

**Watani Islamic KD Money Market Fund
(Formerly known as Watani KD Money Market Fund
According to Islamic Shariah Principles II)
State of Kuwait**

**Independent auditor's review report and condensed interim
financial information (unaudited) for the three-month period
ended 31 March 2025**

**Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
State of Kuwait**

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Independent auditor's report on review of condensed interim financial information

The Fund Manager

Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
State of Kuwait

Introduction

We have reviewed the accompanying 31 March 2025 condensed interim financial information of Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II) (the "Fund") for the three-month period ended 31 March 2025, which comprises the condensed interim statement of financial position as at 31 March 2025, the condensed interim statements of profit or loss and other comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the three-month period then ended, and notes to the condensed interim financial information. Management of the Fund Manager is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed interim financial information for the three-month period ended 31 March 2025 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.



Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the condensed interim financial information is in agreement with the books of account of the Fund. We further report that, nothing has come to our attention that causes us to believe that there were any violations of the provisions of Law No. 7 of 2010, as amended, pertaining to the establishment of the Capital Markets Authority and the regulation of securities activity, or of the Fund's Articles of Association, as amended, during the three-month period ended 31 March 2025 that might have had a material effect on the business of the Fund or on its financial position.

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

Kuwait: 22 April 2025

**Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
State of Kuwait**

**Condensed interim statement of financial position (unaudited)
as at 31 March 2025**

	Note	31 March 2025 KD (unaudited)	31 December 2024 KD (audited)	31 March 2024 KD (unaudited)
Assets				
Cash and cash equivalents	5	35,305,294	37,720,873	80,341,553
Wakala deposits	6	96,882,236	97,693,194	51,052,980
Financial assets carried at fair value through profit or loss	7	2,816,710	8,604,704	-
Other receivables		1,212,082	662,010	804,989
Total assets		136,216,322	144,680,781	132,199,522
Liabilities				
Other liabilities	8	266,072	337,467	2,784,981
Total liabilities		266,072	337,467	2,784,981
Net assets attributable to holders of redeemable units		135,950,250	144,343,314	129,414,541
Represented by:				
Unitholders' contributions	9	112,262,975	120,056,013	110,062,801
Unit premium	9	539,536	2,156,450	461,691
Retained earnings		23,147,739	22,130,851	18,890,049
Total unit holders' fund		135,950,250	144,343,314	129,414,541
Outstanding number of redeemable units	9	112,262,975	120,056,013	110,062,801
Net Asset Value ("NAV") per unit	10	1.210998	1.202300	1.175825



Watani Investment Company K.S.C.C.
In its capacity as Fund Manager



Kuwait Clearing Company S.A.K.
In its capacity as Investment Controller

The accompanying notes form an integral part of this condensed interim financial information.

**Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund
According to Islamic Shariah Principles II)
State of Kuwait**

**Condensed interim statement of profit or loss and other comprehensive income (unaudited)
for the three-month period ended 31 March 2025**

	Note	Three-month period ended	
		31 March	
		2025	2024
		KD	KD
Income			
Investment income		1,254,883	1,483,319
Realised gain on financial assets carried at fair value through profit or loss		30,960	-
Unrealised gain on financial assets carried at fair value through profit or loss		23,048	-
		<u>1,308,891</u>	<u>1,483,319</u>
Expenses			
Management fees	12	(278,462)	(252,357)
Other expenses		(13,541)	(14,743)
		<u>(292,003)</u>	<u>(267,100)</u>
Net profit for the period		1,016,888	1,216,219
Other comprehensive income		-	-
Total comprehensive income for the period		<u>1,016,888</u>	<u>1,216,219</u>

The accompanying notes form an integral part of this condensed interim financial information.

**Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
State of Kuwait**

**Condensed interim statement of changes in net assets attributable to holders of redeemable units (unaudited)
for the three-month period ended 31 March 2025**

	Outstanding number of redeemable units	Unitholders' contributions KD	Unit premium KD	Retained earnings KD	Total KD
Balance at 1 January 2025 (audited)	120,056,013	120,056,013	2,156,450	22,130,851	144,343,314
Net profit and total comprehensive income for the period	-	-	-	1,016,888	1,016,888
Subscription of redeemable units	19,324,195	19,324,195	3,971,561	-	23,295,756
Redemption of redeemable units	(27,117,233)	(27,117,233)	(5,588,475)	-	(32,705,708)
Balance at 31 March 2025 (unaudited)	112,262,975	112,262,975	539,536	23,147,739	135,950,250
Balance at 1 January 2024 (audited)	102,768,656	102,768,656	(759,113)	17,673,830	119,683,373
Net profit and total comprehensive income for the period	-	-	-	1,216,219	1,216,219
Subscription of redeemable units	23,381,457	23,381,457	3,974,191	-	27,355,648
Redemption of redeemable units	(16,087,312)	(16,087,312)	(2,753,387)	-	(18,840,699)
Balance at 31 March 2024 (unaudited)	110,062,801	110,062,801	461,691	18,890,049	129,414,541

The accompanying notes form an integral part of this condensed interim financial information.

Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
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Condensed interim statement of cash flows (unaudited)
for the three-month period ended 31 March 2025

	Note	Three-month period ended	
		31 March	
		2025	2024
		KD	KD
Cash flows from operating activities			
Net profit for the period		1,016,888	1,216,219
<i>Adjustment</i>			
Allowance for expected credit losses		(639)	567
Realised gain on financial assets carried at FVTPL		(30,960)	-
Unrealised gain on financial assets carried at FVTPL		(23,048)	-
		<u>962,241</u>	<u>1,216,786</u>
<i>Changes in:</i>			
- wakala deposits		810,958	(18,346,780)
- financial assets carried at fair value through profit or loss		5,842,002	-
- other receivables		(550,072)	(251,929)
- other liabilities		(70,756)	2,376,943
<i>Net cash flows from / (used in) operating activities</i>		<u>6,994,373</u>	<u>(15,004,980)</u>
Cash flows from financing activities			
Subscription of redeemable units		23,295,756	27,355,648
Redemption of redeemable units		(32,705,708)	(18,840,699)
<i>Net cash flows (used in) / from financing activities</i>		<u>(9,409,952)</u>	<u>8,514,949</u>
Net change in cash and cash equivalents		(2,415,579)	(6,490,031)
Cash and cash equivalents at beginning of the period		37,720,873	86,831,584
Cash and cash equivalents at end of the period	5	<u>35,305,294</u>	<u>80,341,553</u>

The accompanying notes form an integral part of this condensed interim financial information.

Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
State of Kuwait

Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 2025

1. Reporting entity

Watani Islamic KD Money Market Fund (the “Fund”) is an open-ended fund established on 1 July 2014 in the State of Kuwait. The Fund is governed under the Law No. 7 of 2010, as amended, pertaining to the establishment of the Capital Markets Authority (the “CMA”) and the regulation of securities activity.

The Fund is managed by Watani Investment Company K.S.C. (Closed) (“NBK Wealth” or the “Fund Manager”) and custodian activities are managed by Kuwait Clearing Company S.A.K. (the “Custodian”). The Fund Manager is a subsidiary of the National Bank of Kuwait S.A.K.P. (“NBK” or the “Parent of the Fund Manager”).

The Fund Manager’s registered office is Watani Investment Company K.S.C. (Closed), P.O. Box 4950, Safat 13050, State of Kuwait.

On 12 March 2025, after completion of the requisite regulatory requirements, the Fund manager changed the name of the Fund from Watani KD Money Market Fund According to Islamic Shariah Principles II to Watani Islamic KD Money Market Fund.

