



CREDIT INFORMATION
NETWORK COMPANY

2021

Annual Report

For the Fiscal Year Ending
on 30 september 2021



**HH Sheikh
Nawaf Al-Ahmad Al-Jaber Al-Sabah**

Amir of the State of Kuwait



HH Sheikh
Mishal Al-Ahmad Al-Jaber Al-Sabah

Crown Prince of the State of Kuwait



HH Sheikh
Sabah Al-Khalid Al-Hamad Al-Sabah

Prime Minister of the State of Kuwait

Index

Vision, Mission, Values and Goals	9
Company Profile	10
Company Services	11
Statement of the chairman	12
Statement of the Chief Executive Officer	16
Member of the board	18
Achievements	19
Business Volume Development Statistics	20
Business Volume Development Statistics Comparison	22
Financial Results During The Fiscal Year Ending 30/09/2021	23
Financial Results During The Fiscal Year Ending 30/09/2021 Comparison	23
Growth Rates Over the Past Five Years	24
We Are Unique in What We Present	25
Information Safety and Confidentiality Criteria	25
Partners training and qualification	26
Financial Statements	28
Governance Report	64
List of the Company's shareholders	94
List of Subscribers with Ci-Net	95

ABOUT US

Vision, Mission, Values and Goals

Vision:

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

Mission:

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

Values:

- Confidence
- Quality
- Commitment
- Information security and confidentiality
- Accuracy and comprehensiveness

Company Goals:

- To help the financial and banking sectors make the right decision when granting credit facilities by using the services provided by Ci-Net.
- To facilitate financing operations, increase the collection rates of financing granted to the customer, and reduce non-performing financing.
- To contribute to facilitating individual transactions and reducing credit and financing risks.

Company Profile

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

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

Company Services

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



MR. ANWAR BADER MOHAMMAD ALGHAITH
CHAIRMAN

CENTRAL BANK OF KUWAIT

GOVERNANCE

For Works of the Fiscal Year ended on September 30/9/2021

At the outset, I am pleased and delighted, on behalf of BOD members, Executive Management and all the employees of Credit Information Network Company (Ci-Net), to welcome you to the (22nd) Annual Meeting of the Ordinary General Assembly. At the start, I would like to extend my thanks and gratitude to the shareholders for their confidence and continuous support, which represents the main motivator for exerting maximum efforts in meeting their aspirations and working to achieve the company's new objectives and strategies in light of the provisions of Law No. 9 of 2019 on regulation of the exchange of credit information and Executive Regulations thereof and executive rules issued thereto by Central Bank of Kuwait.

Despite the exceptional circumstances brought by the emerging Coronavirus (Covid-19) Pandemic and continuation of the challenges that resulted from such pandemic in various financial, banking and commercial sectors, (Ci-Net) was able to deal with all those challenges it faced during the fiscal year ended on 30.09.2021, as a result of the availability of an appropriate infrastructure and the diversity of its products and services provided and managed by distinguished human cadres, in addition to the strength of its capital base. Ci-Net has also managed to enhance the sustainability of its operations and

provide its services by various modern technical means through continuous efforts of the work team in the Executive Management and the remaining company's staff.

Ci-Net has witnessed a prominent stage in its history during the past two (2) years, through implementation of several initiatives and programs that, in turn, contributed to development of the company's business in innovative digital ways and mechanisms in order to achieve the purposes and objectives for which it has been incorporated, and achieve the vision of Central Bank of Kuwait in transforming the company into an integrated and advanced information center. As Central Bank of Kuwait has taken many decisions and measures that, in turn, contributed to supporting the economic, financial and commercial sectors, which in turn will be reflected in the accuracy and quality of customer data and information available in Ci-Net's automated system. The company's Board of Directors was keen to plan in advance to deal with the exceptional and majeure circumstances that contributed to adapting the company's systems and programs to comply with the instructions issued by the supervisory regulator in this regard and in accordance with the best principles of transparency and governance. The company was also proactive in supporting all banking, financial, commercial and other sectors within the highest levels of readiness to provide information and credit rating services. Ci-Net has also adopted a digital transformation strategy that meets the needs and aspirations of the subscribed members and the requirements of individual and corporate

clients, whether by developing existing systems or adding support systems, proactively so that the company keeps pace with those modern trends in the use of modern financial technology, which is a qualitative leap brought about by the new digital transformation systems.

Messrs. Shareholders,

Ci-Net has achieved unprecedented progress during the fiscal year ended on 30.09.2021 in many aspects of the work entrusted thereto to implement within the framework of the provisions of Law No. 9 of 2019 on regulation of exchange of credit information, which contributed to drive growth, enhance customer services and consolidate the company's position as a leading provider of data, information and value-added services to the banking and financial sectors alike. On the other hand, the fiscal year (2020/2021) witnessed a tangible and real achievement for the company through implementation of the first phase of the transformation strategy plan that extends for the next three years, as it aims to focus on diversifying sources of revenue and opening new channels to explore new sources of revenue and income. This has positively affected the net profit for fiscal year 2020/2021. The company will continue to intensify all its efforts to maintain its position and status as the first authorized entity by Central Bank of Kuwait to provide credit reporting and credit rating services and also as a major provider of value-added services to all sectors operating in the State of Kuwait as well as enhancing its contribution to the growth of the digital economy as a powerful tool for all financial technology initiatives for its full belief that digital technologies have become an essential part of the strategy of all companies operating in the banking, financial and non-financial sectors that fully adopt digital aspects in their business and services, which helped the company to continue providing its services to subscribers and customers in an electronic and innovative manner.

Our unremitting efforts to enhance and develop the services provided to customers are also reflected in maintaining a strong environment and culture for monitoring and managing risk and compliance and

enhancing aspects of information security, which considered among the most significant priorities of Board of Directors of (Ci-Net), as the company continued during the fiscal year (2020/2021) to invest in governance standards, frameworks and tools to professionally enhance risk management process. This included appointing leadership positions in the company, developing risk models and adopting new enhancements in the area of information technology security and confidentiality. Our adoption of this practical approach contributed to the preservation and development of the company's assets.

During the fiscal year 2021/2021, (Ci-Net) achieved a net profit of KD 1,606,329 (one million six hundred six thousand three hundred and twenty-nine Kuwaiti dinars) - after deducting allocations for Zakat and Kuwait Foundation for the Advancement of Sciences. Total revenues during the fiscal year ended on 30.09.2021 amounted to KD 3,313,153 (three million three hundred thirteen thousand one hundred and fifty-three Kuwaiti dinars). Consequently, Ci-Net has enhanced the shareholders' equity to reach an amount of KD 15,789,146 (fifteen million seven hundred eighty-nine thousand one hundred and forty-six Kuwaiti dinars).

Board of Directors has recommended to Ordinary General Assembly the distribution of cash dividends at the rate of 15% of the company's paid-up capital, with a total amount of KD 342,000 (three hundred forty two thousand Kuwaiti Dinars) to the current shareholders who are registered in the company's shares register with Kuwait Clearing Company until date of the current meeting and upon obtaining approval of the Ordinary General Assembly and the relevant competent authorities. Board of Directors has also proposed to grant a remuneration to the BOD members for their efforts during the fiscal year ended 30.09.2021 at a rate of 3.05% of profits - after deducting and applying depreciation and reserves and distributing profits to shareholders according to the percentage proposed by BOD and the allocation of Kuwait Foundation for the Advancement of Sciences and Zakat tax - To be for a total amount of KD 49,000 (forty-nine thousand

Kuwaiti dinars) after obtaining approval of Ordinary General Assembly and the relevant competent authorities.

These results clearly confirm the strength of core elements that enhance the company's performance and quality of its business, it is a firm foundation upon which to build growth plans during the coming year. In order to be able to continue to reap results of the achievements, its most essential element is the contribution of our skilled and efficient employees, whose sincerity and dedication to work are the main drive for achieving that growth. Therefore, we are always keen to enhance the efficiency of our work team and continue investment operations in providing the necessary training opportunities and contributing to the development of their capabilities and skills, allowing them to excel and progress in their area of work, then achieve good and fruitful results for the company and its shareholders.

Ci-Net has achieved unprecedented progress during the fiscal year ended on 30.09.2021 in many aspects of the work entrusted thereto to implement within the framework of the provisions of Law No. 9 of 2019 on regulation of exchange of credit information, which contributed to drive growth, enhance customer services and consolidate the company's position as a leading provider of data, information and value-added services to the banking and financial sectors alike. On the other hand, the fiscal year (2020/2021) witnessed a tangible and real achievement for the company through implementation of the first phase of the transformation strategy plan that extends for the next three years, as it aims to focus on diversifying sources of revenue and opening new channels to explore new sources of revenue and income. This has positively affected the net profit for fiscal year 2020/2021. The company will continue to intensify all its efforts to maintain its position and status as the first authorized entity by Central Bank of Kuwait to provide credit reporting and credit rating services and also as a major provider of value-added services to all sectors operating in the State of Kuwait as well as enhancing its contribution to the growth of the digital economy as a powerful tool for all financial technology initiatives for its full belief

that digital technologies have become an essential part of the strategy of all companies operating in the banking, financial and non-financial sectors that fully adopt digital aspects in their business and services, which helped the company to continue providing its services to subscribers and customers in an electronic and innovative manner.

Our unremitting efforts to enhance and develop the services provided to customers are also reflected in maintaining a strong environment and culture for monitoring and managing risk and compliance and enhancing aspects of information security, which considered among the most significant priorities of Board of Directors of (Ci-Net), as the company continued during the fiscal year (2020/2021) to invest in governance standards, frameworks and tools to professionally enhance risk management process. This included appointing leadership positions in the company, developing risk models and adopting new enhancements in the area of information technology security and confidentiality. Our adoption of this practical approach contributed to the preservation and development of the company's assets.

During the fiscal year 2021/2021, (Ci-Net) achieved a net profit of KD 1,606,329 (one million six hundred six thousand three hundred and twenty-nine Kuwaiti dinars) - after deducting allocations for Zakat and Kuwait Foundation for the Advancement of Sciences. Total revenues during the fiscal year ended on 30.09.2021 amounted to KD 3,313,153 (three million three hundred thirteen thousand one hundred and fifty-three Kuwaiti dinars). Consequently, Ci-Net has enhanced the shareholders' equity to reach an amount of KD 15,789,146 (fifteen million seven hundred eighty-nine thousand one hundred and forty-six Kuwaiti dinars).

Board of Directors has recommended to Ordinary General Assembly the distribution of cash dividends at the rate of 15% of the company's paid-up capital, with a total amount of KD 342,000 (three hundred forty two thousand Kuwaiti Dinars) to the current shareholders who are registered in the company's shares register with Kuwait Clearing Company until date of the current meeting and upon obtaining

approval of the Ordinary General Assembly and the relevant competent authorities. Board of Directors has also proposed to grant a remuneration to the BOD members for their efforts during the fiscal year ended 30.09.2021 at a rate of 3.05% of profits - after deducting and applying depreciation and reserves and distributing profits to shareholders according to the percentage proposed by BOD and the allocation of Kuwait Foundation for the Advancement of Sciences and Zakat tax - To be for a total amount of KD 49,000 (forty-nine thousand Kuwaiti dinars) after obtaining approval of Ordinary General Assembly and the relevant competent authorities.

These results clearly confirm the strength of core elements that enhance the company's performance and quality of its business, it is a firm foundation upon which to build growth plans during the coming year. In order to be able to continue to reap results of the achievements, its most essential element is the contribution of our skilled and efficient employees, whose sincerity and dedication to work are the main drive for achieving that growth. Therefore, we are always keen to enhance the efficiency of our work team and continue investment operations in providing the necessary training opportunities and contributing to the development of their capabilities and skills, allowing them to excel and progress in their area of work, then achieve good and fruitful results for the company and its shareholders.

Ci-Net has achieved unprecedented progress during the fiscal year ended on 30.09.2021 in many aspects of the work entrusted thereto to implement within the framework of the provisions of Law No. 9 of 2019 on regulation of exchange of credit information, which contributed to drive growth, enhance customer services and consolidate the company's position as a leading provider of data, information and value-added services to the banking and financial sectors alike. On the other hand, the fiscal year (2020/2021) witnessed a tangible and real achievement for the company through implementation of the first phase of the transformation strategy plan that extends for the next three years, as it aims to focus on diversifying sources of revenue and opening new channels to

explore new sources of revenue and income. This has positively affected the net profit for fiscal year 2020/2021. The company will continue to intensify all its efforts to maintain its position and status as the first authorized entity by Central Bank of Kuwait to provide credit reporting and credit rating services and also as a major provider of value-added services to all sectors operating in the State of Kuwait as well as enhancing its contribution to the growth of the digital economy as a powerful tool for all financial technology initiatives for its full belief that digital technologies have become an essential part of the strategy of all companies operating in the banking, financial and non-financial sectors that fully adopt digital aspects in their business and services, which helped the company to continue providing its services to subscribers and customers in an electronic and innovative manner.

Our unremitting efforts to enhance and develop the services provided to customers are also reflected in maintaining a strong environment and culture for monitoring and managing risk and compliance and enhancing aspects of information security, which considered among the most significant priorities of Board of Directors of (Ci-Net), as the company continued during the fiscal year (2020/2021) to invest in governance standards, frameworks and tools to professionally enhance risk management process. This included appointing leadership positions in the company, developing risk models and adopting new enhancements in the area of information technology security and confidentiality. Our adoption of this practical approach contributed to the preservation and development of the company's assets.

During the fiscal year 2021/2021, (Ci-Net) achieved a net profit of KD 1,606,329 (one million six hundred six thousand three hundred and twenty-nine Kuwaiti dinars) - after deducting allocations for Zakat and Kuwait Foundation for the Advancement of Sciences. Total revenues during the fiscal year ended on 30.09.2021 amounted to KD 3,313,153 (three million three hundred thirteen thousand one hundred and fifty-three Kuwaiti dinars). Consequently, Ci-Net has enhanced the shareholders' equity to reach an amount of KD

15,789,146 (fifteen million seven hundred eighty-nine thousand one hundred and forty-six Kuwaiti dinars).

Board of Directors has recommended to Ordinary General Assembly the distribution of cash dividends at the rate of 15% of the company's paid-up capital, with a total amount of KD 342,000 (three hundred forty two thousand Kuwaiti Dinars) to the current shareholders who are registered in the company's shares register with Kuwait Clearing Company until date of the current meeting and upon obtaining approval of the Ordinary General Assembly and the relevant competent authorities. Board of Directors has also proposed to grant a remuneration to the BOD members for their efforts during the fiscal year ended 30.09.2021 at a rate of 3.05% of profits - after deducting and applying depreciation and reserves and distributing profits to shareholders according to the percentage proposed by BOD and the allocation of Kuwait Foundation for the Advancement of Sciences and Zakat tax - To be for a total amount of KD 49,000 (forty-nine thousand Kuwaiti dinars) after obtaining approval of Ordinary General Assembly and the relevant competent authorities.

