays a key role in recognizing and overseeing ESG-related aspects and their impacts, risks, and opportunities.

It establishes the Bank’s sustainability strategy, regularly reviewing sustainability performance reports and taking necessary actions. The Governance and Sustainability Committee supports these efforts by leading the development of the strategy and monitoring the Bank’s performance.

Sustainability Strategy

The Sustainability Strategy of KFH is structured around four key pillars: Economic, Social, Environmental, and Governance. Each pillar outlines specific strategic goals, including achieving global Islamic financial leadership in the economic pillar, fostering positive stakeholder impacts in the social pillar, implementing green products and operations in the environmental pillar, and upholding Shari’a-compliant governance structures grounded in transparency, accountability, and sound risk management in the governance pillar.

The pillars are mapped at the implementation level to achieve 62 objectives. The economic pillar has 18 objectives, the social pillar has 15 objectives, the environmental pillar has 12 objectives, and the governance pillar has 17 objectives. These objectives are mapped across the six types of capital: Financial Capital, Social and Relationship Capital, Human Capital, Natural Capital, Intellectual Capital, and Manufactured Capital.

The sustainability strategy’s pillars and objectives are closely aligned and mapped with the pillars of our business strategy: financial, customers, internal process, people, and organizational capacity. This integration ensures that sustainability is seamlessly embedded in our strategic framework.



Table 2: National and International Sustainability Alignment

KFH Sustainability Strategy Pillars	Kuwait Vision 2035 Pillars	UN Sustainable Development Goals	KFH's Management Approach
Economic Pillar	Sustainable Diversified Economy	 Goal 8: Decent Work and Economic Growth	<p>In line with our Islamic banking values, KFH offers customers green financing solutions.</p> <p>Additionally, KFH provides financial support to initiatives that further sustainable development. KFH also actively supports local micro, small, and medium enterprises (MSMEs) and start-ups to stimulate the local economy.</p>
Social Pillar	Creative Human Capital High-Quality Healthcare	 Goal 1: No Poverty  Goal 2: Zero Hunger  Goal 3: Good Health and Well-being  Goal 4: Quality Education  Goal 5: Gender Equality  Goal 10: Reduced Inequalities	<p>KFH places significant emphasis on developing the skills and capabilities of employees as a core component of the continuous growth strategy. This led to a notable increase in training hours, enhancing the Bank's overall efficiency and performance.</p> <p>KFH also focus on fostering innovation to improve both internal and external operations through a digital transformation strategy, leveraging financial technology (FinTech) and artificial intelligence.</p> <p>KFH is committed to building strong relationships with the community and stakeholders through various social initiatives.</p>
Environmental Pillar	Sustainable Living Environment	 Goal 7: Affordable and Clean Energy  Goal 13: Climate Action  Goal 14: Below Water  Goal 15: Life on Land	<p>KFH developed comprehensive plans to reduce carbon emissions and mitigate greenhouse gases, including a detailed roadmap for identifying GHG inventories, reducing emissions, and promoting sustainable development.</p> <p>KFH demonstrated this commitment through the release of the first Carbon Footprint Report for 2022 and remains dedicated to preserving natural resources, moderating consumption, and promoting responsibility across services, products, and operations.</p>
Governance Pillar	Effective Public Administration	 Goal 16: Peace, justice and strong institutions	<p>KFH maintains a strong commitment to governance rooted in Islamic principles to deliver value to shareholders and foster trust and confidence in the Bank.</p> <p>KFH continuously enhances and strengthens policies to effectively monitor and manage governance frameworks</p>

ESG Policy

The ESG Policy ensures KFH's integration of ESG principles into its operations while adhering to Shari'a principles. The purpose of the Policy emphasizes KFH's role in aligning ESG practices with the Bank's vision of becoming one of the most trusted and sustainable Shari'a-compliant bank globally.

KFH acknowledges the significance of ESG in creating long-term value for stakeholders and aims to create positive ESG impact while offering diverse range of products and services. The Policy sets objectives that emphasize the integration of ESG with core business strategies while ensuring compliance with Kuwaiti laws and regulations and accountability to stakeholders.

The importance of aligning ESG practices with industry-leading standards, regulatory changes, and emerging risks is also taken into consideration and emphasized by the Policy. Specific principles have been set to guide KFH in reducing energy, paper, and water consumption, ensuring employees' wellbeing and development, respecting human rights, and maintaining robust corporate governance.

Regarding operational and portfolio-level guidance, the Policy mandates periodic reviews and approval by the Head of Governance and Sustainability and the Board of Directors. The Policy emphasizes the dissemination of ESG commitments to all employee and stakeholders, allocating resources for ESG training, and maintaining transparency in dealings with stakeholders.

E&S Risk Management

KFH has seamlessly integrated a range of environmental and social (E&S), including climate risk, into its risk management framework, aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Currently, KFH is in the second phase, which involves the testing and implementation of the ESRM.

E&S Risk Screening and Monitoring Procedure

KFH is developing a process in which the financial institution (FI) screens a proposed investment to determine if it will proceed with it. FI categorizes the investee as a low, medium, or high environmental risk to quantify the extent of the environmental and social due diligence necessary. This enables the FI to determine early on whether a potential investee company represents environmental and social risks that are too high.

ESDD Questionnaire

One of the most crucial steps in the due diligence process is collecting and reviewing documentation, which includes publicly available information and documents requested from the company. The consultant develops an Environmental and Social Due Diligence (ESDD) questionnaire to facilitate this process.

Environmental and Social Due Diligence

Environmental and social due diligence (ESDD) involves systematic identification, quantification, and assessment or evaluation of environmental and social risks associated with a proposed transaction. This process also helps in identifying the mitigation measures necessary to reduce any environmental and social risks, including climate change. The extent of the environmental and social due diligence and the level of detail depend on the transaction's environmental and social risk category.

ESDD

High-Risk Investment

An in-depth assessment of the environmental, climate, and social requirements is necessary for “high-risk” investments to fully understand the potential environmental and social risks associated with the company’s operations. This requires a site visit, and depending on the complexity of the company’s operations and industry sector, the FI should retain the services of an external expert.

Medium-Risk Investment

An in-depth assessment of the environmental, climate, and social requirements is necessary for “medium-risk” investments to fully understand potential environmental and social risks associated with the company’s operations. This requires a site visit, and depending on the complexity of the company’s operations and industry sector, the FI should retain the services of an external expert.

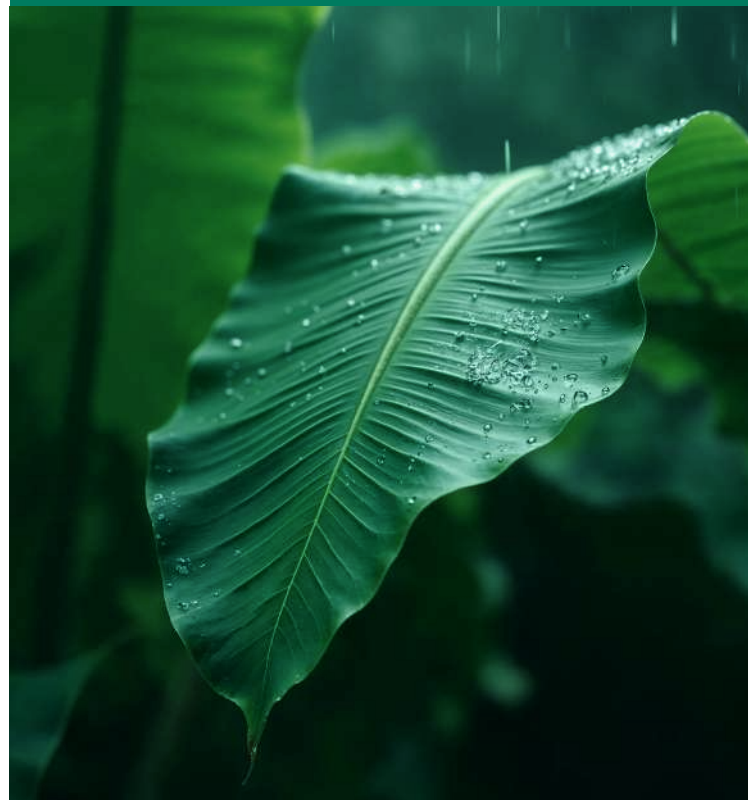
Low-Risk Investment

The extent of the environmental, climate, and social assessment is limited to a simple review of the company’s operations to confirm that there are no concerns with the operations and that national E&S regulations are complied with.

Climate Change

KFH is proactively responding to the pressing challenge of climate change, acknowledging its profound impact and the opportunities it presents. KFH’s focus on climate change adaptation is in line with regulatory expectations and reflects our commitment to integrating ESG principles into our operations.

The CBK Circular No. (2/BS, IBS/500/2022) emphasizes the critical role of ESG principles in the banking sector, driving us to intensify our efforts in this area. Recognizing that climate change introduces both risks and opportunities to the Bank, we are actively aiming to identify and address these factors in order to effectively incorporate climate-related risks and opportunities into KFH’s decision-making processes



02.

Stakeholders' Engagement & Materiality Assessment



Stakeholders' Engagement

As we progress in our materiality assessment process, stakeholder input will play a central role in shaping our future ESG priorities and aligning our Sustainability Strategy with broader expectations.

Table 3: Stakeholder Categories' Engagement and Expectations

Stakeholder Categories	Methods of Engagement	Expectations
External Stakeholders		
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> Quarterly financial results circulation. Regular communication with investors and analysts through conference calls, online and physical meetings, and Investor Relations events. Quarterly webcasts with analysts and investors. Annual general assembly meetings. Interactive and comprehensive disclosures on the website. Dedicated investor relations team. 	<ul style="list-style-type: none"> Maintaining financial performance. Delivering dividends. Transparently communicating opportunities, risks, and performance. Engaging with analysts, investors, research houses, and other stakeholders.
 <p>Local Community</p>	<ul style="list-style-type: none"> Non-governmental organizations (NGOs) and civil society organizations. CSR activities. 	<ul style="list-style-type: none"> Creating a positive impact on the community in Kuwait by collaborating with local community organizations in various initiatives.
 <p>Regulators (CBK and CMA)</p>	<ul style="list-style-type: none"> Regulatory reporting. Meetings, communication, and site visits are carried out as needed. 	<ul style="list-style-type: none"> Ensuring full compliance with laws and regulations.
 <p>Suppliers and Other Business Partners</p>	<ul style="list-style-type: none"> Pre-tendering meetings. Supplier screening. Briefings and feedback on new policies. Project-based satisfaction surveys. Tailored communications for major suppliers. 	<ul style="list-style-type: none"> Supply chain risks and performance. Fair tender process. Transparent vendors' assessment. Fair selection of suppliers. Sustainable contracting terms. Investment in local suppliers. Timely payments. Grievance mechanism. Green products and new installations for the Bank's renovation.

Stakeholder Categories	Methods of Engagement	Expectations
 <p>Customers and Beneficiaries</p>	<ul style="list-style-type: none"> • Accounts and management. • Customers advisory. • Daily interactions at branches. • Call centers. • E-Channels • Social media platforms. • Emails. • Press releases. • Campaigns and Initiatives. • Customer satisfaction surveys. 	<ul style="list-style-type: none"> • Data privacy. • Innovative segmented services. • E-banking and digital services. • Premium branches services. • Financing entrepreneurship activities. • Affordable banking solutions, targeting youth. • Responsiveness through all customer touchpoints. • Expanded outreach of branches and accessible services. • Responsible communication on services.
 <p>Rating Agencies</p>	<ul style="list-style-type: none"> • Publicly disclosed sources • Email • Specific rating agencies portals 	<ul style="list-style-type: none"> • Transparency in financial and ESG performance • Timely and accurate reporting
Internal Stakeholders		
 <p>BoD</p>	<ul style="list-style-type: none"> • BoD meetings. • BoD committee’s meetings. 	<ul style="list-style-type: none"> • Capital positioning. • Strategy implementation. • Business continuity and crisis management. • Business culture, ethical behavior, and integrity. • Environmental practices. • Reputational management. • Employee excellence and commitment. • Digital leadership.
 <p>Management</p>	<ul style="list-style-type: none"> • Executive committee meetings. • Internal reporting and follow-ups. • Other Management Committees 	<ul style="list-style-type: none"> • Business culture, ethical behavior, and integrity. • Environmental practices. • Reputational management. • Employee excellence and commitment. • Digital leadership.
 <p>Employees</p>	<ul style="list-style-type: none"> • Performance appraisal meetings. • Designated Human Resources (HR) business partners. 	<ul style="list-style-type: none"> • Business culture, ethical behavior, and integrity. • Health and safety. • Talent acquisition and retention. • Benefits and compensations. • Equal opportunities. • Diversity and inclusion. • Learning and development.

Materiality Assessment

Creating value for our internal and external stakeholders lies at the core of KFH. We have undertaken a specific materiality assessment exercise to identify our key material issues. It involved the following steps:



Identifying potential material issues through research, including a review of peer companies, industry standards, employee reviews, KFH's business strategy, input from the KFH management committees, recent regulatory changes, relevant international and national standards, guidelines, ambitions, and policies.



Prioritizing stakeholders (internal and external groups) and topics to rate material issues according to their perceived importance.



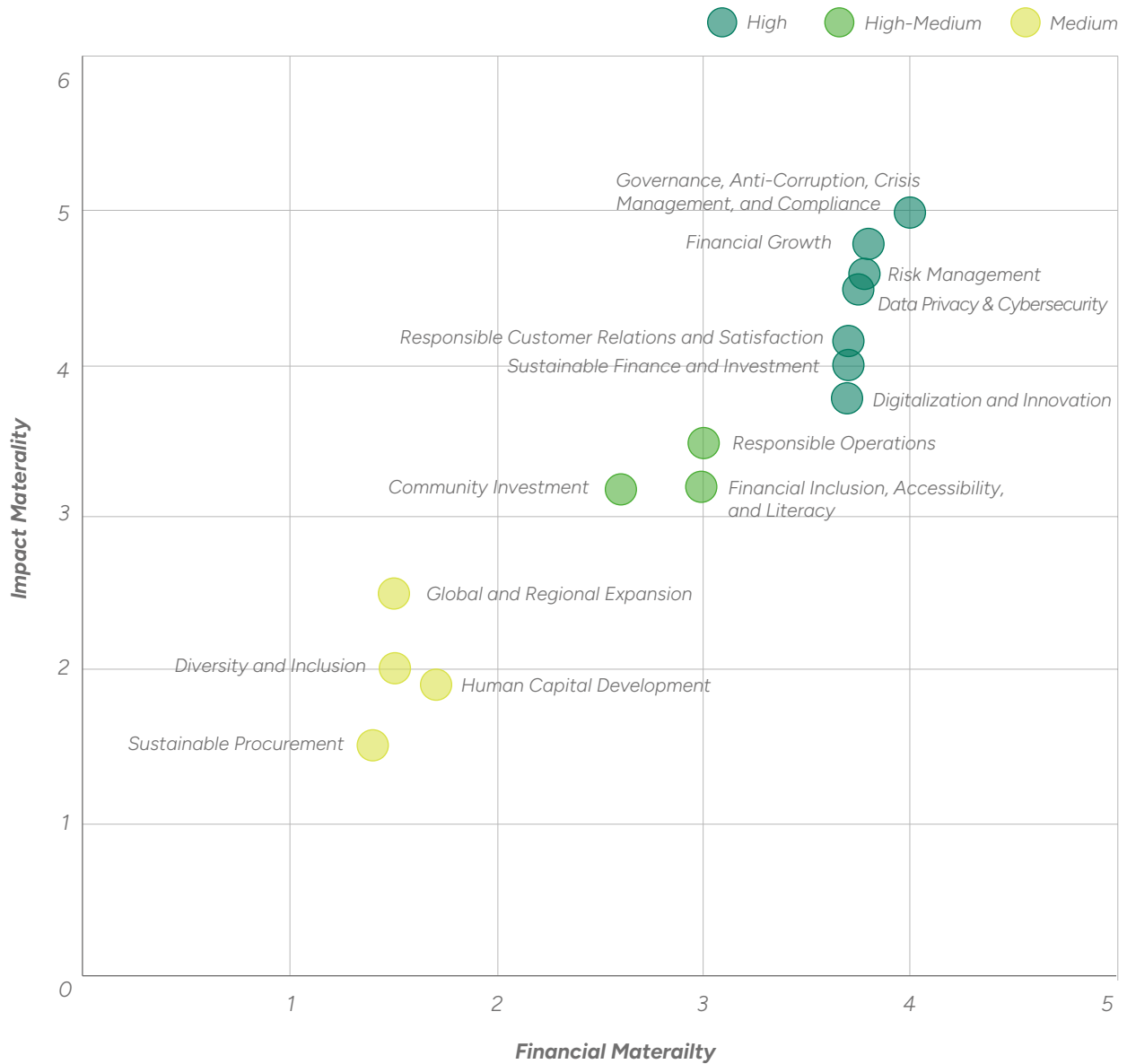
Reviewing the results internally within the KFH management and the Governance and Sustainability Team to ensure that the list of material issues encompasses all stakeholder perspectives

Each year, we review our list of material topics to ensure it accurately reflects the importance of each topic to KFH's stakeholders. This year the list of material topics has been updated as follows:

Table 4: List of Material Topic

Ranking	Category	Material Topic
1	Governance	Governance, Anti-Corruption, Crisis Management, and Compliance
2	Governance	Data Privacy & Cybersecurity
3	Governance	Risk Management
4	Economic	Financial Growth
5	Environmental & Social	Sustainable Finance and Investment
6	Environmental & Social	Responsible Customer Relations and Satisfaction
7	Governance	Digitalization and Innovation
8	Economic	Financial Inclusion, Accessibility, and Literacy
9	Environmental	Responsible Operations
10	Social	Community Investment
11	Economic	Global and Regional Expansion
12	Social	Human Capital Development
13	Social	Diversity and Inclusion
14	Environmental & Social	Sustainable Procurement

Figure 2: KFH's Materiality Matrix



03.

Governance and Ethics: Guiding Our Path



Board of Directors Oversight

KFH emphasizes Shari’a-compliant Banking practices and follows a comprehensive “Enhanced Governance System” for sustainability and growth. KFH’s governance structure shapes corporate culture, ensures regulatory compliance, and promotes justice, equality, and shareholder rights.

The BoD plays a crucial role, setting high standards for professionalism and integrity and guiding strategic operations to deliver sustainable values within a responsible regulatory framework.

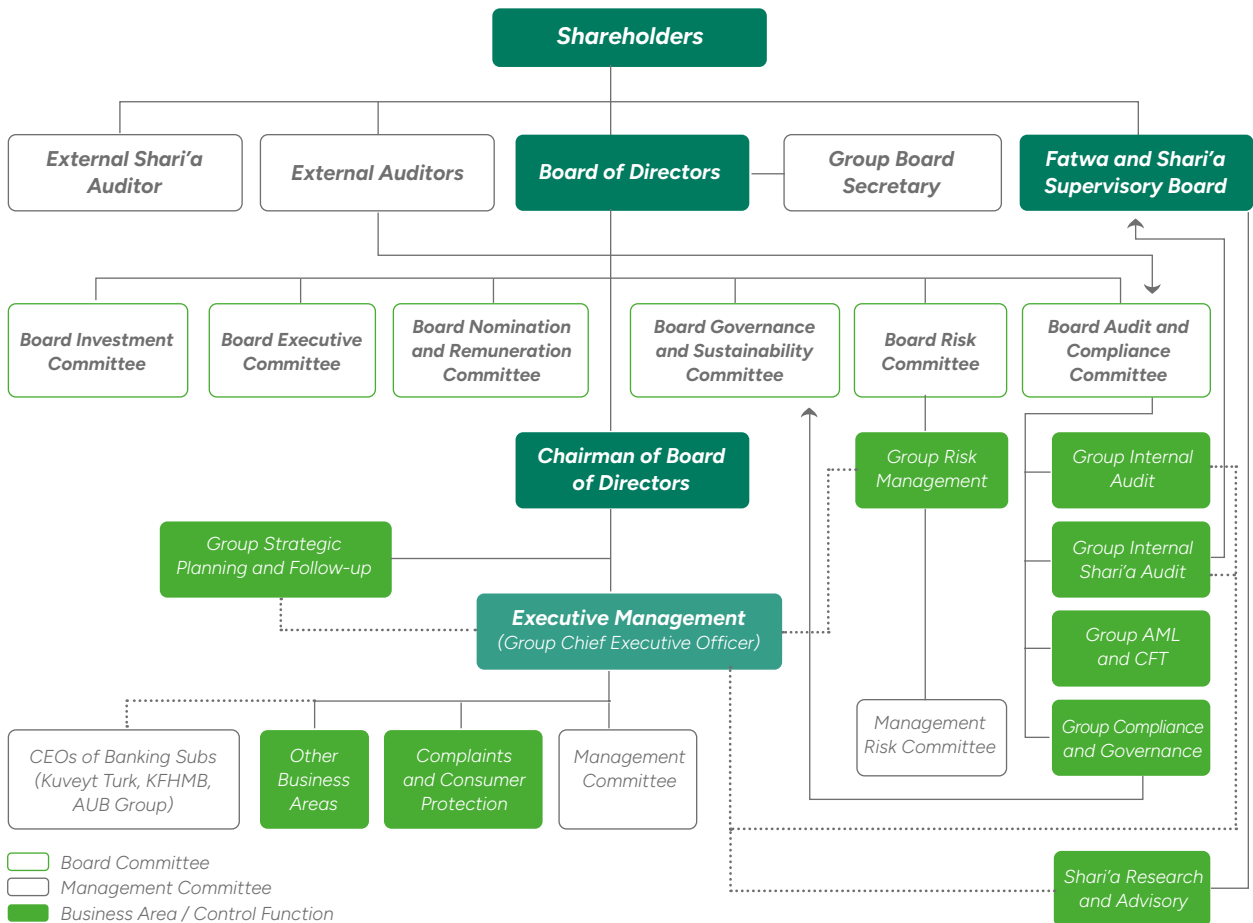
For more details: [the Enhanced Governance System in Kuwait Finance House](#).

The BoD bears the overall responsibility of KFH, including the development of strategic goals, risk strategy, governance principles, and overseeing the proper application of these goals and principles.

It supervises Executive Management, including the Group Chief Executive Officer (GCEO). The BoD also bears full responsibility for ensuring compliance with the CBK requirements and safeguarding the interests of shareholders, depositors, creditors, employees, and other stakeholders.

It oversees KFH’s prudent management and adherence to applicable laws, regulations, and bylaws. The BoD also periodically reviews governance policies to ensure full compliance with regulatory instructions and all mandatory requirements issued by relevant authorities.

Figure 3: KFH Governance Structure



Board Leadership Structure

The BoD at KFH upholds a policy that separates the roles of GCEO and Chairman of the Board, as they believe this is vital for effective governance and the Bank's success. This separation ensures a clear division of responsibilities and strengthens the internal governance system. The Chairman heads the Board of Directors and oversees its functions, while the GCEO manages the Bank's operations and implements its strategy. This approach prevents power concentration, enhances accountability, and fosters a more robust decision-making process.

Chairman's Role

Considering the significance of this role, the Chairman ensures the effective functioning of the Board, fosters mutual trust and collaboration among its members, and guarantees that decision-making is grounded on solid principles and accurate information.

Additionally, the Chairman promotes constructive discussions, encourages the exchange of diverse viewpoints within the BoD, and ensures timely communication of relevant information to all members. Furthermore, the Chairman plays a pivotal role in nurturing a productive and cooperative relationship between the BoD and Executive Management.

Group Chief Executive Officer

The GCEO plays a vital role in driving KFH's growth by executing the Bank's strategy as approved by the BoD and ensuring sustainable growth and performance. The GCEO oversees and evaluates KFH's overall performance in alignment with the approved strategies, policies, and plans.

Responsibilities include executing KFH's strategic and business plans, referring to transactions that exceed their authority to the Board, ensuring compliance with KFH's policies, laws, and regulations, and performing tasks delegated by the Board.

The Relationship between the Board and the Executive Management

KFH maintains cooperation and clear segregation of duties, functions, and powers between the BoD and Executive Management, thus satisfying the fundamental requirement of sound corporate governance. Accordingly, the BoD is responsible for providing guidance and oversight, while Executive Management takes responsibility for planning and implementing strategies and policies based on BoD's approval.

This structure ensures a clear separation of responsibilities and maintains the independence of the BoD from Executive Management. The BoD ensures that executive management adheres carefully to the policies designed to prevent and prohibit any activities or relationships that may conflict with or undermine sound corporate governance principles. This includes strict compliance with the conflict-of-interest policy.

ESG Reporting Oversight

KFH's BoD is responsible for reviewing and approving reported ESG information, ensuring that disclosures are accurate and aligned with the Bank's strategic objectives. The ESG reporting process is led by the Governance and Sustainability Unit, which is responsible for preparing Sustainability Report and Carbon Footprint Report. Once the Reports are completed, it is first reviewed by the Executive Committee, then by the Board Governance and Sustainability Committee, before receiving final approval from the BoD.

BoD Committee Membership Key

- BNRC** Board Nomination and Remuneration Committee
- BGSC** Board Governance and Sustainability Committee
- BACC** Board Audit and Compliance Committee
- BRC** Board Risk Committee
- BIC** Board Investment Committee
- BEC** Board Executive Committee

Sheikh/ Salem Abdulaziz Al-Saud Al-Sabah
Board Member, Independent Non-Executive Director

Since: 2023

Chair BGSC

Mr. Noorur Rahman Abid
Board Member, Independent Non-Executive Director

Since: 2014

Chair BACC **Chair BNRC**

Mr. Salah Abdulaziz Al-Muraikhi
Board Member, Non-executive Director representing Kuwait Investment Authority

Since: 2018

BEC **BACC** **BGSC**

Mr. Mohammad Naser Al-Fouzan
Board Member, Non-Executive Director

Since: 2020

BRC **BIC**

Mrs. Dalal Mahmoud Abdulkhaleq Al-Nouri
Board Member, Non-Executive Director representing the General Authority for Minors Affairs in alliance with Awqaf Public Foundation since November 2024.

Since: 2024

BACC **BGSC**

Our BoD

Mr. Hamad Abdul Mohsen Al-Marzouq
Chairman, Non-Executive Director

Since: 2014

BGSC **Chair BEC**

Mr. Abdulaziz Yacoub Al-Nafisi
Vice Chairman, Non-Executive Director

Since: 2014

BNRC **BEC**

Mr. Ahmad Abdullah Al-Omar
Board Member, Independent Non-Executive Director

Since: 2023

BNRC **BIC**

Mr. Ahmad Hamad Al-Thunayan
 Board Member, Non-Executive Director representing the Public Institution for Social Security

Since: 2023

BNRC BRC BIC

Mr. Fahad Ali Al-Ghanim
 Board Member, Non-Executive Director

Since: 2014

BEC BACC Chair BIC

Mr. Khalid Salem Al-Nisf
 Board Member, Non-Executive Director

Since: 2014

BEC BRC BIC

Mr. Ahmad Meshari Al-Fares
 Board Member, Independent Non-Executive Director

Since: 2020

Chair BRC BGSC

Mr. Muad Saud Al-Osaimi
 Board Member, Non-Executive Director

Since: 2014

BEC BACC BIC

Mr. Naser Abdullateef Al-Rodan
 Board Member, Non-Executive Director representing Kuwait Investment Authority

Since: 2024

BRC BNRC

The BoD includes four independent members, representing 29% of the total Board composition.

100% of our BoD are Non-Executive members.

7% of KFH's BoD are women.

(Read the BoD members' biographies in [KFH's Annual Report 2024](#))

Board Committees and Meetings

Table 5: Meetings in 2024

Board/ Committee	Number of Meetings	Attendance Rate
Board	14	96%
Audit and Compliance Committee	5	92%
Nomination and Remuneration Committee	8	95%
Risk Committee	6	100%
Executive Committee	10	98%
Governance and Sustainability Committee	5	87%
Investment Committee	4	100%

KFH has six committees at the Board Level, and each of these committees has a written charter that has been approved by the BoD. During 2024, the Board of Directors held 14 meetings as part of its current 16th session, compared to 21 meetings in 2023. The meetings are convened as needed, exceeding the regulatory requirements stipulated in the Companies Laws and the corporate governance regulations issued by the CBK.

These regulations mandate a minimum of six meetings per year, with at least one meeting each quarter. The decisions made during these meetings are binding and are included in KFH's records. All KFH's BoD committees are appointed for the same tenure as the BoD, which is three years.