These results clearly confirm the strength of core elements that enhance the company's performance and quality of its business, it is a firm foundation upon which to build growth plans during the coming year. In order to be able to continue to reap results of the achievements, its most essential element is the contribution of our skilled and efficient employees, whose sincerity and dedication to work are the main drive for achieving that growth. Therefore, we are always keen to enhance the efficiency of our work team and continue investment operations in providing the necessary training opportunities and contributing to the development of their capabilities and skills, allowing them to excel and progress in their area of work, then achieve good and fruitful results for the company and its shareholders.

Outlook for 2022:

We, at (Ci-Net), always adopt a proactive approach capable of discovering the future requirements and needs of banking and finance sectors, as well as for business owners in their various scopes, identifying potential risks and challenges according to specialized practical studies to discover the best mechanisms and systems so that we can develop it and enhance its effectiveness, as well as identifying role and nature of our operational operations in meeting the strategic needs of State of Kuwait under the directives of Central Bank of Kuwait and other regulatory authorities, contributing our role to achieving the goals and vision of State of Kuwait 2035 by supporting economic activities, achieving human development, stimulating the spirit of competition and raising production efficiency under a supportive institutional board, which consolidates national values, preserves social identity and human development and provides the appropriate infrastructure for an encouraging and developed business environment. Therefore, we believe that the coming period requires maintaining flexibility to achieve more achievements and realizing requirements to explore the fields of modern and innovative digital technology in a way that maintains and enhances the company's business and its ability to search for new capabilities.

During 2022, (Ci-Net) will continue to focus all its efforts on its future growth path from a pioneering and distinguished position in which it works on multiplicity of its products and innovations in advanced technological ways. The company will also continue to study a number of strategic initiatives and services by fully exploiting the potential of digital capabilities being built in an optimal manner and enhancing our position in the local and foreign market, as well as seizing more rewarding growth opportunities, allowing (Ci-Net) to provide its services to all customers and sectors, by continuously working to include other sectors to benefit from data and information available to them, which contributes to strengthening banking and financial sectors in the State of Kuwait in terms of efficiency, productivity and credibility, in order to achieve the desired goal of developing awareness

and credit culture for all citizens and residents of State of Kuwait.

In conclusion, in this regard, I am pleased, on my own behalf and on behalf of members of Board of Directors, to extend my sincere thanks and appreciation to His Excellency Dr. Mohammad Yousef Al-Hashel, Governor of Central Bank of Kuwait, His Excellency Mr. Yousef Al-Obaid, Deputy Governor of Central Bank of Kuwait, Mr. Waleed Al-Awadhi, Executive Director of the Supervision Department, all officials of Central Bank of Kuwait for their continuous support and sound guidance, and to the members of Board of Directors, Executive Management and all the company's employees for the efforts made and dedication to work. We sincerely wish them continued success. We also greatly appreciate the kind support of our esteemed shareholders and subscribers.

Yours sincerely,,,

Anwar Bader Al-Ghaith
Chairman of BOD



Mr. Fahad Mohammad Al Menayes
Chief Executive Officer

Statement of the Chief Executive Officer

2021 has been marked as the year of changes and challenges that emerged due to the repercussions of new Coronavirus (Covid-19) Pandemic. However, we managed, with the help and grace of God and support of our esteemed shareholders to continue accomplishing achievements in developing and introducing our actual value-added services, which in turn reflected on the financial results and strengthening the company's position as a provider of credit inquiry services and the first credit rating of its kind in the State of Kuwait, distinguished by its various services, products and credit reports.

In alignment with directives of the regulator to develop a strategic plan that transforms the company's business to enhance its role specified by provisions of Law No. (9) of 2019 on regulation of credit information exchange, Executive Regulations thereof and the controls issued by Central Bank of Kuwait, In addition to the insightful vision of BOD to develop the company's business, as all of these elements contributed to drawing a clear roadmap and keeping pace with developments in the manner of completing business by applying modern technologies according to the latest practices and techniques used in this kind of technical business and in easy, advanced and secure manners that ensure access to data and information in order to facilitate work actions, improve the business environment in general and raise efficiency and effectiveness of the automated system work.

The company has introduced some new products, the most significant of which is the launch of the interactive screens platform in the Ci-NET automated system (Interactive Module) for portfolio of commercial credit facilities, which provides a set of analytical reports that include data and statistical and credit information for each subscriber separately, by accurately and instantaneously displaying the same through the digital screens to be used by the entities operating in the sector, as part of the company's plan to develop its services after the launch of digital interactive screens for the personal loan portfolio of subscribers last year.

The company also has inaugurated actions for testing the automatic linkage with credit information centers and companies in the GCC States experimental environment (UAT), prior to transferring such actions to the actual production environment (Go Live), according to the decision of Supreme Council of the Cooperation Council for the Arab States of the Gulf issued in the Council meeting in its 37th convention in Kingdom of Bahrain, which states approval of the exchange of credit information between states of the Council in accordance with the (short-term) action plan and the comprehensive framework of the mechanism for facilitating the exchange of credit information between GCC states, with the aim of linking credit information centers in the Arab states of the Gulf to exchange data and credit information electronically, through providing electronic channels with a high level of security and confidentiality in information security and technology and applying best practices in cybersecurity technology.

All steps and actions taken by the company came within the framework of the policy of the Board of Directors aiming at developing a culture of data and information exchange and making decisions based on the information supplied from all different sectors, using and reusing this same data and information, in addition to protecting the confidentiality of confidential information, which is to achieve the vision of the regulator that the company is one of the first and advanced companies to provide the optimal services and to update and develop its business on an ongoing basis.

The products developed by Ci-Net support decisions regarding investment and credit objectives of individuals and companies to enhance their ability to maintain timely payment processing, enhance creditworthiness and enable them to access the best products and offers at level of the sector.

All agencies providing credit services may rely on the extensive experience and capabilities of Ci-Net to assess the financial solvency of individuals and companies and their credit capabilities. We are delighted to announce to you that Ci-Net application is now available for smart devices on IOS and Android systems and may be downloaded from their respective application stores. For more information, please visit our website .

To conclude, I would like to extend my sincere thanks to the esteemed BOD of the company for its kind support, which constantly contributes to advancing the company to a higher level of growth and success, which paves the way towards achieving more positive results for its insightful vision and distinguished expertise.

I would also like to extend my thanks to the company's employees for their strenuous efforts and hard work in achieving success during the past fiscal year. I also express my sincere thanks and appreciation to the officials of Central Bank of Kuwait, our esteemed shareholders and all relevant parties.

Member of the board



MR. ANWAR BADER MOHAMMAD ALGHAITH
CHAIRMAN
CENTRAL BANK OF KUWAIT



MR. NASER MOHAMMAD YOSEF AL-QAISI
VICE CHAIRMAN
BURGAN BANK



MR. ABDULAZIZ SALEH ABDULRAZAQ ALZAABI
BOARD OF DIRECTOR
COMMERCIAL BANK OF KUWAIT



MR. KHALED ABDULLAH ABDULRAHMAN ALALI
BOARD OF DIRECTOR
COMMERCIAL FACILITIES COMPANY



MR. MOHAMMAD HABIB ALI AL-BULOUSHI
BOARD OF DIRECTOR
AL-AHLI BANK OF KUWAIT



MR. FAHAD OTHMAN ABDUL KAREEM ALBADER
BOARD OF DIRECTOR
KUWAIT INTERNATIONAL BANK

ACHIEVEMENTS

Operational Achievements:

The Most Significant Operational Achievements during the Fiscal Year Ended on 30.09.2021

1. Infrastructure of Credit Information Network Company (Ci-Net) systems has been completed in the crisis recovery environment site according to the best international standards.
2. Data Center systems in crisis recovery site have been upgraded and developed to become at the level and rank of the data center systems in the production environment site (Active-Active) as part of the implementation of the Business Continuity Management (BCM) Plan strategy.
3. Secure communication networks have been developed and updated between (Ci-Net) and its subscribed members, customers, as well as with data and information providers from government agencies and annexed authorities.
4. Launching the HR screen for inquiry on names of (new) bank employees whose services were terminated by a penal action in the automated system of (Ci-Net) in accordance with the requirements of Central Bank of Kuwait.
5. Improving the security levels of the internal network infrastructure and adding security and protection systems to enhance the security level of the internal communications network.
6. Launching the subscription service on the website (Ci-Net) and the smart phone app and verifying the identity of the applicant by linking and integrating with "Kuwait Mobile ID" app in cooperation with the Public Authority for Civil Information.
7. Launching the interactive displays platform in the Ci-Net Interactive Module for the portfolio of commercial credit facilities, which provides a set of analytical reports that include data, statistical and credit information for each subscriber separately, by displaying them through digital screens in an accurate and instantaneous manner for use by the authorities operating in the sector, as part of the company's plan to develop its services after launching digital interactive displays for the personal loan portfolio of subscribers last year.
8. Updating the business continuity and crisis recovery plan and developing its strategy on an ongoing basis by analyzing the current gaps (Gap Assessment) for the business continuity management system, crisis recovery and IT emergency management, in addition to developing standards and controls that can lead to improving business continuity and crisis recovery plans, based on good analysis and improvement of the approaches and policies developed for the same.
9. Launch of credit rating product (scoring), which summarizes the customer's credit assessment in the form of a digital indicator according to statistical bases and methods applied to all customers in order to determine the degree of risks associated with the customer's payment of its future obligations according to its history and credit history.

10. Launch of procedures for testing automatic linkage with credit information centers and companies in GCC States in the experimental environment (UAT) before transferring them to the actual production environment (Go Live), according to the Decision of the Supreme Council of the Gulf Cooperation Council for the Arab States issued at the Council's meeting in its thirty-seventh convention in the Kingdom of Bahrain, which resolved to approve the exchange of credit information between GCC states in accordance with the (short-term) action plan and the comprehensive framework of the mechanism for facilitating the exchange of credit information between GCC States, with the aim of linking credit information centers in the Arab Gulf states to exchange credit data and information electronically through providing electronic channels with a high degree of security and confidentiality in information security and technology, and applying best practices in cyber security technology.
11. Modifications have been made to the programs for processing the daily update file of data and information received from the subscribing members by strengthening mechanisms for checking and conforming to the data and information received to conditions of the areas of daily update file (Data Quality).
12. On the basis of (Ci-Net) mission, which aims to attract and increase number of Kuwaiti national competencies and cadres, the company has localized vacant jobs in its organizational structure, as the ratio of national labor reached 40% of the total workforce as on September 30, 2021, compared to 32% in September 30, 2020.

Business Volume Development Statistics

A	Total number of subscribers	79 Subscribers	78 Subscribers	1.3% -
B	Ci-Net Automated System total number of users	3973 Subscribers	3151 Subscribers	% 20.7 -

Portfolio of consumer and housing loans and credit cards “individuals”

1	Number of consumer and housing loan and credit cards “individuals” portfolio accounts	9,598,639 Accounts	9,949,338 queries	3.7%
2	Number of automatic inquiries about individual customers in the consumer and housing loans and credit cards portfolio	9,598,639 queries	817,919 queries	24.0%
3	Number of credit information reports for individual customers (customers’ inquiry about themselves)	3539 individual credit report	5852 individual credit report	65.4%
4	Total number of consumer and housing loans accounts and new credit cards for individuals	307,259 Accounts	398,173 Accounts	29.6%
5	Total number of individual data for individual customers in the portfolio of consumer loans, housing loans and credit cards	1,536,050 individuals	1,566,553 individuals	2.0%
6	Total monetary value granted to “individual” customers’ credit accounts	3,267,276,502/- KD	4,725,715,882/- KD	44.6%

Business Volume Development Statistics Comparison

1	Total number of accounts for the commercial credit facilities portfolio	285,673 Accounts	9,949,338 Accounts	3.7%
2	Number of automated inquiries about customers of the commercial credit facilities portfolio	3728 queries	16,452 queries	341.3%
3	Total number of credit information reports for customers of commercial credit facilities portfolio (customer queries about themselves)	61 individual credit report	335 individual credit report	449.2%
4	Number of commercial credit portfolio customers	40,784 Borrowers	52,767 Borrowers	29.4%
5	Total value of cash credit facilities granted for commercial purposes (for open accounts only).	-/32,532,281,501 KD	32,799,263,043/- KD	0.8%

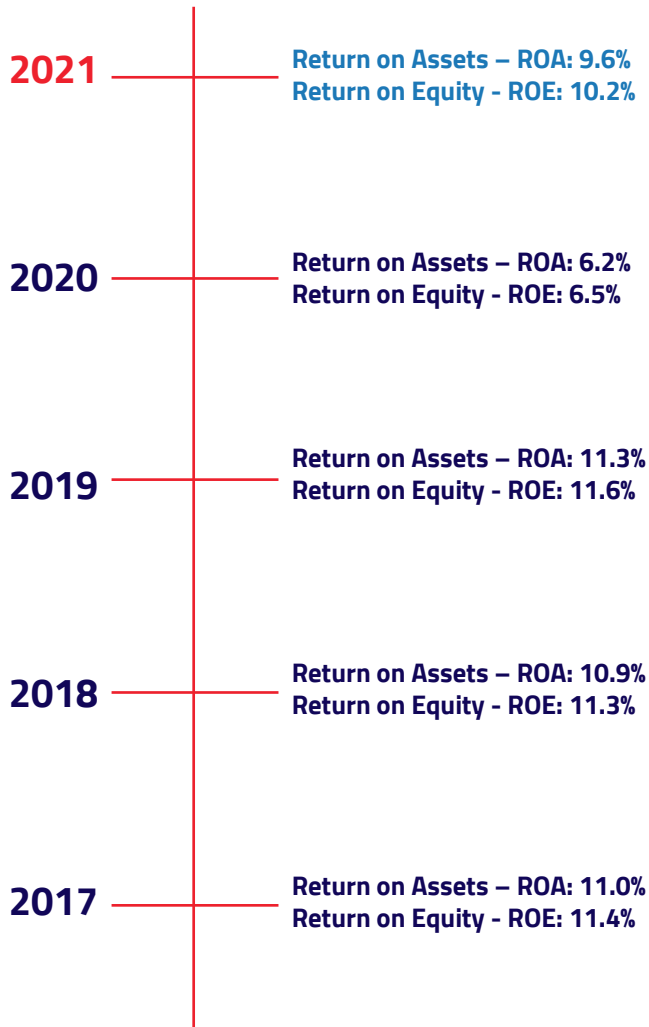
Financial Results During The Fiscal Year Ending 30/09/2021 Comparison

Label	Previous Year	Current Year	Growth Percentage
Total Assets of the Company	KD 15,112,292/-	KD 16,879,832 /-	5.6%
Total Cash Revenue	KD 2,705,433/-	KD 3,313,153/-	-7.7%
Total Net Profits	KD 977,069/-	KD 1,606,329/-	-37.8%
Total shareholder equity	KD 14,459,817/-	KD 15,789,146/-	5.1%

Customer Complaint Statistics

Total number of customer complaints submitted to cinet	19 complaint	2 complaint
Resolve complaints from customers	100%	100%
The total number of customer complaints related to the processing and operation of data and information	0	0
The total number of customer complaints related to an error in the data and information contained in their credit report	19 complaint	2 complaint

Growth Rates Over the Past Five Years



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

WHAT MAKES US DIFFERENT

We Are Unique in What We Present

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

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

Information Safety and Confidentiality Criteria

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

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

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

Partners training and qualification

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

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

- Training courses for the entry of new subscribers in the credit information network (free)
- Training courses on the method of inquiry and reading credit reports
- Courses and workshops on the improvements entered in the Ci-Net computer system
- Workshops on the establishment of credit database to the commercial loans portfolio in the CI-Net computer system
- Training courses according to the demand of banks and financial institutions
- Courses for solving problems which emerge in the computerized system work mechanism of the Ci-Net
- Training courses for familiarization with the credit reports issued by the automated system of Ci-Net.