Table 6: Formation of the Board Committees

Formation of the Board Committees		Sub-committees					
Board of Directors		BEC	BACC	BNRC	BRC	BGSC	BIC
Chairman	Hamad Abdulmohsen Al-Marzouq	C		.			
Vice Chairman	Abdulaziz Yacoub Al-Nafisi						
Members	Sheikh/ Salem Abdulaziz Al-Sabah			.		C	.
	Ahmad Abdullah Al-Omar	.	.				
	Fahad Ali Al-Ghanim	.	.				C
	Muad Saud Al-Osaimi	.			.		.
	Khalid Salem Al-Nisf						
	Noorur Rahman Abid		C	C		.	
	Dalal Mahmoud Al-Nouri	.	.			.	
	Salah Abdulaziz Al-Muraikhi			.	.		.
	Ahmad Hamad AlThunayan				.		.
	Mohammad Naser Al-Fouzan					.	
	Ahmad Meshari Al-Fares			.	C	.	
Nasser Abdullatif Al-Roudan							

(C) Chair of the committee.

Board Audit and Compliance Committee (BACC)

Number of Meetings: 5	Committee Attendance Rate: 92%	Non-Executive Members: 100%
FE/ Mr. Noorur Rahman Abid (Chair)	Independent Non-Executive Director	
Mr. Fahad Ali Al-Ghanim	Non-Executive Director	
FE/ Mr. Salah Abdulaziz Al-Muraikhi	Non-Executive Director	
Mrs. Dalal Mahmoud Al-Nouri	Non-Executive Director * Committee member since Nov 7, 2024.	
Mr. Hamad Abdullateef Al-Barjas	Non-Executive Director * Membership in the committee ended on Oct 15, 2024.	
Mr. Muad Saud Al Osaimi	Non-Executive Director	

FE (Financial expert)

Duties and Responsibilities (Include but Not Limited to the Following):

Assisting BoD to fulfill its supervisory responsibilities regarding accounting operations in the Bank, current control systems, dealings with essential persons, corruption practices in the market, internal audit rules, compliance procedures, and financial reporting to internal and external auditors of the Bank and regulatory authorities to ensure compliance with regulatory requirements and alignment with the best practices in the market.

Main Functions of the Audit and Compliance Committee include, but are not limited to, the following:

- Reviewing the scope, results, and extent of KFH's internal and external audit adequacy.
- Reviewing accounting issues that have a material impact on financial statements.
- Reviewing KFH's internal controls and ensuring the sufficiency of human resources allocated for control positions.
- Reviewing KFH's financial statements before presenting them to the BoD and ensuring the adequacy of allocated provisions.

- Ensuring KFH's compliance with the related laws, policies, rules, and regulations.
- Assessing the effectiveness and sufficiency of the internal Shari'a audit function and the extent of its contribution to ensuring compliance with Islamic Shari'a rules and principles (specifically the Fatwas and decisions issued by the FSSB).

Annual Performance Appraisal

The Committee conducts an annual performance appraisal of the Group Chief Internal Auditor, the Head of Regulatory Compliance and Governance, the Head of AML and CFT, and the Head of Internal Shari'a Audit.

Board Nomination and Remuneration Committee (BNRC)

Number of Meetings: 8	Committee Attendance Rate: 95%	Non-Executive Members: 100%
Mr. Noorur Rahman Abid (Chair)	Independent Non-Executive Director	
Mr. Abdul Aziz Yacoub Al-Nafisi	Non-Executive Director	
Mr. Nasser Abdullatif Al-Roudan	Non-Executive Director * Committee member since Nov 7, 2024.	
Mr. Hamad Abdullateef Al-Barjas	Non-Executive Director *Membership in the committee ended on Oct 15, 2024.	
Mr. Ahmad Abdullah Al Omar	Independent Non-Executive Director	
Mr. Ahmad Hamad Al Thunayan	Non-Executive Director	

Duties and Responsibilities (Include but Not Limited to the Following):

Nominations

- Assisting the BoD in nominating members of each committee based on membership criteria and ensuring that there is a sufficient number of non-executive directors in each committee to ensure the independence of their decisions.
- Recommending the appointment of the GCEO and his deputies, except for the Chief Risk Officer, who shall be elected by the Risk Committee, and the Chief of Audit and the Chief of Compliance, who shall be elected by the Audit and Compliance Committee.
- Providing suggestions on the Bank fixed and variable remuneration policy structure and raising the same to the BoD for approval.
- Providing recommendations to the BoD for the nomination or re-nomination of the Shari'a Supervisory Board membership, ensuring transparency in the appointment and reappointment processes, and evaluating the effectiveness of the Shari'a Supervisory Board.

BoD Memberships

- Giving recommendations to the BoD regarding nominations for BoD membership in accordance with approved policies, standards, and the CBK instructions regarding nomination rules.

This includes verification of the requirements for ensuring the independence of the independent member.

- Conducting an annual review of the required skills for Board membership, preparing a description of the capabilities and qualifications necessary for membership, conducting an annual review of the Board's structure, and raising recommendations about potential changes that align with KFH's interests.

Annual BoD Assessment

- The Committee conduct separate annual assessments of the Board's overall performance and that of each member. This assessment covers the expertise and knowledge of the BoD, their powers and authority, and their leadership qualifications.

Critical Issues and Board Knowledge

- Providing the BoD with the necessary information and reports on key matters related to the Bank's activities and operations, ensuring they remain informed of the latest banking developments. This may also include recommending that BoD members attend seminars and events on banking and financial topics.

Board Risk Committee (BRC)

Number of Meetings: 6	Committee Attendance Rate: 100%	Non-Executive Members: 100%
Mr. Ahmed Meshari Al-Faris (Chair)	Independent Non-Executive Director	
Mr. Khalid Salem Al-Nisf	Non-Executive Director	
Mr. Nasser Abdullatif Al-Roudan	Non-Executive Director * Committee member since Nov 7, 2024.	
Mr. Ahmad Hamad Al Thunayan	Non-Executive Director	
Mr. Mohammed Nasser Al-Fouzan	Non-Executive Director	

Duties and Responsibilities (Include but Not Limited to the Following):

- Assisting the BoD in developing KFH's risk strategy and identifying its current and future risk appetite, as well as supervising Executive Management's implementation of the approved strategy.
- Ensuring a proper risk management framework across KFH, including risk strategies, risk appetite, policies, procedures, tools, and methodologies.
- Reviewing risk management standards and internal controls to ensure proper management of material risks in Banking businesses and provide supervision of credit risks, capital market risks, liquidity risks, asset and liability management, and other relevant risks.
- The Committee reviews and supervises the Risk Department structure, duties, and responsibilities, in addition to assessing the performance of the department's head.

Board Governance and Sustainability Committee (BGSC)

Number of Meetings: 5	Committee Attendance Rate: 87%	Non-Executive Members: 100%
Sheikh/ Salem Abdulaziz Al Sabah (Chair)	Independent Non-Executive Director	
Mr. Ahmed Meshari Al-Faris	Independent Non-Executive Director	
Mr. Hamad Abdul Mohsen Al-Marzouq	Non-Executive Director	
Mr. Hamad Abdullateef Al-Barjas	Non-Executive Director *Membership in the committee ended on Oct 15, 2024.	
Mr. Salah Abdulaziz Al-Muraikhi	Non-Executive Director	
Mrs. Dalal Mahmoud Al-Nouri	Non-Executive Director * Committee member since Nov 7, 2024.	

Duties and Responsibilities (Include but Not Limited to the Following):

- Developing a framework and preparing a comprehensive updated Enhanced Governance System to have it approved by the BoD, then publishing it on the Bank's website.
- Reviewing the adequacy of the Bank's policies and practices related to governance standards.
- Reviewing the governance section in the Annual Report regarding the extent of the Bank's compliance with the Enhanced Governance System.
- Performing an annual performance evaluation in terms of the BGSC and its duties as well as an annual review of the Committee's authority and functions.
- Overseeing the implementation of KFH's sustainability strategy and mitigating climate risks.
- Supervising and reviewing the Bank's Annual Sustainability Report prior to submitting it to the BoD for final approval.

Board Executive Committee (BEC)

Number of Meetings: 10	Committee Attendance Rate: 98%	Non-Executive Members: 100%
Mr. Hamad Abdul Mohsen Al-Marzouq (Chair)	Non-Executive Director	
Mr. Abdul Aziz Yacoub Al-Nafisi	Non-Executive Director	
Mr. Khaled Salem Al-Nisf	Non-Executive Director	
Mr. Muad Saud Al-Osaimi	Non-Executive Director	
Mr. Fahad Ali AlGhanim	Non-Executive Director	
Mr. Salah Abdulaziz Al-Muraikhi	Non-Executive Director	

Composition of the Committee

The BEC is made up of members from the Board of Directors and is appointed by the Board itself. While the BEC operates at the Board level, its members are not part of the Executive Management team. The Committee must have at least six members, including a Chair, who may also serve as the Chairman of the Board. The composition of the BEC is aligned with that of the Board of Directors to ensure consistency.

Duties and Responsibilities (Include but Not Limited to the Following):

- Supervising the execution of the Bank's business plan and strategy, overseeing performance efficiency, reviewing performance reports, and raising recommendations to the Board in this respect.
- Reviewing and approving financial transactions and investment offers presented by Executive Management per the authorization list determined by the Board.
- Approving or rejecting proposals related to finance, liquidity, and/or market risks within the limits of the BoD regarding the maximum credit concentration limit per customer.
- Reviewing the management's strategy, provisions, and plans to recover bad debts, if any.
- Reviewing the diversity and durability of the financial portfolio periodically.

Board Investment Committee (BIC)

Number of Meetings: 4	Committee Attendance Rate: 100%	Non-Executive Members: 100%
Mr. Fahad Ali Al-Ghanim (Chair)	Non-Executive Director	
Mr. Mohammed Nasser Al Fouzan	Non-Executive Director	
Mr. Khaled Salem Al-Nisf	Non-Executive Director	
Mr. Muad Saud Al-Osaimi	Non-Executive Director	
Mr. Ahmad Hamad Al Thunayan	Non-Executive Director	
Mr. Ahmad Abdullah Al Omar	Independent Non-Executive Director	

Duties and Responsibilities (Include but Not Limited to the Following):

The BIC is responsible for assisting the BoD in setting up general principles of investment, supervising the investment activities of the Bank and its subsidiaries according to the authorities bestowed upon it by the BoD, and ensuring compliance with the investment objectives of the Bank.

Main Functions of Investment Committee include, but are not limited to, the following:

- Assisting the BoD in supervising the Bank's investment assets, including investment funds and portfolios. The Committee shall raise its recommendations to the BoD and follow up on investments aligned with approved policies.
- Reviewing the reports associated with the Bank's current investments, the conditions of international and local capital markets.
- Advising the BoD on any material changes to the investments of the Bank.
- Following up the implementation of the strategic policies and goals set by the BoD regarding investment activities.
- Reviewing all proposed new investments, verifying their compliance with the BoD instructions, and presenting recommendations to the Board accordingly.
- Obtaining any required information concerning the investment portfolio status through the GCEO.
- Reviewing the Executive Management's recommendations on the consolidation of current investments and raising the same to the BoD.
- Forwarding its recommendations to the BoD in case any need arises to increase or decrease the capital of the companies in which the Bank is a shareholder.
- Conducting any other responsibilities and duties assigned thereto by the BoD.

(For more details on duties, responsibilities, functions, and composition for each committee, kindly refer to the [KFH's Annual Report 2024](#))

KFH Governance

KFH's BoD approved [Enhanced Governance System](#) outlines activities, responsibilities, and policies for managing and monitoring compliance, ethics, and risks across the Bank. KFH's employees are expected to be aware of the Bank's Code of Business Conduct and Ethics and to act according to our vision and principles .

Key Principles

The following three principles were targeted in drafting the Bank's present Enhanced Governance System:



Governance at the KFH Group Level:

KFH is committed to complying with the Group's Corporate Governance Policy, which emphasizes transparency and credibility, and keeping in line with the highest international standards and best practices. The BGSC reviews the Group's performance periodically and updates the policies and procedures that regulate the Group's business.

This is to ensure that the policies meet and serve the needs of the Group, enabling it to achieve its strategic goals, have access to mechanisms that facilitate communication between the Group's subsidiaries, and monitor governance implementation at the Group level.



Disclosure and Transparency:

At KFH, we adhere to a clear framework that upholds the principles of disclosure, transparency, and fairness, ensuring timely and equitable access to information for all stakeholders, aligning with regulatory authorities and international best practices.

Our first Sustainability Report, issued in accordance with GRI Standards, was a milestone in KFH's ESG disclosure journey. Building on this foundation, this year's report aligns with both GRI Standards and the Integrated Reporting Framework, marking a significant step forward in our sustainability reporting.

By integrating financial and non-financial information, the report provides a holistic view of our value creation process and long-term impact. It also highlights the importance of stakeholder engagement in our decision-making, ensuring that their interests are effectively represented and protected.

This publication further strengthens our sustainability disclosures and paves the way for future advancements in responsible and transparent communication.



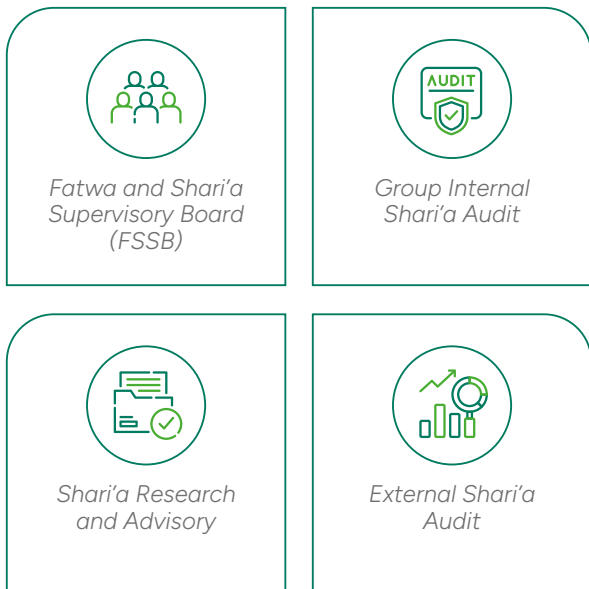
Enhancing the Code of Business Conduct:

At KFH, we rely on the highest standard of adherence to the Code of Conduct and Ethics, starting with the members of the BoD and extending to all employees of KFH. Therefore, the BoD has sought to strengthen the existing framework through policies to ensure that KFH upholds integrity and credibility and maintains the Group's strong reputation The Board conducts an annual review of the policies regulating the framework for professional behavior, which consists of the following policies:

- **Conflict of Interest.**
- **Related Party Transactions.**
- **Information Security.**
- **Whistleblowing.**
- **Anti-Bribery and Corruption.**
- **Insider Information.**
- **Code of Business Conduct and ethics**

Each member of the BoD of Directors reviews, and commits to these policies. KFH employees also review and commit to these policies on an annual basis. At KFH, we are committed to promoting the culture of adherence to ethical standards through periodic training programs and awareness publications.

Shari'a Supervisory Framework at KFH is based on four main pillars:



Members:

- Sheikh Professor Dr. Sayyid Mohammad Al-Sayyid Abdul Razzaq Al-Tabtaba'e**
(Chairman of the Fatwa and Shari'a Supervisory Board)
- Sheikh Professor Dr. Mubarak Jaza Al-Harbi**
- Sheikh Dr. Anwar Shuaib Al-Abdulsalam**
- Sheikh Dr. Khaled Shuja' Al-Otaibi**
- Sheikh Dr. Esam Abdulrahim Al-Ghareeb**

The General Assembly of KFH appointed the honorable members of the Fatwa and Shari'a Supervisory Board for the year 2024. The Board consists of five members. It issues Shari'a opinions and decisions and ensures KFH's compliance with Shari'a regulations.

During 2024, the Fatwa & Shari'a Supervisory Board held 28 meetings with an attendance rate of **96%**



(The FSSB members' biographies are available in [KFH's Annual Report 2024](#))

Nominating and Selecting Board Members

The KFH Chairman of the Board is a Non-Executive member, a position distinct from that of the Group Chief Executive Officer. All BoD, including independent members, must be approved by the CBK and subsequently elected by shareholders at the annual general assembly. Shareholders exercise their voting rights based on the one-share-one-vote principle for all outstanding shares, excluding Treasury shares, and vote on the election, re-election, or dismissal of BoD during each tenure.

The BNRC supports the BoD in ensuring that membership criteria align with approved policies and CBK standards, with the aim of forming a Board that effectively achieves KFH's strategic direction.

Collectively, KFH's BoD, including independent members, possess the qualifications and expertise necessary to serve the interests of KFH, its shareholders, and other stakeholders.

Board Training

In light of KFH's advancement to embed ESG in the Bank's culture across its entire ecosystem. Board members are always in continuous development through inductions and training that provide a more precise understanding for sound and objective opinions on the affairs of KFH.

Regular training and participation in conferences and seminars occur yearly to enhance skills and experience in the finance and Banking business, in line with the future visions and risks facing KFH and the surrounding environment.

Building on the 2023 training programs focused on Sustainable Finance, ESG Risks, and Digital Transformation, the 2024 training agenda has been expanded to address emerging challenges and opportunities in the financial sector including Cyber Security Risks and Anti-Money Laundering and Counter-Terrorism Financing.

Remuneration

Remuneration Policy

To ensure transparency, integrity, and fairness in remuneration, KFH's Corporate Governance Framework includes dedicated guidance on remuneration policies and schemes, which are as follows:





The Board oversees the design, control, activation, and review of KFH's remuneration system to ensure the effectiveness of the process.

The BNRC is responsible for establishing the Board's guidelines regarding all remuneration related matters.

The Payroll Management Policy is a part of the HR policies at KFH and serves as the Remuneration Policy, including all requirements mentioned in CBK's Corporate Governance Instructions. The policy includes all components of financial remuneration, considers the enhanced risk management at KFH, and aims to attract qualified and experienced professionals.

Executives' remuneration includes fixed and variable components, including their current and deferred remunerations and short- and long-term incentives, wherein 30% of their annual bonus is deferred for three years, and end-of-service indemnity. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the employee's grade in the Bank, their job department, and market practices.

KFH's remuneration system has the following compensatory components:

 Fixed remuneration	 Variable remuneration
 Short-term incentives	 Long-term incentives

(For more details, please refer to the Remuneration Report in the [KFH's Annual Report 2024](#))

Rewarding employees is directly linked to the Bank's short- and long-term performance. The remuneration packages also align with the Bank's short- and long-term risk appetite. The Bank has mechanisms in place to control the total remuneration based on the Bank's financial performance, and in the case of poor performance, implement the clawback mechanism explained below.

Top Management Remuneration Guidelines

All elements are set at an appropriate level considering market practices, wage indicators, and the employee's skills.

- Remuneration is used to encourage and motivate effective performance on an ongoing basis.
- Remuneration is linked to key business goals defined by the Board and KFH's short- and long-term performance.
- Remuneration is linked to risk duration.



Top Executive Management Annual Compensation

The total remuneration charged for the year 2024 to the GCEO and his deputies was KD 5.9 million. The remuneration package of each Executive in this category included fixed and variable pay components including salaries (basic and cash/non-cash benefits and allowances), short-term incentives including fixed and variable annual cash bonuses, and long-term incentives and end-of-service benefits.

Clawback Policy

KFH has a policy regarding the recoupment, or clawback, of executive compensation. Subject to the discretion and approval of the Board, this policy enables the Bank to seek recoupment of incentive-based compensation awarded to any current Executive officer of the Bank.

The Bank should consider adjusting the financial rewards in the event of a decline in the financial performance of the Bank, including setting appropriate standards related to the possibility of reducing the total financial rewards granted by the Bank in the event of weak financial performance or a negative performance of the Bank, including the relevant regulations by establishing a 'Claw Back' system for recovering financial rewards.

This policy applies uniformly to the Executive level and includes a minimum clawback period of three years to ensure long-term financial stability.



Compensation Assessment

KFH periodically reviews and reassess specific positions, ensuring that compensation remains fair, competitive, and aligned with industry standards. This practice enhances objectivity in remuneration decisions, promotes equity, and helps mitigate potential biases in the compensation structure.



Shareholders and Stakeholders' Rights

At KFH, we protect the rights of shareholders and stakeholders by implementing policies and procedures that ensure the fair treatment of all shareholders, including those belonging to minorities, through two units. The first unit manages shareholders' affairs; the second unit handles investors' affairs. Both units work continuously to serve KFH shareholders and investors. KFH shareholders have equal rights without discrimination. They have the right to participate in general assembly meetings (ordinary and extraordinary), vote on agenda items, and elect members of the BoD.

They also receive dividends, can obtain information and data on the Bank's activities, and have other due rights as provided in KFH's Memorandum and Articles of Association and in accordance with laws and regulations issued by the regulatory authorities. We also uphold the rights of stakeholders including employees, depositors, creditors, vendors, and others by adhering to policies and procedures that ensure the protection of their rights.



Disclosure of Shareholder Voting Results

KFH provides a clear and detailed breakdown of the voting results in the Minutes of Meeting for both the Ordinary and Extraordinary General Assemblies. This includes the number of votes cast in favor, against, and abstained for each resolution, the voting outcomes for each agenda item, the quorum of attendance, and any notices or concerns raised during the meeting.

These results are made publicly available through official communication channels, including regulatory filings and disclosures on KFH's website, ensuring all stakeholders have access to transparent and accurate information about the decision-making process.

One Share, One Vote

KFH adheres to one share, one vote principle for all its outstanding shares (excluding Treasury shares). During every general assembly resolution, each shareholder's voting power corresponds directly to their ownership stake in the Bank, promoting fairness and transparency in decision-making processes. By upholding this principle, KFH ensures equal shareholder representation in determining the Bank's direction and strategic decisions.

General Assembly Notice Period

KFH typically provides shareholders with notice 21 to 30 days before the Ordinary and Extraordinary General Assemblies, allowing sufficient time to prepare, review relevant documents, and make arrangements to attend, ensuring transparency and active participation in the meeting.

Compliance

The compliance department maintains independence and sufficient authority to ensure the effectiveness of its function within KFH. It is incumbent upon the Bank's executive management not to interfere with its operations.

Governance

The BoD approves the roles and responsibilities of the Compliance and Governance Department and grants it full independence and sufficient authority to fulfill its duties effectively with the privilege of a direct access to the BoD.

A standalone Compliance Policy ensures that the Bank complies with all regulations applicable to the Bank's activities. The Policy is periodically reviewed, and the application of its rules is verified.

Duties of the Compliance Function

- Advises the Board of Directors and Executive Management on the Bank's compliance with regulatory requirements and keeps them regularly informed of the latest developments.
- Identifies and assesses non-compliance risks facing the Bank at least once a year, along with evaluating how effectively those risks are being managed.
- Submits reports to the BACC on how effectively such risks are managed by the Bank, if identified. However, overall responsibility for compliance remains with the Board of Directors and Executive Management.

Compliance with Regulations

KFH has policies and procedures in place to support its compliance with applicable laws and regulations, including a whistleblowing policy.

Additionally, KFH discloses regulatory penalties (if any) during the General Assembly.

Conflict of Interest – BoD

The BoD serves under a dedicated Conflict of Interest Policy which includes but is not limited to the following:

- BoD shall avoid engaging in activities likely to create a conflict of interest.
- Establishing policies and procedures to prevent conflict of interest between Board members, Executive Management, and employees.
- Obtaining the BoD approval on any activity carried out by a Board member that may result in a conflict of interest.
- BoD shall disclose any matter that may result, or has already resulted, in a conflict of interest.
- BoD members shall abstain from voting on any matter that may imply a conflict of interest or may have an impact on the objectivity of the voting.
- All transactions with related parties shall be treated equally.

KFH has a strict Conflict of Interest Policy to ensure transparency and objectivity in the Bank's financing processes. Conflict of interest involving employees, BoD members, directors, and their immediate family members (spouse, children, and parents) must be avoided. The policy is reviewed annually by the KFH BoD and applies to all KFH operations.

Prohibited Actions

Board members must avoid the following actions to prevent conflict of interest, including but not limited to:

- Using one's position as a board member or employee of the Bank to receive financing or guarantees in violation of approved policies.
- Engaging in conduct or activities that improperly interfere with the Bank's existing or prospective business relationships with a third party.
- Accepting, or allowing a board member or employee's immediate family member to accept, gifts from individuals or entities that have dealings with the Bank, where the gift could reasonably be expected to influence the board member or employee's actions
- Making or influencing decisions that would provide a personal benefit, such as approving financing to a company that directly or indirectly benefits the board member or employee.
- In the case of a potential conflict of interest in a transaction, the Board member or employee must refrain from participating in its processing, approval, or deliberations.

Ethical Conduct and Fiduciary Responsibilities

KFH's BoD uphold the highest standards of integrity, professionalism, and ethical conduct in carrying out their fiduciary duties.

Board members must not misuse their position, or any confidential information acquired through their role at the Bank for personal gain or to benefit any related party. They are also responsible for ensuring that their personal interests or external affiliations do not create conflicts with their duties or compromise their objectivity in decision-making.

Board members must avoid actions that could effect the Bank's reputation or undermine public trust. The BoD should remain vigilant in identifying actual or potential conflicts of interest, particularly in transactions involving shareholders, related parties, or customers. Above all, each board member's primary obligation is to act in the best interests of KFH.

Each Board member must disclose any situation that could give rise to a conflict of interest or has already resulted in one. Any proposed activity that could potentially lead to a conflict must be presented to the Board for approval in advance.

Approval and Delegation of Authority Guidelines

Proposals involving financing facilities for BoD must be approved by KFH's General Assembly. Any decision to grant, renew, or increase such facilities must receive the approval of at least 75% of the total Board membership, excluding the board members concerned, who must abstain from discussions and voting. The BoD retains exclusive authority over these decisions and is not permitted to delegate this responsibility to any other committee or body.



Related Party Transactions

KFH is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a heightened risk of actual or apparent conflicts of interest.

Related party transactions are governed by KFH's Related Party Transaction Policy, which states the rules and procedures that govern such transactions. Any credit extension to KFH's related parties, including Board members, is made in accordance with the same terms and conditions applied to other customers without any preferential terms and in conformity with the instructions issued by the CBK.

All related party transactions must be disclosed according to the rules and regulations of the local governing body (i.e., the CBK and International Disclosure Standards).

Related party transactions are monitored and audited by Internal Audit to verify that such transactions are aligned with the Related Party Transactions Policy.

Board Members should refrain from participating in BoD meetings that involve discussing or voting on items related to the private business of the concerned Board member.

Anti-Bribery and Corruption



KFH has incurred no fines, penalties, or settlements in relation to corruption.

The Anti-Bribery and Corruption Policy explicitly prohibits any transaction, including facilitation payments, which could constitute a bribe or a corrupt payment to or from a public official, body, private entity, or individual.

This policy applies to KFH's BoD, employees, and those representing the Bank, including business partners operating on KFH's behalf. In addition, KFH considers the anti-bribery and corruption policies of potential new business partners as it conducts its due diligence.

KFH's Approach to Mitigating Corruption Risks in High-Risk Operations

KFH ensures that its procedures effectively mitigate corruption across varying levels of risk, especially in high-risk operations where the potential for corruption may be elevated. We implement thorough procedures aligned with our Anti-Bribery and Corruption Policy and Whistleblowing Policy. Enhanced due diligence processes are employed to thoroughly assess potential risks, while the "four eyes" principle ensures oversight and accountability at every level.

Internal controls at KFH are strengthened with preventive, detective, and corrective measures to minimize vulnerabilities. We regularly conduct reviews and monitoring activities to identify any deviations or irregularities promptly. Moreover, incident and whistleblower reports are analyzed meticulously to address any emerging issues swiftly. KFH also ensures continuous training and awareness-raising among stakeholders to foster a culture of compliance.

Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT)

We have developed and implemented a comprehensive suite of AML/CFT policies and procedures that covers customer risk profiling, customer due diligence standards, transaction monitoring, sanctions screening (covering customers, related parties and payments) and an ongoing training program. To enhance operational effectiveness, the Bank is leveraging on advanced digital solutions to effectively monitor and detect suspicious activities.

KFH uses advanced systems to help identify and manage potential risks by monitoring customer activities and ensuring compliance with regulations. These tools also make the review process more efficient by helping staff quickly assess any suspicious activity.

Additionally, the AML and CFT department collaborates with the Talent Development Unit to deliver annual AML/CFT awareness training sessions to all employees, as well as tailored training for specific staff members, including our Board of Directors.

In 2024, 100% of employees completed mandatory anti-corruption, AML, and CFT training, as required by the Central Bank of Kuwait. Training completion was tracked across all employee categories in Kuwait, with full participation confirmed. Anti-corruption policies and procedures were communicated to all employees, members of the governance bodies, and key business partners.

Fraud Prevention

In our efforts to prevent fraud, KFH's Non-Financial Risk (NFR) unit implemented use cases based on data analysis and fraud trends pertaining to external fraud for phishing and smishing cases. NFR closely monitors and enhances to reduce false positive alerts and improve efficacy.

The unit internally circulated advisories to explain the Fraud Triangle, a three-legged model outlining the three components that increase the risk of fraud (opportunity, incentive, and rationalization), and raise awareness of the importance of creating an anti-fraud culture in the Bank.

We regularly communicate to our customers that KFH will never ask for confidential, personal, or financial information that should not be shared with anyone.

We monitor Visa and Master Card alerts, pre-train newly identified fraud campaigns, and take necessary actions. We also observe merchants for suspicious transactions and activities, blocking them if they demonstrate fraudulent transactions based on KFH's analyses and investigations.

We conduct credit risk assessments which are based on KFH's internal risk rating and the CBK rating as we plan and conduct a Fraud Risk Assessment in KFH departments/units based on analysis, investigations, red flags, and incidents to mitigate the high/very high risks based on the internal risk rating methodology.

Human Rights

KFH aims to align with the UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights, ensuring these principles are upheld throughout our operations and partnerships.

KFH strongly believe in engaging with stakeholders, including potentially affected groups, to solicit their perspectives on KFH's impact on human rights. These consultations are meticulously documented, and the valuable insights gathered are consistently integrated into our ongoing human rights efforts. Furthermore, we actively seek targeted engagement with communities on specific projects to collect community feedback, which is pivotal in our due diligence efforts related to human rights.



Child and Forced Labor

KFH does not support any form of child labor or forced labor in any form, within or outside the domain of its premises and operations.

Digital Transformation

KFH's approach to digital transformation in the AML and CFT department focuses on upgrading the systems, automating routine manual processes, reducing human intervention, and enhancing operational effectiveness and efficiency.

Whistleblowing Policy

KFH’s Whistleblowing Policy is designed to ensure a safe and confidential environment for reporting suspected breaches of the Bank’s Code of Conduct, policies, or other unethical behavior. BoD, all employees, customers, and business partners are encouraged to report such concerns anonymously and in good faith. The identity of the whistleblower will remain confidential unless disclosure is required by a judicial order or investigative authority.

The Policy guarantees that no adverse action will be taken against anyone who raises a concern in good faith, even if the concern proves to be unfounded. However, this protection does not extend to individuals who intentionally submit false or malicious reports. Any individual who retaliates against a whistleblower will be subject to disciplinary action.

To reinforce compliance, necessary whistleblowing declarations are communicated to employees. Employees are required to review and acknowledge these declarations upon joining the Bank, whenever relevant policies are updated, and at least once annually.

Any individual making a disclosure retains their anonymity unless they agree otherwise. To report information, or whistle blow, employees may connect with the GCEO, the Chair of the BACC, or the Chairman of the Board through a whistleblowing email.

The whistleblower’s concerns are reported to the Higher Administrative Investigations Committee without revealing the individual’s identity. The Committee decides the most appropriate and fair investigation channels and resources to handle the complaints raised. If necessary, complaints are re-directed to the BACC and/or the BoD to reach a decision.

If the situation involves discrimination or harassment, the affected individual should immediately bring the matter to the attention of their line manager and/or HR. KFH is dedicated to handling such matters confidentially and professionally while respecting the rights and privileges of all parties involved. After such a claim is made, HR must assess whether the violation aligns with the actions classified as misconduct in KFH’s Disciplinary Code and Procedure and take the necessary steps.

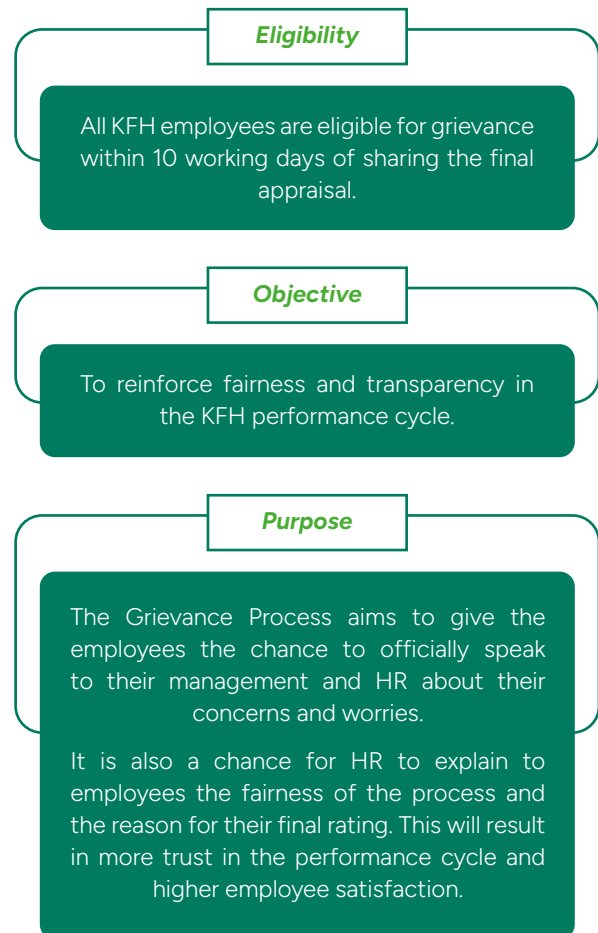
Employees who raise concerns internally are informed of which entities or people are handling such matters, how they can contact them, and whether further assistance is required.

Grievance Mechanisms

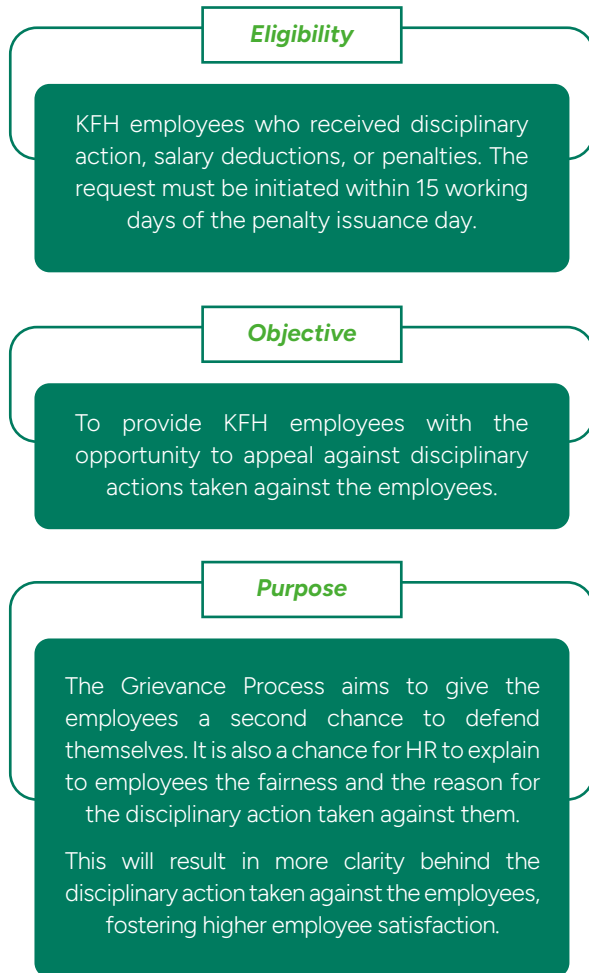
KFH ensures a fair and transparent workplace through its established clear grievance mechanisms, allowing employees to voice concerns related to performance evaluations and disciplinary actions. Grievance requests should be directed to the Human Resources Business Partners for timely review and response.

KFH has two types of grievances for our internal employees:

1) Performance Management Grievance



2) Disciplinary Grievance



In all cases, the process relieves the employees and maintains their rights. Therefore, HR should meet with the employees, listen to their concerns, and consider any supporting evidence related to the grievance. HR will then review the grievance request, discuss the final decision on whether to accept or reject the request, and then inform the employee of the final decision.

Employee Complaints

In 2024, eight complaints were filed by employees regarding instances of colleague misbehavior or misconduct. Following thorough review, disciplinary measures were applied in line with the Bank's Violations and Penalties Regulations for confirmed cases.

Moreover, three confirmed cases of corruption were reported in 2024. Following thorough investigations, the employees involved were dismissed in accordance with internal disciplinary procedures.

Legal

KFH upholds the highest standards of legal compliance and governance across its operations, enhancing accountability and reinforcing its reputation as a trusted financial institution.

In 2024, KFH upheld strong anti-corruption measures, fair competition practices, and ethical workplace standards, with no recorded legal cases against the Bank in key areas, including:

- Corruption-related issues
- Anti-competitive behavior, anti-trust violations, and monopoly legislation breaches
- Business ethics controversies
- Intellectual property disputes
- Human rights violations, encompassing child labor, workplace discrimination or harassment, and inequities in opportunities and workforce diversity
- Employee and public health incidents
- Shareholder rights violations, insider dealings, and share price manipulation
- Aggressive or non-transparent accounting practices
- Product selling and servicing disputes
- Customer privacy breaches
- Environmental concerns

Cybersecurity and Technological Advancements

In response to the growing significance of information security in the Banking and financial sector and compliance with CBK's governance and regulations guidelines, KFH has established a dedicated unit focused on managing information security and cyber risks. This unit is an integral part of KFH's cyber resilience strategy. Its main purpose is to tackle the challenges arising from the fast-paced advancements in Banking technologies and safeguard internal and external data from external security threats.

As part of KFH's governance framework, the BoD oversees information security and cybersecurity risks. The BoD holds the authority to approve related strategies, policies, and rules. The Head of Cyber and Information Security Risk reports to the Head of NFR, who then reports directly to the Chief Risk Officer (CRO).

Adherence to Global Security Standards

KFH is committed to maintaining the highest standards of information security. The Bank holds ISO 27001:2022 certification, ensuring its information security management system meets international best practices.

Furthermore, KFH holds an Attestation of Compliance (AOC) and a Report on Compliance (ROC) in alignment with the Payment Card Industry Data Security Standard (PCI DSS v4.0), demonstrating its adherence to strict security measures for protecting payment card data.

To continuously evaluate and enhance its security posture, the Bank conducts both internal and external cybersecurity assessments on an annual basis. These assessments help identify vulnerabilities, mitigate risks, and ensure that KFH's cybersecurity practices remain strong and up to date.

Information Security Audit Overview

KFH conducts both internal and external independent audits on its information security systems to ensure the integrity and effectiveness of its cybersecurity framework:



Internal Audit

Conducted annually, based on risk assessment levels, across various functions of the Information Security Management Unit. This audit helps identify areas of improvement and ensures compliance with internal security policies.



External Audit

Performed annually to assess and review the Bank's Cybersecurity Framework, ensuring it is aligned with industry standards and best practices. This independent review provides an objective evaluation of the Bank's cybersecurity measures.

In 2024, KFH continued to strengthen its cybersecurity resilience by upgrading its infrastructure and investing significantly in Artificial Intelligence (AI) based security technologies.

The advanced Endpoint Detection and Response (EDR) solution was deployed to swiftly address and mitigate advanced cyber-attacks, enhancing threat detection and response. AI technology plays a crucial role by profiling network devices and emails, identifying normal patterns, and detecting anomalies, thus enabling a quicker response to potential threats.

Additionally, the IT department successfully executed numerous projects aimed at enhancing both technological infrastructure and cybersecurity defenses.

Key projects included the Instant Payment Service, integration of the [online corporate banking platform](#) with the Public Authority for Civil Information (PACI), enabling Face ID authentication for eCorp users, and integrating the T360 system with eCorp.

The implementation of digital solutions under the CreditLense program, consolidated all digital solutions, brought several tools together on one platform, including virtual ESG forms, new forms for High-Net-Worth Individuals, updates to customer data-entry fields, and Early Warning Signs reports. These innovations are now active and available for use by the business and risk teams.

Successful system recovery simulation exercises were also conducted, ensuring preparedness for potential disruptions and further strengthening KFH's overall operational resilience.

Enhancing Resilience and Protection

At KFH, we provide our customers with comprehensive information about our services and products. Our commitment to transparency means that we present this information in a clear, understandable, and accurate manner, empowering our customers to make well-informed decisions effortlessly.

We assist our customers by offering an [Information Security Guide](#) on our website. This comprehensive guide covers topics including customer data privacy, Bank card security, Online Banking, 3D security, KFH mobile app security, personal information protection, social engineering, phishing, general security tips, and enhanced online payment security.

Our disclosures encompass the benefits and risks associated with our services and products as well as the rights and obligations of our valued customers. To foster transparency in all our dealings, we also openly disclose the pricing, commissions, and charges applicable to our services and products.

When offering advice, we understand that each customer is unique, so we consider their abilities, financial objectives, and previous experiences with similar products and services. We encourage our customers to share comprehensive and accurate information about their needs and situations, enabling us to provide tailored and appropriate advice and services.

By adhering to these customer-centric practices, we strive to enhance customer satisfaction and build trust through open communication. At KFH, our primary focus is on delivering exceptional services that align with the financial aspirations of our valued customers.

Incident Management and Response

KFH has executed a 24/7 Cyber Defense Center that continuously monitors, detects, and responds to cyber threats in real-time. In the event of a security incident, the Bank follows a comprehensive Incident Response Plan designed to contain, investigate, and swiftly mitigate the impact of such incidents.

This structured approach enables KFH to minimize potential disruptions and safeguard critical Banking operations. Additionally, we have an annual testing plan in place, conducting tests against the plan and retaining the test outcomes as evidence to ensure preparedness and enhance response effectiveness.



Employee Training and Awareness



KFH mandates regular cybersecurity training for all employees to enhance awareness and readiness against cyber threats. These training programs are assigned to all employees and cover essential cybersecurity topics to mitigate potential risks.

Customer Data Privacy

At KFH, we are dedicated to protecting customer data and maintaining privacy standards across all our operations. The Bank follows a strict Data Privacy Policy ([KFH's Privacy Policy](#)) that governs the collection, use, storage, and sharing of personal data in compliance with legal and regulatory requirements. Data is collected on a lawful basis, including customer consent, legitimate interest, contractual obligations, and legal compliance.

We ensure transparency by informing customers about the types of data collected, how it is used, and with whom it may be shared. Any data shared with third parties undergoes a Data Privacy Impact Assessment to identify, assess, and mitigate risks while ensuring strong security measures. Customers also have the right to access, correct, or request the deletion of their data.

To maintain compliance and adapt to evolving regulations, our Data Privacy Policy is reviewed and updated annually or as needed due to regulatory changes, audits, or business requirements.

Strict security measures, including encryption and multi-factor authentication, are enforced to protect customer data. Additionally, all third-party service providers must adhere to KFH's data protection standards through contractual agreements.

Consent Policy for Use of Customer Data

KFH has a strict Consent Policy governing the use of customer data for secondary purposes:

- 01 *Customer consent is obtained whenever personal data is collected.*
- 02 *Customers are provided with a Privacy Notice detailing how KFH processes and stores data.*
- 03 *Data sharing is limited to trusted partners, regulators, and third parties, strictly for essential business purposes.*
- 04 *Regular audits ensure compliance with data-sharing policies.*

Data Retention

We retain personal data for as long as necessary to provide our products and services and to comply with regulatory and legal requirements governed by the State of Kuwait. The retention period is determined based on the nature of the data, the purpose for which it was collected, and applicable laws and regulations. Once the retention period expires, we securely delete or anonymize the data to ensure privacy is protected.

Data Privacy Governance and Oversight

KFH has a well-defined data privacy governance framework that upholds data protection standards, ensures regulatory compliance, and safeguards customer information. Key governance measures include:

Designated Privacy Officers

KFH has assigned privacy officers responsible for overseeing privacy management and ensuring compliance with regulatory requirements.

Effective Privacy Management

Defined roles and responsibilities are assigned to data privacy teams to ensure that privacy is effectively managed across all levels of the Bank. Additionally, Data Privacy focal points are appointed within various departments to promote collaboration, act as privacy liaisons, and ensure consistent adherence to privacy requirements.

Reporting and Annual Reviews

Privacy matters are regularly reported to the BoD and Executive Management emphasizing the strategic importance of data protection at the highest levels of governance. Additionally, annual reviews, key metrics, and compliance assessments are shared with the Group Deputy CEO (Technology, Transformation, and Operations) through annual reports.



KFH has not received any substantiated complaints concerning breaches of customer privacy, including leaks, thefts, or losses of customer data.

Our Approach to Data Breach Management

To maintain this strong track record, KFH has a well-defined Personal Data Breach Management Procedure and a Security Operations Center Incident Response Plan to address any identified data leaks, thefts, or losses. In addition, KFH employs both proactive and reactive measures to protect consumer data and minimize the impact of breaches:

Proactive Measures:

- Implementation of real-time monitoring systems for threat detection.
- Data encryption using Transparent Data Encryption and Transport Layer Security.
- Role-Based Access Control to restrict unauthorized data access.
- Regular security assessments and penetration testing.

Reactive Measures:

- Deployment of an incident response team for immediate investigation.
- Customer notification procedures in case of a breach.
- Coordination with regulatory bodies to ensure compliance.



Ensuring Privacy Compliance in New and Existing Products and Services

To effectively manage privacy risks, KFH conducts Privacy Impact Assessments and Data Protection Impact Assessments for all new products and services before deployment.

Additionally, these assessments are regularly performed on existing products and services to identify potential risks and ensure ongoing compliance with privacy regulations and best practices.

Customer Privacy Awareness

As part of our commitment to maintaining the highest standards of banking integrity and customer trust, KFH provides comprehensive educational resources to empower customers with a clear understanding of their rights, responsibilities, and data privacy protections.

Through the Banking Awareness section available on KFH's website, customers can access essential information designed to enhance financial awareness, promote secure banking practices, and ensure informed decision-making.

Additionally, KFH implemented a comprehensive Data Privacy Awareness Program to educate key stakeholders on privacy and security best practices. This program includes:

- Awareness campaigns through emails, posters, videos, and internal newsletters to reinforce key privacy and security principles.
- Annual training sessions to ensure all employees stay up to date on data protection policies, regulatory compliance, and security measures.

Effective Handling of Customer Complaints

KFH aims to provide accessible channels for customers to voice their concerns, ensuring each complaint is handled with fairness, confidentiality, and efficiency.

Customers are encouraged to utilize the following channels to submit their complaints:

1. Visit any KFH branch, where our employees are available to guide and support them through the process.
2. Access personalized assistance by visiting the "Customer Complaints" unit at our premises.
3. Utilize traditional correspondence by filling out complaint forms and mailing them to KFH.
4. Submit complaints via the KFH mobile application for a convenient and accessible option.

To effectively address customer concerns and complaints, KFH implemented a comprehensive framework that ensures timely, transparent, and efficient resolution through the following steps:



Step 01

Complaint Receipt and Investigation

When a customer submits a complaint, the Complaints Unit conducts an independent investigation to assess the issue thoroughly. The Unit has full authority to access customer files directly without requiring prior approval, ensuring an unbiased and efficient review.

Step 02

Evaluation and Decision

Within 15 business days, the Complaints Unit issues a written response outlining its findings. This response includes a clear justification for the decision and any necessary corrective actions, particularly in cases involving violations of CBK regulations and internal procedures.

Step 03

Corrective Action and Resolution

Based on the Unit's recommendations, the Bank promptly implements corrective measures to address the issue. This proactive approach ensures quick and effective resolution, demonstrating the Bank's commitment to customer satisfaction and regulatory compliance.

KFH's Tax Policy

KFH's Tax Policy ensures full compliance with tax obligations while aligning with the Bank's governance framework, business strategy, and sustainability objectives.

KFH's Tax Policy Approval, Review, and Oversight

KFH Group's Tax Policy, approved by the Board of Directors, is guided by three core pillars: enhancing tax compliance and efficiency, reducing tax risks through increased awareness and accurate reporting, and promoting transparency. The Tax Policy is carefully reviewed and authorized by several key functions within the Bank.

Following this comprehensive internal review, the Tax Policy is then approved by the Board of Directors and shared internally within the KFH Group. The policy outlines the responsibilities of the head office and subsidiaries in managing tax risk, tax planning, accounting and reporting, compliance, controversy, communication, and tax considerations in deals and transactions.

Oversight is ensured through periodic reviews conducted by the Internal Audit function, with findings reported to the BACC to maintain strong governance and accountability.

The Group strictly adheres to the arm's length principle for all intercompany transactions and prepares Transfer Pricing documentation, including Master Files and Local Files, in every operating country. It also submits Country-by-Country Reports globally to provide tax authorities with a transparent and accurate view of its international tax profile. KFH avoids using offshore secrecy jurisdictions for tax planning and ensures all tax practices reflect the genuine economic activity of the Group and comply with the spirit and letter of local laws.

Tax compliance is rigorously maintained across all jurisdictions through proactive monitoring by tax teams at the head office and subsidiary levels. Furthermore, oversight of the implementation of tax policy is embedded in the Terms of Reference of relevant governance bodies, reinforcing a top-down commitment to responsible tax conduct. The Tax Policy undergoes regular review as part of the Bank's commitment to ensuring it remains effective and relevant in the face of evolving business conditions and regulatory changes.

Alignment with Global Tax Developments

KFH closely monitors international tax developments. Under the Organization for Economic Co-operation and Development Pillar 2 of the Base Erosion and Profit Shifting framework, a minimum effective tax rate of 15% has been set for multinational enterprises with revenues exceeding EUR 750M. In response, Kuwait issued Law No. 157 in 2024, introducing a Domestic Minimum Top-Up Tax, effective from 2025. Similar laws have been announced in other low-tax jurisdictions where KFH operates, such as Bahrain.

KFH has conducted an initial assessment of its exposure under Pillar 2 and has not identified any material top-up tax liabilities for 2024. However, the Bank anticipates an increase in its effective tax rate starting in 2025, particularly in Kuwait and Bahrain.

Tax Risks Management

The Tax Function adheres to the KFH Group Operational Risk Management Guidelines, ensuring a proactive and structured approach to managing risks throughout the tax cycle, including planning, accounting, reporting, compliance, controversy, and communication.

Risks are identified based on factors such as the likelihood of tax decisions being correct, the amount of tax involved, and the implications of transactions. Tax risks are tracked through a monthly Tax Risk Register, allowing the bank to identify, assess, and manage tax risks over time.

Internal and External Audit

Compliance and Accountability

KFH ensures adherence to its Tax Policy through a structured compliance framework led by the Group Financial Control – Tax & Zakat Accounting and the Tax Function across KFH subsidiaries.

Compliance with the tax governance and control framework is monitored through periodic reporting templates, which document key tax activities across the Group, including tax payments, accruals, provisions, and risks. Financial and tax disclosures are prepared in accordance with financial reporting standards, ensuring transparency and regulatory compliance.

Employees involved in tax-related tasks receive ongoing training to ensure they understand and act in line with the Tax Policy. When needed, KFH seeks external advice from high-quality advisory firms, particularly for complex tax matters.

To reinforce accountability, regular subsidiary visits, as well as internal and external audits, are conducted. These assessments help identify any misalignments with the Tax Policy and ensure continuous improvement in tax practices across the KFH Group.

Taxes by Continent and Country

KFH Group pays corporate income tax locally in Kuwait in the form of Zakat, National Labour Support Tax, and contributions to the Kuwait Foundation for the Advancement of Sciences (KFAS). Internationally, the Group complies with corporate Income Tax regulations across 13 countries, covering the Gulf region, Europe, and Asia. These include:

- Gulf & MENA: Kuwait, Saudi Arabia, UAE, Oman, Egypt, Jordan
- Europe: Turkey, Germany, United Kingdom, Cyprus
- Asia: India, Malaysia, Turkmenistan

Taxes are calculated and paid in accordance with local laws, reflecting the economic substance and commercial reality of KFH's operations in each jurisdiction.

Internal Audit

Internal Audit, along with Compliance and External Reviews, plays a key role in promoting effective governance, sustainability, ethical practices, risk management, and regulatory adherence through independent, objective, and technology-driven processes.

Audit Committee Oversight

The BACC ensures the effectiveness of the internal audit function by regularly reviewing audit plans and reports, approving the annual audit plan and periodic updates, assessing key performance metrics and external quality reviews, and conducting annual evaluations of both departmental performance and the Group Chief Internal Auditor.

Internal Audit Department Role

The Internal Audit department conducts its activities independently under the supervision of the Group Chief Internal Auditor at KFH. The Board's approval must be obtained upon the appointment of the Group Chief Internal Auditor; the internal auditors are appointed after obtaining the approval of the Chief Internal Auditor.

The latter reports functionally to the BACC and is authorized to have full, free, and unrestricted access to all the Bank's functions, records, property, and personnel.

Duties:

- Provides independent and objective assurance on the design and operating effectiveness of risk management, internal controls, and governance processes.
- Reviews the reliability and integrity of information, compliance with policies and regulations, safeguarding assets, economic and efficient use of resources, and established operational goals and objectives.
- Assessments by the Internal Audit department are conducted internally, with no outsourcing of core audit tasks. Any engagement of external parties for specific purposes and limited periods requires prior approval from the CBK.

The key responsibilities of the Internal Audit department include the following:

- Verify the sufficiency and effectiveness of internal control systems.
- Verify that KFH activities conform to the relevant laws, policies, regulations, and instructions.
- Examine specific business activities relating to KFH's financial position, internal control systems, and risk management.
- Provide advice and guidance on control aspects of new policies, systems, processes, and procedures.
- Undertake audit activities as requested by the Board, Committees, and Management, and provide relevant assessments



Adaptive Audit Plan

KFH maintains a proactive and effective audit framework by regularly reviewing and updating its internal audit plans quarterly and procedures annually or as needed. This approach ensures sustained alignment with evolving key factors, including:

Internal Factors:

- Organizational Structure
- Operational Needs
- Products
- Weaknesses Identified in Prior Audits and Investigations
- Feedback from the Board Audit and Compliance Committee



External Factors:

- Risks
- Regulatory Requirements
- Industry Standards
- Technological Advancements
- Economic Conditions

Independence and Objectivity

KFH adheres to the requirements of the Global Internal Audit Standards, ensuring the maintenance of independence and objectivity. To uphold these standards, KFH ensures functional reporting to the BACC and provides unrestricted access to the Chairman of the BoD. The internal audit team has full and unrestricted access to all departments, records, and personnel relevant to the audit function.

Independence is maintained by refraining from involvement in:

- Activities or operations under review,
- Designing or implementing procedures,
- Preparing records,
- Selecting and implementing internal control measures,
- Processing or approving accounting entries.

Technology-Based Audit Process

The internal audit leverages various technological tools to enhance efficiency throughout its process phases.



The planning phase involves brainstorming, opening meetings, business process understanding, risk control assessment, and audit program development.



Execution involves testing procedures, data analysis, evidence gathering, and factual accuracy meetings.



During the reporting phase, draft and final reports are prepared to present audit outcomes.



Finally, the follow-up phase ensures that all audit findings and recommendations are tracked and addressed.

High-risk observations must be resolved within the same quarter. Any changes to deadlines require justification and approval from relevant Chief Officers and are reported to the GCEO and BACC

Risk Management Audit

Annual internal audits are conducted to evaluate the effectiveness and efficiency of the risk management system and its processes. The audit covers various functions of the risk management system, based on their assigned risk assessment levels. Key areas of review include risk identification and assessment processes, the effectiveness of mitigation strategies, and compliance with regulatory requirements and internal policies.

KFH conducts comprehensive annual risk assessments to identify and prioritize potential audit areas, ensuring the effective allocation of resources based on assessed risk levels. These assessments encompass all audit entities, including Business, IT, Branches, and Subsidiaries. Each entity is evaluated using tailored criteria that consider both the impact and likelihood of potential risks.

Key assessment elements include entity complexity, influence on the income statement, effectiveness and efficiency of internal controls, results of prior audits, IT application scope, exposure to regulatory requirements and international standards such as IFRS 9 and ISO, and ESG considerations. This approach ensures that audit efforts remain focused on the most significant risk areas.

ESG & Ethics Audits

KFH integrates ESG considerations and ethical standards into its audit processes, ensuring alignment with regulatory requirements and industry's best practices.

Audit planning and testing procedures are designed to incorporate ESG criteria embedded within the Bank's policies. ESG risks are assessed in conjunction with operational and financial risks. ESG audit observations are systematically uploaded into the follow-up application, JIRA, where they are tracked in accordance with deadlines, ensuring timely resolution.

Ethical standards are periodically reviewed within the internal audit plan and scope to ensure consistent alignment with ethical practices. Independent assessments and benchmarking against ethical standards are conducted to strengthen this process. Audit findings drive the implementation of corrective actions and necessary policy updates, reinforcing KFH's commitment to ethical integrity.

Privacy Audit

KFH established a comprehensive privacy governance framework, including regular privacy audits, to ensure compliance with privacy standards and the effective implementation of the Bank's privacy policy. The framework defines roles, responsibilities, and reporting structures for managing privacy matters.

Audit and Compliance Synergy

KFH established an assurance map to ensure effective coordination between the Internal Audit and Compliance Departments. This map defines the level of reliance that can be placed on the Compliance Department in various areas and guides how audit assignments are utilized to holistically assess compliance risks.

Transparent information sharing is facilitated by including the Head of Compliance in the distribution list of all internal audit reports. Likewise, the Compliance Department shares its reports with the Internal Audit team. Both departments report functionally to the BACC, ensuring a shared understanding of compliance-related issues and assessments, and fostering cohesive compliance management.

Audit Quality Assurance

The Group Internal Audit Department conducts annual internal audit quality assessments to ensure adherence to the Global Internal Audit Standards, the department's policies and procedures, and feedback from stakeholders.