Ci-Net will continue to exert all its efforts for advancing the credit work and prepare new qualified personnel to work in the credit information field in the coming years

A faded, light blue-tinted image of a city skyline with various skyscrapers, serving as a background for the document's title page.

FINANCIAL STATEMENTS

Financial Statement (Full)	29
Statement of financial position	32
Statement of profit or loss & other comprehensive income	33
Statement of changes in equity	34
Statement of cash flow	35
Notes of financial statement	36



KPMG Safi Al-Mutawa & Partners
Al Hamra Tower, 25th floor
Abdulaziz Al Saqer Street
P.O. Box 24, Safat 13001
State of Kuwait
Tel: +965 2228 7000
Fax: +965 2228 7444

Independent auditor's report

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

Opinion

We have audited the financial statements of Credit Information Network Company K.S.C. (Closed) ("the Company"), which comprise of the statement of financial position as at 30 September 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2021, and its financial performance and its cash flows for the year then ended are in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Memorandum of Incorporation and Articles of Association, as amended. In our opinion, proper books of account have been kept by the Company and the accounting information given in the Board of Directors' report agrees with the books of accounts of the Company. We have not become aware of any violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended during the year ended 30 September 2021 that might have had a material effect on the business of the Company or on its financial position.

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


Kuwait: 22 February 2022

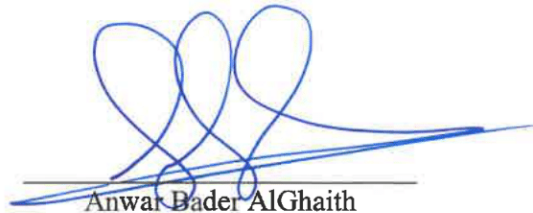


Statement of financial position
as at 30 September 2021

	Note	2021 KD	2020 KD
Assets			
Equipment and work in progress	4	551,302	329,081
Intangible assets	5	459,270	99,722
Right-of-use assets	6	190,799	97,929
Non-current assets		<u>1,201,371</u>	<u>526,732</u>
Trade and other receivables	7	719,789	638,690
Cash and bank balances	8	14,958,672	13,946,870
Current assets		<u>15,678,461</u>	<u>14,585,560</u>
Total assets		<u>16,879,832</u>	<u>15,112,292</u>
Equity			
Share capital	9	2,280,000	2,280,000
Statutory reserve	9	1,140,000	1,140,000
Voluntary reserve	9	1,950,815	1,786,873
Retained earnings		10,418,331	9,252,944
Total equity		<u>15,789,146</u>	<u>14,459,817</u>
Liabilities			
Provision for employees' end of service benefits	10	244,660	204,824
Lease liabilities	6	100,546	-
Non-current liabilities		<u>345,206</u>	<u>204,824</u>
Trade and other payables	11	649,333	355,809
Lease liabilities	6	96,147	91,842
Current liabilities		<u>745,480</u>	<u>447,651</u>
Total liabilities		<u>1,090,686</u>	<u>652,475</u>
Total equity and liabilities		<u>16,879,832</u>	<u>15,112,292</u>

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


 Fahad Mohammad Al Menayes
 Chief Executive Officer


 Anwar Bader AlGhaith
 Chairman



Statement of profit or loss and other comprehensive income
for the year ended 30 September 2021

	Note	2021 KD	2020 KD
Revenue			
Service charges		3,025,571	2,247,874
Murabaha income		287,582	449,039
Other income		-	8,520
		<u>3,313,153</u>	<u>2,705,433</u>
Expenses			
Staff costs		(901,500)	(732,359)
Reversal of allowance for expected credit losses	7	10,000	-
Communication and IT expenditure		(65,427)	(37,849)
External database access charges		(6,323)	(2,605)
Consultancy and professional fees		(79,750)	(429,550)
Depreciation and amortisation	4,5&6	(290,359)	(199,725)
Support and license fee		(263,041)	(194,172)
Other administrative expenses		(77,337)	(111,830)
		<u>(1,673,737)</u>	<u>(1,708,090)</u>
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”), Zakat and Board of Directors’ remuneration			
		1,639,416	997,343
Contribution to KFAS		(16,394)	(9,973)
Zakat		(16,693)	(10,301)
Board of Directors’ remuneration	12	(49,000)	(49,000)
Profit for the year		<u>1,557,329</u>	<u>928,069</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,557,329</u></u>	<u><u>928,069</u></u>

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

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

Statement of changes in equity

for the year ended 30 September 2021



	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Retained earnings KD	Total equity KD
Balance at 1 October 2019	2,280,000	1,140,000	1,687,139	8,652,609	13,759,748
Profit and total comprehensive income for the year	-	-	-	928,069	928,069
Dividend (note 13)	-	-	-	(228,000)	(228,000)
Transfer to reserve (note 9)	-	-	99,734	(99,734)	-
Balance at 30 September 2020	<u>2,280,000</u>	<u>1,140,000</u>	<u>1,786,873</u>	<u>9,252,944</u>	<u>14,459,817</u>
Balance at 1 October 2020	2,280,000	1,140,000	1,786,873	9,252,944	14,459,817
Profit and total comprehensive income for the year	-	-	-	1,557,329	1,557,329
Dividend (note 13)	-	-	-	(228,000)	(228,000)
Transfer to reserve (note 9)	-	-	163,942	(163,942)	-
Balance at 30 September 2021	<u>2,280,000</u>	<u>1,140,000</u>	<u>1,950,815</u>	<u>10,418,331</u>	<u>15,789,146</u>

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



Statement of cash flows
for the year ended 30 September 2021

	Note	2021 KD	2020 KD
Cash flows from operating activities			
Profit for the year		1,557,329	928,069
<i>Adjustments for:</i>			
Depreciation of equipment and work in progress	4	48,896	30,323
Amortisation of intangible assets	5	146,063	71,472
Depreciation of right-of-use assets	6	95,400	97,930
Equipment and work in progress written off	4	-	1
Loss on disposal of equipment and work in progress		24	-
Reversal of allowance for expected credit losses	7	(10,000)	-
Finance cost on lease liabilities	6	10,301	6,743
Provision for KFAS and Zakat		33,087	20,274
Provision for employees' end of service benefits	10	71,907	45,538
Rent concessions included in 'Other income'	6	-	(8,520)
		1,953,007	1,191,830
<i>Changes in operating assets and liabilities:</i>			
- Trade and other receivables		(71,099)	(124,480)
- Trade and other payables		260,437	(41,917)
<i>Cash flows generated from operations</i>		2,142,345	1,025,433
Restricted balances with Boubyan Bank		(3,750)	-
Payment of employees' end of service benefits	10	(32,071)	(12,802)
<i>Net cash flows generated from operating activities</i>		2,106,524	1,012,631
Cash flows from investing activities			
Murabaha placements with original maturities of more than three months		(6,100,000)	4,600,000
Additions to equipment and work in progress	4	(383,127)	(283,932)
Additions to intangible assets	5	(393,639)	(61,400)
Proceeds from disposal of equipment and work in progress		14	-
<i>Net cash flows (used in) / from investing activities</i>		(6,876,752)	4,254,668
Cash flows from financing activities			
Dividend paid	13	(228,000)	(228,000)
Payment of lease liabilities	6	(93,720)	(102,240)
<i>Net cash flows used in financing activities</i>		(321,720)	(330,240)
Net change in cash and cash equivalents		(5,091,948)	4,937,059
Cash and cash equivalents at beginning of the year		5,445,645	508,586
Cash and cash equivalents at end of the year	8	353,697	5,445,645

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



Notes to the financial statements
for the year ended 30 September 2021

1. Reporting entity

Credit Information Network Company K.S.C. (Closed) ("the Company" or "Ci-Net") was incorporated on 4 June 2001 and commenced operations on 24 April 2003 after obtaining approval from the Central Bank of Kuwait ("the CBK").

The Company was registered in the commercial register under number 85063 dated 18 June 2001.

The Company's Articles of Association states that the Company will carry out its activities in compliance with Islamic Sharia rules. The Company is established to carry out the following activities:

- The company shall collect information and data related to consumer loans, housing loans, commercial loans, credit cards and other credit facilities resulting from installment sale of commodities and services and to provide the Central Bank of Kuwait and reporting entities from banks, investment companies, finance companies, commercial companies and establishments regulated by Ministry of Commerce and Industry that grant credit facilities by selling in any form of ownership transfer through installments for goods and services, authorised users and customers of natural or legal persons authorised to inquire and obtain credit information and reports provided by the company and the clients to whom the information and data relate and which have credit records at the company and any other local or foreign bodies approved by the Central Bank of Kuwait and anyone related to credit and credit information reporting systems in accordance with the provisions of the laws regulating the Company's activity, based on their request, with information and data about all kinds of consumer loans and credit facilities granted to the customers of these entities upon request.
- For this purpose, it shall have the right to import electronic devices and computers, information systems and saving devices and related devices;
- To design, import sell and operate auto systems and the equipping and management of operations centers for the benefit of the Company only;
- Develop a credit database by requesting, collecting, processing, storing, analyzing, classifying, using and circulating credit information. Prepare a credit record, personal and credit data related to the debts of customers of real estate finance companies, insurance companies, all types of leasing and financing companies, vehicles companies, telecommunications companies, in addition to other reporting entities and users of data and information as stipulated in the provisions of the laws regulating the company's activity;
- Provide all credit inquiry, credit rating, credit reporting and issue credit information reports for customers and services to natural and legal customers without making any recommendations or opinions from the Company regarding eligibility of granting credit facility or not and develop risk and related tools and criteria;
- Invest surplus cash through investing in portfolios managed by fund management organisations and authorise the board to do so;
- Owning real estate and movable properties necessary to conduct its operations as permissible by law; and
- The Company may also have an interest in or participate in any manner with other entities carrying out similar activities in order to achieve its objectives inside and outside of Kuwait, and to acquire or merge with those entities.

The postal address of the Company's registered office is P. O. Box 20134, Safat 13062, State of Kuwait.



Notes to the financial statements
for the year ended 30 September 2021

These financial statements were authorised for issue by the Company's Board of Directors on 17 November 2021. The shareholders of the Company have the power to amend these financial statements after issue at the Annual General Meeting.

2. Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

The financial statements have been prepared on historical cost basis.

c) Functional and presentation currency

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

d) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about judgments, assumptions and estimation uncertainties that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(a) - Useful lives of equipment and work in progress
- Note 3(b) - Useful lives of intangible assets

e) Changes in accounting policy

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 October 2020 as below, but they do not have material effect on the Company's financial statements:

- Amendments to IFRS 3: Definition of a Business;
- Adoption of profit rate benchmark reform (IBOR reform Phase 1);
- Amendments to IAS 1 and IAS 8: Definition of Material; and
- Conceptual Framework for Financial Reporting issued on 29 March 2018;



Notes to the financial statements
for the year ended 30 September 2021

f) Standards and interpretations issued but not yet effective

A number of new standards and interpretations are effective for annual periods beginning after 1 October 2020 and earlier application is permitted, however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Amendments to IFRS 16 Covid-19 Related Rent Concessions.
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities;
- Profit Rate Benchmark Reform (Phase 2);

3. Significant accounting policies

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

a) Equipment and work in progress

i. Recognition and measurement

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

Computers	3 – 5 years
Furniture and fixtures	5 years

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



Notes to the financial statements
for the year ended 30 September 2021

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

b) Intangible assets

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

c) Impairment of non-financial assets

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

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

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

d) Leases

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

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



Notes to the financial statements
for the year ended 30 September 2021

Right-of-use assets

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

Lease liabilities

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

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low-value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. As at the reporting date, the Company does not have any leases categorised as short-term leases or leases of low-value assets.

e) Financial instruments

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

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



Notes to the financial statements
for the year ended 30 September 2021

Classification and measurement

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

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

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

Financial assets carried at amortised cost

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

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

Business model assessment

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

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

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

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

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

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



Notes to the financial statements
for the year ended 30 September 2021

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

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

Financial assets include trade and other receivables and cash and cash equivalents.

Trade receivables

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

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

Cash and cash equivalents

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

Reclassification of financial assets

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

Financial liabilities

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

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

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

Trade and other payables

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



Notes to the financial statements
for the year ended 30 September 2021

Derecognition

Financial assets

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

Financial liabilities

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

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

Offsetting

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

Impairment of financial assets

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

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



Notes to the financial statements
for the year ended 30 September 2021

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

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

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

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

f) Provision for employees' end of service benefits

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

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

g) Provisions

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

h) Revenue recognition

Service charges

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

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



Notes to the financial statements
for the year ended 30 September 2021

Murabaha income

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

i) Government grants

Government grants that compensate the Company for expenses incurred are recognised in statement of profit or loss and other comprehensive income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case the grant is recognised when it becomes receivable.

j) Foreign currency transactions

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

k) Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”) and Zakat

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

4. Equipment and work in progress

	Computers	Furniture and	Work in	Total
	KD	fixtures	progress	KD
Cost		KD	KD	KD
Balance at 1 October 2019	538,662	77,079	34,870	650,611
Additions	19,851	9,422	254,659	283,932
Transfers from work in progress	17,152	-	(17,152)	-
Transfer to intangible assets (note 5)	-	-	(468)	(468)
Write off	-	(1)	-	(1)
Balance at 30 September 2020	575,665	86,500	271,909	934,074
Additions	312,609	5,828	64,690	383,127
Transfers from work in progress	140,799	1,518	(142,317)	-
Transfer to intangible assets (note 5)	-	-	(111,972)	(111,972)
Disposals	-	(791)	-	(791)
Balance at 30 September 2021	1,029,073	93,055	82,310	1,204,438



Notes to the financial statements
for the year ended 30 September 2021

Accumulated depreciation				
Balance at 1 October 2019	512,947	61,723	-	574,670
Charge for the year	24,934	5,389	-	30,323
Balance at 30 September 2020	537,881	67,112	-	604,993
Charge for the year	42,167	6,729	-	48,896
Relating to disposals	-	(753)	-	(753)
Balance at 30 September 2021	580,048	73,088	-	653,136
Carrying amount				
Balance at 30 September 2020	37,784	19,388	271,909	329,081
Balance at 30 September 2021	449,025	19,967	82,310	551,302

5. Intangible assets

	2021	2020
	KD	KD
Cost		
Balance at 1 October	1,893,725	1,831,857
Additions	393,639	61,400
Transfers from work in progress (note 4)	111,972	468
Balance at 30 September	<u>2,399,336</u>	<u>1,893,725</u>
Accumulated amortisation		
Balance at 1 October	1,794,003	1,722,531
Charge for the year	146,063	71,472
Balance at 30 September	<u>1,940,066</u>	<u>1,794,003</u>
Carrying amount	<u>459,270</u>	<u>99,722</u>

6. Leases

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

	Right-of-use assets	
	2021	2020
	KD	KD
As at 1 October	97,929	195,859
Additions during the year	188,270	-
Depreciation of right-of-use assets	(95,400)	(97,930)
As at 30 September	<u>190,799</u>	<u>97,929</u>



Notes to the financial statements
for the year ended 30 September 2021

	Lease liabilities	
	2021	2020
	KD	KD
As at 1 October	91,842	195,859
Additions during the year	188,270	-
Finance cost on lease liabilities	10,301	6,743
Payment of lease liabilities	(93,720)	(102,240)
Rent concessions	-	(8,520)
As at 30 September	<u>196,693</u>	<u>91,842</u>

The Company has discounted its future lease obligations using its incremental borrowing rate which is determined at 4.5% (30 September 2020: 5.0%) at the reporting date.

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

	2021	2020
	KD	KD
Non-current	100,546	-
Current	<u>96,147</u>	<u>91,842</u>
	<u>196,693</u>	<u>91,842</u>

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

	2021	2020
	KD	KD
Depreciation of right-of-use assets	(95,400)	(97,930)
Finance cost on lease liabilities	(10,301)	(6,743)
Rent concessions included in other income	-	8,520

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

7. Trade and other receivables

	2021	2020
	KD	KD
Trade receivables	459,413	370,095
Allowance for expected credit losses	<u>(20,000)</u>	<u>(30,000)</u>
	439,413	340,095
Profit receivable on Murabaha placements	208,683	235,339
Prepayments and other receivables	<u>71,693</u>	<u>63,256</u>
	<u>719,789</u>	<u>638,690</u>

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



Notes to the financial statements
for the year ended 30 September 2021

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

	2021	2020
	KD	KD
As at 1 October	30,000	30,000
Reversal of allowance for expected credit losses	(10,000)	-
As at 30 September	<u>20,000</u>	<u>30,000</u>

Information about the credit exposures is disclosed in note 14.

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

8. Cash and bank balances

	2021	2020
	KD	KD
Cash on hand	262	65
Bank balances	358,410	246,805
Murabaha placements with Islamic banks	<u>14,600,000</u>	<u>13,700,000</u>
Cash and bank balances	14,958,672	13,946,870
Restricted balances with Boubyan Bank	(4,975)	(1,225)
Murabaha placements with original maturities of more than three months	<u>(14,600,000)</u>	<u>(8,500,000)</u>
Cash and cash equivalents in the statement of cash flows	<u>353,697</u>	<u>5,445,645</u>

Murabaha placements with Islamic banks carry profit rates ranging from 1.750% to 2.326% (30 September 2020: from 1.325% to 3.500%) per annum.

9. Equity

Share capital

The Company's authorised, issued and paid up share capital comprises 22,800,000 shares of 100 fils each (2020: 22,800,000 shares of 100 fils each), fully paid in cash.

The Board of Directors, at a meeting held on 29 January 2020, proposed to increase the authorised share capital of the Company from KD 2,280,000 to KD 25,000,000 which was approved at the AGM held on 19 February 2020. The Company is currently in the process of implementing the suitable way to issue the authorised share capital

Statutory reserve

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

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



Notes to the financial statements
for the year ended 30 September 2021

The Company has ceased to transfer its profit to statutory reserve since the statutory reserve has reached 50% of the paid up share capital.

Voluntary reserve

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

10. Provision for employees' end of service benefits

	2021	2020
	KD	KD
As at 1 October	204,824	172,088
Provision during the year	71,907	45,538
Payments during the year	<u>(32,071)</u>	<u>(12,802)</u>
As at 30 September	<u>244,660</u>	<u>204,824</u>

11. Trade and other payables

	2021	2020
	KD	KD
Trade payables	164,773	78,959
Accruals and provisions	426,931	273,249
Deferred income	<u>57,629</u>	<u>3,601</u>
	<u>649,333</u>	<u>355,809</u>

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

	2021	2020
	KD	KD
Kuwaiti Dinar	636,393	342,853
US Dollar	8,468	8,600
Pound Sterling	<u>4,472</u>	<u>4,356</u>
	<u>649,333</u>	<u>355,809</u>

12. Related party balances and transactions

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

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



Notes to the financial statements
for the year ended 30 September 2021

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

Significant related party transactions and balances are as follows:

	2021	2020
	KD	KD
Related party transactions		
<i>Transactions with shareholders of the Company</i>		
Service charges	2,557,921	1,864,701
Murabaha income	102,494	275,171
Key management remuneration		
Salaries and short term benefits	307,651	272,655
End of service benefits	19,829	12,901
Board of Directors' remuneration	49,000	105,000
	2021	2020
	KD	KD
Related party balances		
<i>Balances with shareholders of the Company</i>		
Trade receivables	384,443	259,370
Profit receivable on Murabaha placements	42,554	177,532
Murabaha placements	3,600,000	11,300,000
Bank balances	347,118	245,123
Deferred income	57,629	-

13. Annual General Meeting

At the Annual General Meeting ("AGM"), held on 12 August 2021, the shareholders approved the Board of Director's recommendation to distribute cash dividend of 10 fils per share (2019: 10 fils per share) amounting to KD 228,000 (2019: KD 228,000) for the year 2020 to shareholders registered in the register of shareholders as of the date of the AGM.

The AGM also approved the annual audited financial statements of the Company for the year ended 30 September 2020.

14. Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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



Notes to the financial statements
for the year ended 30 September 2021

Risk management framework

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

a) Credit risk

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

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

	2021	2020
	KD	KD
Bank balances	358,410	246,805
Murabaha placements	14,600,000	13,700,000
Trade receivables	439,413	340,095
Refundable deposits	8,520	13,632
Profit receivable on Murabaha placements	208,683	235,340
	<u>15,615,026</u>	<u>14,535,872</u>

Cash and bank balances

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

Trade receivables

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



Notes to the financial statements
for the year ended 30 September 2021

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

	<0-30 days KD	31-149 days KD	150-360 days KD	>360 days KD	Total KD
As at September 2021					
Expected credit loss rate	1.69%	1.01%	63.76%	100.00%	4.35%
Total gross carrying amount at default	<u>277,942</u>	<u>165,192</u>	<u>7,279</u>	<u>9,000</u>	<u>459,413</u>
Expected credit loss	<u>4,689</u>	<u>1,670</u>	<u>4,641</u>	<u>9,000</u>	<u>20,000</u>
As at September 2020					
Expected credit loss rate	0.12%	11.69%	100.00%	100.00%	8.11%
Total gross carrying amount at default	<u>179,574</u>	<u>181,996</u>	<u>6,034</u>	<u>2,491</u>	<u>370,095</u>
Expected credit loss	<u>207</u>	<u>21,268</u>	<u>6,034</u>	<u>2,491</u>	<u>30,000</u>

b) Liquidity risk

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

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

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

	Less than 3 months KD	3 to 12 months KD	1 to 5 years KD	Total KD
At 30 September 2021				
Lease liabilities	25,560	76,680	102,240	204,480
Accounts payable and accruals*	<u>314,235</u>	<u>-</u>	<u>-</u>	<u>314,235</u>
Total liabilities	<u>339,795</u>	<u>76,680</u>	<u>102,240</u>	<u>518,715</u>



Notes to the financial statements
for the year ended 30 September 2021

At 30 September 2020	Less than 3 months KD	3 to 12 months KD	1 to 5 years KD	Total KD
Lease liabilities	25,560	76,680	-	102,240
Accounts payable and accruals*	199,537	-	-	199,537
Total liabilities	225,097	76,680	-	301,777

* *excluding deferred income and provisions*

c) Market risk

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

i) *Currency risk*

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

Foreign exchange risk of the Company arises from trade and other payables denominated in foreign currencies. As of 30 September 2021, the Company's major exposure relates to US Dollar and Pound Sterling amounting to KD 12,940 (2020: KD 12,956). The Company manages this risk by setting limits on exposures to currency and transacting business in major currencies with counterparties of repute.

Sensitivity analysis

A 5% strengthening and weakening of the KD against the US Dollar and Pound Sterling at 30 September 2021 would not have a significant impact on the profit for the year of the Company.

ii) *Profit rate risk*

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

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

iii) *Equity price risk*

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

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



Notes to the financial statements
for the year ended 30 September 2021

iv) Operational risk

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

15. Capital risk management

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

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

16. Fair value of financial instruments

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

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

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

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

17. Contingent liabilities and commitments

The Company is committed to incur capital expenditure of KD 94,445 relating to purchase of document management system, infrastructure upgrade, software upgrades, FireEye Tech Refresh Security and licenses (2020: KD 566,313 relating to purchase of document management system, robotic system for checking consent forms, infrastructure upgrade, software upgrades and licenses, E-credit portal expenditure and furniture and equipment).

There are no contingent liabilities for the year ended 30 September 2021 (2020: nil).



Notes to the financial statements
for the year ended 30 September 2021

18. COVID-19

The presence of the novel Coronavirus (COVID-19) was confirmed in early 2020 and has spread to various countries, causing disruption in business and economic activity worldwide. The management has been closely monitoring the impact of the developments on Company's business and this will continue to be monitored as the situation evolves.

As at the reporting date, the Board of Directors and management does not expect that the impact of COVID-19 will result in a material uncertainty in the Company's business.

19. Sharia compliance

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

20. Subsequent events

On 17 November 2021, the Board of Directors proposed a cash dividend of 15 fils (2020: 10 fils) per share amounting to KD 342,000 for the year ended 30 September 2021 which is subject to the approval of shareholders at the Annual General Meeting.

23/11/2021

**Final report of the Sharia Supervisory Committee
For the financial period of 01/10/2020 to 30/09/2021**

To The Shareholders of Ci-net Company

Allah's peace, mercy and blessings be upon you

In accordance with the powers delegated to us by the members of the General Assembly of Ci-net Company and under the Company's Articles of Association and the relevant regulatory directives, the Sharia Supervisory Committee submits its final report for the period from 01/10/2020 to 30/09/2021 It includes four items as follows:

First: The work of the Sharia Supervisory Committee

The Sharia Supervisory Committee carried out its work, which included examining the investment structures, contract forms, products, policies and procedures either directly or in coordination with the internal Sharia audit department in order to obtain all the information and explanations that it considered necessary to provide sufficient evidence and give reasonable assurance that the company did not violate the provisions of Islamic law in the light of the resolutions of the Sharia Supervisory Committee and the Sharia standards adopted by the Company and the decisions of the relevant regulatory bodies.

Second: Decisions of the Sharia Supervisory Committee

The Sharia Supervisory Committee of the Company responded to all the company's inquiries and issued 18 decisions.

Third: The Policies and Procedures Approved by the Sharia Supervisory Board:

The Sharia Supervisory Board of the company has approved policies and procedures for company products and activities at 26/05/2021.

Fourth: The final opinion:

In our opinion, after examining all the clarifications and assurances we have obtained, we confirm that:

1. The contracts, operations and transactions concluded by the Company during the period from 01/10/2020 to 30/09/2021 were made entirely in accordance with the provisions of the Islamic Sharia.

Head of the Sharia
Supervisory Committee
Dr. Abdullateef Haji Alawadhi



Member of the Sharia
Supervisory Committee
Dr.Rashed Alsharidah



Member of the Sharia Supervisory
Committee
Dr.Mohammad Ali AlHidiya



GOVERNANCE REPORT

For Fiscal Year ended on 30.09.2021

First: Introduction

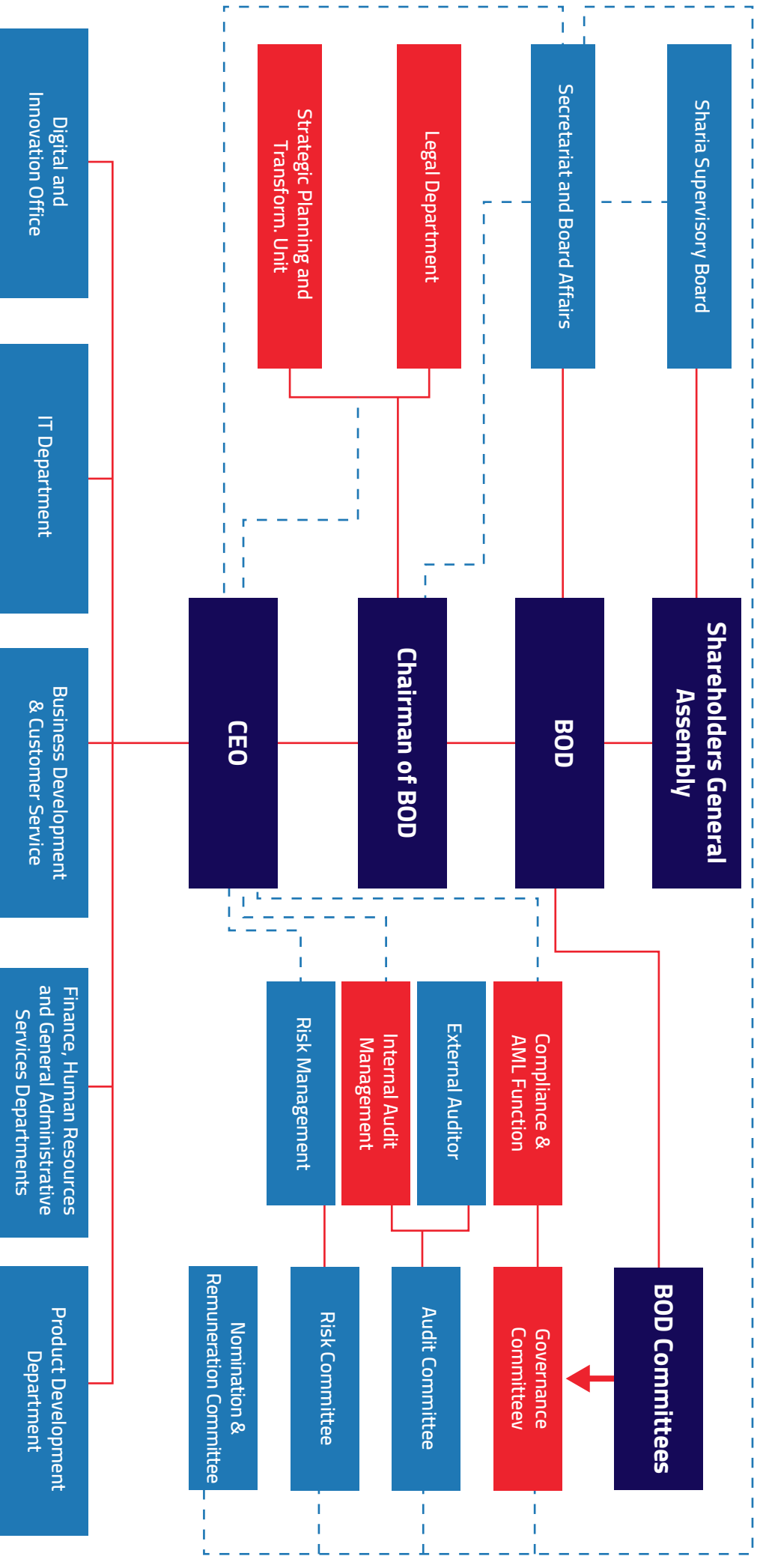
Credit Information Network Co. (Ci-NET) is bound to apply corporate governance standards in accordance with the best practices and standards applicable globally in this field; in order to enhance integrity and transparency in its business; to maintain the security and confidentiality of customer information and to apply the highest level of ethical conduct in all its business and activities entrusted with implementation thereof in accordance with laws regulating this regard.