Additionally, KFH engages external auditors every five years to evaluate the effectiveness of its internal audits and regularly to conduct independent reviews of its financial statements. The selection criteria for external auditors include being a Big4 audit firm, the size and type of clientele in Kuwait, independence and objectivity, and compliance with regulatory requirements.

External audit observations are integrated into internal action plans with committed deadlines, tracked, and followed up similarly to internal audit observations using the follow-up application. In 2024, KFH's total fees for external auditors amounted to KD 2.8M, covering both audit and non-audit services.

Audit fees accounted for KD 1.7M, exceeding the KD 1.1M allocated for non-audit services, such as other assurance and advisory engagements. The higher allocation towards audit fees underscores the Bank's focus on transparency, financial accuracy, and adherence to international auditing standards.

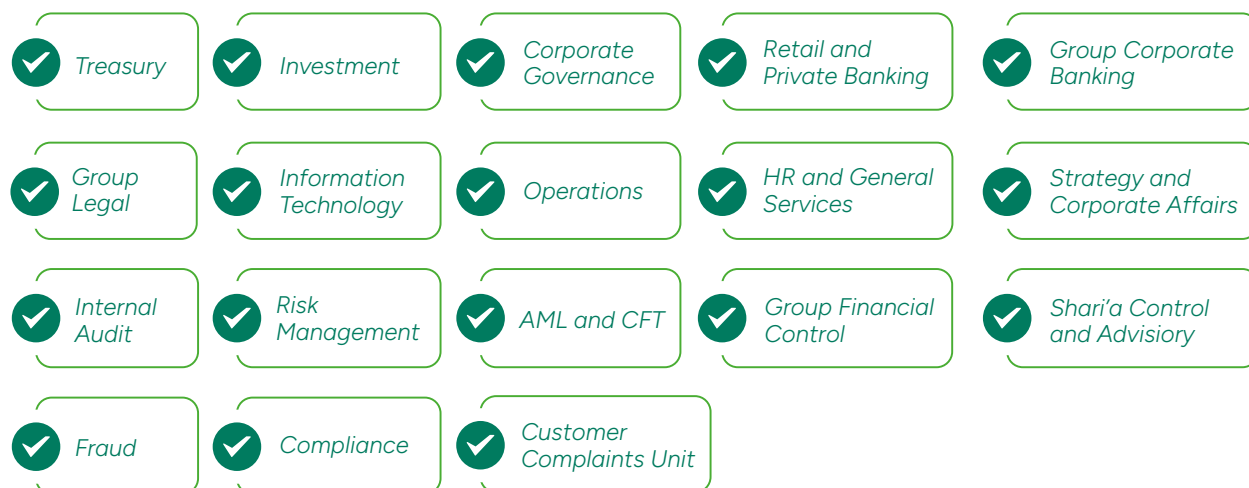


External Audit

The External Audit ensures the accuracy and reliability of KFH's financial records and reports. The external auditor is selected and appointed by the shareholders upon the recommendations of the BACC and the Board.

The BACC sets the appropriate standards to ensure that the external audit process is carried out in a manner that achieves the Dual Audit principle.

The External Audit Report on the internal control systems covers the following elements:



The external auditor provides and discusses the auditing report with the BACC. Such meetings are in the presence of the Executive Management. Furthermore, the BACC meets with the external auditor at least once a year in the absence of Executive Management.

To ensure the integrity and effectiveness of the external audit and in line with the decisions issued by the Capital Market Authority (CMA) and the CBK in Kuwait, the BoD established appropriate policies concerning conducting a rotation for external auditors.

The external auditors shall abide by the instructions imposed by the regulatory authorities (CBK, CMA and MOCI). The purpose of enforcing auditor rotation is to prevent any deterioration in supervisory effectiveness that may arise from auditors repeatedly covering the same areas over an extended period.

Through the rotation of external auditors, the Bank mitigates the risk of complacency and reinforces the objectivity and independence of the audit process.

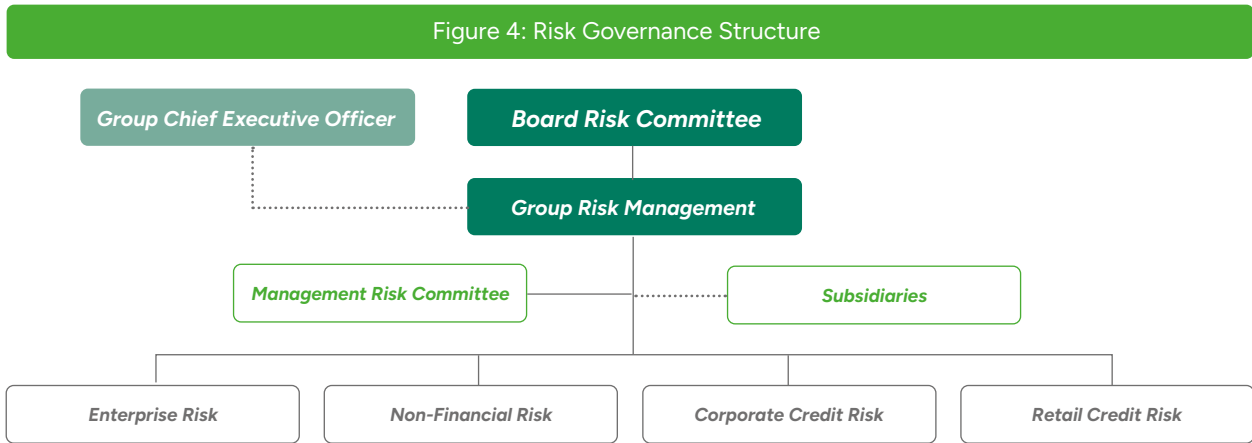
Risk Management

Identifying and proactively managing risk in all aspects of our business is essential to KFH's long-term success. We aim to minimize potential adverse effects on our financial performance and operations by balancing our exposure to risks and returns. Embedding a risk management culture in all our business processes ensures that ethics are adopted throughout our Bank.

We strive to improve our risk management practices in line with industry standards, CBK guidelines, and ESG considerations. Our policies require thorough credit risk assessments for our financing and investment practices, including comprehensive credit risk analysis. KFH does not engage in any activity or exposure that may pose reputational risks to the Bank.

Risk Governance

KFH's risk governance structure comprises both Board- and Management-level committees. This structure is continuously reviewed and enhanced to ensure the efficient use of management time and focus on committees with significant involvement in risk management. The structure, committee mandates, composition, and charters are reviewed and approved by the Board before circulation.



Risk Management Committee

The Risk Management Committee (RMC) supports and helps management understand, oversee, and manage key group risk exposures, including climate, environmental, and social risks. It aims to optimize the Group's enterprise risk profile in the context of the group-approved strategy, risk appetite, regulatory requirements, and to embed and maintain a risk-aware culture within the Group.

The key role of the RMC is to support the BRC in achieving its duties and the objectives set by the Board through advice, facilitation, monitoring, and follow-up on the execution of decisions and the achievement of high-risk governance standards.

Risk Mitigation

KFH has implemented Risk Governance at the Group level to enhance comprehensive oversight and risk management across the Bank. This implementation aims to facilitate the integration of risk management into the decision-making supervisory process. KFH employs a hybrid approach in credit and investment decision-making, actively involving both business units and the risk management department.

This strategic integration of risk management ensures decisions are guided by independent, experienced judgment and aligns with the Bank's internal risk management guidelines and strategy. The governance framework is based on the concept of three lines of defense. Each line of defense describes specific risk management and control responsibilities.

First Line of Defense – Business Units
01

Own and manage day-to-day risks by identifying, assessing, mitigating, and ensuring effective internal controls.

Second Line of Defense – Control Functions
02

Risk Management:
Provide oversight, set risk policies, monitor implementation, and support the first line to ensure risks are managed within the risk tolerance.

Regulatory Compliance and Governance:
Provide oversight, guidance, and monitoring to ensure adherence to laws and regulations.

Third Line of Defense – Internal Audit
03

Provides independent and objective assurance to senior management and the board on the effectiveness of governance, risk management, and internal control systems across the first and second lines.

Climate-Related Risks

At KFH, we recognize the growing impact of climate change on financial institutions and are assigned to identifying, assessing, and mitigating related risks.

These climate-related risks fall into two main categories: physical risks and transitional risks, both of which have significant implications for our operations, assets, and long-term strategy.

Physical Climate Risks

KFH could face several physical risks due to climate change, which can cause operational disruptions, asset damage, and environmental challenges. Extreme weather events, such as floods, storms, and rising temperatures pose direct threats to infrastructure, financial stability, and business continuity.

Additionally, long-term environmental changes like rising sea levels could impact real estate investments, branch operations, and economic activity in affected regions.

To manage these risks, KFH has implemented business continuity planning and conducts regular risk assessments to improve resilience. The Bank continuously evaluates the impact of climate risks on its assets and operations, ensuring that appropriate adaptation strategies are in place to protect its financial performance and service reliability.

Approach to Climate Risk Management

As part of its long-term strategy, KFH aims to integrate climate considerations into its risk management framework. The Bank leverages advanced analytics, scenario modeling, and compliance strategies to proactively address climate-related risks while identifying opportunities for resilience and adaptation.

KFH also engages continuously with stakeholders, regulators, and industry leaders to stay ahead of emerging climate challenges. Through this proactive approach, the Bank strengthens its ability to navigate evolving climate risks while ensuring long-term stability and preparedness.

Transitional Climate Risks

In addition to physical risks, KFH ought to also navigate transitional risks as the world moves toward a low-carbon economy. Changes in regulations, market dynamics, and technology require financial institutions to adapt to new sustainability standards and compliance requirements.

Some of the key transitional risks KFH faces include:

<p>Policy & Regulatory Risks: <i>Governments are introducing environmental laws, carbon pricing, and mandatory climate-related disclosures.</i></p>
<p>Technological Risks: <i>Failing to adopt clean energy solutions or integrate sustainable innovations could lead to inefficiencies and reduced competitiveness.</i></p>
<p>Market Risks: <i>As consumer and investor preferences shift toward environmentally responsible financial products, demand for traditional Banking services may decline.</i></p>
<p>Reputational Risks: <i>Not aligning with sustainability goals could affect stakeholder trust, customer perception, and brand value.</i></p>
<p>Legal Risks: <i>Climate-related regulations are evolving, and institutions that fail to comply may face lawsuits or regulatory penalties.</i></p>



Digital Transformation in Risk Management: Enhancing Efficiency and Managing Risks

KFH's Risk Management department has embarked on a transformative journey toward digitalization, embracing innovative approaches to streamline processes and mitigating potential risks. Integrating digital technologies has paved the way for increased efficiency, accuracy, and proactive risk management strategies.

Leveraging cutting-edge applications to digitize reports, we launched the UI-Path Robotic Process Automation (RPA) Solution. This initiative was designed to automate the generation of Enterprise Risk Management (ERM) reports, streamlining the production of risk related data. Through this automation, we aimed to accelerate report generation while maintaining high accuracy.

KFH succeeded in achieving a significant leap toward digital transformation in risk management, adopting the latest advancements in AI, machine learning, and advanced analytics to enhance risk measurement, monitoring, and early detection capabilities. This was accomplished in accordance with the best global practices, allowing the Group to build effective and developable measures to face unforeseen challenges.

Looking ahead, we are gearing up to implement a transformative project infused with artificial intelligence and machine learning capabilities. This forward-looking endeavor aims to revolutionize how the Bank approaches risk assessment, enabling deeper insights and proactively address emerging challenges.

Business Continuity and Disaster Recovery

KFH has a Business Continuity and Disaster Recovery framework in place to ensure that critical operations continue uninterrupted during disruptions. The Bank conducts regular simulations and tabletop exercises to test recovery processes and updates its plans based on emerging risks, business changes, and regulatory requirements. Clear roles are assigned for incident response, and the framework aligns with risk management strategies to minimize downtime and ensure quick and effective recovery.

KFH's Proactive Approach to Crisis Management and Risk Mitigation

KFH conducted a comprehensive crisis management simulation exercise, led by the Group's Risk Sector's Business Continuity Management Team. This exercise addressed various scenarios related to regional geopolitical developments, emphasizing the Crisis Team's role and coordination with essential departments.

Supported by Executive Management, the simulation tested KFH's response to exceptional geopolitical circumstances, focusing on rapid and positive engagement, resource mobilization, and ensuring the continuity of vital Banking operations. The exercise highlighted the effectiveness of professionally developed plans, adherence to regulatory guidelines, and operational resilience.

KFH builds its business and activities at the group level based on a precautionary policy, carefully assessing economic and geopolitical developments to mitigate potential risks. This approach ensures asset quality, rationalizes expenses and thoroughly evaluates market conditions to avoid areas prone to severe fluctuations.

Continuous risk assessment and scenario planning enhance efficiency, innovation, and growth while providing a secure and scalable environment. By monitoring market movements and implementing strict credit policies, KFH strengthens its ability to maintain high performance and resilience in the face of potential crises.

Risk Culture, Training, and Awareness

KFH is committed to fostering a robust risk culture with well-defined roles and responsibilities for risk ownership and management. The goal is to embed risk management deeply in KFH's culture, integrating risk considerations into decision-making. This involves enhancing Risk Management's capabilities to become equal partners with business sectors.

Leadership sets the tone for the risk culture, including the GCEO, CRO, and senior management. All employees are responsible for comprehending the risks they handle, embracing proactive risk attitudes, and making decisions aligned with risk-adjusted returns. Timely escalation of significant risk matters, adherence to policies, and awareness of contingency plans are essential.

Noncompliance may result in disciplinary action. KFH's Risk Management department reinforces the risk culture by conducting collaborative risk awareness training sessions and workshops with HR. These sessions focus on management's duty in risk identification, assessment, monitoring, control, and reporting.

Balancing profitability with effective risk assessment is emphasized, drawing lessons from global financial market cases. The department's role as an independent risk assessor and policy developer is highlighted. To ensure alignment among the three lines of defense and proper risk mitigation implementation, targeted risk training is provided annually to all Bank employees.



ESG Risks and Capital Planning

KFH acknowledges that ESG risks can significantly impact the Bank's operations, resilience, financial performance, and reputation. Therefore, KFH proactively aims to address ESG risks and integrates them into capital planning through a comprehensive assessment framework, with a particular emphasis on identifying and managing climate and environmental risks within the Bank's operations and financing activities.

This process begins with a materiality assessment, ensuring the identification and prioritization of the most significant ESG factors.

Central to this approach is the use of a heatmap methodology to categorize sectoral exposures and evaluate the potential impact of climate and environmental risks.

Each sector is assessed based on its emissions intensity (measured as CO₂ emissions per amount financed).

Higher emissions intensities signal greater climate-related impacts and an increased vulnerability to transition risks, such as regulatory changes, technological advancements, and evolving market dynamics. Detailed analysis is conducted for sectors identified as having significant transition risk potential, such as energy and automotive, fostering more informed and strategic decision-making.

At present, climate and environmental risks are primarily assessed through qualitative methods, with no additional capital explicitly allocated for these risks.

04.

Financial Capital: Sustaining Financial Performance



Financial Resilience

Capital Strength

In 2024, KFH's total assets amounted to KD 36,703 millions, with Financing Receivables recorded at KD 19,070 millions, reflecting the Bank's strong financing capacity and asset base.

The Bank maintained robust asset quality, as indicated by the Non-Performing Finance (NPF) Ratio of 1.74%, which signifies a well-managed portfolio with minimal credit risk. Additionally, the NPF Coverage Ratio of 275% highlights the Bank's conservative provisioning approach, ensuring adequate reserves to cover potential financing defaults.

KFH sustained a solid capital base, maintaining compliance with regulatory standards. The Basel III Common Equity Tier 1 Ratio increased from 13.94% to 15.48%, reflecting a stronger core capital position that supports the Bank's long-term stability.

Furthermore, the Tier 1 Capital Buffer level increased from 3.43% in 2023 to 5.05% in 2024, reflecting the Bank's ability to maintain excess capital above the regulatory minimum, which further enhances financial stability. The Capital Adequacy Ratio increased from 18.18% in 2023 to 19.89% in 2024, demonstrating enhanced financial resilience and ability to absorb potential losses.

Additionally, the Financial Leverage Ratio was 8.14% in the previous year, compared to 8.70% this year, indicating a greater reliance on the Bank's own capital. This shift enhances financial stability and reduces exposure to external financing risks. In 2024, KFH's Return on Average Tangible Equity stood at 19.95%, further highlighting the Bank's efficient capital utilization. In terms of liquidity, KFH's Liquidity Coverage Ratio stood at 143.07%, indicating that the bank has enough liquidity to meet its short-term obligations.

Financially Trusted Bank

Customer and investor confidence remained strong, as reflected in KFH's deposit base and market capitalization. Depositors' Accounts stood at KD 19,220 millions, underscoring customer trust in KFH's banking services. Market capitalization surged by 17% to KD 12,395 millions, signaling heightened investor confidence and reinforcing the Bank's solid market position.

Enterprise Value Growth

KFH's ability to generate, distribute, and retain business value was evident during 2024. Total Operating Income grew by 12%, reaching KD 1,630.7 millions, driven by 19% growth in Net Financing Income, which increased to KD 1,147 millions. Net Operating Income grew by 9%, reaching KD 1,030.7 millions.

Figure 5: Market Capitalization

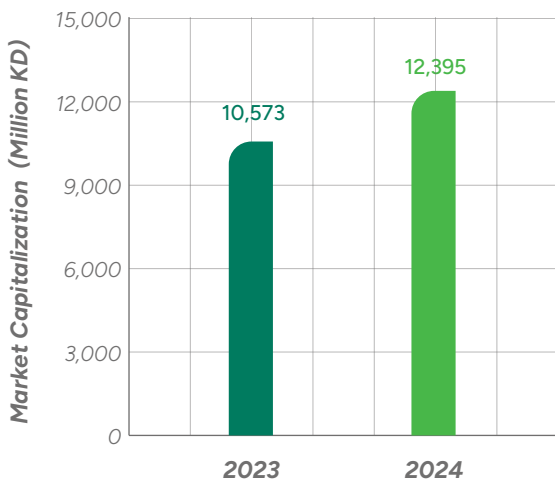
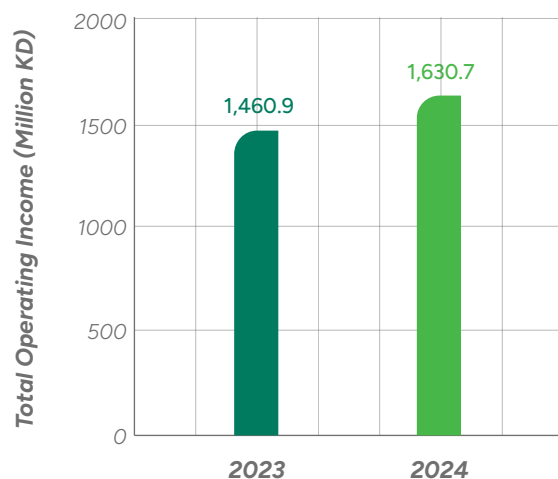


Figure 6: Total Operating Income



At the same time, the Distribution of Value Added increased by 16% to KD 773.6 millions, primarily driven by a 16% increase in Total Operating Expenses, which reached KD 599.98 millions. This resulted in a cost-to-income ratio of 36.79%, along with a 14% increase in tax expenses, totalling KD 173.6 millions.

Employee costs increased by 21% to KD 347.3 millions, reflecting KFH's strategic investment in talent retention, workforce expansion, and competitive remuneration to support business growth and long-term sustainability.

Operating Profit Before Taxation and Directors' Fees reached KD 816.9 millions. After deducting tax expenses and directors' fees, Net Profit stood at KD 641.91 millions. Of this, Net Profit attributable to shareholders rose by 3% to KD 601.8 millions, the highest in the Kuwaiti banking sector.

Consequently, Earnings per Share amounted to 36.37 fils. Meanwhile, Net Profit attributable to non-controlling interests totaled KD 40.1 millions.

Figure 7: Distribution of Value Added

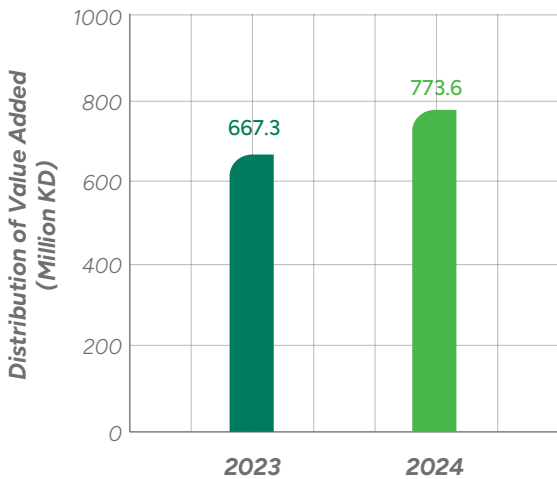
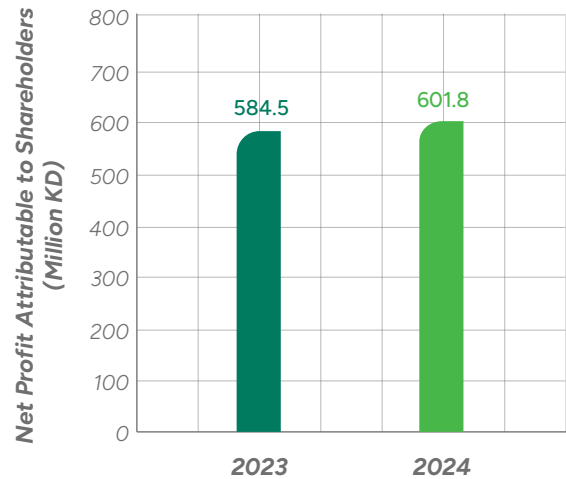


Figure 8: Net Profit Attributable to Shareholders



Infrastructure Investment

In 2024, KFH provided KD 26 millions in financing to Utilities Development Company, contributing to the overall funding required for the construction of a reverse osmosis wastewater treatment plant in Kuwait. This amount represents KFH's specific share of the project's total debt and is fully allocated toward infrastructure development, enabling the development of an advanced facility for domestic wastewater treatment.

From a shareholder perspective, the project is commercially driven, while at the national level, it primarily serves as a pro-bono initiative to enhance water sustainability. By supporting wastewater treatment and reuse, the project has a direct positive impact on the economy and contributes to environmental conservation in Kuwait.

Sustainable Finance & Sustainable Investment

At KFH, our ESG policy serves as a guiding framework to align our investment decisions with our broader portfolio objectives. We recognize the importance of ESG factors in driving sustainable growth and mitigating risk. Through our ESG initiatives, we aim to not only generate financial returns but also create positive social and environmental impacts. By integrating ESG considerations into our portfolio policy, we seek to achieve long-term value creation while upholding our commitment to responsible investing and contributing to a more sustainable future.

In alignment with our Islamic banking values, we offer our customers sustainable financing solutions by integrating ESG factors into our investment decision-making process. This approach ensures compliance with ethical banking principles and also places a strong emphasis on financing projects specifically aimed at mitigating climate change. Additionally, we support local MSME's and start-ups through customized products and services.

Green Finance

KFH is committed to expanding its range of green finance products, serving both retail and corporate customers.

Kuwait Vision 2035 emphasizes transitioning to a non-oil-dependent economy, enhancing the competitiveness of the labor force, and fostering innovation, sustainability, and economic diversification. By aligning with Kuwait Vision 2035, we aim to deliver innovative financial solutions that benefit both the public and private sectors. This commitment facilitates economic diversification and sustainable growth.

KFH has proactively developed a well-balanced and diversified portfolio in line with these objectives. We place a high priority on raising customer awareness and engagement, actively involving them in integrating environmental considerations into their projects.

Supporting Microfinance, Small, and Medium Enterprises

KFH maintains a deep-rooted commitment to the growth and development of Microfinance, Small, and Medium Enterprises (MSMEs) through a structured and strategic approach that aligns with national regulatory frameworks and internal objectives. *In 2024, total financing amount extended to MSMEs amounted to KD 153.7 millions.*

In 2014, KFH established a dedicated SME Unit within the Group Corporate Banking Department to offer tailored Shari'a-compliant banking and financing solutions to SMEs. Recognizing the evolving needs of the market, this initiative was expanded in 2021 with the introduction of a Micro Enterprise Unit under the SME segment, specifically aimed at supporting micro-enterprises and clients of the Kuwait National Fund (KNF). *In 2024, KFH's total microfinance financing reached KD 5.49 million, reflecting a growth of approximately 43.45% compared to KD 3.82 million in 2023. This significant increase emphasizes the Bank's strong commitment to empowering the smallest players in the economy.*

To improve service accessibility and client engagement, KFH launched a comprehensive social media campaign to educate SME clients about available products and services. Complementing this initiative, the corporate client web page has long facilitated the streamlined submission of financing requests, including those from SME clients, supported by an internal logging system that expedites processing within the SME team.

KFH has set a target to achieve a 12.89% year-over-year growth in its SME asset base. In 2024, the Bank exceeded this target, recording a 13.24% growth in total cash financing to SME clients compared to 2023. Total cash financing reached KD 148.21 million in 2024, up from KD 130.88 million in 2023. This growth reflects KFH's active response to market dynamics and its strong capital and liquidity position that enables consistent SME support.

KFH's SME support also extends to business advisory services, with each client paired with a dedicated relationship manager. These managers assist in identifying operational strengths and weaknesses while providing capacity-building programs and mentorship, ensuring clients receive support beyond financing.

Zaheb - Digital Innovation for SMEs

In response to the rising demand for digital financial solutions, KFH introduced Zaheb, a digital platform designed for merchants and SME owners.



Zaheb offers innovative e-payment tools such as invoice link generation and QR code payments, facilitating quick and secure transactions. Open to all business owners with current accounts at KFH, the platform supports a wide range of business sectors and customer preferences, significantly enhancing financial inclusion and business agility.



Forward-Looking Initiatives

Furthering its commitment to sustainability and green finance, KFH is developing a **Sustainability Program**, scheduled to launch in 2025. This initiative will provide advisory support through training programs, workshops, and expert-led discussions designed to help SMEs adopt and implement environmentally sustainable practices. Additionally, the Bank plans to introduce special financing rates for green projects as part of its expanding product portfolio.



KFH's Investment Overview

KFH recognizes the strategic importance of managing Sukuk and Sukuk-based investment fund activities within a structured, risk-aware, and Shari'a-compliant framework.

This approach is outlined in our Investment Policy, which governs the KFH's Sukuk investments, with the primary objective of ensuring safe, efficient, and compliant utilization.

It is noted that KFH's investment portfolio recorded a growth of approximately 55% from 2023 to 2024.

Sustainable Investment

In 2024, KFH allocated its sustainable investments as follows: 61% was directed toward sustainability sukuk and 39% toward green sukuk, amounting to a total investment of USD 934.45M. KFH has recorded a 46% year on year increase in its investments in ESG sukuk from 2023 to 2024.

Through its portfolio, KFH actively participates in financing sustainable activities, reflecting its dedication to sustainable finance and supporting initiatives that promote environmental responsibility and social welfare.



Sustainability Sukuk

Financing projects aligned with sustainability principles.



Green Sukuk

Funding environmentally friendly projects such as renewable energy and sustainable infrastructure.

Corporate Financing

Corporate Banking

KFH offers a customer segmentation framework that meets the diverse needs of businesses in Kuwait. Our corporate banking services cater to a wide range of clients, from large corporations to MSMEs, all of whom are provided with a variety of Shari’a-compliant financial products.

KFH specialize in delivering customized financing solutions that address the unique needs of each business. Additionally, the Bank aims to maintain a well-diversified corporate portfolio, ensuring that the Bank’s investments are spread across multiple sectors.

ESG Screening in Corporate Banking

KFH constantly aims to align its corporate portfolio with global ESG banking practices. As part of our thorough due diligence, we carefully screen industries to ensure they align with Shari’a and ESG principles.

We exclude sectors involved in practices that are harmful to society, the environment, or ethical standards. This includes industries such as controversial weapons, gambling, tobacco, and alcohol, which are not part of our investment portfolio due to their negative impact.

Mega Projects & Syndication

KFH has played a key role in financing transformative mega projects across a diverse range of sectors. Through consistent participation in syndication, KFH actively contributes to economic development and infrastructure growth both regionally and internationally.

Its financing efforts span key industries, including energy, aviation, telecommunications, retail, utilities, and environmental infrastructure. It is noted that the projects supported by KFH integrate sustainability considerations, aligning with the best international practices including the Equator Principles and environmental certification frameworks.

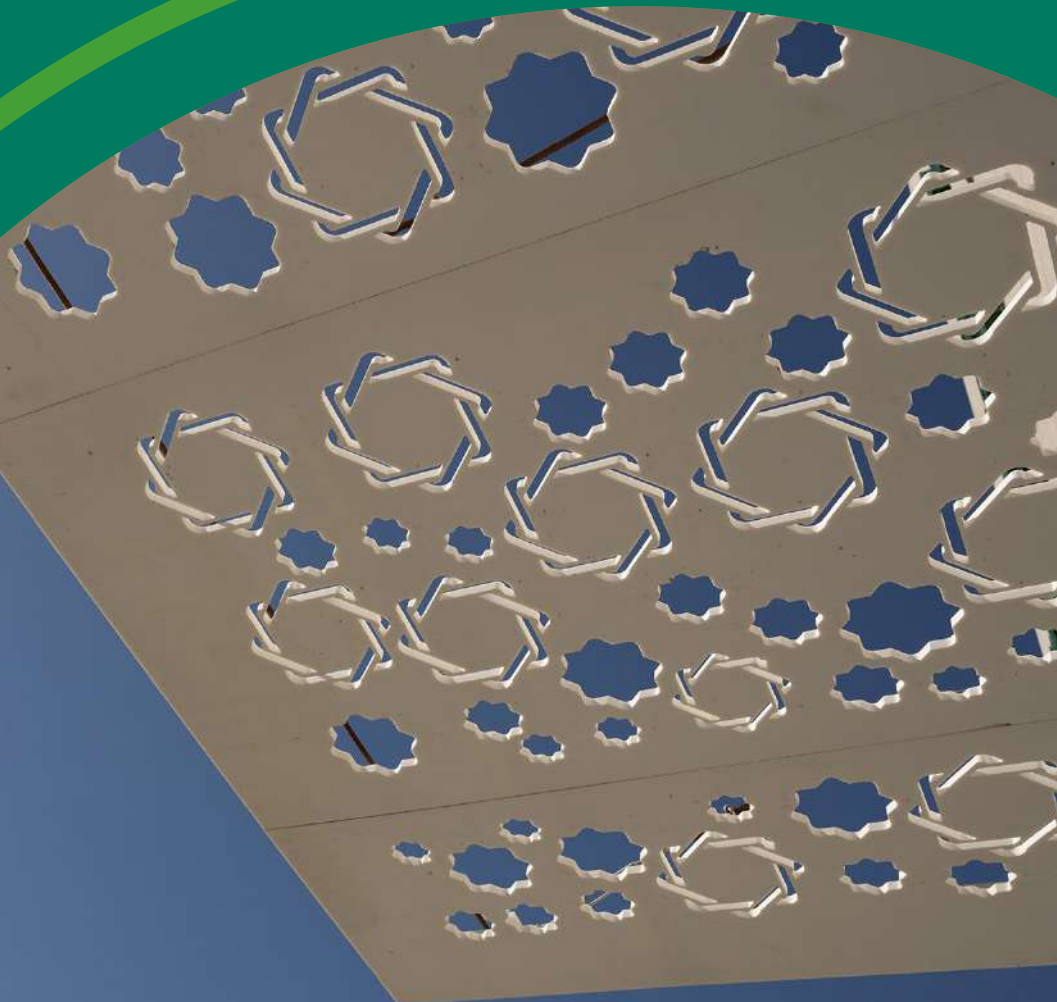
Corporate Sectors

KFH’s corporate financing portfolio consists of different sectors including:

<p>Real Estate</p>	<p>Services</p>	<p>Industry</p>
<p>Construction</p>	<p>Trade & Business</p>	<p>Crude Oil & Gas</p>
<p>Financial Institutions</p>	<p>Purchase of Securities</p>	<p>Agriculture & Fishing</p>

05.

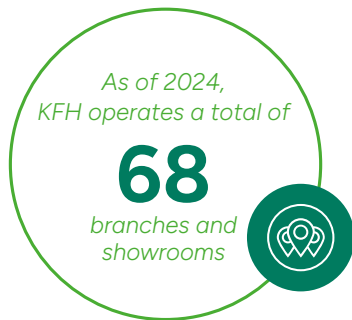
Manufactured Capital: Ensuring Geographical Accessibility



Branches & ATMs: Physical Accessibility

Branches

KFH has consistently focused on expanding its branch network, ensuring that its services are accessible to customers across Kuwait.



With a strategic approach to their geographical distribution. These branches are carefully selected based on several factors including customer demographics, business potential, accessibility, competitor presence, and the importance of critical locations such as malls, airports, and commercial centers.

Over the past three years, the number of KFH branches has seen some fluctuations, reflecting strategic decisions in line with the bank's overall goals. The changes are primarily driven by factors such as mergers, profitability considerations, cost management, branch optimization, and the growing reliance on digital banking technologies. For example, the merger with AUB Kuwait led to rationalizing branch networks to eliminate redundancies.

KFH's expansion plan aligns closely with its commitment to financial inclusion, ensuring banking services are available to underserved and newly developed residential areas.

By expanding its branch network to meet increasing demand, KFH is fostering economic participation and providing essential services to a broader customer base. This approach supports KFH's mission to offer convenient, accessible banking options to all segments of society.



Branches LEED Certifications

KFH has a LEED Gold Certification in the Existing Building-Operation & Maintenance for its Qadisiya branch, affirming its commitment to environmentally sustainable building practices. This includes initiatives to reduce energy use and carbon emissions, conserve water, manage waste, and improve indoor environmental quality. These sustainability efforts are further supported by the Bank's transition to paperless banking, which promotes digital statements and reduces paper waste.

ATMs

To enhance accessibility and convenience,



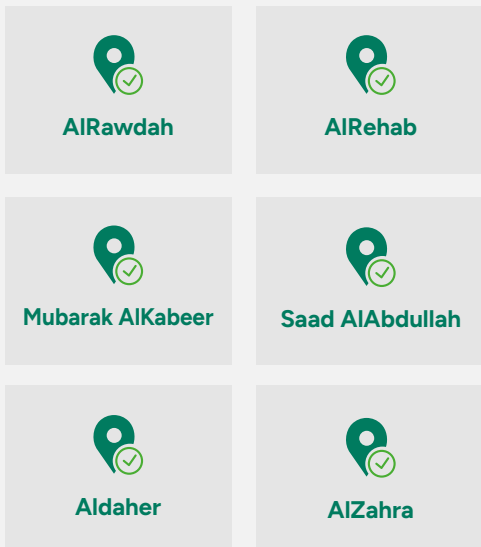
It is noted that KFH's strategy is to cover most areas in Kuwait, and the Bank has already completed coverage for ATMs.

Branches and ATMs Accessibility for People with Disabilities

We are dedicated to ensuring that all our customers, regardless of their needs, can easily utilize our banking services, so we have established specialized branches furnished with a comprehensive range of supporting features and services. These include designated parking for individuals with special needs and wheelchair-accessible entrances to ensure easy, quick access upon arrival. These features are designed to enhance accessibility and convenience for all customers.

Our employees receive training in sign language to assist customers with hearing impairments with a total number of 78 employees trained across all branches. Moreover, our account opening forms, contracts, and transaction documents are also printed in Braille. In the digital sphere, we have integrated voice assistance into KFH’s website, ensuring easy access to online banking services for all customers.

Our specialized branches are positioned in the following areas:



KFH’s ATMs are designed to be inclusive and accessible to all customers. They feature braille keypads, large fonts, and high-contrast screens for ease of use. Additionally, we provide voice guidance services through ATM audio jacks. KFH’s ATMs go beyond being accessible to wheelchair users.

They are designed to be user-friendly and are of an optimal height for easy access. The doors are equipped with sensors to facilitate smooth transitions between customers, automatically closing until the transaction is completed. In case of an emergency or when additional assistance is required, each ATM has an easily accessible emergency button to promptly alert security personnel and receive immediate assistance.

KFH constantly aims to provide secure, convenient, and inclusive banking experience. With our upgraded ATMs, we aim to redefine convenience and accessibility and ensure that every interaction is effortless and accessible for all customers.

Point of Sale

KFH POSs are strategically placed at various retailers across Kuwait, supporting the bank’s mission to provide seamless payment acceptance services nationwide.

KFH demonstrated significant growth in its POS network, driven by a proactive merchant acquisition strategy. The number of POSs located across various retailers throughout Kuwait increased by 15.5% from 2023 to 2024.

KFH’s acquiring business strategy focuses on expanding merchant acquisition and delivering premium-quality payment services. This approach not only strengthens KFH’s presence in the competitive commercial market in Kuwait but also enhances the overall merchant experience. To remain at the forefront of innovation, KFH is continuously upgrading its POS offerings. Recent advancements include:

- Digital Wallet Acceptance across POS devices
- Soft-POS Feature Enablement allowing merchants to use mobile devices for payments

These enhancements emphasize KFH’s approach to adopting the latest technology and providing advanced payment solutions tailored to the evolving needs of merchants in Kuwait.

06.

Intellectual Capital: Driving Digital Innovation



Enhancing Digital Access for Customers

KFH aims to be at the forefront of digital innovation, exemplified by its digital branches tailored to meet the diverse needs of customers seeking convenience and accessibility. Central to this transformative experience is the KFH Go self-service device, which offers a wide range of features available 24/7. Customers from all segments have the flexibility of conducting Banking transactions effortlessly through XTM, ATMs, and kiosks (card printing) within KFH Go.

Additionally, KFH introduced the KFH Pay service, which enables customers to request or send money with ease through the updated KFH mobile Banking app. Complementing these innovations, Allo Baitak, KFH's interactive voice response Banking service, enables secure financial management over the phone.

Available 24/7, Allo Baitak offers key banking features such as balance inquiries, ATM card activation, credit card payments, and the ability to report lost or stolen cards.

Customers can also access services free of charge from several countries, including the USA, Canada, the UK, France, Germany, Turkey, and Spain. By integrating these advanced digital services, KFH enhances financial inclusion, empowering individuals from diverse backgrounds to manage their finances effectively and around the clock through KFH Go.

With an unwavering commitment to enhancing customer experiences, KFH continues to establish cutting-edge digital solutions to meet the evolving needs of its diverse customer base.

In line with its commitment to innovation, KFH's FinTech and Partnerships direction ensures collaboration with FinTech companies, startups, and SMEs. Through these partnerships, KFH explores opportunities to incorporate innovative solutions and business models, ultimately enhancing products and services and improving customer satisfaction.

FinTech collaborations have been instrumental in supporting KFH's financial and digital inclusion goals. Notable initiatives include:

- Enhanced Payment Channel**
- Exploration of New Digital Wallet**
- Buy Now Pay Later (BNPL) Partnership**

KFH continues to lead in digital financial solutions by enhancing its technological infrastructure and launching high-quality digital services. By integrating artificial intelligence, data engineering, FinTech, e-marketing, and advanced cybersecurity protocols, KFH has automated numerous processes using RPA. These advancements have optimized resource utilization, improved efficiency, and reduced service time for customers.

Currently, KFHonline (available through both a mobile app and website) offers over 150 services, whereas XTM devices and KFH Go smart branches offer around 50 different services.

To further enhance digitalization, KFH has partnered with Gieom to implement the Digital Blueprint software, driving the digitization of its policies and procedures.



This collaboration aims to improve operational efficiency, align digital services with best practices, and ensure compliance with regulatory standards. Additionally, KFH has been actively promoting digital literacy among its customers and employees through dedicated transformation programs designed to equip them with the necessary skills to navigate and benefit from the evolving digital Banking landscape.

As part of its commitment to simplifying transactions, KFH introduced the 'WAMD' service, enabling customers to send and receive money via mobile numbers 24/7. This service enhances peer-to-peer transactions, making fund transfers easier and more convenient.

Moreover, KFH reaffirmed its dedication to innovation by participating in NEXUS 2024 – Kuwait, where it showcased its latest digital Banking services and solutions.

This participation underscores KFH's commitment to staying engaged with industry developments and integrating new technologies into its service offerings.

KFH has also launched an online service that enables customers to obtain financing against cash collateral through its KFHonline platform, accessible via both the mobile app and website.

This service allows customers to submit financing requests 24/7 without the need to visit branches. Eligible customers with investment deposits or savings accounts can secure financing for various purposes.

The financing amount is determined by the value of the deposit or blocked amount in the customer's savings account, offering benefits such as competitive profit rates and flexible credit periods of up to ten years.

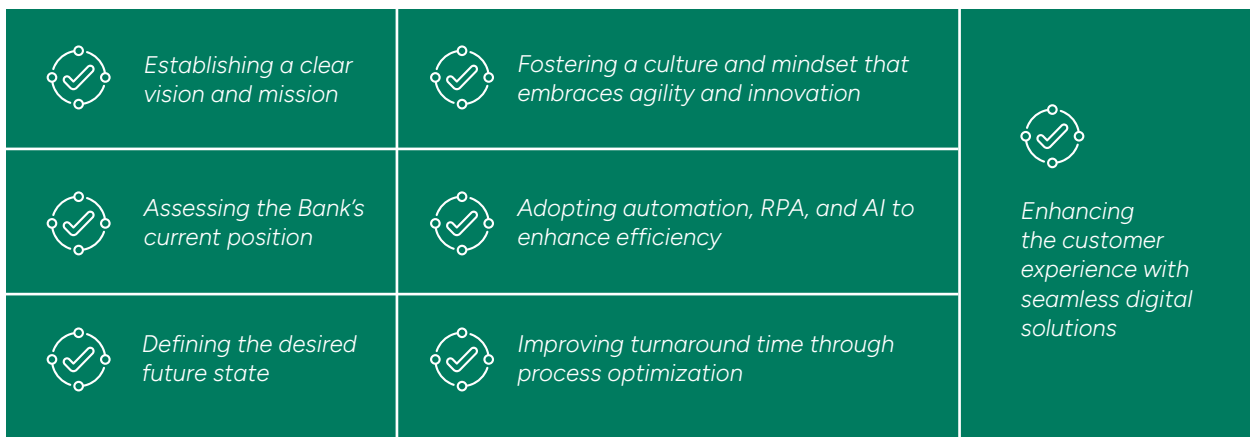


Further advancing its digital services, KFH's 'Tam' digital Bank launched the "Transfer Your Student Allowance" campaign, encouraging students to use digital channels to manage their allowances. This initiative aligns with KFH's broader efforts to promote digital Banking services among younger customers, emphasizing accessibility and convenience.

Additionally, KFH has introduced the new GCC Cross-Border Payment System (AFAQ) service on its KFH Online app, enabling customers to instantly transfer money from their accounts to GCC Banks participating in the AFAQ service, reinforcing KFH's commitment to expanding its digital ecosystem. By embracing technological advancements and forming strategic partnerships, KFH remains at the forefront of digital innovation, ensuring that customers from all segments experience seamless, efficient, and modern Banking experiences.

Driving Innovation and Excellence

The Digital Transformation and Innovation (DTI) function comprises three key departments: Digital Transformation, Digital Operational Excellence, and Digital Innovation and Partnerships. Each department plays a vital role in driving and supporting KFH's digital strategy. KFH's digitalization journey is an ongoing process focused on enhancing customer experience by continuously adapting to emerging digital trends and implementing innovative strategies. Our digital transformation roadmap includes the following key focus areas:



Digital Strategy Key Goals



Assessment of KFH’s Digital Transformation Journey

KFH employs a structured and data-driven approach to assess its digital transformation journey, ensuring alignment with strategic objectives, customer needs, and industry standards. This assessment framework integrates multiple evaluation methods, tools, and feedback mechanisms to track progress, optimize initiatives, and drive continuous improvement.

01 Strategic Alignment and Planning

KFH begins its assessment by ensuring that digital transformation objectives are aligned with the Bank’s overall business strategy. This includes defining clear goals such as enhancing customer experience, reducing costs, and improving operational efficiency. A structured roadmap with milestones and timelines is established to guide digital initiatives effectively.

02 Governance and Oversight

The DTI team has transitioned from operating as an independent committee to actively integrating within KFH’s primary governance structures. Instead of a separate committee, the DTI team now contributes as members of the Technology Steering & Digital Transformation Committee and the Artificial Intelligence Technology Program Steering. This change has empowered the team to oversee, report on, and participate in KFH’s key initiatives, ensuring digital innovations align seamlessly with the organization’s broader strategic activities.

03 Performance Measurement Framework

KFH utilizes a strong framework to measure and evaluate digital transformation success. This includes:

- **Key Performance Indicators (KPIs):**

Quantifiable metrics used to assess the effectiveness of an organization’s strategies and operations, ensuring alignment with business objectives and driving continuous improvement.

- **Balanced Scorecard Approach:**

A comprehensive evaluation framework that measures performance across financial outcomes, customer experience, internal processes, and innovation & learning, enabling data-driven decision-making and long-term success.

04 Advanced Analytical Tools and Dashboards

Real-time data analysis is a key component of our assessment approach. We leverage customer analytics platforms and operational dashboards to monitor digital performance, identify trends, and support data-driven decision-making.

05 Agile and Iterative Assessment Process

We adopt an agile approach to ensure seamless tracking and continuous optimization of digital transformation efforts. Key practices include:

- **Incremental Evaluation:**

Projects are divided into smaller, manageable phases, allowing for real-time monitoring and timely adjustments.

- **Regular Review Cycles:**

Regular monthly and quarterly assessments are carried out to monitor progress, gather feedback, and refine strategies for continuous improvement.

- **Prototyping and Testing:**

New digital products and services are piloted in controlled environments to gather insights, enhance functionality, and ensure effectiveness before full-scale implementation.

06 Feedback Mechanisms for Continuous Improvement

KFH integrates a multi-stakeholder feedback system to gather insights from customers, employees, and business partners. This ensures digital transformation initiatives are responsive to user needs and operational challenges, allowing for continuous refinement.

07 Risk and Compliance Monitoring

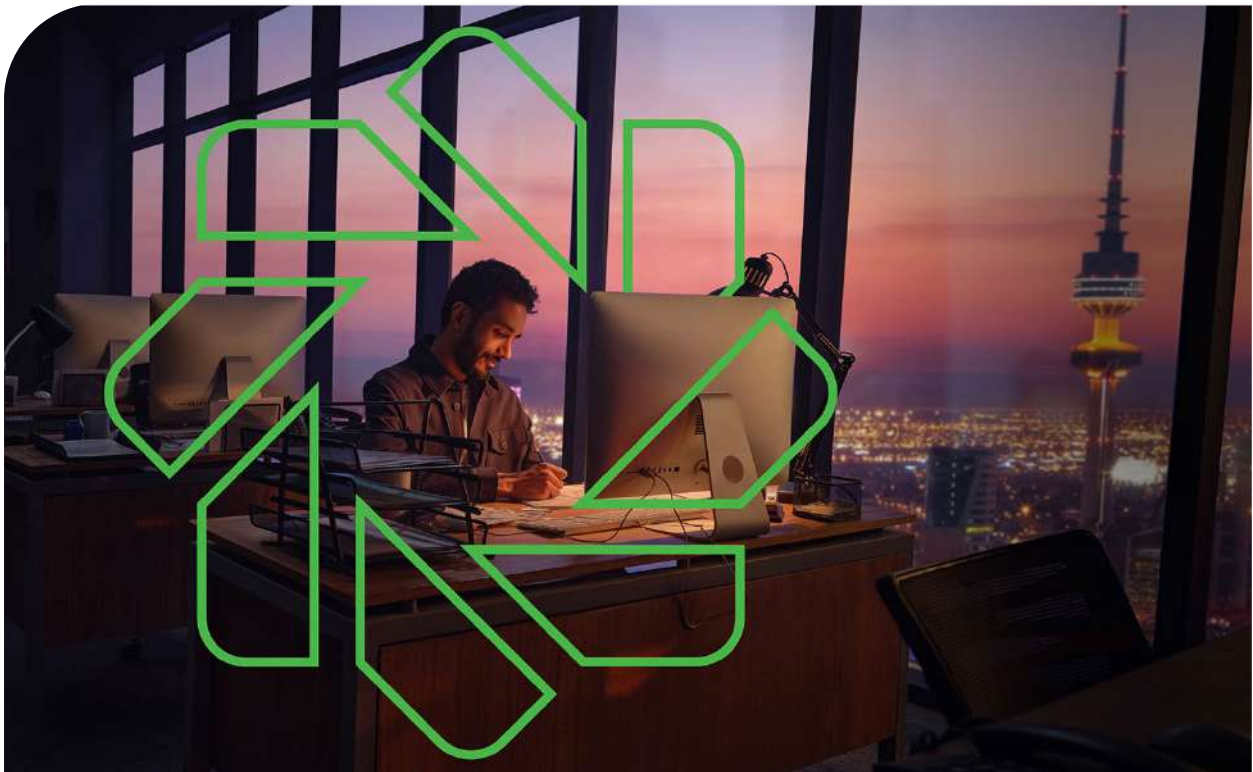
KFH integrates compliance and risk management into its digital transformation assessment. The Bank employs dedicated tools and frameworks to ensure:

- Cybersecurity readiness to safeguard digital assets.
- Regulatory compliance to adhere to legal and financial industry standards.
- Risk mitigation strategies to protect operations from potential digital threats.

08 Continuous Improvement and Innovation

To remain competitive and future-ready, KFH continuously explores and integrates emerging technologies such as AI and blockchain. This proactive approach ensures the Bank stays at the forefront of advancement in digital Banking and maintains a leading position in the industry.

By following this structured and dynamic assessment approach, KFH ensures its digital transformation journey remains effective, customer-centric, and aligned with evolving market trends and regulatory requirements.



Digitalizing Banking Processes

KFH continuously aims to achieve operational excellence and drive innovation through digitalizing its Banking processes to deliver a seamless Banking experience. This is achieved through the following:



Business Process Improvement Program


KFH’s Business Process Improvement Program is designed to streamline workflows by analyzing current processes, eliminating inefficiencies, and automating repetitive tasks. This program enhances productivity, minimizes operational costs, and improves overall performance by leveraging digital solutions for optimized Banking operations.



Printing Management System


To optimize document printing and copying processes, KFH introduced the Printing Management System (PMS). This enterprise-wide solution connects all printers and copiers, tracking every printed document while enforcing print policies and reducing costs.

PMS supports sustainability efforts by minimizing paper usage, monitoring device efficiency, and generating detailed reports through Microsoft Power Business Intelligence dashboards. Real-time fleet monitoring ensures high productivity and cost-effective allocation of print resources.



Role-Based Access Automation


To enhance security and efficiency, KFH implemented Role-Based Access Automation, ensuring employees receive system privileges based on their job roles. This automation accelerates the onboarding process, reduces manual intervention, and strengthens access control, mitigating risks associated with unauthorized access.



Facial Recognition System

KFH implemented Facial Recognition System technology to enhance customer identification and streamline branch services. The system provides an automated, seamless identification process, eliminating the need for manual data entry and reducing waiting times.

Additionally, this system supports personalized Banking by offering a 360-degree customer profile view before they enter the branch. By analyzing customer data, employee can provide targeted product recommendations, while the system dynamically curates service offerings based on segment, gender, age, and previous interactions.



Robotic Process Automation

KFH’s Digital Transformation and Innovation Department spearheads the Bank’s RPA strategy. A dedicated RPA squad within the IT team identifies, develops, and deploys automation solutions to improve operational efficiency. By automating tasks such as data entry, reconciliation, and routine transactions, RPA minimizes errors, accelerates workflows, and allows employees to focus on strategic, high-value activities.



Case Management System

KFH introduced a Centralized Case Management System to efficiently handle service requests, inquiries, and suggestions across departments. This platform seamlessly integrates with existing Bank systems, enabling streamlined operations and improving internal collaboration. The system also fosters employee engagement and strengthens brand loyalty within the organization. Additionally, built-in advanced analytics provide supervisors with real-time insights into team performance, allowing for proactive monitoring, data-driven decision-making, and improved service efficiency.



Digital Workspace

KFH implemented a Digital Workspace initiative to create a seamless, technology-driven employee experience by integrating people, processes, and technology. This digital workspace ensures consistency, security, and efficiency across all devices, allowing employees to collaborate effectively and perform tasks from anywhere, at any time. This initiative enables remote work and enhances communication, optimizing agility and maintaining high productivity.



Digital Print System

As part of its sustainability and efficiency efforts, KFH introduced the Digital Print System in 2023 and is still ongoing, to replace physical vouchers with secure digital copies. This innovation improves customer service by enabling customers to sign transactions digitally on tablets eliminating the need for printed receipts. By digitizing transactions, KFH significantly cuts printing costs related to paper, printers, and ink. Additionally, the system aligns with regulatory requirements, including COVID-19 Protocols, by minimizing physical document handling.

Enabling Innovative Thinking

KFH is committed to fostering a culture of innovation by empowering employees to adopt a forward-thinking mindset.

This is achieved through two key initiatives: one focuses on long-term education, enhancing employees' existing skills to build digital expertise, while the other encourages creativity and idea-sharing to drive continuous innovation.



Digital Academy

Recognizing the importance of digital literacy, KFH established the Digital Academy, a structured training program designed to equip employees with essential digital skills. The academy offers three levels of training, covering various aspects of digital transformation and innovation. This initiative fosters a culture of continuous learning, empowering employees to adapt to technological advancements and contribute to KFH's growth in digital technology.

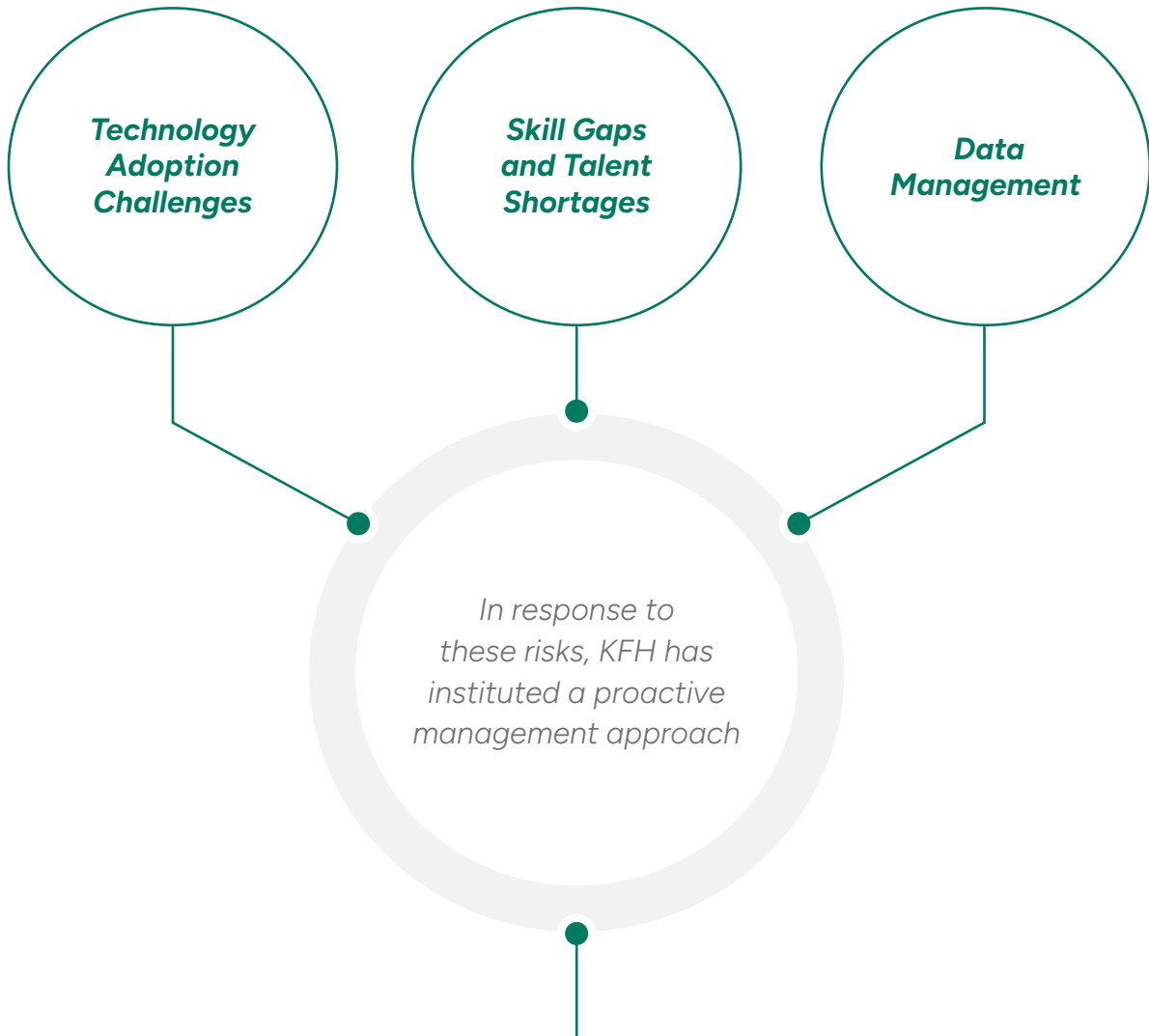


Innovation Center Platform

KFH established the Innovation Center Platform to foster creativity and drive cultural change. This all-in-one platform facilitates an annual competition cycle, and continuous idea-sharing, encouraging employees to contribute innovative solutions.

The positive impact on KFH's culture is evident through increased engagement participation in the 2023 cycle increased threefold, from 35 ideas in 2022 to 105 ideas in 2023. In 2024, the platform saw remarkable growth, receiving more than 480 innovative ideas, reflecting a strong culture of innovation and collaboration within KFH.