During its history of more than twenty years, Ci-Net has been developing and improving its business to provide financial and banking sector with value-added services that contribute to promptness of completion of commercial and financial transactions and ensure high-efficiency risk management, as well as supporting value in all business activities. The company exerts all efforts to provide value-added services to its subscribed members, which constitute the firm basis for transactions between donors of credit facilities in all its forms and types and to provide more efficient services to customers. Therefore, the Board of Directors was fully and completely convinced that the proper application of governance rules and actions leads to achieving directives of the Central Bank of Kuwait with the aim of transforming the company into an integrated and advanced credit information center, as it is the first authorized body of the regulator in accordance with provisions of Law No. (9) of 2019 on regulation of exchange of credit information to provide credit reporting and credit rating services within State of Kuwait.

One of the strategic objectives of Ci-Net is to achieve elements of sound governance in order to protect rights of shareholders and relevant parties, in addition to mitigating the tendency of operational risks, efficiency of performance and quality in providing value-added services in the financial services industry, which made the Board of Directors deem - before issuance of the decision to register the company in the registry of credit information companies with Central Bank of Kuwait - to implement the principles of sound governance in Ci-Net in accordance with the best corporate governance practices and to review the same on an ongoing basis in line with the best international practices followed and in accordance with the instructions and controls of Central Bank of Kuwait on governance rules and related safeguards for risk management and the development of related systems and control tools.

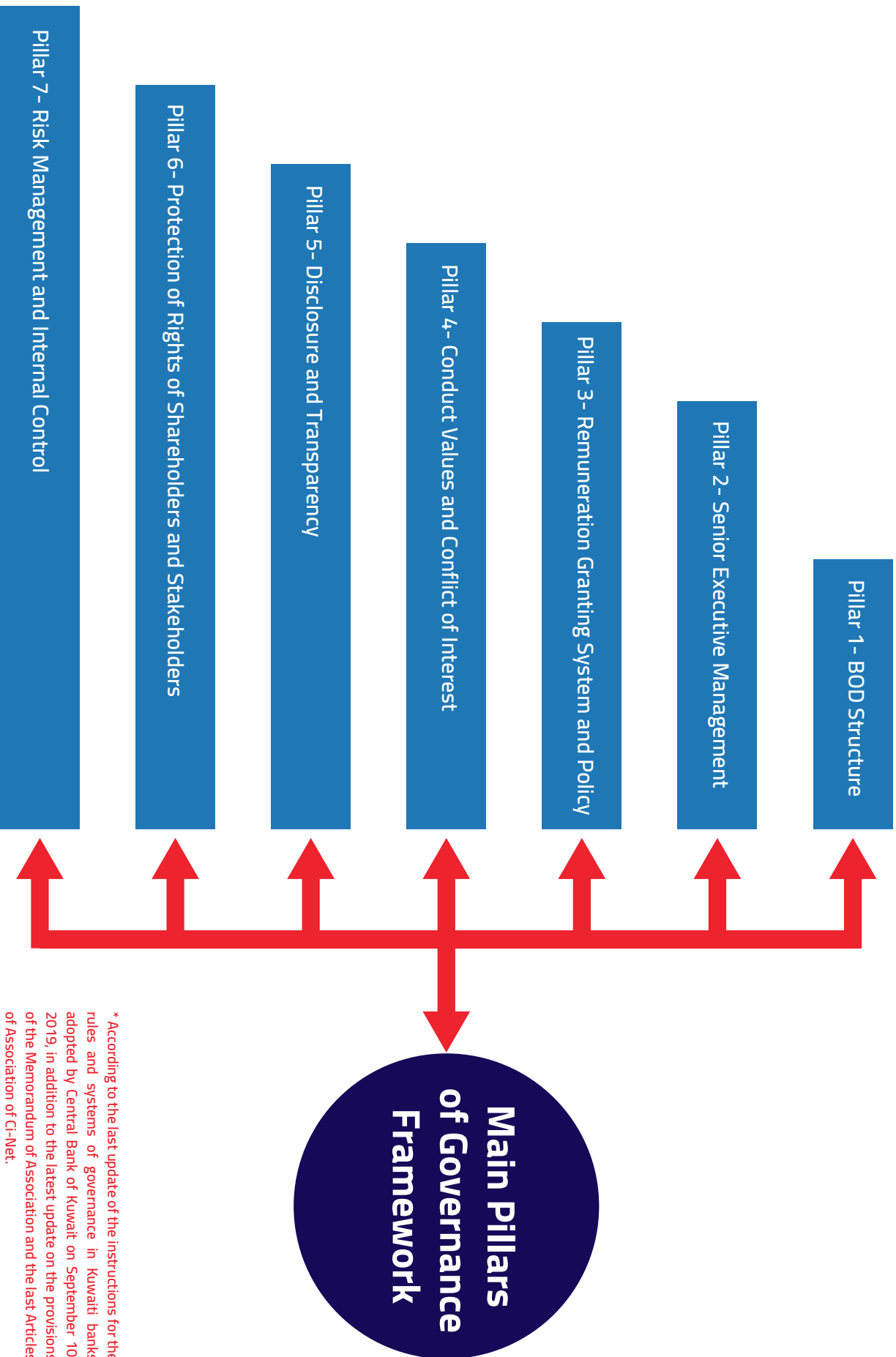
Ci-Net adopts firm work values in all its activities according to strict control over all its operations by BOD members in order to comply with the governance requirements promulgated by Central Bank of Kuwait; as a number of committees emanating from the Board of Directors (Corporate Governance Committee, Nomination and Remuneration Committee, Audit Committee and Risk Committee) in order for the company to remain able to implement its duties and activities entrusted to follow-up and practice as a provider of credit reporting and credit rating services in accordance with provisions of Law No. (9) of 2021 on regulation of exchange of credit information and Executive Regulations thereof. Likewise, a set of organizational work policies and procedures has also been issued to reflect the requirements and controls established by the regulator in this regard and the relentless follow-up in updating those policies and procedures and annexes thereto on a periodic, continuous and appropriate basis.

Third – Company’s Organizational Structure *



* The Company’s Organizational Structure has been approved by BOD Meeting Decision No. (10–2019/2020) dated 29.06.2020

Third – Company’s Organizational Structure *



* According to the last update of the instructions for the rules and systems of governance in Kuwaiti banks adopted by Central Bank of Kuwait on September 10, 2019, in addition to the latest update on the provisions of the Memorandum of Association and the last Articles of Association of Ci-Net.

PILLAR 1

Board of Directors

First- Formation of Board of Directors

- Board of Directors of Ci-Net consists of seven (7) members elected by the General Assembly. In accordance with the Ordinary General Assembly meeting held on August 12, 2021, the Board of Directors elected from shareholders members by approval of General Assembly and the relevant authorities.
- Pursuant to Central Bank of Kuwait Decision No. (90 - B/439/2019) on the rules and controls for the expertise required in Article (9) of Law No. (9) of 2019 on regulation of the exchange of credit information on candidates for membership in the Board of Directors of Ci-Net, the Nominations and Remunerations Committee, emanating from the Board of Directors, has studied the papers of the candidates of the Board members elected on their behalf to occupy the position of membership of the Board of Directors for the new term (2020-2023), as it was confirmed that all candidates fulfilled the requirements set forth in the decision of the Central Bank of Kuwait referred to in the preceding Clause.
- The structure of Ci-Net Board of Directors is characterized by professional expertise, scientific and practical qualifications and experience in the banking and financial sector, as well as the business and finance sector; as members of the Board have extensive experience and knowledge in the areas of information technology, risk management, cyber security, governance, finance, strategy, control and auditing with its types (internal and external), in addition to their diverse experience in the business environment related to the activities and purposes of Ci-Net that it serves. In accordance with the provisions of Law No. (9) of 2019 on regulation of the exchange of credit information, Executive Regulations thereof, instructions of Central Bank of Kuwait, articles of the Memorandum of Association and Articles of Association.
- The balanced structure of Ci-Net Board of Directors continuously contributes to the development of its working mechanisms in light of the directives of Central Bank of Kuwait aimed at upgrading the credit work system in the State of Kuwait and developing Ci-Net business model with the aim of transforming the company into an integrated and advanced credit information center and a real added value for the business sectors in the State of Kuwait, including semi-governmental business sectors, through continuous innovation and application of international best practices used in providing credit reporting and credit rating services, through use of the latest types of modern technology in order to achieve the highest rates of data and information quality rates, which are reflected on the data and information outputs that appear in the customers' credit reports extracted from the system for Ci-Net in line with customers' expectations, requirements and needs.

Second- BOD Members



Mr. Anwar Bader Muhammad Al-Ghaith * **Chairman of BOD (Non-Executive)** **For Central Bank of Kuwait**

Mr. Anwar Al-Ghaith, holds Bachelor of Accounting, Kuwait University. He has more than 23 years of experience in the public and private sectors. He started his career in 1997 as a tax examiner at Ministry of Finance, then joined Kuwait Finance House in 2001 and rose in his career until he has been appointed as the head of local real estate operations and he was appointed as the director of Operations Department in 2005 and then he was promoted to become the head of operations in the year 2011 to 2014, including the Operations Sector, Information Technology Sector, Human Resources and Services Sector and he also held the position of Acting Chief Executive Officer in 2014. In 2015. He assumed the position of Chief Operations Officer at Gulf Investment Corporation. In 2016, he joined Central Bank of Kuwait as the Executive Director of the Organization and Administration Sector, then served as the Executive Director of the Information Technology and Banking Sector, as well as the Acting Director of the Foreign Operations Department. Al Ghaith joined Warba Bank in 2020 as the Acting Deputy Chief- Executive of Support Services and Treasury. Al Ghaith has successfully passed several programs, including the Leadership Development Program from Harvard Business School in 2007. He also obtained many professional certificates, including the certificate of the Islamic bank certified by the Accounting and Auditing Organization for Islamic Financial Institutions in 2012 as well as a licensed auditor from Ministry of Commerce and Industry in the State of Kuwait.

Joined Board of Directors on August 18, 2020.



Mr. Nasser Muhammad Yusuf Al-Qaisi
Deputy Chairman of BOD (Non-Executive)
For Burgan Bank

Mr. Nasser Al-Qaisi, holds Bachelor of Business Administration, Pharaohs Higher Institute for Computer, Information Systems and Management in 2011, Arab Republic of Egypt, and Master of Asian Studies in Economics Studies and Research, Zagazig University, Arab Republic of Egypt in 2016, and has extensive experience in banking and financial field, where he started his career at Gulf Bank as a branch manager, then joined the International Financial Consulting Company as the Director of International Asset Management, and Finally, he has been appointed as Chief of Retail Banking at Burgan Bank.

* Joined BOD on August 12, 2021.



Mr. Abdulaziz Saleh Al Zaabi *
Board Member (Non-Executive)
Representative for Commercial Bank of Kuwait

Mr. Abdulaziz Al-Zaabi, holds a Bachelor's degree in Finance, USA, 2005, and has experience in banking and financial field, where he began his career in the banking sector, specifically the Commercial Bank of Kuwait, since 2006, progressing to the position of a regional manager in 2017, then to the deputy director of banking services sector. Finally, he has been appointed as Acting General Director of Banking Services Sector.

* Joined BOD on August 12, 2021.



Mr. Muhammad Habib Al Balushi *
Board Member (Non-Executive)
Representative for Al Ahli Bank of Kuwait

Mr. Muhammad Al Balushi, holds Bachelor of Business Administration and Information Systems, California State University, Florton - USA, and has experience in the technological, financial and banking areas, where he held several positions in the National Bank of Kuwait, starting as a programmer and then a systems drafter from 1993 to 2005, and then moved to work as Director of the Central Operations Department in the Operations Group until he became Deputy General Director of Operations and Technology Group. In 2021, he has been appointed as General Director of Operations at Al Ahli Bank of Kuwait.

* Joined BOD on August 12, 2021



Mr. Fahad Othman Al Bader *
Board Member (Non-Executive)
Representative for Kuwait International Bank

Holds Bachelor of Accounting, Modern Academy for Computer Science and Management Technology - Arab Republic of Egypt - 2008. He also obtained a Master's degree in Business Administration from Gulf University for Science and Technology - State of Kuwait - 2015, and then joined the position of retail banking at Al Ahli United Bank in 2003, then he was appointed as Director of the Retail Banking Services Branch from 2008 to 2012, joined the position of Banking Operations Manager for Boubyan Bank in 2015, rising to the position of Executive Director of the Banking Operations Group in 2019 and finally as General Director of Operations Department at Kuwait International Bank.

* Joined BOD on August 12, 2021



Mr. Khalid Abdullah Abdul-Rahman Al-Ali *
Board Member (Non-Executive)
Representative for Commercial Facilities Co.

Mr. Khalid Abdullah Al-Ali, holds Bachelor of Miami University, USA, 1988 – He has joined banking and investment sector starting with Commercial Bank of Kuwait and then the Kuwait International Investment Company, National Investment Company and Al Sahel Development and Investment Company where he held several investment positions. After 2002, he has joined Commercial Facilities Co., where he was appointed as Director of Investment and Treasury, progressed in several positions until he took office as Vice CEO of Commercial Facilities Co.

* Joined BOD on August 12, 2021

Mr. Yasser Muhammad Abdullah Al-Saad *
Board Member (Non-Executive)
Representative for Bank of Bahrain and Kuwait

Mr. Yasser Al-Saad, holds Bachelor of Business Administration, University of Bahrain – Kingdom of Bahrain – 2003, and obtained a Master of Business Administration from New York Institute of Technology – US- in 2005, Miami University – US-. He has joined banking sector since 2004, where he was the director of capitalmarkets at United Gulf Bank in Kingdom of Bahrain. He joined Bank of Bahrain and Kuwait in 2012 as the Head of Capital Market and then he served as Deputy Chairman and the Treasury Director at United Gulf Bank in the Kingdom of Bahrain from 2013 to 2017. He moved again to Bank of Bahrain and Kuwait to serve as Assistant Director-General and Chief of Treasury as of January 2017 to date. He also assumes the position of Acting CEO Bank of Bahrain and Kuwait as of October 2021.

Joined BOD on February 24, 2021, due to resignation of the former representative of Bank of Bahrain and Kuwait in membership to BOD of Ci-Net .

Second - General Duties and Responsibilities of BOD:

In order to meet the provisions of Article (184) of Law No. (1) of 2016 on promulgation of Companies Law and Article (26) of Ci-Net Articles of Association, that Board of Directors shall have the widest authorities to do all acts required by management of the Company in accordance with its objects. This authority is only limited by provisions of Law, Articles of Association or decisions of the General Assembly, as well as the appointment of the Chairman and members of the Executive Staff in the Company, whether from members of the Board or others, shall meet the conditions specified by Central Bank of Kuwait in this regard. Board of Directors of the Company continues to undertake its responsibilities provided for in the Memorandum of Association, Articles of Association, Rules and Regulations of Governance in Kuwait banks, issued by Central Bank of Kuwait on June 20, 2012 and amended by Central Bank of Kuwait Resolution dated September 10, 2019; as in the framework of Ci-Net compliance with governance instructions, Board of Directors has adopted all policies on governance and standards and to continue its update periodically, if necessary. Board of Directors shall be solely responsible for review and approval of the strategic plan and estimated budget of the company, compare it to the actual budget and identify business priorities. Board of Directors shall also supervise implementation of those strategies and adopt customized policies therefor. BOD shall also monitor and follow up the risk in the company to ensure that appropriate structures have been developed for management, internal audit, reviewing the adequacy and availability of regulations in accordance with all policies and work procedures applicable in the company, With emphasis that all policies that ensure the functioning of the company are available without any obstacles and are periodically reviewed with a view to updating or improvements, and the review of the control policies and controls, including internal audit functions, conformity and compliance regularly with the executive management, in particular ascertain the independence of control jobs work to practice duties entrusted with, in accordance with the rules and policies prescribed in this regard.

Third: Meetings of BOD:

- Board of Directors shall periodically convene by a written notice from the Chairman of BOD six (6) times at least annually, with at least one meeting every three (3) months.
- The minutes of each meeting of the Board shall be documented and all other Board resolutions shall be registered and maintained in the permanent records of the company.
- Any meeting of the Board of Directors shall only be true if at least half of the Board members attended.
- Meetings shall be presided over by chairman of BOD. In case of his absence, Deputy Chairman shall preside over the meetings.
- Board's resolutions shall be adopted by the majority of the votes of the members of BOD present and each member shall have one vote.
- In case of all votes at voting on any resolution or subject discussed by Board of Directors, vote of the Chairman (or Deputy Chairman in the absence of the Chairman) shall be the final and weighted vote. BOD usually seeks to issue unanimous resolutions in the decision-making process.
- The following is a summary of Board of Directors meetings during the fiscal year ended on 30.09.2021:

Meeting No.	Meeting Type	Meeting Date
1-2020/2021	Passing	14.10.2020
2-2020/2021	Ordinary	05.11.2020
3-2020/2021	Ordinary	05.11.2020
4-2020/2021	Ordinary	20.12.2020
5-2020/2021	Ordinary	31.01.2021
6-2020/2021	Ordinary	14.04.2021
2-2020/2021	Passing	27.06.2021
7-2020/2021	Ordinary	12.08.2021

Fourth: Summary on how to Apply Registration, Coordination and Preservation of BOD Minutes of Meeting Requirements:

Ci-Net applies registration, coordination and preservation of the Company's Board of Directors' minutes of meetings requirements, as meetings are held at an invitation from the Chairman of the Board. If emergency meetings are requested by a written request by two members of the Board, with the invitation to meet with agenda with all documents on agenda items to all members no later than three (3) working days prior to date of the meeting. The Secretary of the Board shall register issues considered and resolutions made in the minutes of the meeting, taking into account any reservations for members or the presence of conflict of interests or opposing views raised during the meeting. Minutes of meetings shall be recorded with a digital series sequential for the year, indicating the place of meeting, date, timing and end. The minutes shall be signed by all members present and are preserved with a special record that is easily accessible with them,, attached therewith the presented and discussed documents.

Fifth – A brief on how the company identifies tasks, responsibilities and duties of both Board members and Executive Management, as well as authorities and powers authorized to executive management

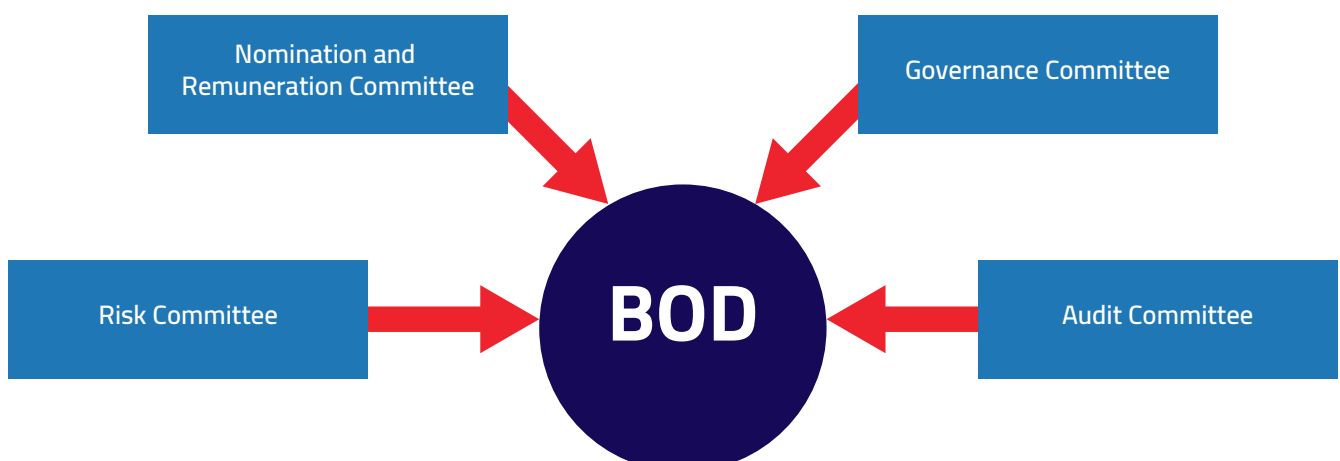
Ci-Net , in its Articles of Association, identifies BOD duties and responsibilities. A charter and work by-law of the Board of Directors has been developed, with the responsibilities of the Board of Directors on the shareholders of the company and third parties. It also includes duties of members, and the role of Chairman and the Executive Management. BOD, in addition to periodic review of the accredited financial and administrative powers set in detail, for a certain period, reviews powers of both BOD and the Executive Management of Administrative, Financial and Operational Transactions related to the Company operations and activities.

Sixth - The most significant duties and responsibilities of Board of Directors during the fiscal year (2020/2021) ended on 30.09.2021:

- Adopt the company's progress and closing financial statements.
- Adopt risk and cyber security framework (risk tendency).
- Review Risk and Internal Auditing Reports by the Board of Directors concerned committees.
- Monitor compliance with the implementation of the company's strategy plan quarterly.
- Adopt the estimated budget for the fiscal year 2021/2022 (which will end on 30.09.2022).
- Review quarterly performance through reports prepared by Executive Management.
- Review Customer Complaints Unit Reports.
- Review Reward and Nominations Policy.
- Review internal audit, reports and control commitment reports.
- Review company's policies to ensure that they meet provisions of Law No. 9 of 2019 and its Executive Regulations and instructions of Central Bank of Kuwait.
- Adopt the report of Shari'a Control Board for the fiscal year ended on 30.09.2021.
- Approve recommendations proposed by Nomination and Remuneration Committee for rewards granted to Executive Management and staff thereof.
- Approve proposed recommendations to amend the Board work regulations and its committees in line with relevant governance instructions.
- Periodic follow-up to the company's performance under the precautionary measures to address the repercussions of the new Coronavirus (COVID 19).
- Issue the first report of the company governance for the fiscal year ended on 30.09.2021.

Seventh: Committees emanating from BOD – Membership and Duties:

Ci-Net has four (4) committees emanating from the BOD to support the Board to carry out its role and control and supervisory responsibilities. The committees continue to notify Board of Directors of the latest developments and submit periodic reports on its activities to BOD.



7/1 Names of members of BOD and their membership positions during the fiscal year ended on 30.09.2021:

BOD Committees	Committee Members Names	Member Position
Governance Committee	- Mr. Anwar Muhammad Bader Al-Ghaith - Mr. Khalid Abdullah Abdul-Rahman Al-Ali - Mr. Yasser Muhammad Abdullah Al-Saad	- Chairman of Committee - Deputy Chairman of Committee - Committee Member
Nomination and Remuneration Committee	- Mr. Nasser Muhammad Youssef Al-Qaisi - Mr. Fahad Othman Abdul-Karim Al-Bader - Mr. Abdul-Aziz Saleh Al-Zaabi	- Chairman of Committee - Deputy Chairman of Committee - Committee Member
Audit Committee	- Mr. Khalid Abdullah Abdul-Rahman Al-Ali - Mr. Muhammad Habib Ali Al-Baloushi - Mr. Abdul-Aziz Saleh Al-Zaabi	- Chairman of Committee - Deputy Chairman of Committee - Committee Member
Risk Committee	- Mr. Fahad Othman Abdul-Karim Al-Bader - Mr. Abdul-Aziz Saleh Al-Zaabi - Mr. Nasser Muhammad Youssef Al-Qaisi - Mr. Muhammad Habib Ali Al-Baloushi	- Chairman of Committee - Deputy Chairman of Committee - Committee Member - Committee Member

7/2 Schedule of Meetings of Committees emanating from BOD during the fiscal year ended on 30.09.2021

BOD Committees	Committee meeting No. and type of meeting	Date of committee meeting
Governance Committee	(1-2020/2021) Ordinary	10.06.2021
Nomination and Remuneration Committee	(1-2020/2021) Ordinary	12.11.2020
	(2-2020/2021) Ordinary	23.11.2020
	(3-2020/2021) Ordinary	06.04.2021
	(4-2020/2021) Ordinary	03.06.2021
	(1-2020/2021) Passing Decision	20.06.2021
Audit Committee	(1-2020/2021) Ordinary	21.10.2020
	(2-2020/2021) Ordinary	11.02.2021
	(3-2020/2021) Ordinary	22.06.2021
Risk Committee	(1-2020/2021) Ordinary	22.10.2020
	(2-2020/2021) Ordinary	12.01.2021
	(3-2020/2021) Ordinary	31.03.2021

First: Governance Committee:

1- Main Role of Governance Committee:

The main role of Governance Committee is to provide continuous support and assistance to Board of Directors in fulfilling its responsibilities and to carry out its control and supervisory responsibilities related to the implementation of the governance framework, ensure the application and dissemination of the culture of governance at the level of all units and departments of the company, monitor implementation of governance policies effectively and independently and provide reinforcements and recommendations regarding sound governance practices, In addition to developing governance guidelines and policies, monitoring compliance with application thereof and ensuring compliance with governance policies and procedures by the Board of Directors and its committees, as well as Executive Management.

2- Duties of Governance Committee:

Duties of Governance Committee include, but not limited to, the following:

- Develop a framework and comprehensive governance guide and submit propositions for updating and changing such guide according to the developments occur in this regard.
- Review the adequacy of the company's policies, procedures and practices with regard to governance standards.
- Review and assess efficiency of the code of professional conduct, the code of work ethics and other policies adopted within the company.
- Prepare the governance report to be presented to General Assembly within the company's annual report.
- Conduct an annual self-assessment of the committee's performance and duties, with an annual review of the committee's powers and competencies.

3- A statement of any cases of conflict between the recommendations of Governance Committee and resolutions of Board of Directors:

Governance Committee has accomplished its duties during the fiscal year ended on 30.09.2021 and no case of conflict has been recorded between the committee's recommendations and resolutions of Board of Directors.

Second: Nomination and Remuneration Committee:

1- Main Role of Nomination and Remuneration Committee:

The main role of the Nomination and Remuneration Committee is to assist Board of Directors in fulfilling its obligations related to determining the persons qualified to occupy the membership of Board of Directors on behalf of their representatives from the shareholders who are members of Boards of Directors, as well as the Executive Management, to assess performance of Board of Directors and its committees and to assist Board of Directors to supervise the management of remuneration systems for the Executive Management and the company's staff.

2- Duties of Nomination and Remuneration Committee:

Duties of Nomination and Remuneration Committee include, but not limited to, the following:

- Review the nominations and appointments of leadership and executive positions during the fiscal year ended on 30.09.2021.
- Review the remuneration of members of Board of Directors.
- Conduct a review of the company's remuneration granting policy and its working mechanisms.
- Present recommendations to Board of Directors regarding remuneration rates and ensure that expenses are covered in accordance with the estimated budget set for the same.
- Review the annual assessment analysis of Board of Directors, which includes the individual self-assessment and the overall performance of Board of Directors and its committees and submit the relevant results to Board of Directors for information.
- Review the promotions proposed by Executive Management, expressing an opinion on them and follow up the development of training and development plans within the company.

3- A statement of any cases of conflict between the recommendations of the Nomination and Remuneration Committee and resolutions of Board of Directors:

Nomination and Remuneration Committee has accomplished its duties during the fiscal year ended on 30.09.2021 and no case of conflict has been recorded between the committee's recommendations and resolutions of Board of Directors

Third: Audit Committee:

1- Main Role of Audit Committee:

The main role of Audit Committee is to assist Board of Directors in fulfilling its supervisory responsibilities over the financial and accounting operations of the company, and to ensure the adequacy of the financial control systems, and the internal audit controls, in addition to the tasks of the reporting department, the financial department and the external auditor.

2- Duties of Audit Committee:

Duties of Audit Committee include, but not limited to, the following:

- Review the charter and manual of the internal audit group work and accounting policies.
- Assess and make recommendations regarding appointment of external auditors.
- Review the annual and quarterly financial statements.
- Discuss internal and external Sharia audit reports.
- Adopt the internal audit plan, discuss the internal audit reports and follow-up the correction steps on a quarterly basis.
- Provide support to the internal audit group to ensure that its scope of work is carried out effectively and independently.
- Assess performance of Internal Audit Department.

3- A statement of any cases of conflict between the recommendations of the Audit Committee and resolutions of Board of Directors:

Audit Committee has accomplished its duties during the fiscal year ended on 30.09.2021 and no case of conflict has been recorded between the committee's recommendations and resolutions of Board of Directors.

Fourth: Risk Committee:

1- Main Role of Risk Committee:

The main role of Risk Committee is to assist Board of Directors in carrying out its duties in supervising, in general, the current risk situations, risk strategies, and especially the company's tendency towards security risks, confidentiality of information and cyber security, as well as the policies and procedures for the work of risk management and its departments and units.