KFH acknowledges several risks associated with its digital transformation efforts:



KFH collaborates with its IT subsidiary, International Turnkey Systems (ITS), to replace its legacy core banking system with the latest cutting-edge technology.



KFH's Human Resources department continuously improves its training programs to upskill employees and attract top talent to fill skill gaps.

07.

Human Capital: Nurturing an Inclusive & Empowered Workforce



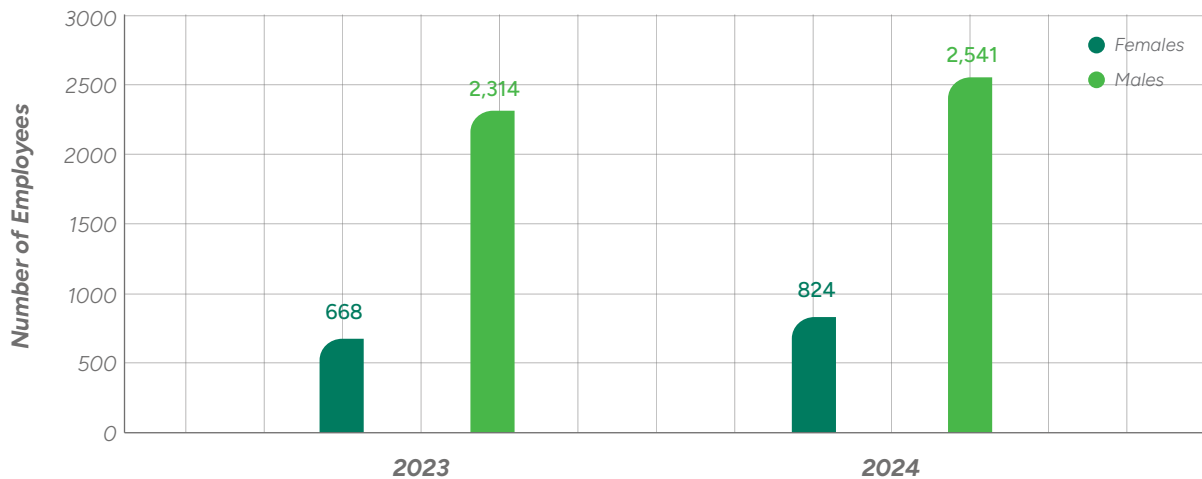
Inclusive and Diverse Workforce

KFH recognizes that our employees are a key part of the Bank’s success as their dedication, knowledge, and skills are primary drivers of the Bank’s progress and performance. That’s why we are committed to maintaining a healthy, ethical, and supportive work environment where all employees feel respected and valued. KFH places strong emphasis on employee well-being and professional development, understanding that a positive workplace culture is essential to long-term success. Moreover, KFH adheres to Kuwait’s national labor laws, ensuring every employee is treated with fairness, dignity, and respect.

Growth and Agility

In 2024, KFH’s workforce expanded to 3,365 dedicated professionals, representing a 12.8% increase from the previous year, driven by KFH’s business expansion through acquisitions. Additionally, KFH hires contractors and temporary employees to meet dynamic business needs, which overall represents 14% of the entire workforce, ensuring agility while upholding the highest standards of service delivery.

Figure 9: Total Number of Employees by Gender



The percentage of open positions filled by internal candidates has increased over the last three years, reaching 38% in 2024, reflecting the effectiveness of KFH’s internal talent development and retention strategies.

Meanwhile, KFH continued to attract top talent across all age groups, with a strong focus on youth employment. A total of 149 new hires joined the Bank, with 75.8% under the age of 30.

Figure 10: Percentage of Positions Filled by Internal Candidates

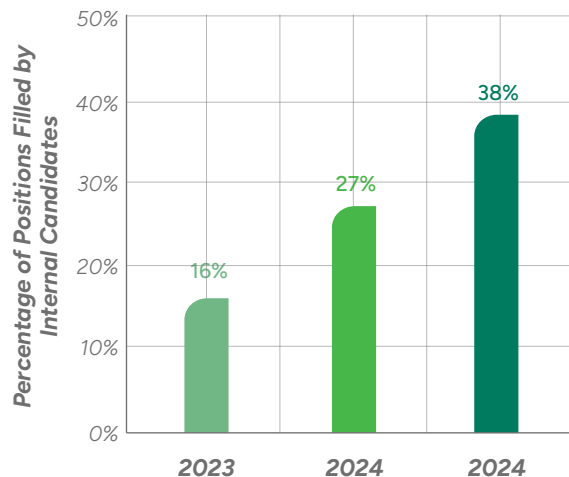
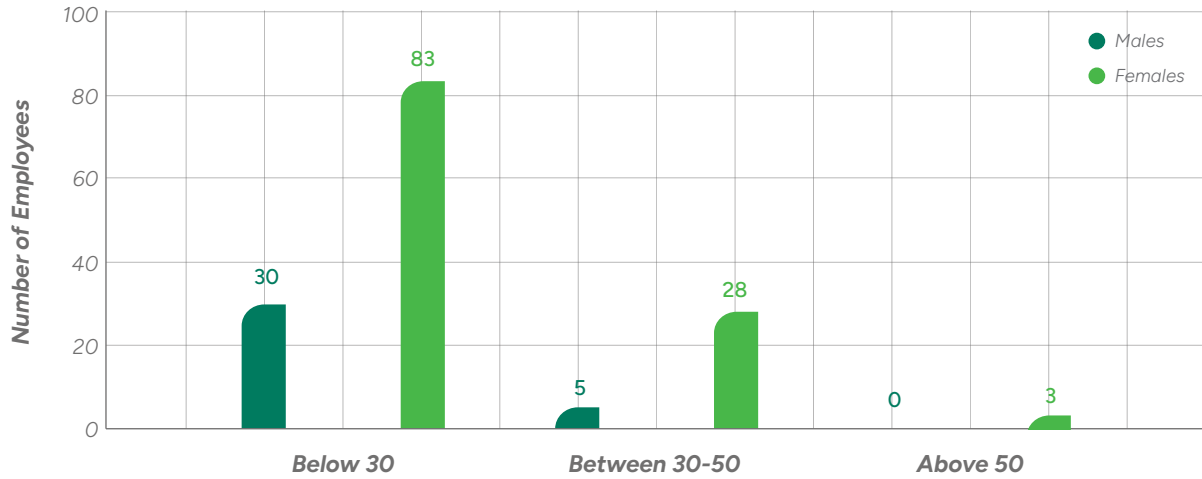


Figure 11: New Hires by Age and Gender



Strengthening Women’s Representation

KFH remains focused on empowering women, with females comprising 24.5% of our workforce in 2024, up from 22.4% in 2023. The representation of women in senior and middle management increased from 12% in 2023 to 13.9% in 2024, while their presence in lower management rose from 25% to 26.9% over the same period.

Additionally, women hold 17% of management positions in revenue-generating functions and account for 22% of Science, Technology, Engineering, and Mathematics (STEM) related roles, reinforcing our dedication to increasing female representation in traditionally male-dominated fields.

<p>13.9%</p> <p><i>of Senior and Middle Management Positions</i></p>	<p>17%</p> <p><i>of Management Positions in Revenue-Generating Functions</i></p>
<p>22%</p> <p><i>of STEM-Related Roles</i></p>	<p>26.9%</p> <p><i>of Lower Management Positions</i></p>

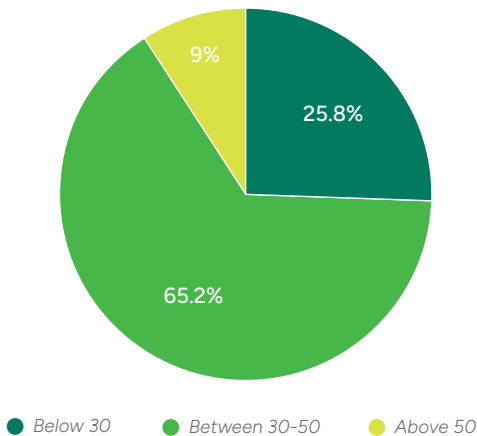


Age Diversity

During 2024, the majority of employees, 65.2%, are within the 30-50 age range, representing a strong base of experienced professionals. Additionally, 25.8% of employees are under the age of 30, contributing fresh perspectives and innovation, while 9% are above the age of 50, offering valuable expertise and leadership.

This balanced age distribution underscores KFH's commitment to fostering an inclusive workplace that values both experience and innovation while ensuring effective succession planning.

Figure 12: Employees by Age Category



Kuwaitization and Global Expertise

In alignment with Kuwait's Vision 2035 and the Kuwaitization policy, KFH remains focused on fostering employment for Kuwaiti nationals and nurturing a dynamic, skilled, and creative national workforce.

During 2024, 83.7% of our workforce comprises Kuwaiti nationals. At the middle management level, Kuwaiti nationals account for 429 individuals, representing 71.5% of managers in this category. Additionally, 13 Kuwaiti nationals represent 68.4% of senior management. These figures highlight our steadfast commitment to strengthening local leadership across all levels.

At the same time, we continue to maintain a multicultural work environment with employees from more than 30 nationalities. This diversity fosters a rich workplace, enhancing collaboration and innovation.

83.7% of KFH's workforce is Kuwaiti.



Best Institution for Labor Nationalization

KFH has been recognized by the Council of Ministers of Labor and Social Affairs in the GCC States for its exceptional efforts in implementing manpower nationalization and qualification programs within Kuwait's private sector.

Individuals with Disabilities Inclusion

KFH remains constant in its dedication to fostering an inclusive workplace that upholds equal opportunities for all, regardless of their abilities. As of 2024, the number of individuals with disabilities employed across the KFH Group globally has increased to 244, compared to 234 in the previous year.

In Kuwait, 11 employees with disabilities actively contribute to our operations, aligning with the country's Vision 2035, which advocates for the empowerment and full inclusion of persons with disabilities in the workforce. Additionally, KFH provides internship opportunities for people with disabilities throughout the year with a total of 10 interns in 2024.

For the past four years, KFH has collaborated with the Kuwait Society for the Handicapped, offering students with disabilities over 100 training hours in 2024, across various departments and branches, further promoting their skill development and career readiness.

244 *individuals with disabilities are employed across the KFH Group.*

Non-Discrimination and Equity

The Bank promotes a fair, respectful, and inclusive work environment through a comprehensive zero-tolerance approach to discrimination, ensuring equality in remuneration and diversity in hiring.

Non-Discrimination Directives

The Code of Business Conduct and Ethics and the List of Violations and Penalties explicitly prohibit discrimination and harassment.

Moreover, the HR policy ensures equal opportunities and mandates that all individuals be treated fairly, regardless of factors such as race, color, ethnicity, gender, marital status, age, religion, political beliefs, or disability.

Code of Business Conduct and Ethics

KFH is committed to upholding a Code of Business Conduct and Ethics that promotes integrity, transparency, and accountability across all levels of the Bank.

Our Code of Conduct is available in English and Arabic in line with our multilingual workforce.

Equal Compensation

The Bank maintains pay equity, ensuring that gender does not influence remuneration or benefits. Regular benchmark studies are conducted to ensure that employee compensation remains competitive and aligned with market trends and national labor laws.

Diverse Hiring Initiatives

The Bank participates in job fairs that provide opportunities for various gender and demographic groups. Additionally, it takes part in job fairs dedicated exclusively to people with disabilities.

Discrimination Incident Management

In the event of a discrimination or harassment incident, the affected individual should immediately report the matter to their Line Manager and the HR Business Partner Department. KFH ensures that all cases are handled confidentially and professionally, respecting the rights of all parties involved.

If disciplinary action is deemed necessary based on findings, employee acknowledgment, or recommendations from the Legal Department, it will be initiated in accordance with KFH's Disciplinary Code and Procedure.

Zero *Incidents of Discrimination Reported in 2024*

KFH's Code of Business Conduct and Ethics: [Here](#)

Employee Development & Performance Management

Talent Pipeline Development

Talent pipeline development is a key priority at KFH. Through structured programs, we support employees at every stage of their careers, from fresh graduates to potential leaders, ensuring a skilled and future-ready workforce.

Graduate Traineeship Programs

In 2024, the Bank strengthened its talent pipeline through graduate traineeship programs, providing 53 interns with hands on experience and industry exposure. These initiatives equip aspiring graduates with essential skills, training, and mentorship in which interns undergo a comprehensive orientation before being assigned to roles that correspond with their qualifications.

KFH Talent Learning Path

The KFH Talent Learning Path is designed to develop advanced skills across various areas, including negotiation, personal branding, and team building. It places strong emphasis on leadership development by cultivating critical skills such as strategic thinking, sound decision-making, and effective people management.

Learning and Development

KFH empowers its employees by providing comprehensive training and development opportunities that foster growth, enhance expertise, and drive career advancement. The Talent Development Department's KPIs, such as the number of training hours and number of trainees, are used to monitor and evaluate these programs, ensuring continuous learning and alignment with organizational goals.

Job-Specific Training

KFH enhances employee skills through tailored job-specific training programs that address the unique needs of each department, ensuring employees stay proficient and updated with industry advancements

Certification and Degrees

KFH supports professional development by covering the costs of job-related certifications and offering a scholarship program that fully funds bachelor's and master's degrees.

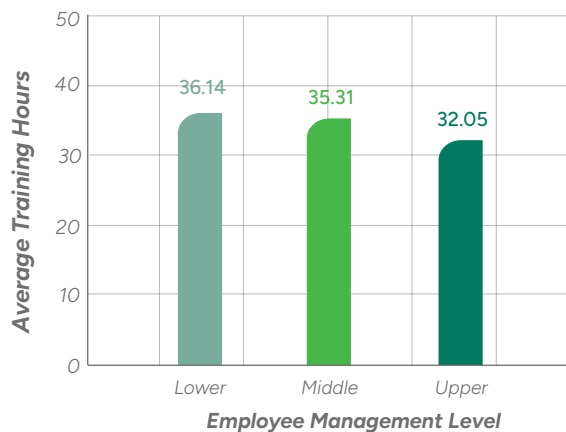
The Kuwaiti Graduate Development Program

KFH participated in the Kuwaiti Graduate Development Program, launched by the CBK to develop the skills of recent university graduates. In 2024, six trainees were enrolled in the program. The year-long initiative includes lectures, online training workshops, practical training within local banks, and placements in international financial institutions offering participants valuable global exposure.

Recruitment takes place prior to training, and trainees are officially considered KFH employees during the program. Upon successful completion, high-performing participants are appointed to official banking roles within the institution.



Figure 13: Average Training Hours by Employee Category



In 2024, 65% of our workforce received training, with total training hours of more than 115,000 and an average of 9.2 training days per employee. The average training hours per employee increased by 28%, with a 27% rise for females and 19% for males. Training hours also varied by employee level, with lower-level employees receiving the highest average training hours, followed by middle-level employees.

Figure 14: Average Training Hours by Gender

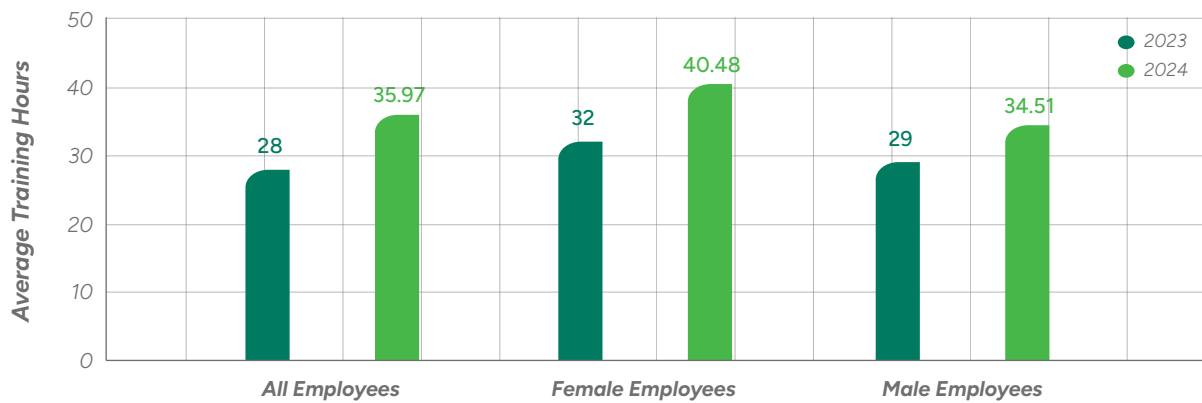


Table 7: Risk Related Trainings and Awareness Sessions

<p>Risk Management & Fraud</p>	<p>KFH provides risk training and awareness programs to foster a strong risk management culture within the Bank. Employees have access to specialized training programs, including operational risk management awareness and fraud risk awareness. These programs are designed to help employees identify, assess, and mitigate potential risks in their daily operations while effectively upholding compliance standards.</p>
<p>Data Privacy & Cybersecurity</p>	<p>KFH provides Information Security and Data Privacy Training to equip all employees and contractors with the knowledge and skills needed to protect sensitive data. The training covers data protection regulations, best practices for securing information, and strategies to mitigate security risks. Participants learn to identify potential threats, implement effective security measures, and ensure compliance with relevant laws and standards.</p> <p>In compliance with the Central Bank of Kuwait’s requirements, KFH conducts regular, mandatory cybersecurity training for all employees. This ensures they remain informed about information security best practices and emerging threats. To further reinforce data security awareness, KFH regularly shares privacy-related communications, including awareness messages and videos on password security, protecting personally identifiable information, remote work security, and customer privacy.</p>
<p>Anti-Corruption</p>	<p>Anti-corruption and anti-money laundering (AML) policies and procedures are effectively communicated to all employees. The Bank provides awareness training on financial crimes, including money laundering, terrorist financing, and fraud. This training equips employees to identify and report suspicious activities, implement measures to prevent financial systems from being exploited for illegal purposes and comply with regulatory requirements. All employees are required to complete the training, as mandated by the Central Bank of Kuwait.</p>



Collaboration with Kuwaiti Universities

KFH partners with leading Kuwaiti universities to provide training programs for its employees. In 2024, KFH launched the Real Estate Evaluation Program in collaboration with the Gulf University for Science and Technology (GUST) to enhance the skills of KFH employees and real estate professionals.

The program covers the real estate profession’s code of conduct and charter, international valuation standards, and techniques for evaluating residential, commercial, and industrial real estate.

Additionally, KFH offers Lean Six Sigma training in partnership with GUST, equipping employees with the skills to identify inefficiencies, improve workflows, boost productivity, enhance performance, and minimize waste.

In collaboration with the American University of Kuwait, employees receive training in Microsoft Excel, Microsoft Power Business Intelligence, and Business Writing, equipping them with essential data analysis and communication skills.



Building Leadership Excellence Program

This program is delivered in collaboration with IE Business School. It includes modules designed to strengthen leadership skills, foster career growth, and drive organizational success. Satisfaction surveys are conducted to assess its effectiveness in developing future leaders. In 2024, a total of 22 participants took part in the program.



Qadha Program

The Qadha program is a key initiative at KFH, designed to recognize and reward the exceptional efforts of our employees. Rooted in our commitment to excellence, Qadha celebrates distinguished performance across all departments and functions, based on best global practices and research. Employees are recognized on a monthly, quarterly, annual, and even immediate basis.

This program plays a key role in supporting KFH’s vision of driving innovation and delivering superior customer service. Through Qadha, we encourage a culture of high performance and continuous improvement, which strengthens the Bank’s leadership in the Islamic financial services sector. It also supports our digital transformation journey by motivating employees to embrace and lead advancements in financial technology.

In 2024, KFH honored 412 employees through this program, 180 semi-annually and 232 annually, demonstrating the Bank’s ongoing commitment to employee appreciation and empowerment.



Human Rights Training

In 2024, 95% of KFH’s security personnel received training on human rights principles to prevent violations. The training content focuses on key areas such as non-discrimination and respect for individuals’ rights and dignity.

Performance Management

Performance reviews are conducted for all employees across the Bank, excluding new hires and employees for whom reviews are not applicable. These assessments take place twice a year through mid-year and annual appraisals, providing feedback via one-on-one meetings between managers and employees. The Bank’s performance management system enables the Training and Development unit to compile data that guides learning, career path planning, and succession management, using five performance ratings that is communicated with the employees.

Employee Stability And Continuity

Succession Planning

KFH's succession planning is a structured process aimed at ensuring a continuous pipeline of high-potential employees prepared to step into leadership roles. Succession plans are specifically developed for Executive Management roles and above. Candidates must demonstrate strong competency alignment and maintain an average performance rating of '3 - Good' or higher over the past 2 years or one year for new recruits.

To strengthen the selection process, KFH may collaborate with development centers and external human resources advisory firms to conduct comprehensive psychometric profiling. Succession pools undergo annual reviews, incorporating the latest performance data to ensure that only the most qualified and capable individuals are identified for leadership progression.



KFH's Retention Program

KFH's Employee Retention Program is a long-term financial incentive designed to enhance motivation and reduce voluntary turnover among high-performing employees. As part of this program, selected employees receive an additional 10% monthly income, which accumulates over a five-year period.

To qualify, employees must meet preset performance and eligibility criteria, ensuring that the program rewards those who demonstrate consistent dedication and alignment with KFH's values and objectives.

Employee Turnover

In 2024, the employee turnover rate stood at 8.64%, with voluntary turnover declining significantly to 5.51%, down from 7.09% in 2023, highlighting the success of our retention program.

When an employee submits their resignation through the human resources information system, the HR Business Partner engages all relevant stakeholders, to conduct an exit interview.

During the exit interview, if the HR department recognizes underlying issues contributing to employee dissatisfaction, they may work towards resolving those issues to enhance retention and subsequently reduce the turnover rate. By addressing concerns and implementing solutions, the bank aims to create a more supportive and engaging work environment that encourages employees to remain committed to their roles and the organization.

Figure 15: Employee Turnover by Age

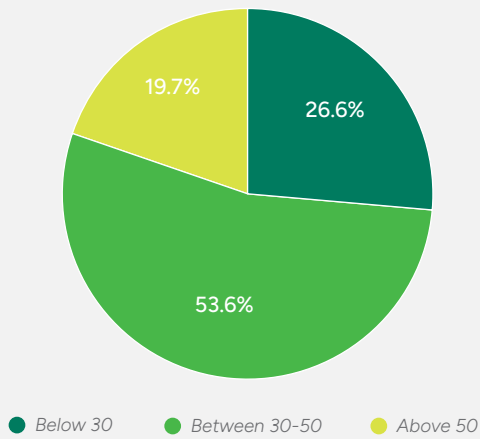


Figure 17: Employee Turnover by Nationality

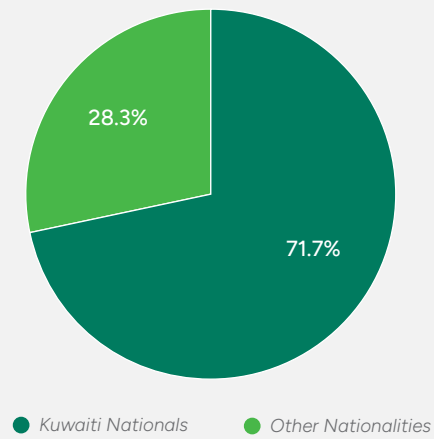
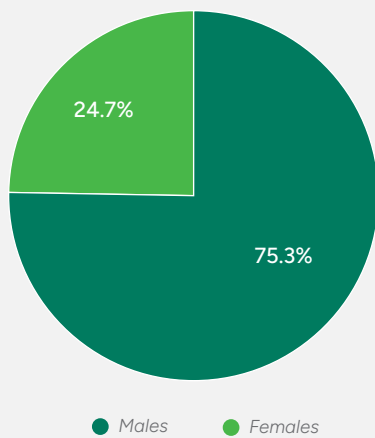


Figure 16: Employee Turnover by Gender



Layoffs and Operational Changes

KFH had no major layoffs in the last three years.

Moreover, KFH maintains transparency and fairness in managing operational changes that may significantly impact employees.

In accordance with Kuwaiti labor law, KFH provides a minimum notice period of three months before implementing any substantial operational changes, such as restructuring, layoffs, or modifications to job responsibilities. This advance notice ensures that employees have sufficient time to prepare and adapt to these changes, reinforcing the Bank's dedication to employee well-being.

Employee Benefits, Well-being, and Safety

Employee Benefits

At KFH, all full-time employees receive equal pay and non-pay benefits aligned with their grade level, ensuring fairness and consistency across the Bank. Contractors also receive benefits according to the specific terms outlined in their contracts. This approach aims to promote a supportive work environment for all employees.

01 Health, Disability, and Life Insurance

A comprehensive insurance coverage, including health, disability, life, as well as work-related injury and death insurance. All types of insurance coverage are provided to full-time employees, with only health insurance coverage extending to their spouses and up to three children.

03 Educational Assistance

Assistance is provided as per KFH HR policy to support employees' continuous learning and professional development.

05 Parental Leave

KFH offers female employees and contractors 70 calendar days of paid parental leave, while male employees and contractors receive 3 days of paid leave. In 2024, 65 females took parental leave. Among males, 1,771 were entitled to parental leave, and 189 utilized it. The return-to-work and retention rates for employees who took parental leave were both 100%.

07 Flexible Work Hours for Childcare Mothers

KFH allows childcare mothers to reduce their daily work schedule by 2 hours until their child reaches 2 years old.

02 Qard Hasan

KFH provides employee financing (Non-interest loan) as part of the employee value proposition. Interest-free loan is granted to employees as per the terms and conditions of the program and up to a certain level.

04 Family-Friendly Benefits

KFH provides several family-friendly benefits to support employees with parental and caregiving responsibilities. For example, nursing hours are offered to mothers, allowing a two-hour reduction in their regular workday for a period of two years from the child's birth.

06 Accompanying Sick Leave

Employees and contractors caring for a child, spouse, dependent, or other relation with a health condition are eligible for 35 days of accompanying sick leave, which includes 15 days at full pay, 10 additional days at $\frac{3}{4}$ pay, and another 10 days at half pay.

08 Umrah Leave

A paid religious leave is granted to employees and contractors to perform Umrah.

Employee Well-being and Engagement

Wellness Initiatives

KFH prioritizes employee well-being by implementing workplace stress management and sports initiatives. These include stress management awareness videos and regular well-being tips designed to support mental and emotional health.

The Bank fosters a culture of health and vitality through exclusive gym offers, employee sports competitions, and discounted healthy food subscriptions, ensuring employees have the resources to maintain a balanced and active lifestyle.

Volunteering Activities

KFH collaborates with charitable partners, providing employees with meaningful opportunities to make a positive impact in the community. To further support engagement, the Bank recognizes employees' contributions to charitable activities by offering additional paid leave or cash rewards.

Health & Safety Management System

KFH places a priority on the health and safety of all its employee, encompassing permanent and temporary employees, as well as contractors. In line with this focus, the Bank has developed a comprehensive health and safety management system applicable to all its workplaces. KFH aligns with the health and safety requirements set by Kuwait's labor law, and national authorities, including the CBK, the Ministry of Interior (MOI), and Civil Defence.

Health and Safety Policy

KFH's Health and Safety Policy is fully supported by the highest levels of decision-making, including Executive Management, to ensure its effective implementation across the Bank. The policy is made accessible and transparent to all employees through the Business Library, empowering them with the information necessary to adhere to health and safety rules.

Moreover, the Bank's Code of Conduct highlights the importance of individual responsibility in upholding health and safety standards to maintain a hazard-free workplace. The Emergency Procedures is readily available on KFH's intranet to ensure easy access for all employees. To ensure full compliance with health and safety standards, regular internal inspections are carried out through a multi-layered approach, including:



KFH conducts annual surveys and reports to evaluate the health and safety management system. Based on the results, opportunities for further improvement are identified, and prioritized action plans are tailored and shared with departments to ensure the timely resolution of any issues.

Additionally, the Bank carries out thorough risk and hazard assessments to identify potential workplace dangers and creates action plans to address and mitigate these risks, including the annual evacuation plan. KFH tracks progress in reducing and preventing health issues and risks by evaluating preventive measures for foreseeable hazards and analysing near-miss incidents.

Health & Safety Training Programme

KFH offers a health and safety programme, including training sessions and awareness campaigns to promote health and safety practices among employees. The training programme covers:



08.

Social & Relationship Capital: Building Community Connections

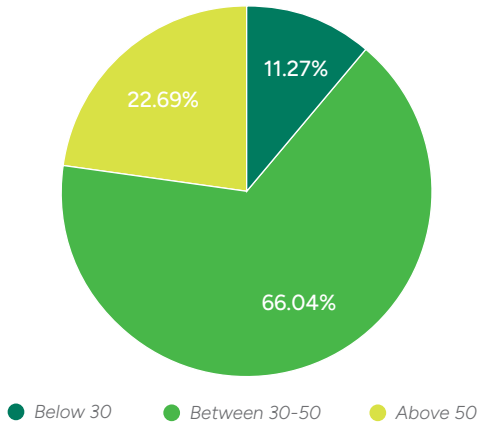


Crafting Tailored Experiences

At KFH, our Retail Banking provides outstanding services that prioritize customer satisfaction and drive financial inclusion. In 2024, we maintained our commitment to supporting customers across all age groups and genders, as reflected in the diverse and inclusive distribution of our retail financing portfolio.

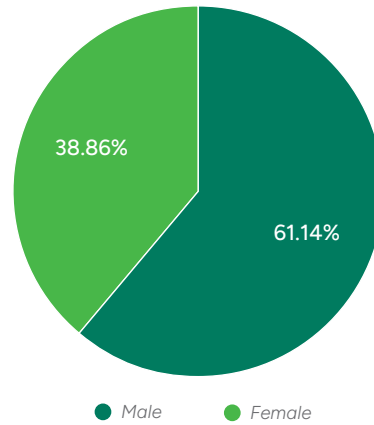
Age Diversity in KFH's Retail Portfolio

Figure 18: Percentage of Retail Financing by Age in 2024



Gender Diversity in KFH's Retail Portfolio

Figure 19: Percentage of Each Gender's Total Financing Value from the Total Retail Portfolio



Diverse Financial Solutions: Personalized Investment Plans

At KFH, we provide exceptional customer satisfaction through a diverse range of financial solutions tailored to meet the unique needs of every individual. Our investment plans are designed to support long-term financial goals, empowering our customers to achieve their aspirations.

These plans reflect KFH's aim to provide customized solutions that allow customers to realize their dreams and create a stable, prosperous future. Each plan is crafted with a focus on specific life goals, offering a combination of savings, returns, and Takaful protection to ensure our customers' needs are met. Among these plans are:

Special Health Care Investment Plan: **Shifaa**

A plan that combines monthly savings with competitive investment returns and Takaful coverage.

In case of serious health issues, the accumulated savings and Takaful coverage for specific illnesses help cover medical expenses.

Achievement Investment Plan: **Injaz**

A plan that offers monthly savings with competitive investment returns. Upon reaching a specific milestone, customers can use the accumulated funds to pursue business opportunities or personal goals, supported by Takaful protection.

Higher Education Investment Plan: Jameati

A plan that focuses on monthly savings, generating competitive investment returns with Takaful coverage. Designed to assist customers in saving for their children’s higher education expenses.

Marriage Investment Plan: Rafea

A plan based on monthly savings, offering competitive investment returns and Takaful protection. Upon reaching the designated age, the accumulated savings and investment profits are available to cover marriage-related expenses.

Retirement Investment Plan: Thimar

A plan that includes monthly savings, providing competitive returns on investment. Upon retirement, the accumulated funds provide financial support for living expenses, complemented by additional Takaful coverage.

Green Financing for Retail Customers

KFH launched a personal financing campaign, the first of its kind in the Kuwaiti market, titled “Green Products Financing”, aiming to meet all customer needs for constructing environmentally sustainable residential properties. These green products encompass both housing and consumer goods that contribute to conserving natural resources and energy while harnessing renewable energy sources.

Through innovative financing solutions, this initiative facilitates the construction and furnishing of lifelong homes, leading financial transactions toward sustainability and environmental stewardship. KFH offers financing of up to KD 70,000 for a duration of up to 15 years for citizens that require the service.

Financial Inclusion in Retail Banking

At KFH, our commitment to promoting financial inclusion is reflected not only in our financing distribution but also in the range of products and services designed to meet the diverse needs of our customers.

We have developed a multi-tiered framework that offers tailored Shari’a-compliant products for various demographic segments. The KFH Banking Tiers include:

Baiti

“Baiti” Program

Tailored for children up to 14 years, fostering saving habits and financial literacy through the “Baiti Club” membership and interactive online games.

Hesabi

“Hesabi” Program

Geared towards youth up to 25 years, offering customized financial products and services such as rewards, e-banking, and prepaid cards to align with their lifestyle.

Personal Program

The Personal Program offers a wide range of services, products, and exclusive offers that meet their lifestyle and aspirations from diverse financing solutions, to savings and investment plans for a better future, as well as a comprehensive suite of accounts, credit cards, and digital banking services.

Remittances

KFH provides a variety of user-friendly digital platforms for remittance services. For example, KFHOnline, in partnership with Western Union, delivers international money transfer services through its mobile app, as well as via E-Corp. These platforms enable customers to effortlessly send funds both domestically and internationally, ensuring a seamless and efficient remittance process.

Additionally, KFHOnline offers free digital transfers, further encouraging customers to take advantage of the bank's remittance services. To increase the volume of remittances processed, major enhancements have been introduced, most notably, the adoption of straight-through processing, which allows remittances to be completed without manual intervention, resulting in faster and more efficient transactions. This advancement has significantly enhanced the efficiency of both incoming and outgoing transfers.



Domestic and Cross-Border Remittances

From 2023 to 2024, the total number of clients using KFH's remittance services increased by 19.5%. Domestic remittances experienced significant growth, with the number of clients transfers within the country rising by 19.8%. The adoption of digital channels for domestic remittances also saw notable growth, with a 20.1% increase in clients using digital platforms for these transfers.

KFH's international money transfer services saw an increased growth, with 11.9% more clients using them. Also, the use of Digital channels for sending money abroad increased by 13.8% showing that more people prefer using Digital tools for both local and international transfers.

Marketing and Communication Approach

KFH is committed to delivering marketing and communication that reflect our core values while reinforcing our brand across diverse platforms. By leveraging both traditional and non-traditional channels, we aim to engage a wide audience and ensure seamless access to our services. Our approach embraces inclusivity and transparency, enabling us to meet the varied expectations of our customers and enrich their experience with every interaction.

KFH emphasizes messages of Leadership, Accountability, and Partnerships, reflecting its values as a financial institution operating under Shari'a principles.

Responsible Marketing: Marketing Strategy, Policy, and Procedures

KFH's marketing strategy focuses on delivering communications that reflect the bank's core values and meet customer expectations. Through clear, consistent, and value-driven content, KFH reinforces its position as a leader in Islamic banking. **KFH maintains a Policy and Procedure manual, outlining key aspects including:**

- 01 Responsibility Matrix; detailing roles and responsibilities across the Marketing Department's hierarchy.
- 02 Standard Operating Procedures; mandating a comprehensive approval process involving review by the Legal, Shari'a, and Compliance and Governance Departments. Following this, Creative and Branding approvals ensure consistency of the KFH brand image across diverse channels. This process applies to all communication materials, internal or external, guaranteeing adherence to KFH standards and regulatory compliance. Annual audits are conducted to validate compliance with established procedures

KFH's fair advertising approach complements the Bank's ethical marketing framework by involving additional oversight from the Customer Experience and Complaints departments. This dual input ensures that the message reflects customer feedback and needs.

To reinforce marketing, employees undergo relevant training programs in coordination with the HR department. These are delivered through leading institutions such as the Kuwait Foundation for the Advancement of Science and the Institute of Banking Studies, as well as through in-house sessions.

Products and Services Information and Labeling

KFH ensures that all its products and services are accompanied by clearly defined and comprehensive terms and conditions, which are applied and prominently displayed with every product and service marketed by the Bank. These terms and conditions go through rigorous reviews by the Legal, Shari'a, and Compliance and Governance Departments to ensure they are clear, comprehensive, and fully outline the risks and responsibilities held between the Bank and its customers.

This commitment guarantees that customers are fully informed about the proper and secure use of KFH's products and services offerings in which general and specific terms and conditions apply and are accessible through the Bank's website, depending on the nature of the offer, whether it's a promotional campaign or a standard product/service offering.

Any promotional campaign communicated to the public must be licensed by the Ministry of Commerce and Industry. The corresponding license number must be included in all related advertising materials.



Zero

incidents of non-compliance with regulations concerning product and service information and labeling

Marketing Channels and Tools

KFH employs a multi-channel approach to reach and engage customers effectively, ensuring that all customer segments receive tailored communication aligned with their preferences and needs. KFH primarily leverages social media to promote its products and services, using traditional media strategically for large-scale campaigns to maximize reach and impact.

In addition, digital marketing tools play a key role in driving customer engagement and ensuring effective dissemination of information across all promotional efforts. To reach various customer segments, KFH employs advanced targeting techniques using demographic and psychographic data. This allows the Bank to deliver tailored content to the right audiences, ensuring that each campaign is both relevant and impactful for its intended segment.

2024 Campaigns

KFH's marketing efforts are primarily structured around two key campaign types:

Segmented Campaigns

These campaigns are designed to promote the use of KFH's offerings among distinct demographic groups.

By gaining a deep understanding of each segment's unique needs and preferences, we craft tailored messages that clearly convey the value and advantages of our services, ensuring relevance and meaningful engagement.

E-Services Campaigns

Focused on increasing awareness and usage of our innovative digital solutions particularly through the KFHOnline Application, these campaigns aim to educate customers about the security, ease, and efficiency of our digital platforms.

By empowering users with knowledge, we enable them to fully benefit from the convenience and capabilities of our digital ecosystem.

KFH launched various strategic campaigns aimed at promoting its wide range of services—from banking to real estate to auto finance. To evaluate the impact of the Bank's campaigns, KFH utilizes various metrics to assess the reach of the marketing materials by tracking the conversion of website visitors into customers and monitoring the adoption of digital solutions by users within a set timeframe following their introduction.

By analyzing these metrics, KFH assesses the effectiveness of the initiatives and makes informed decisions to drive further progress in promoting financial inclusion and digital innovation.



Customer Experience and Satisfaction

At KFH, we are committed to delivering exceptional customer experience. From the initial point of contact to the completion of each transaction, our goal is to provide a personalized and seamless service that surpasses expectations.

Our team places great importance on transparency, efficiency, and cultivating trust at every stage to ensure the satisfaction of our valued customers. To track our performance and consistently improve our services, we focus on two key performance indicators:

KFH Customer Care Score

KFH's Customer Care Score reached 92.8% in 2024, reflecting a 0.6% increase from 92.2% in 2023. This score, managed by an independent third-party research agency, is derived from a combination of surveys, including audits of KFH banking channels for adherence to service standards and direct customer satisfaction feedback.

Customer Experience Index

Internally managed by our Customer Experience (CX) team, KFH's Customer Experience Index reached 79.5% in 2024, reflecting a 1.7% increase from 77.8% in 2023. This index measures customer satisfaction across different banking channels and is calculated based on the percentage of "extremely satisfied" customers versus total respondents, it excludes "satisfied" customers as we are committed to raising the standard of excellence by focusing solely on customers who rate their experience at the highest level. To ensure continuous enhancement of our services, our CX Unit employs a thorough process of analyzing customer feedback.

This process includes daily evaluations and comprehensive quarterly analysis to uncover patterns and pinpoint areas needing enhancement. We utilize a range of techniques such as correlation analysis, comparative analysis, and verbatim categorization to derive valuable insights from customer feedback.

These feedback trends are then prioritized and reviewed for the practicality of implementing changes that will elevate the overall customer experience.

CX Hero Competition

Our CX Hero Competition is an internal initiative aimed at cultivating a strong customer-focused culture. Frontline employees compete in multiple categories, with performance measured through customer feedback collected via SMS surveys. At the end of the year, the highest-performing employee in each category are recognized with the "CX Hero" title, encouraging them to consistently go above and beyond in exceeding customer expectations.

Community Empowerment

As an Islamic bank, KFH cultivates a responsible financial system that upholds ethical principles, promotes inclusive social development, fosters social solidarity (Takaful), and preserves the environment.

KFH adopts a Corporate Shared Value (CSV) approach that relies on strategic collaborations with trusted public, private, and non-profit organizations to maximize social, economic, and environmental impact. Community investment focus areas are linked to the Bank's business strategy and classified under five fundamental CSV pillars:



Healthcare and Sports



Education and Youth Development



Social Development and Inclusion



Heritage Preservation



Environmental Protection

KFH defines its CSV pillars based on the common needs of communities and fundamental human rights while ensuring alignment with Kuwait Vision 2035, government development strategies, public trends, environmental factors, healthcare priorities, and humanitarian causes.

The CSR projects undertaken by KFH align with the Bank's overall CSR strategy, policy, and allocated budget as approved by the Board. Ongoing monitoring and evaluation play a crucial role in assessing the effectiveness of our initiatives. Impact measurement is conducted through key performance indicators, such as program continuity, financial contributions, the number of beneficiaries, event or activity attendance, media coverage, and social media reach.

In 2024, KFH implemented various initiatives and activities under its CSV pillars in partnership with multiple organizations, reinforcing its commitment to social responsibility and ethical development.



Pillar 1:
Healthcare and Sports

KFH recognizes the importance of health and sports in fostering a thriving community. This pillar is dedicated to promoting public health, encouraging active lifestyles, and expanding access to essential healthcare services. Through strategic partnerships, KFH actively supports initiatives focused on disease prevention, physical fitness, and medical accessibility, ensuring a healthier society.

Healthcare Initiatives

KFH's partnership with Al-Salam Hospital and the Ministry of Health encompasses:

- KFH Contributed to the construction and equipping of a Heart Disease and Research Center affiliated with Mubarak Al-Kabeer Hospital.
- KFH's Annual Breast Cancer Awareness Campaign.
- World Diabetes Day.
- KFH's Annual Movember campaign.
- First Aid Courses.
- Numerous health awareness seminars.



Recognizing its outstanding contributions to the society, KFH received the Corporate Social Responsibility – Middle East award from EMEA Finance Magazine.

“You Are Stronger” Campaign

The annual “You Are Stronger” breast cancer awareness campaign took place throughout the month of October. It featured a variety of supportive and educational activities that emphasized the importance of early screening, a crucial measure in breast cancer prevention. As part of this initiative, KFH provided its female employees with free examinations and distributed gifts to encourage participation.

To further encourage women to take proactive steps in maintaining their health, KFH provided exclusive discounts at various establishments specializing in diet, fitness, and physiotherapy.

Additionally, KFH leveraged its social media platforms to amplify early detection awareness in collaboration with specialized medical professionals.



“Movember” Campaign

The annual Movember campaign aimed to raise awareness about men’s health, particularly prostate cancer, by providing tips on healthy living and encouraging early screenings for male employees. Throughout November, the campaign promoted preventive measures and included a variety of initiatives, such as discounts and special promotions at gyms, healthy food providers, dental clinics, supplement and nutrition stores, and physical therapy centers.

Additionally, the campaign hosted various sporting events, including the Padel Championship and the Strength Challenge, which promoted physical fitness.

KFH also leveraged its social media platforms to amplify awareness, publishing a series of informative videos and posts in collaboration with medical professionals and health experts.



Diabetes Awareness Campaign

On the occasion of World Diabetes Day, the campaign focused on providing diabetes education and preventive care.

Other Health Initiatives

KFH conducted first aid courses for parents and school teachers in collaboration with AlSalam Hospital.

Sports Initiatives

Sponsorships for Kuwait National Teams: KFH renewed its strategic partnership with the Kuwait Sea Sport Club to support Kuwait’s National Jet Ski Team in their participation in the World Championship held in the United States. Additionally, KFH extended its support to the Kuwait Padel National Team.

<p>KFH Mubadereen Team: KFH supported Kuwaiti athletes across various sports at local, regional, and international levels.</p>	<p>V-Thru Walking Challenge: KFH partnered with V-Thru to organize the largest public walking challenge competition during Ramadan.</p>
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Pillar 2:
Education and Youth Development

KFH has a long-standing legacy of supporting education and youth development. The Bank has engaged with young Kuwaitis through various sponsorships and activities.

CODED Academy Partnership

At the 4th edition of the Kuwait Codes 2024 Conference, KFH reaffirmed its collaboration with CODED Academy, aligning with its CSR strategy to promote technological literacy and nurture young talent.

As part of this partnership, KFH supported the Kuwait Codes program for high school students, providing them with valuable coding skills. Additionally, through the Coded Juniors initiative, CODED Academy designed interactive activities to introduce children aged 5 to 11 to the fundamentals of coding in a fun and engaging manner. For the second consecutive year, KFH extended its strategic sponsorship of the Kuwait Hackathon, organized by the National Cyber Security Center in collaboration with CODED Academy.



In recognition of its contributions, KFH was honored by the First Deputy Prime Minister for its efforts in advancing national talent in innovation and cybersecurity.

Financial Literacy

To enhance financial awareness among students, KFH organized seminars and workshops aimed at educating young individuals on responsible financial management and banking principles.

KFH PR Academy

KFH launched the PR Academy to empower undergraduate students and fresh graduates with essential knowledge and practical skills in public relations and media. This initiative fosters professional development and equips participants with the expertise needed to meet industry demands effectively.

Participation in Job Fairs

KFH actively participates in job fairs, including the Gulf University for Science and Technology job fair, held under the patronage of the Minister of Education, Higher Education, and Scientific Research. These events provide students and graduates with insights into career opportunities and the skills required to succeed in the job market.


Partnerships with Universities and Academic Institutions

As part of its commitment to supporting academic institutions in preparing young national talents and enhancing their professional capabilities, KFH continued its long-standing partnerships with Kuwait University, the Public Authority for Applied Education and Training, GUST, and the Australian University, and in 2024, signed a new agreement with Kuwait Technical College.

MoU with Sabah Al-Ahmad Center for Giftedness and Creativity

KFH signed a MoU with the Sabah Al-Ahmad Center for Giftedness and Creativity, a center affiliated with the Kuwait Foundation for the Advancement of Sciences (KFAS). This partnership aims to integrate creativity, technology, and innovation into the community.

Student Clubs Partnerships

KFH collaborates with student organizations at major academic institutions to support the educational and professional development of youth. Through these partnerships, the Bank contributes to building future talent and strengthening ties with the academic community.

Back to School Campaign

In partnership with the MOI and the Ministry of Education, KFH launched the Back-to-School campaign. This initiative involved multiple visits to schools at the start of the academic year, providing gifts, and valuable advice, and conducting activities, including raising awareness on traffic safety.

National Leadership Conference

KFH participated in the second edition of the National Leadership Conference 2024, titled "Breaking Barriers II: A Strong Mind. Strong Body. Strong Leader." This event provided participants with a valuable platform to network, learn, and enhance their leadership journey while exploring key topics such as mental resilience, physical wellness, and holistic leadership.

KFH's involvement in the conference highlights its commitment to empowering youth, nurturing national leadership talent, and fostering skills development to contribute to overall community advancement.



Pillar 3:

Social Development and Inclusion

KFH is committed to fostering sustainable social development through strategic collaborations with public authorities and NGOs. By implementing impactful community programs, events, and initiatives, KFH actively supports underprivileged individuals and contributes to the well-being of the broader community.

Diraya Campaign

KFH continues to support the Diraya Campaign, an initiative launched in 2021 by the CBK, in collaboration with the Kuwait Banking Association (KBA). This campaign aims to enhance public awareness of banking services and solutions while fostering financial inclusion across all segments of society.

It also educates customers on their rights, banking regulations, and information security, ensuring a more informed and financially literate community.



In 2024, the Bank was recognized with the Excellence – Level One award for its active support of the Diraya Campaign powered by CBK.

Kuwait Hackathon

KFH sponsored the 2nd Kuwait Hackathon, Kuwait's largest cybersecurity competition, for the second consecutive year, reaffirming its commitment to youth empowerment and digital innovation.

Held in collaboration with CODED Academy and the National Cyber Security Centre under the patronage of H.E. Sheikh Fahad Yousef Al-Sabah, Minister of Interior, the event featured an intensive cybersecurity bootcamp aimed at equipping participants with advanced skills in digital forensics and cybersecurity.

People with Disabilities Inclusion

KFH promotes an inclusive society by partnering with initiatives such as “Partners in Employing Them” and collaborating with organizations like the Kuwait Society for the Handicapped. The Bank prioritizes creating employment opportunities and providing specialized training.

Winter Wonderland Project





KFH renewed its strategic platinum sponsorship with the Touristic Enterprises Company to support the Winter Wonderland entertainment initiative. This collaboration aligns with the country’s efforts to enhance domestic tourism and provide enriching recreational experiences for the community.



KFH's Social Contributions in 2024

As part of its unwavering commitment to social responsibility, KFH upholds the Islamic principles of zakat and charitable giving. In 2024, KFH made substantial financial contributions to support social development, national and humanitarian initiatives, professional development, and advancements in science, technology, and innovation across the country.



 <p>KD 30.72 million <i>Zakat and Humanitarian Contributions & Donations</i></p>	 <p>KD 5.56 million <i>Contribution to KFAS</i></p>	 <p>KD 19.18 million <i>National Labor Support Tax</i></p>	 <p>KD 2.63 million <i>Contribution to the Institute of Banking Studies</i></p>
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Pillar 4:
Heritage Preservation
Al Mubarakiyah Reconstruction

KFH signed a contract with the Kuwait Municipality and the project's contractor to rebuild and restore the damaged area in Al Mubarakiyah. The project involves reconstructing 17 buildings and developing additional surrounding structures at an estimated cost of KD 8 million. This initiative underscores KFH's dedication to preserving Kuwait's cultural heritage and strengthening its social contributions.

Partnership with Al Sadu Society

KFH continued its partnership with Al Sadu Society (Sadu House) for the 5th consecutive year in efforts to promote and preserve Kuwait's cultural heritage through dedicated programs. Al Sadu Society is officially recognized as a non-governmental advisor to the United Nations Educational, Scientific and Cultural Organization (UNESCO).

A proud achievement enriching cultural development and national identity while promoting and preserving Kuwait's textile heritage. Under this partnership, KFH co-organized workshops and programs focusing on traditional textile arts and crafts using recycled materials. The workshops included various age groups from children to adults.

Increase Good Deeds in Ramadan

As part of its immersive Ramadan initiative, "Increase Good Deeds in Ramadan", KFH distributed 12,000 iftar meals to those in need. KFH collaborated with the Kuwait Food Bank, allocating KD 1 million to support underprivileged families. Additionally, in partnership with the Kuwait Red Crescent Society, the program provided Ramadan food baskets and Eid clothing to families in need.

KFH extended its outreach by delivering iftar meals to essential service workers who continued their duties during the iftar period. The Bank also offered hospitality services in mosques to create a welcoming environment for worshippers. KFH launched a series of awareness videos featuring doctors and nutritionists discussing health and wellness during Ramadan. In collaboration with the Ministry of Interior, the Bank promoted traffic safety, emphasizing responsible driving and the importance of avoiding speeding at iftar time.

Promoting Islamic Values in the Community

KFH is dedicated to promoting Islamic teachings and values within Kuwaiti society by engaging with children, youth, and adults through key initiatives:

Mishkat Al-Nubuwwa Hadith Memorization Competition:

Launched by KFH to encourage learning the Prophet's Sunnah, with prizes of up to KD 10,000.

11th Annual Holy Quran Recitation Competition - Qurra'a Baitek:

KFH continues to promote Quranic education through this long-standing initiative.


Al-Kheir Card

KFH offers the Al-Kheir Card, a prepaid card that provides exclusive discounts and promotions at some of Kuwait's most renowned stores.



With every transaction, 0.25% of the transaction value is donated to a dedicated charity fund, reinforcing KFH's commitment to social responsibility.

In collaboration with the Ministry of Awqaf and Islamic Affairs, KFH supports underprivileged individuals by facilitating their pilgrimage to Hajj and Umrah. This includes covering essential expenses such as travel tickets, visas, accommodation, and transportation.

Holy Quran Application

KFH offers the Holy Quran Application, available for download on Google Play and the Apple Store. With enhanced features and a user-friendly interface, the application ensures accessibility to individuals worldwide, fostering a deeper connection to the teachings of Islam.


Pillar 5:
Environmental Protection

KFH's environmental initiatives are deeply rooted in Islamic principles, prioritizing sustainability, efficient resource management, and proactive environmental stewardship. These efforts aim to safeguard natural ecosystems, ensuring a balanced and responsible approach to environmental protection.

Environmental Initiatives
Global Takaful Alliance with UNDP

KFH partnered with the United Nations Development Programme (UNDP) through the Global Takaful Alliance to promote sustainable development. This alliance aims to provide Takaful insurance to 100M farmers worldwide.

Efforts to Combat Desertification

KFH participated in the sixteenth session of the Conference of the Parties to the United Nations Convention to Combat Desertification in Riyadh, Saudi Arabia, to engage in global discussions on combating desertification, addressing land degradation, and advancing initiatives for land restoration and drought resilience.

Additionally, KFH collaborates with the Scientific Center, a subsidiary of KFAS, on the "We are Generation Restoration" initiative, which features training workshops and hands on activities aimed at raising awareness about desertification, promoting biodiversity, and mitigating the effects of drought.


Keep it Green Campaign

The Keep it Green campaign encompasses a range of impactful initiatives, programs, and projects dedicated to fostering sustainability, promoting greenery, raising environmental awareness, and cleaning campaigns in beaches and islands.

Environmental Sustainability Award

KFH introduced the Environmental Sustainability Award to recognize innovative student engineering projects and conducted awareness campaigns to educate school and university students about environmental responsibility.

Green Vision Volunteers Team Partnership

KFH collaborated with the Green Vision Volunteers Team to enhance green spaces by planting trees along Al Zour Road. KFH also supports the team's dedicated plants reserve having planted over 15,000 trees and shrubs since 2021 till 2024 to preserve the natural habitat of Kuwaiti desert plants.

Ecosystem Conservation

KFH extended its environmental support to the Sheikh Sabah Al-Ahmad Natural Reserve, reinforcing conservation efforts to protect Kuwait's natural ecosystem and wildlife.

Kuwait's Environment Public Authority Partnership

Through its strategic partnership with Kuwait's Environment Public Authority, KFH has made significant contributions to various projects and initiatives focused on environmental preservation and mitigating the adverse effects of climate change.

Ethical Procurement Practices

At KFH, all contracts are governed by and construed in accordance with the laws of the State of Kuwait. These laws ensure compliance with labor rights, including regulations on working hours including maximum working hours, overtime hours, minimum living wages, child and forced labor, health and safety standards and working environment.

In cases where suppliers are non-compliant with these standards, penalties are applied, and contracts are terminated, with re-registration required to resume business.

KFH adopted a proactive stance towards procurement by developing a comprehensive policy rooted in Shari'a principles. Within this framework, our current supplier selection standards adhere to the best global practices on a global scale. These standards cover vital aspects such as compliance with AML & CFT regulations, alignment with expertise and resources, and a meticulous screening process to detect and prevent potential conflict of interest during vendor registration.

As part of KFH's ongoing dedication to refining our procurement practices, we are prepared to implement an intense screening process for our suppliers. This increased inspection will incorporate environmental considerations, aligning our supplier selection process with our dedication to environmental stewardship. We are fully dedicated to promoting our policy to ensure it reflects our core values and principles, while also contributing to a more sustainable and socially responsible future.

Fair and Transparent Bidding

KFH ensures fair treatment in its bidding processes by adhering to various internal policies, including the Expenses Policy, Procurement and Contracts Policy, and other relevant documents to ensure transparency and equality for all parties involved. The Bank follows a structured procurement policy that mandates a formal bidding process for significant procurements, including consultancy, auditing, or purchase activities. This approach ensures transparency and guarantees equal treatment for all potential vendors and contractors.

Moreover, a central procurement committee, part of KFH's Executive Management, oversees the tenders and bidding process. This committee ensures that all selections align with the best interests of KFH, maintaining impartiality and transparency.

By implementing standardized evaluation procedures, publicly disclosing bids, and enforcing oversight mechanisms, KFH upholds a fair and competitive bidding environment, free from conflicts of interest and favoritism.

Anti-Corruption and Ethical Practices Assessments

KFH's anti-corruption policies are transparently communicated to vendors and partners and integrated into every contract. Any breach of corruption regulations leads to decisive action, including potential contract termination. Furthermore, we actively assess the risk of forced labor in our operations, ensuring compliance with international labor standards and ethical practices. KFH is dedicated to upholding human rights and labor laws across our supply chain, where applicable.

Suppliers Engagement Overview

Our supplier engagement involves a diverse network of 540 suppliers, with 56% being local entities, and the remaining 44% representing our foreign suppliers across around 32 countries. Despite the global reach of our supply base, 92.30% of total procurement spending is directed toward local suppliers, reflecting our strong commitment to supporting the national economy. The remaining 7.69% is allocated to international vendors.

We recognize the multiple benefits of partnering with local suppliers, including logistical efficiencies such as reduced transportation emissions, as well as a shared dedication to Kuwait's sustainability goals. By prioritizing responsible sourcing and eco-friendly practices, we are actively contributing to our nation's sustainability efforts.

Future Outlook: Sustainable Procurement

KFH is in the process of developing and implementing a Sustainable Procurement Roadmap and Action Plan. This initiative is aimed at equipping relevant departments with the knowledge, tools, and methodologies necessary to embed sustainability principles across all procurement activities. This reflects KFH's ongoing efforts to achieve measurable and impactful sustainable procurement practices.