2- Duties of Risk Committee:

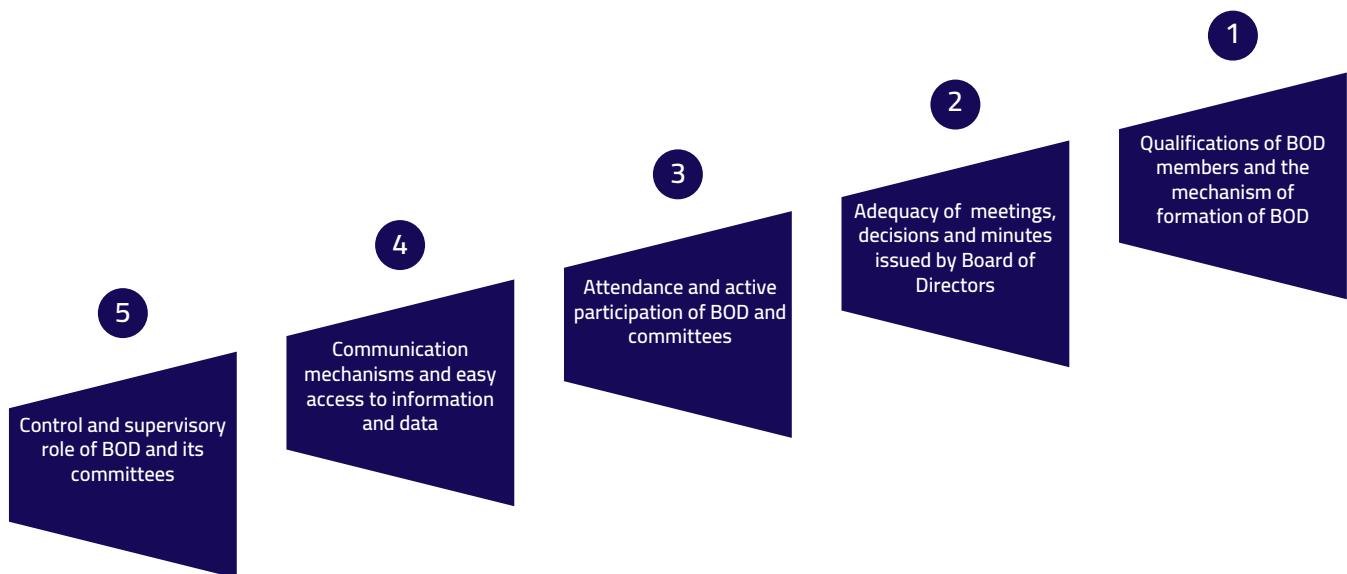
- Assess the company's risk management measures, risk tendency measures, risk strategy and other related measures, and propose recommendations to Board of Directors.
- Review and discuss the quarterly risk management reports.
- Provide support to the risk management function to ensure that the scope of work is achieved effectively and independently.
- Approve the appointment and/or resignation of the director of risk management and assess his annual performance.
- Review and discuss cyber security risks and the procedures for covering them by IT Department in light of the control instructions issued thereto.
- Review the charter, policies and work procedures of Risk Management, its department and its subsidiaries, and develop them on an ongoing basis

3- A statement of any cases of conflict between the recommendations of the Risk Committee and resolutions of Board of Directors:

Risk Committee has accomplished its duties during the fiscal year ended on 30.09.2021 and no case of conflict has been recorded between the committee’s recommendations and resolutions of Board of Directors.

Eighth: General Framework of BOD Members Assessment:

The process of assessing Board of Directors of Ci-Net, in accordance with the rules of governance, is based on an approved internal mechanism to assess and measure the level of Board of Directors and its members on a periodic basis annually. For this purpose, the Nomination and Remuneration Committee undertakes effective annual reviews of the activities of the members of Board of Directors through self-assessment, which are reviewed and studied in detail in order to identify the strengths and weaknesses that determine the performance assessment of members of Board of Directors and its committees, issue recommendations necessary in this regard and present the same to BOD. These procedures, in the end, aim at strengthening the capabilities of the Board and its members in the areas related to its work and the necessary aspects of development and training, and during the fiscal year ending on 30.09.2021, the positive evaluation results reflected the extent of the Board members’ commitment to the duties entrusted to them to implement in order to achieve the company’s objects and objectives for which it has been incorporated, and the elements of general of framework the members of the Board of Directors assessment are summarized as follows:



Sharia Supervisory Board:

Sharia Fatwa Board is an integral part of the internal control system to ensure adequacy and effectiveness of the Sharia control system within the company, to provide a reasonable assurance that the company's management has fulfilled its responsibility towards implementing the provisions, principles and standards of Islamic Sharia, as well as verifying the company's commitment in all its transactions, activities, contracts and forms used with the provisions and principles of Islamic Sharia, which contributes to spreading an atmosphere of trust among its dealers and shareholders in ways consistent with the provisions and principles of Islamic Sharia, as well as providing advice, guidance and direction to the company in a manner that achieves provisions of Islamic Sharia, as Sharia Supervisory Board is competent to carry out the following:

- Give the sharia opinion on any contracts, transactions, activities or projects of Ci-Net and its actions.
- Verify commitment of Ci-Net to the provisions of Islamic Sharia by reviewing the relevant documents from conditions, contracts and agreements for deals before concluding the same by the company to ensure that their conditions are in accordance with the rules and principles of Islamic Sharia.
- Submit recommendations by approval or disapproval of any deal, contract, or any transactions or documents that are inconsistent with the provisions and principles of Islamic Sharia, and proposals to amend them in line with the principles of Islamic Sharia.
- Study any other issues referred by the company's legal department or by BOD within the scope of its competencies.
- Submit an annual report to the General Assembly of Ci-Net that includes its view on the extent to which the company's business, activities and actions are compatible with the provisions of Islamic Sharia, the extent of the company's management's commitment to the opinions expressed by Sharia Supervisory Board and the observations it has on the company's business. This report shall be included within the annual report of the company and the opinion shall adopted by majority of votes of this board, in the event that the majority cannot be achieved and there is a dispute between the members of the board.

Pursuant to the company's general assembly meeting held on 12.08.2021, on appointment of Al Mashora & Al Rayah for Islamic Financial Consulting Co. to provide Sharia supervision services as members of the Fatwa and Sharia Supervision Board for the company's business for the fiscal year ending on 30.09.2021. The board consists of three members. The board adopt Sharia fatwas and decisions, as well as ensures the company's commitment for operations and contracts with the teachings of Islamic Sharia. During the fiscal year ending on 30.09.2021, Sharia Supervisory Board has adopted (18) decisions and the Board approved the company's work policies and procedures on 26.05.2021. The Board has concluded by emphasizing that contracts and operations concluded by the company during the ended fiscal year have been carried out in accordance with the provisions of the noble Islamic Sharia.

Sharia Supervisory Board Members:

- 1) Dr. Abdul Latif Haji Al-Awadi - Chairman of Sharia Supervisory Board.
- 2) Dr. Muhammad Ali Saud Al-Hidya - Member of Sharia Supervisory Board.
- 3) Dr. Rashid Ibrahim Al-Sharida - Member of Sharia Supervisory Board

PILLAR 2

Senior Executive Management

First: Duties of Senior Executive Management:

- Executive Management Team shall undertake managing the day-to-day business of Ci-Net , which is delegated thereto by Board of Directors. CEO shall preside over chairmanship of the executive management staff, consisting if, Legal Compliance Department, Finance Department, IT Department, Risk Management, Product Development Department, Customer Service, Marketing and Business Development Department and Human Resources and General Administrative services Department.
- The Executive Management has formed the following administrative committees and teams: 1) The Executive Committee (MEXCO), 2) The Modern Technology Empowerment Team (FINTECH), as these committees and teams derive their authority from CEO in accordance with the powers and controls established by the Chairman and members of Board of Directors in this regard.
- Executive Management implements the effective policies and control methods approved by the Board of Directors within the framework of the strategy and objectives of Ci-Net established for the same and approved by Board of Directors to ensure the continuity of work without obstacles or violations.
- The Executive Management undertakes, but not limited to, the following duties:
 - Define the strategic objectives, directions and future (short-term - long-term) aspirations of Ci-Net.
 - Set the annual estimated budget and action plan for Ci-Net during the fiscal year.
 - Ensure the existence and implementation of policies for all Ci-Net operations and activities.
 - Set and manage the objectives of the targeted risks and returns within the scope of the permissible policy and in a manner that does not violate the articles of the company's Articles of Association.
 - Define general criteria for performance appraisal based on the specified level of risks.
 - Review the performance rates of all departments in Ci-Net, develop and improve them and take appropriate actions in this regard.
 - Ensure that the company carries out all its activities and objects in accordance with the highest ethical standards and adheres to the provisions and spirit of laws, regulations and code of professional conduct
- It should be noted that the above-mentioned duties are in addition to the specific functional responsibilities of the Executive Management team, and the strategic objectives developed for them according to conditions stated in the company's policy guide established in this regard.

Second- A brief about Chief Executive Officer of Ci-Net :



Mr. Fahad Muhammad Hamad Al-Munayes **CEO**

Mr. Fahad Muhammad Hamad Al-Munayes, he has a extensive and diverse experience in the field area information technology, with extensive experience in the area of business and banking related to the company's activity, along with an honorable balance of achievements through his work as Chief of Information Technology at Burgan Bank, during the period from 2013 to 2017. He assumed the position of Executive Director of the Information Technology Department at Al Ahli Bank of Kuwait from 2004 to 2012. He also held the position of Director of Internet Services Department at Qualitynet Co. from 2000 to 2001. He served as Director of Systems and Quality Department at 3 Com Corp in New Jersey, USA, from 1997 to 2000. He holds a Bachelor's Degree in Computer Science from Monmouth University, New Jersey, USA, in 1994, a Master's degree in Software Engineering from Monmouth University, New Jersey, USA, in 1999, and has received training courses in the area of executive management at Harvard University, USA. In October of 2017, Mr. Fahad Al-Munayes joined the duty as CEO of Ci-Net to date.

PILLAR 3

Remuneration Granting System and Policy

First: Wages and Remunerations Policy:

- Wages and Remunerations Policy of Ci-Net is in line with the strategies and objectives developed by Board of Directors and in accordance with the provisions of the Kuwaiti Private Sector Labor Law No. 1 of 2010 and subsequent amendments thereto, as well as the rules and requirements of corporate governance issued by Central Bank of Kuwait, in addition to the recommendations issued by the Nomination and Remuneration Committee of the Board of Directors. This policy is in line with the best practices followed in a balanced manner in the procedures for its application and according to the latest standards in order to attract, retain and motivate qualified employees. The main motive behind the company's variable remuneration policy is a culture based on the level of performance appraisal that aligns the interests of employees with those of the company's shareholders. These elements contribute to achieving the goals set by balancing the remunerations offered in exchange for short-term results, and long-term sustainable performance. This strategy has been developed with the aim of sharing the company's successes and aligning employees' incentives with the risk framework. The competence of the employees and their long-term commitment are the main factors for success of the company; that is why Ci-Net seeks to attract the best talents and cadres committed to continuing to work for it and motivating them for the long-term interest of shareholders.
- The strong and effective governance framework implemented by Ci-Net ensures that it operates in accordance with clear standards of strategy and remuneration policy; as all matters related to wages, remunerations and full compliance with the regulatory requirements are subject to the supervision of the Nomination and Remuneration Committee of the Board of Directors and the company's Wages and Remunerations Policy takes into account the role of each employee, sets directions based on whether the employee is able to bear the risks, or the approved employee whose appointment requires advance approval from Central Bank of Kuwait due to the importance of its role in the company, conformity and compliance functions or technical support functions. The employee in the company also shall bear substantial risks if he heads one of the important departments and any employee falls within his management, who have a tangible impact on the amount of risks in the company.
- Nomination and Remuneration Committee oversees all remuneration policies offered to Ci-Net employees, as the Committee is the supervisory and regulatory board for related business policies and procedures. The committee is also responsible for developing and reviewing the variable remuneration policy, issuing recommendations in this regard and referring the same to Board of Directors for approval. It is also responsible for developing policies and a governance framework for all remuneration and compensation decisions. The committee ensures that all eligible persons receive their remuneration fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, action plan and the company's risk profile.
- Employee remunerations include both fixed and variable elements, which include basic salary, allowances, and annual bonuses. The basic salary is the employee's monthly wage, which is determined in accordance with the job assessment criteria according to the company's job grading scale. As for the allowances, it is the sums paid monthly in addition to the basic salary, given according to the nature of the employee's work, and the annual bonuses are bonuses granted to the employee at the end of the fiscal year according to assessment of employee's performance and performance of the company. As for incentives, they are programs designed to motivate employees to increase production and improve performance at work.

Second – Wages and Remunerations Disclosures:

1) Total remuneration package for BOD members:

The total remuneration package paid to BOD members for the fiscal year ended on 30.09.2021 amounted to KD 49,000 (Only forty nine thousand Kuwaiti dinars) after obtaining the approval of the General Assembly of shareholders and the relevant competent authorities. In accordance with the current practice, the BOD members shall not receive any fees or allowances for attending the meetings of Board of Directors or any material benefits in kind, and no member of Board of Directors is entitled to receive any fixed salaries or wages from the company.

2) Total remuneration package for members of committees emanating from BOD:

No remunerations have been paid to the members of the committees emanating from BOD for the fiscal year ended on 30.09.2021. According to the current practice, committee members shall not receive any fees or allowances for attending committee meetings or any material benefits in kind. A member of the committees is entitled to receive any fixed salaries or wages.

3) Total remuneration package for Executive Management and all the company staff as per functional classes and degrees for each:

The total annual remuneration package paid to both the Executive Management and all the company's staff for their performance at work during the fiscal year ended on 30.09.2021 amounted to KD 90,694 - (ninety thousand six hundred and ninety-four Kuwaiti dinars). It should be noted that basic salary element is used only when calculating the remuneration of the Executive Management and employees in accordance with the policies and procedures established in this regard.

PILLAR 4

Conduct Values and Conflict of Interest

First: Conduct Values:

- Board of Directors of Ci-Net is keen, through the guide of policies, governance rules and the Code of Professional Conduct and Work Ethics, to identify sound governance practices for business it carries out. This includes the existence of means that confirm the adoption of those practices, while reviewing them regularly in order to improve such practices.
- The sound practices of governance were reviewed in accordance with standards that ensure the existence of appropriate means for the professional conduct of those in charge of the company, through the development of a charter of professional conduct and work ethics that includes a clear definition of the conflict of interests of the company. The Code of Professional Conduct and Work Ethics and the policy for reporting violations shall be circulated to all company employees and members of Board of Directors and obtain their signatures the same.
- Ci-Net is working continuously to provide adequate support for the control and regulatory functions to ensure the effectiveness of its operations by setting a clear definition of all the duties and responsibilities of these functions, determining their subordination to the organizational structure and verify efficiency of internal control systems, related to third parties' operations and ensure that all operations are consistent with the policies approved by the company.
- Board of Directors of the Ci-Net shall conduct an annual review of the policies and procedures regulating the professional conduct framework, which consist of the following:
 - Code of professional conduct.
 - Conflict of Interest Policy.
 - Related Parties Policy.
 - Information Security and Confidentiality Policy.
 - Violations Reporting Policy.
 - Anti-Bribery and Corruption Policy.
- The company's administrators are keen to apply the rules of professional conduct regarding non-exploitation of the internal information about the company's situations in order to achieve any personal interests and this applies to both the members of BOD and the Executive Management. Ci-Net is always keen to protect the interests of customers and to put in place mechanisms, policies and appropriate work procedures to deal with customers complaints in accordance with the instructions of Central Bank of Kuwait regarding customers protection.