Suppliers and Business Partners Compliance

KFH extends its data protection policies to suppliers and business partners through a Data Privacy Questionnaire. This questionnaire is shared with them to assess privacy compliance and ensure the effective implementation of controls. This process helps maintain compliance with privacy regulations and strengthens data security measures.



09.

Natural Capital: Enhancing Operational Efficiency





KFH actively manages its GHG emissions across Scopes 1, 2, and 3, ensuring that its data collection processes adhere to operational control boundaries.

GHG Emissions

KFH actively manages its GHG emissions across Scopes 1, 2, and 3, ensuring that data collection processes align with operational control boundaries. GHG emissions are calculated in accordance with the GHG Protocol. Following the merger of AUB Kuwait in February 2024, these scopes now include emissions from the former AUB Kuwait premises, now rebranded as KFH, which explains the increase in reported emissions in 2024 compared to previous years.

Table 8: GHG Emissions

Year	Scope 1 (tCO2e)	Scope 2 (tCO2e)	Scope 3 (tCO2e)	Total Emissions (tCO2e)
2022	8,215	33,798	-	42,013
2023	5,688	35,408	147.7	41,244.5
2024	7,016.34	36,909.71	144.84	44,070.9

KFH’s Environmental Protection Systems

KFH strives to achieve multiple objectives:

1. Provide an appropriate working environment for employees
2. Achieve a suitable level of environmental commitment regarding energy and water consumption and solid waste management.

Environment-Friendly Premises

As part of its broader sustainability efforts, KFH is dedicated to transforming most of its premises into environmentally friendly assets. Through the installation of technological infrastructure and energy-efficient systems, the Bank aims to minimize the consumption of electricity and water across its facilities. These initiatives reflect KFH's proactive approach toward reducing its environmental footprint and promoting sustainability.



Case Study: KFH's Efforts in Green Building Certifications

KFH's Auto Showroom was awarded the Global Sustainability Assessment System (GSAS) Gold Level Certification for its outstanding sustainability measures. As the largest green automotive showroom in the Middle East, the 38,000-square-meter facility was designed in full compliance with sustainability standards, exemplifying the Bank's commitment to environmentally responsible practices.

Moreover, KFH holds a LEED Gold Certification for its Qadisiya branch under the Existing Buildings – Operations & Maintenance category. This certification reflects efforts to minimize energy consumption and carbon emissions, conserve water, manage waste effectively, and enhance indoor environmental quality.

Resource Efficiency

Energy Consumption

At KFH, responsible energy management is a cornerstone of our environmental stewardship strategy. We have expanded our reporting boundaries to include the former AUB Kuwait premises, including the Head Office and branches, which were re-branded as KFH following the merger of operations in 2024.

Table 9: Energy Consumption

	2022	2023	2024
Energy Consumption (kWh/year)	50,070,408	52,456,326	54,681,051

The reported increase in energy consumption in 2024 compared to 2023 is due to the merger of AUB Kuwait, which was finalized in February 2024.

Electricity Intensity per Area (KWh/m2)	356.65
Electricity Intensity per Employee (KWh/employee)	16,250

Water Consumption

The following tables summarize KFH's water consumption throughout the period of 2021 to 2024 and the water intensity metrics for 2024.

Table 10: Water Consumption

	2022	2023	2024
Water Consumption (m3/year)	28,183	30,225	39,235
Water Intensity per Area (m3/m2)	0.27		
Water Intensity per Employee (m3/employee)	12.37		

Paper Management

In alignment with KFH's ESG Policy, we monitored paper usage across the Bank throughout 2024 to track and manage consumption. The table below provides a breakdown of our paper usage in 2024.

Table 11: Paper Management

Paper Consumed (kg/year)	83,775
Paper Recycled (kg/year)	53,455

KFH continues to track and monitor paper usage in the Bank through the PMS. Through this system, the Bank is actively working to reduce paper consumption in line with its dedication to environmental sustainability.

Reduction in Plastic Usage

KFH implemented measures to decrease the reliance on plastic bottles at its facilities. By installing water dispensers, the Bank has minimized the usage of plastic water bottles, thereby playing a role in reducing plastic waste.

KFH's Commitment to Environmental Excellence

At KFH, we continuously implement efficient initiatives in our internal operations to enhance our environmental performance. We hold our facilities to the same rigorous environmental standards as our financing activities.

Our commitment to reducing emissions extends across several aspects of our operations, including the following.

Energy Efficiency Measures:

01

- We embrace digitalization in internal processes.
- We have replaced traditional lights with energy-efficient light-emitting diode (LED) lighting in our Head Office and branches.
- Our self-powered technology optimizes our electricity consumption.
- We have upgraded old air conditioning systems with more efficient models that consume less electricity.

Low-Carbon Travel:

02

- We continue to raise awareness about low-carbon travel for business and commuting.
- Our improved video conferencing and teleworking tools reduce the need for physical travel.

Engaging Business Partners:

03

- We involve our business partners in the transition to a low-carbon economy.
- We continue to increase the number of suppliers that align with circular economy principles.
- We ensure that our new catering procurement, repair, and maintenance services contracts contribute toward our sustainability goals.

Value-Creation Model

Our approach to sustainability is centered on creating value for stakeholders, including customers, employees, shareholders, and the broader community. As an innovation-driven sustainable bank, our value-creation model integrates six essential types of capital: financial, manufactured, intellectual, human, social and relationship, and natural capital. This is our first steps in creating our value creation model based on the Integrated Reporting Framework.



GRI Index

Statement of Use

Kuwait Finance House – Kuwaiti Shareholding Company Public (K.S.C.P) has reported in accordance with the GRI Standards for the period January 1, 2024, to December 31, 2024.

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

There are no GRI Sector Standards available for the financial services sector.

DISCLOSURE	SECTION	Page Number
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021		
2-1 Organizational details	Report Parameters About KFH	4 15
2-2 Entities included in the organization's sustainability reporting	Report Parameters	4
2-3 Reporting period, frequency and contact point	Report Parameters Our financial reporting period is from January 1, 2024, to December 31, 2024.	4
2-4 Restatements of information	There have been no restatements of information from previous reporting periods.	
2-5 External assurance	External Assurance Letter Our report is externally assured. KFH highest governance body are involved in external assurance.	137
2-6 Activities, value chain and other business relationships	About KFH	15
2-7 Employees	Human Capital: Nurturing an Inclusive & Empowered Workforce There are no part-time employees in 2024. Information unavailable for Disclosure 2-7-a (region), b-i, ii, iii, iv (region), and c.	87
2-8 Workers who are not employees	Human Capital: Nurturing an Inclusive & Empowered Workforce Information unavailable for Disclosure 2-8-a ii, b	87
2-9 Governance structure and composition	Governance And Ethics: Guiding Our Path	30
2-10 Nomination and selection of the highest governance body	Nominating and Selecting Board Members	43

DISCLOSURE	SECTION	Page Number
2-11 Chair of the highest governance body	Board Leadership Structure	32
2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors Oversight	31
2-13 Delegation of responsibility for managing impacts	The Relationship between the Board and the Executive Management	32
2-14 Role of the highest governance body in sustainability reporting	ESG Reporting Oversight	33
2-15 Conflicts of interest	Conflicts of Interest – BoD Code of Business Conduct and Ethics	46 91
2-16 Communication of critical concerns	Whistleblowing Policy	50
2-17 Collective knowledge of the highest governance body	Board Training	43
2-18 Evaluation of the performance of the highest governance body	Board Nomination and Remuneration Committee (BNRC) Nominating and Selecting the Board of Directors	37 43
2-19 Remuneration policies	Remuneration Information on how the remuneration policies for members of the highest governance body and senior executives relate to objectives and performance in managing KFH's environmental and social impacts is currently unavailable. This information is incomplete because the process to align remuneration policies with sustainability performance indicators is still in consideration at KFH. Work is underway to integrate these considerations into the remuneration framework, with disclosure expected in the next reporting period.	43-44
2-20 Process to determine remuneration	Remuneration Policy	43
2-21 Annual total compensation ratio	Not disclosed due to confidentiality constraints.	44
2-22 Statement on sustainable development strategy	Chairman Statement Sustainability Strategy	10-12 21
2-23 Policy commitments	Throughout the Report	
2-24 Embedding policy commitments	Throughout the Report	
2-25 Processes to remediate negative impacts	Throughout the Report	

DISCLOSURE	SECTION	Page Number
2-26 Mechanisms for seeking advice and raising concerns	Grievance Mechanisms	50
2-27 Compliance with laws and regulations	Compliance	46
2-28 Membership associations	KFH is a member of the Gulf Capital Market Association	
2-29 Approach to stakeholder engagement	Stakeholders' Engagement	26
2-30 Collective bargaining agreements	KFH upholds workers' rights including freedom of association and collective bargaining in which all of KFH's employees are covered, in line with Kuwait's labour law provisions.	
MATERIAL TOPICS		
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Materiality Assessment	28
3-2 List of material topics	Materiality Assessment	28
FINANCIAL GROWTH		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the Report	
GRI 201: Economic Performance 2016		
201-1 Direct economic value generated and distributed	Financial Resilience Economic value retained is not disclosed due to confidentiality constraints. This omission does not materially affect stakeholder understanding, as revenue and distributed value are disclosed.	70
FINANCIAL GROWTH		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the Report	
GRI 203: Indirect Economic Impacts 2016		
203-1 Infrastructure investments and services supported	Financial Resilience Sustainable Finance & Sustainable Investment	70-73

DISCLOSURE	SECTION	Page Number
SUSTAINABLE PROCUREMENT		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Ethical Procurement Practices	113
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	Ethical Procurement Practices	113
GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Anti-Bribery and Corruption	48
GRI 205: Anti-corruption 2016		
205-1 Operations assessed for risks related to corruption	Anti-Bribery and Corruption	48
205-2 Communication and training about anti-corruption policies and procedures	Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT)	48
205-3 Confirmed incidents of corruption and actions taken	Employee Complaints	51
GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	
GRI 206: Anti-competitive Behavior 2016		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Legal	51
RESPONSIBLE OPERATIONS		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Energy Consumption	117

DISCLOSURE	SECTION	Page Number
GRI 302: Energy 2016		
302-1 Energy consumption within the organization	Energy Consumption Information unavailable for Disclosure 302-1 a, b, c (ii, iii, iv), d, g. The information will be available in our next reporting period.	117
302-4 Reduction of energy consumption	As a result of the merger with AUB Kuwait, there was no reduction in energy consumption as the total energy consumption increased from 52,456,326 kWh in 2023 to 54,681,051 kWh in 2024, making disclosure 302-4 not applicable for this reporting year.	
RESPONSIBLE OPERATIONS		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	
GRI 303: Water and Effluents 2018		
303-5 Water consumption	Water Consumption Information unavailable for Disclosure 303-5 b. The information will be available in our next reporting period.	118
RESPONSIBLE OPERATIONS		
GRI 3: Material Topics 2021		
3-3 Management of material topics	The information will be available in our next reporting period	
GRI 304: Biodiversity 2016		
304-2 Significant impacts of activities, products and services on biodiversity	The information will be available in our next reporting period	
RESPONSIBLE OPERATIONS		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital: Enhancing Operational Efficiency	115
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	GHG Emissions GHG emissions are calculated in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition), ISO 14064-1:2018, and Intergovernmental Panel on Climate Change (IPCC): Guidelines for GHG Inventories (with 2019 refinements). All assumptions used in these calculations are outlined in KFH's 2024 Carbon Footprint Report, under the section GHG Results and Analysis. No additional tools were used.	116

DISCLOSURE	SECTION	Page Number
305-2 Energy indirect (Scope 2) GHG emissions	GHG Emissions Scope 2 GHG emissions are calculated in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition), ISO 14064-1:2018, and Intergovernmental Panel on Climate Change (IPCC): Guidelines for GHG Inventories (with 2019 refinements). Only the location-based method is currently applied. All assumptions used in these calculations are outlined in KFH's 2024 Carbon Footprint Report, under the section GHG Results and Analysis. No additional tools were used.	116
305-3 Other indirect (Scope 3) GHG emissions	GHG Emissions Scope 3 GHG emissions are calculated in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition), Corporate Value Chain (Scope 3) Accounting and Reporting Standard, ISO 14064-1:2018, and Intergovernmental Panel on Climate Change (IPCC): Guidelines for GHG Inventories (with 2019 refinements). All assumptions used in these calculations are outlined in KFH's 2024 Carbon Footprint Report, under the section GHG Results and Analysis. No additional tools were used.	116
305-5 Reduction of GHG emissions	GHG Emissions	116
HUMAN CAPITAL DEVELOPMENT		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital: Nurturing an Inclusive & Empowered Workforce	87
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	Human Capital: Nurturing an Inclusive & Empowered Workforce Disclosure 401-1-a, b (region): Information on new employee hires and employee turnover by region is not available, as KFH's reporting boundaries are limited to Kuwait, making regional segmentation inapplicable.	87
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits, Well-being, and Safety	97
401-3 Parental leave	Employee Benefits, Well-being, and Safety	97
HUMAN CAPITAL DEVELOPMENT		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Employee Benefits, Well-being, and Safety	97

DISCLOSURE	SECTION	Page Number
GRI 403: Occupational Health and Safety 2018		
403-6 Promotion of worker health	Employee Benefits, Well-being, and Safety	97
HUMAN CAPITAL DEVELOPMENT		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Employee Development & Performance Management	92
GRI 404: Training and Education 2016		
404-1 Average hours of training per year per employee	Employee Development & Performance Management	92
404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development & Performance Management	92
DIVERSITY AND INCLUSION		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital: Nurturing an Inclusive & Empowered Workforce	87
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	Our BoD	33
	Human Capital: Nurturing an Inclusive & Empowered Workforce	87
Information unavailable for Disclosure 405-1 a ii. The information will be available in our next reporting period.		
DIVERSITY AND INCLUSION		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Discrimination Incident Management	91
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	Discrimination Incident Management	91
GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	91

DISCLOSURE	SECTION	Page Number
GRI 408: Child Labor 2016		
408-1 Operations and suppliers at significant risk for incidents of child labor	Child and Forced Labor	49
	Human Capital: Nurturing an Inclusive & Empowered Workforce	87
	Ethical Procurement Practices	113
GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	
GRI 409: Forced or Compulsory Labor 2016		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Child and Forced Labor	49
	Ethical Procurement Practices	113
COMMUNITY INVESTMENT		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Community Empowerment	106
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	Community Empowerment	106
RESPONSIBLE CUSTOMER RELATIONS AND SATISFACTION		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Products and Services Information and Labeling	103
GRI 417: Marketing and Labeling 2016		
417-2 Incidents of non-compliance concerning product and service information and labeling	Products and Services Information and Labeling	103
DATA PRIVACY & CYBERSECURITY		
GRI 3: Material Topics 2021		

DISCLOSURE	SECTION	Page Number
3-3 Management of material topics	Data Privacy Governance and Oversight	54
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of Customer privacy and losses of customer data	Data Privacy Governance and Oversight	54
SUSTAINABLE FINANCE AND INVESTMENT		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Sustainable Finance & Sustainable Investment	72
DIGITALIZATION AND INNOVATION		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Intellectual Capital: Driving Digital Innovation	78
FINANCIAL INCLUSION, ACCESSIBILITY, AND LITERACY		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Community Empowerment	108
	Manufactured Capital: Ensuring Geographical Accessibility	75
	Crafting Tailored Experiences	101
GLOBAL AND REGIONAL EXPANSION		
GRI 3: Material Topics 2021		
3-3 Management of material topics	About KFH	17
RISK MANAGEMENT		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Risk Management	64

Compliance with Integerated Reporting (IR) Framework

Guiding IR Principles	KFH's Approach	Reference
Strategic Focus and Future Orientation	This Report is designed to showcase KFH's forward-looking strategy and approach to value generation. It includes information about the execution of this strategy and the prospects for our performance.	01 - Strategic Sustainability Approach Value Creation Model
Connectivity of Information	This Report establishes a coherent link between KFH's operational context, strategy, and performance.	01 - Strategic Sustainability Approach The following Principle is showcased throughout the Report.
Stakeholder Relationships	This Report acknowledges our primary stakeholder groups, delves into our relationship dynamics with those stakeholder groups, and examines the value generated or impacted for distinct stakeholders.	02 - Stakeholders' Engagement & Materiality Assessment
Materiality	This Report centers its focus on the areas that hold the greatest impact on KFH and its stakeholders. Our materiality assessment in the Report reflects the latest evaluation.	02 - Stakeholders' Engagement & Materiality Assessment
Conciseness	This Report serves as a self-contained document, offering stakeholders information to shape their perspectives and make informed decisions.	The following Principle is showcased throughout the Report.
Reliability and Completeness	All information in this Report is reviewed internally, approved by the Board, and has been externally assured before publication; ensuring a proper balance and emphasis on both positive and negative topics.	The following Principle is showcased throughout the Report.
Consistency and Comparability	This is KFH's first steps towards Integrated Report using the <IR> framework.	The following Principle is showcased throughout the Report.

Content Elements	Reference
Organizational Overview and External Environment	About KFH
Governance	03 - Governance And Ethics: Guiding Our Path
Business Model	Throughout the Report
Risk and Opportunities	Throughout the Report
Strategy and Resources Allocation	Throughout the Report
Performance	Throughout the Report
Outlook	Throughout the Report
Basis of Preparation and Presentation	Report Parameters
	About This Report








SASB Consumer Banks




Topic	Metric	Page Number
Customer Privacy	Number of account holders whose information is used for secondary purposes	N/A
Customer Privacy	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	51
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	55
Data Security	Card-related fraud losses from (1) card-notpresent fraud and (2) card-present and other fraud	N/A
Data Security	Description of approach to identifying and addressing data security risks	48 52-56
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	N/A
Selling Practices	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	N/A
Selling Practices	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	N/A
Selling Practices	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	N/A
Selling Practices	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	51
Activity Metrics	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	N/A
Activity Metrics	number of (1) credit card accounts and (2) pre-paid debit card accounts	N/A

SASB Commercial Banks

Topic	Metric	Page Number
Data Security	(1) Number of data breaches, (2) percentage that are personal databreaches (3) number of account holders affected	55
	Description of approach to identifying and addressing data security risks	48 52-56
	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	72
Financial Inclusion & Capacity Building	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	N/A
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	N/A
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	N/A
	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	74
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	116
	Gross exposure for each industry by asset class	N/A
	Percentage of gross exposure included in the financed emissions calculation	N/A
	Description of the methodology used to calculate financed emissions	N/A
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	51
	Description of whistleblower policies and procedures	50
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	N/A
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, longterm corporate strategy, and other business activities	N/A

Boursa Kuwait Index

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 305: Emissions 2016	Living Environment	GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)	7,016.34 tCO2e
				E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)	36,909.71 tCO2e
				E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)	144.84 tCO2e
	GRI 305: Emissions 2016	Living Environment	Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	N/A
				E2.2) Total non-GHG emissions per output scaling factor	
	GRI 302: Energy 2016	Living Environment	Energy Usage	E3.1) Total amount of energy directly consumed	54,681,051 kWh/year
				E3.2) Total amount of energy indirectly consumed	N/A
	GRI 302: Energy 2016	Living Environment	Energy Intensity	Total direct energy usage per output scaling factor	
	GRI 302: Energy 2016	Living Environment	Energy Mix	Percentage: Energy usage by generation type	100% from the National Grid
	GRI 303: Water and Effluents 2018	Living Environment	Water Usage	E6.1) Total amount of water consumed	39,235 m3/year
	GRI 303: Water and Effluents 2018	Living Environment	Water Usage	E6.2) Total amount of water reclaimed	Not Disclosed
	GRI 305: Waste 2020	Living Environment	Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes, no	Yes
				E7.2) Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No	Yes, Our ESG Policy include principles that have been set to guide KFH operationally.
	GRI 305: Waste 2020	Living Environment	Environmental Operations	E7.3) Does your company use a recognized energy management system? Yes/No	No

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 102: General Disclosures 2016	Living Environment	Environmental Oversight	Does your Board/ Management Team oversee and/or manage climate- related risks? Yes/No	Yes
				Does your Board / Management Team oversee and/or manage other sustainability issues? Yes/No	Yes
		Living Environment	Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development?	N/A
Social					
	GRI 405: Diversity and Equal Opportunity 2016	Human Capital	Gender Pay Ratio	Ratio: Median male compensation to median female compensation	KFH doesn't disclose the ratio of gender compensation, however, KFH upholds equality and equity in compensation practices, regardless of gender.
	GRI 401: Employment 2016		Employee Turnover	S2.1) Percentage: Year-over-year change for full-time employees	voluntary turnover 5.51%
				S2.2) Percentage: Year-over-year change for part-time employees	No Part Time Employees
				S2.3) Percentage: Year-over-year change for contractors and/or consultants	N/A
	GRI 102: General Disclosures 2016	Human Capital	Gender Diversity	S3.1) Percentage: Total enterprise headcount held by men and women	Percentage of Females: 24.5% Percentage of Males: 75.5%
	GRI 405: Diversity and Equal Opportunity 2016			S3.2) Percentage: Entry- and mid-level positions held by men and women	Percentage of Females in lower management level: 26.9% Percentage of Males in lower management level: 73.1% Percentage of Females in senior and mid- management level: 13.9% Percentage of Males in senior and mid- management level: 86.1%

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 405: Diversity and Equal Opportunity 2016	Human Capital	Gender Diversity	S3.3) Percentage: Senior-and executive-level positions held by men and women	-
	GRI 102: General Disclosures 2016	Living Environment	Temporary Worker Ratio	S4.1) Percentage: Total enterprise headcount held by part-time employees	No Part Time Employees
	GRI 401- Employment 2016			S4.2) Percentage: Total enterprise headcount held by contractors and/or consultants	14% of KFH's workforce comprises of contractors and temporary employees.
	GRI 406: Non-discrimination 2016	Public Administration	Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	Yes
	GRI 406: Non-discrimination 2016		Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	Yes
	GRI 403: Occupational Health and Safety 2018	Public Administration	Injury Rate	Percentage: Frequency of injury events relative to total workforce time	0
	GRI 103: Management Approach 2016*		Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	Yes
	GRI 408: Child Labor 2016	Economy	Child & Forced Labor	S8.1) Does your company follow a child and/or forced labor policy? Yes/No S8.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No"	Yes, in accordance to the national laws Yes, in accordance to the national laws and our supplier code of conduct
	GRI 412: Human Rights Assessment 2016	Public Administration	Human Rights	S9.1) Does your company follow a human rights policy? Yes/No S9.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/ No	Yes, in accordance to the national laws Yes, in accordance to the national laws and our supplier code of conduct

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 202: Market Presence 2016	Economy	Nationalization	S10.1) Percentage of national employees	
				S10.2) Direct and indirect local job creation	New hires in 2024 totaled 149
	GRI 405: Diversity and Equal Opportunity 2016	Public Administration	Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	All Board members are currently men.
				G1.2) Percentage: Committee chairs occupied by men and women	All Committees chairs' are currently men.
	GRI 102: General Disclosures 2016		Board Independence	G2.1) Does your company prohibit its CEO from serving as board chair? Yes/No	Yes
				G2.2) Percentage: Total board seats occupied by independents	4 of the total Board are occupied by independent members.
	GRI 102: General Disclosures 2016		Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	N/A
	GRI 102: General Disclosures 2016	Public Administration	Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	KFH upholds workers' rights including freedom of association and collective bargaining.
	GRI 407: Freedom of Association and Collective Bargaining 2016				
	GRI 102: General Disclosures 2016		Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	Yes
	GRI-414-Supplier Social Assessment 2016			G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	100%
	GRI 102: General Disclosures 2016		Ethics and Anti-Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	Yes
	GRI 205: Anti-Corruption 2016			G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	100%

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 103: Management Approach 2016		Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No	Yes
	GRI 418: Customer Privacy 2016			G7.2) Has your company taken steps to comply with GDPR rules? Yes/No	Yes
			Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No	Yes
				G8.2) Is sustainability data included in your regulatory filings? Yes/No	Yes
			Disclosure Practices	G9.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	Yes
				G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes
				G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No	No
	GRI 102: General Disclosures 2016		External Assurance (Recommended)	G10) Are your sustainability disclosures assured or validated by a third party? Yes/No	Yes
	GRI 103: Management Approach 2016 is to be used in combination with the topic specific standards				

Independent Assurance Statement to Kuwait Finance House

FBRH Consultants Ltd (FBRH Consultants) was engaged by Kuwait Finance House to provide independent limited assurance over the presentation of information in its **2024 Sustainability Report** (the Report), covering the period from **1st January 2024 to 31st December 2024**.

FBRH Consultants is an independent provider of sustainability assurance services and has not carried out any other work for Kuwait Finance House during the reporting period that could affect our independence or objectivity.

Engagement Summary

- **Scope of the engagement:**
To assess whether the Report is presented in accordance with the **GRI Sustainability Reporting Standards** (GRI Standards), specifically ensuring that the disclosures and information listed in **Appendix I** have been appropriately presented.
- **Reporting criteria:**
The GRI Sustainability Reporting Standards (2021 update)
- **Assurance standard:**
International Standard on Assurance Engagements (ISAE) 3000 (Revised)
- **Assurance level:**
Limited assurance
- **Responsibilities:**
Kuwait Finance House is responsible for the preparation of the Report and the collection and presentation of the information within it. FBRH Consultants' responsibility is to express a limited assurance conclusion based on the scope of work described above.

Our Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention to suggest that the information and disclosures, as defined in the scope of our engagement, have not been presented in accordance with the GRI Standards.

Work Performed

Our assurance work was conducted in accordance with ISAE 3000 (Revised) and involved the following activities:

- Review of the final version of the Report to confirm that the required disclosures, as per the GRI Standards, have been presented appropriately;
- Evaluation of the structure and content of the Report for consistency with GRI requirements;
- Examination of the GRI content index and cross-checking of selected disclosures to ensure that references are correctly aligned;

We did not verify the accuracy of data or perform data sampling or site visits. Our work did not include assurance of performance metrics or quantitative data.

Limitations

This assurance engagement was limited to a review of the presentation of information in accordance with the GRI Standards and did not include verification of underlying data or assessment of the effectiveness of management systems or internal controls. The inherent limitations of assurance engagements and the use of sampling and selective review methods mean that absolute assurance cannot be provided.


Simon Pitsillides MBA, FCIM, FIEMA
GRI Nominated Trainer, IEMA Trainer
GRI Certified Sustainability Professional
FBRH Consultants Ltd, London, UK

We help business gain value by operating in much cleverer, sustainable ways

Appendix I: Scope of our assurance engagement

General Disclosures

Disclosure #	Disclosure Title
2-1	Organizational details
2-2	Entities included in the organization's sustainability reporting
2-3	Reporting period, frequency and contact point
2-4	Restatements of information
2-5	External assurance
2-6	Activities, value chain and other business relationships
2-7	Employees
2-8	Workers who are not employees
2-9	Governance structure and composition
2-10	Nomination and selection of the highest governance body
2-11	Chair of the highest governance body
2-12	Role of the highest governance body in overseeing the management of impacts
2-13	Delegation of responsibility for managing impacts
2-14	Role of the highest governance body in sustainability reporting
2-15	Conflicts of interest
2-16	Communication of critical concerns
2-17	Collective knowledge of the highest governance body
2-18	Evaluation of the performance of the highest governance body
2-19	Remuneration policies
2-20	Process to determine remuneration
2-21	Annual total compensation ratio
2-22	Statement on sustainable development strategy
2-23	Policy commitments
2-24	Embedding policy commitments
2-25	Processes to remediate negative impacts
2-26	Mechanisms for seeking advice and raising concerns
2-27	Compliance with laws and regulations
2-28	Membership associations
2-29	Approach to stakeholder engagement
2-30	Collective bargaining agreements

Requirements	Title
GRI 1	Foundation 2021

Disclosures	Disclosure Title
3-1	Process to determine material topics
3-2	List of material topics
3-3	Management of material topics

Topic-Specific Disclosures

Disclosure #	Disclosure Title
GRI 201-1	Direct economic value generated and distributed
GRI 203-1	Infrastructure investments and services supported
GRI 204-1	Proportion of spending on local suppliers
GRI 205-1	Operations assessed for risks related to corruption
GRI 205-2	Communication and training about anti-corruption policies and procedures
GRI 205-3	Confirmed incidents of corruption and actions taken
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
GRI 302-1	Energy consumption within the organization
GRI 302-4	Reduction of energy consumption
GRI 303-5	Water consumption
GRI 304-2	Significant impacts of activities, products and services on biodiversity
GRI 305-1	Direct (Scope 1) GHG emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions
GRI 305-3	Other indirect (Scope 3) GHG emissions
GRI 305-5	Reduction of GHG emissions
GRI 401-1	New employee hires and employee turnover
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
GRI 401-3	Parental leave
GRI 403-6	Promotion of worker health
GRI 404-1	Average hours of training per year per employee
GRI 404-2	Programs for upgrading employee skills and transition assistance programs
GRI 405-1	Diversity of governance bodies and employees
GRI 406-1	Incidents of discrimination and corrective actions taken
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
GRI 413-1	Operations with local community engagement, impact assessments, and development programs
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data



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