Second – Conflict of Interests:

- Ci-Net implements the conflict of interest policy approved by Board of Directors. Governance Committee and the Board of Directors periodically supervise reviewing this policy in line with the nature of the company's business and legislative and regulatory developments, in addition to adopting a set of procedures, forms and records regulating the disclosure of cases of conflict of interest and the mechanism of dealing with it, in a manner that does not violate provisions of Islamic Sharia.
- Preparation of this policy aims to provide a general framework for the conflict of interest that arises out the transactions made with the credit information network company Ci-Net , whether this conflict is between members of the Board of Directors and the company or between members of the executive management and the company, in terms of defining the conflict of interest, and providing some examples for cases of conflict of interest, the responsibilities of the concerned member, in addition to the method and steps for disclosing and dealing with cases of conflict of interest and other matters as described in this policy.
- The Conflict of Interest Policy includes rules and controls necessary to avoid presence of a conflict of interest towards Ci-Net in order to add more transparency to the decision-making process.

PILLAR 5

Disclosure and Transparency

- Disclosure has been defined as the process of disclosing financial and non-financial information of interest to shareholders, potential investors and the public and help them to make their investment decisions in a timely manner. Disclosure may be made on a periodic basis (specified time periods) or immediately upon occurrence or completeness of information, so that the information is available at the same time to all concerned parties, so that one party does not benefit from the information prior to or without other parties.
- Ci-Net has a clear framework that enhances the principle of disclosure and transparency and ensures fairness and equality in the timely delivery of information to stakeholders in accordance with the requirements of the Central Bank of Kuwait's regulator and the best international practices applicable in this regard.
- Central Bank of Kuwait has established the definition of the term "material information" as any information that affects the value of company's shares or any information that failure to disclose thereof may affect the economic decisions taken by the users of such information as an obligation to establish a transparent work environment in the company.
- Board of Directors of Ci-Net, in accordance with the rules of good governance, as well as its commitment to instructions and controls of Central Bank of Kuwait, has adopted a policy of disclosure and transparency that includes all information related to disclosure procedures and the policies regulating the same in accordance with the instructions issued thereon. Preparation of this policy aims to provide a framework for the disclosure process in the company - if required - and to develop the necessary rules and controls for this; Which contributes to achieving justice and transparency, preventing conflicts of interest and exploiting internal information, promoting and consolidating a strong and sound culture of commitment to disclosure to all concerned employees and ensuring the successful implementation of the policy. The company takes into consideration that quality of disclosed information is an essential and vital matter the company always seeks to achieve.

PILLAR 6

Protection of Rights of Shareholders and Stakeholders

First: Protection of Rights of Shareholders:

The work systems, policies and practices of Ci-Net reflect the controls and procedures contained in laws, regulations and instructions issued by the regulatory authorities regarding protection of shareholders' rights and their equal treatment, in particular in terms of the following:

- Protect the basic rights of shareholders related to the registration, transfer and assignment of ownership, participation and voting in shareholder meetings, participation in profits and obtaining regular information about the company.
- Affirm rights of shareholders to view and participate in decisions related to amendments to the company's Memorandum of Association and Articles of Association, including amendments to the capital through offering new shares to shareholders or offering shares under the employee's share option system or through the repurchase of shares, as well as decisions Related to any unusual transaction that affects fate of the company or course of its activity, such as acquisition, merger or sale of a tangible part of its assets.
- Encourage effective participation of shareholders in meetings of the General Assembly and informing them of the procedures and rules of voting. This includes notifying them of date of the General Assembly meeting and agenda in a sufficient period of time before the meeting, provided that the place and time of the meeting shall be published in accordance with the provisions of laws and instructions issued in this regard.
- Each shareholder, during the Ordinary General Assembly, may discuss and clarify with the auditor about what was stated in his report.
- Emphasize importance of disclosing capital structure or any arrangements that could lead to the control of some shareholders.
- Emphasize equal treatment of all shareholders, including small shareholders, giving them the opportunity to hold the Board accountable and rectify any abuses of their rights, to provide information to shareholders in a timely manner that allows them to exercise their rights to the fullest, provided that this information shall be complete and accurate without discrimination between shareholders in connection with the provision of this information.
- Enable shareholders to view the minutes of the General Assembly meetings, in addition to preparing a statement of the financial and non-financial penalties imposed on the company during the year. This statement shall be read by the Chairman of Board of Directors of the company at the annual general assembly meeting, in the manner indicated by instructions issued by Central Bank of Kuwait in this regard.

- Ci-Net guarantees and protects the rights of shareholders and stakeholders by implementing policies and procedures that ensure fair treatment of all shareholders, including minority shareholders; as the shareholders of Ci-Net enjoy equal rights without discrimination, they shall have the right to attend regular and extraordinary meetings, vote on its items, have the right to choose the members of Board of Directors, as well as the right to obtain profits, the right to obtain information and data related to the company's activities and objects and all the rights owed to them in accordance with provisions stated in the Memorandum of Association and Articles of Association and in accordance with laws and instructions regulating the same, issued by the regulatory authorities.

Second: Protection of Rights of Stakeholders:

- Stakeholder is defined as any person or entity that has a relationship with the company such as shareholders, company employees, subscribers, customers, suppliers and the community. The company's work systems, policies and practices emphasize respecting the rights of stakeholders as determined by laws, regulations and instructions completely issued in this regard and affirm the stakeholders' rights to rectify any abuses of their rights as stipulated by law.
- Protecting rights of stakeholders is one of the important aspects of good governance and that the company's ultimate success is the outcome of joint work with several parties that have dealings with the company. It is worth to be mentioned that Law No. 32 of 1968 regarding cash, Central Bank of Kuwait and organization of the banking profession, along with the set of rules and instructions issued to the authorities subject thereto, regarding the practice of its various activities, include the controls and principles that provide the necessary protection for rights of stakeholders.
- As a commitment of Ci-Net to protect rights of stakeholders, the company has prepared a policy for the protection of stakeholders and this policy has been designed with the aim of ensuring respect and protection of rights of stakeholders in accordance with laws and instructions issued by the relevant regulatory authorities, as the purpose and objective of this policy is to ensure that rights of stakeholders, as stipulated in the relevant laws and regulations, are respected and protected by the company, by providing stability and sustainability through its good financial performance. The parties considered as stakeholders in the company were identified on how to protect these rights through the policy, and rules and guidelines have been developed on how to protect these rights.

PILLAR 7

Risk Management and Internal Control

First: Risk Management:

- Ci-Net pays special attention to risk management and governance requirements, as Board of Directors has the ability to understand and analyze the nature and size of the risks facing the company's activities, as it reduces them as much as possible and determines the appropriate procedure to deal with them, therefore, the BOD has developed methods for facing risks by setting strategies and policies for risk management and tendency.
- Executive Management has taken significant and effective steps to update the risk measurement and follow-up systems, the reporting and follow-up systems. The risk exposures are monitored, analyzed and submitted to the Risk Committee to issue their recommendations regarding the same to Board of Directors as well as to Executive Management, which had a positive impact on the company with regard to its final financial statements in particular.
- Ci-Net has established multiple functions under the framework of non-financial risks, in line with the company's risk management strategy and frameworks, which include operational risk, business continuity management, technological risk management and cyber security risk management.
- Risk management focuses on strengthening capabilities to manage and monitor the main risks in the credit information network company Ci-Net, where potential areas of weakness are identified and ensure that appropriate plans and controls are put in place to treat and mitigate the risks arising. In terms of technological risk management, it works to achieve optimal efficiency of services of information technology, ensuring the availability of the required commitment and ensuring the effectiveness of the internal control environment.
- Business Continuity Unit is constantly working on developing and implementing a business continuity framework, which includes business recovery strategies, crisis management plans and business resilience programs, in order to provide the ability to effectively respond to service failures and work to protect interests of the company, its subscribers, customers and shareholders.
- In light of the increasing significance of information security in banking and financial business. In light of the challenges arising from risks resulting from the rapid development of modern technologies used in the area of credit and banking business. In line with Central Bank of Kuwait's instructions issued on September 10, 2019 regarding rules and regulations of governance in Kuwaiti banks, the Management has taken over the responsibility of continuously monitoring external security threats related to the network and technological systems, working to explore these threats and develop means of prevention to ensure integrity of internal and external data. Accordingly, firm policies, procedures and standards have been developed to prevent accidents, breaches and unauthorized access to databases and to ensure a quick recovery in the event of any cyber security violations.

- Board of Directors, through the Risk Committee emanating from the Board of Directors, is responsible for the overall supervision of the risks in Ci-Net, including reviewing and approving the policies of risk management, risk exposure and vulnerability, ensuring availability of the necessary infrastructure and resources. The risk management seeks to enhance the risk governance framework and support comprehensive policies that define roles and responsibilities of the related parties, as well as to spread the culture of risk management on an ongoing basis, provide guidance to all the company's employees, advice to the Executive Management, Board of Directors and its committees on the company's position and performance within the approved risk standards and issuing recommendations to readjust limits of risks acceptable to the company.
- Board of Directors, through the Risk Committee emanating from the Board of Directors, is responsible for the overall supervision of the risks in Ci-Net, including reviewing and approving the policies of risk management, risk exposure and vulnerability, ensuring availability of the necessary infrastructure and resources. The risk management seeks to enhance the risk governance framework and support comprehensive policies that define roles and responsibilities of the related parties, as well as to spread the culture of risk management on an ongoing basis, provide guidance to all the company's employees, advice to the Executive Management, Board of Directors and its committees on the company's position and performance within the approved risk standards and issuing recommendations to readjust limits of risks acceptable to the company.

Second: Internal Control:

- Board of Directors has adopted an organizational structure consistent with the nature, activities and size of the company, which is characterized by transparency and clarity.
- Adequacy and effectiveness of the necessary internal control systems are checked at least once annually.
- Board of Directors verifies the independence and competence of the Internal Audit Department.
- Ci-Net is keen to the matter of transparency and integrity in its business, hence the company's annual report includes a report on the adequacy of internal control and control systems.

Third: Compliance with Regulations and Laws:

- Compliance and Conformity Framework approved by Board of Directors reflects the principles of promoting sound compliance practices. It also demonstrates the company's commitment to applicable legal and regulatory requirements and high professional standards. Accordingly, one of the duties of the Compliance Department is to assist the executive management in ensuring that all the company's business and employees comply with the laws and regulatory instructions and carry them out in accordance with the best professional standards and in general with the sound practices related to those activities. Director of Compliance Department may refer to Board of Directors through the Audit and Corporate Governance committees if necessary.
- Compliance risk is the risk of legal or regulatory penalties and material loss or damage to the company's reputation as a result of non-compliance with requirements of regulating laws, applicable rules and regulations and standards and rules of professional conduct. The compliance policy explains the company's approach to manage compliance risks. This policy sets out the requirements of the company's compliance program, defines the role and responsibilities of Board of Directors, Executive Management, employees, internal audit and the three lines of defense for compliance risk management. These requirements work together to provide a comprehensive risk-based approach in order to proactively identify, manage and escalate compliance risks across the company. The company's compliance policy also defines requirements for generally reporting compliance risks to Executive Management and Board of Directors or its committees. The Board of Directors monitors compliance risks mainly through Audit Committee, the Governance Committee and Nomination and Remuneration Committee.

SHAREHOLDERS AND SUBSCRIBERS

List of the Company's key shareholders

Shareholder	Amount	Shares
Central Bank of Kuwait	2,800,000	12.28 %
National Bank of Kuwait	1,972,000	8.65 %
Ahli United Bank	1,400,000	6.14 %
Al Ahli Bank of Kuwait	1,400,000	6.14 %
Commercial Bank of Kuwait	1,400,000	6.14 %
Bank of Bahrain and Kuwait	1,400,000	6.14 %
Gulf Bank	1,400,000	6.14 %
Kuwait International Bank	1,400,000	6.14 %
Burgan Bank	1,400,000	6.14 %
Kuwait Finance House	1,400,000	6.14 %
Commercial Facilities Company	1,400,000	6.14 %
Wared Lease & Finance Company	1,400,000	6.14 %
Arzan Financial Group for Financing & Investment	1,400,000	6.14 %
Osoul Leasing and Finance Company	800,000	3.51 %
A'ayan Leasing & Investment Company	800,000	3.51 %
YAAS Installments Company	300,000	1.32 %
Alamana Finance Company K.S.C.Closed	250,000	1.10 %
Yusuf Ahmed Al Ghanim & Sons	250,000	1.10 %
Boubyan Bank	228,000	1.00 %
Total	22,800,000	100%

List of Subscribers with Ci-Net

Conventional, Islamic and Foreign Banks

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

Investment & Financing Companies Under the Supervision of the CBK

- Commercial Facilities Company
- Al Manar Financing & Leasing Co. K.S.C.C
- Arzan Financial Group for Financing & Investment
- Kuwait Finance and Investment Company
- Al Mulla International Finance Co. KSCC
- UniCap Investment and Finance Company
- AISoor Financing and Leasing Co.
- Kuwait Financial Centre «Markaz»
- Noor Financial Investment Company
- Arab Investment Company
- KAMCO Investment Company
- Asiya Capital Investments Company
- Kuwait & Middle East Financial Investment Company
- Al Madar Finance & Investment Company
- Al Riyadh Finance & Investment Co. K.S.C
- Al Safat Investment Company
- Aref Investment Group
- Dimah Capital Investment Company
- First Investment Company
- Kuwait Investment Company
- Kuwait Pillars for Financial Investment Company
- Securities Group Company
- Massaleh Investments Company
- Tharwa Investment Company
- Aayan Leasing and Investment Company
- Alamana Finance Company K.S.C Closed
- Amar Finance & Leasing Company
- Osoul Investment Company
- Wared Lease & Finance Company
- Rasameel Investment Company
- National Leasing and Financing Company
- Al Imtiaz Investment Group Company
- Wafra International Investment Company
- AIMasar leasing and Investment Company
- Hayat Investment Company

Commercial Companies Under the Supervision of the MOCI

- Yusuf Ahmed Alghanim & Sons WLL
- Yaas Installments Credit Facilities Company
- Al Andalus Trading Company
- Tashelat Al Duwaliya Company
- Eureka Trading Co
- Easa Husain Al Yousifi & Sons General Trading & Contracting Company
- Al Zayani Trading Company
- Al Adan Real Estate Company
- Dakheel Al Jassar Electrical Industries Company
- Kuwait Automotive Imports Co. W.L.L.
- Electron Electronics Company
- Abyat Megastore
- Al Masila United Group for Car Rental
- Al Babtain Turnkey Solutions
- Abdulmohsen Abdulaziz Al Babtain Company
- Al Sayer Facilities General Trading & Contracting Company
- KGL Car Rental Company W.L.L.
- Jarir International Central Market for Non Foodstuff Company
- Blink Gaming Gadgets Electronics Company
- First Equilease for Equipment & Transportation Company
-

Semi-Governmental Institutions

- The National Fund for Small & Medium Enterprise Development