The objective of the Fund is to achieve competitive returns by investing in short and medium-term financial instruments that are compliant with the Islamic Shariah principles and are available in the financial market, such as the instruments arising from Murabaha operations. The Fund may invest in other investment funds whose investment objectives are similar to those of the Fund and that are compliant with the Islamic Shariah principles to the extent that they do not conflict with the investment methods and policies specified in the Articles of Association, as amended, of the Fund. All the instruments in which the Fund will invest should comply with the provisions of Islamic Shariah principles as determined by the Fund’s External Shariah Audit Office. The Fund will seek to maximise its net asset value while maintaining a high level of liquidity by investing in high-quality instruments. The instruments in which the fund invests is denominated in Kuwaiti Dinar and the Fund has the right to invest in instruments denominated in other currencies.

The duration of the Fund is fifteen years from the date of inception and can be renewed thereafter, for a similar period, on approval by a majority of unit holders and the CMA.

This condensed interim financial information was authorised for issuance by the Fund Manager on 22 April 2025.

2. Basis of preparation

This condensed interim financial information has been prepared in accordance with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the Fund’s last annual financial statements for the year ended 31 December 2024 (the “latest annual financial statements”). This does not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund’s financial position and performance since the latest annual financial statements.

This condensed interim financial information has been presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Fund.

Operating results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025.

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State of Kuwait

Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 2025

3. Material accounting policies

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the latest annual financial statements, except for the new standards and interpretations which are effective as of 1 January 2025. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2025, but do not have a material impact on the condensed interim financial information of the Fund.

4. Judgments and estimates

In preparing this condensed interim financial information, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those applied to the latest annual financial statements.

5. Cash and cash equivalents

	31 March 2025 KD (unaudited)	31 December 2024 KD (audited)	31 March 2024 KD (unaudited)
Cash at bank	152,164	215,233	2,674,180
Wakala deposits with original maturity of less than three months	<u>35,153,130</u>	<u>37,505,640</u>	<u>77,667,373</u>
	<u>35,305,294</u>	<u>37,720,873</u>	<u>80,341,553</u>

Certain cash at bank balances are placed with related parties (note 11).

Short term wakala deposits with original maturities of less than three months are placed with a local financial institution, a related party (note 11) and carry fixed profit rate of 3.8% to 3.75% (31 December 2024: 1.75% to 3.85% and 31 March 2024: 3.8% to 4.38%) per annum.

6. Wakala deposits

Wakala deposits are placed with local financial institutions, with original maturity of more than three months and less than one year and carry fixed profit rate of 3.13% to 4.25% (31 December 2024: 1.90% to 4.25% and 31 March 2024: 4.35% to 5.15%) per annum. Certain wakala deposits are placed with a related party (note 11).

7. Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss represent investment in Shariah compliant money market funds. Certain investment in financial assets carried at fair value through profit or loss are issued by a related party.

The fair value of the assets as at the reporting date is has been determined using the valuation techniques relevant to Level 1 of the fair value hierarchy.

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Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 2025

8. Other liabilities

	31 March 2025 KD (unaudited)	31 December 2024 KD (audited)	31 March 2024 KD (unaudited)
Management fees payable (note 11)	92,139	100,704	87,147
Subscriptions received in advance*	152,000	215,000	2,674,000
Other payables	21,933	21,763	23,834
	<u>266,072</u>	<u>337,467</u>	<u>2,784,981</u>

*Subscriptions received in advance represent amounts received from new subscribers of the Fund. Subscriptions in the Fund takes place by submitting an application to the Fund Manager or the selling agent. Subscriptions should be made according to the NAV per unit on the relevant valuation day that falls after the submission of the subscription.

9. Unitholders' contribution and unit premium

Unitholders' contributions

As at 31 March 2025, the issued and paid-up unit capital of the Fund was KD 112,262,975 divided into 112,262,975 redeemable units with par value of KD 1 each (31 December 2024: KD 120,056,013 divided into 120,056,013 redeemable units with par value of KD 1 each and 31 March 2024: KD 110,062,801 divided into 110,062,801 redeemable units with par value of KD 1 each).

Unit premium

This represents surpluses of par value on subscriptions / redemptions of the Fund's units.

10. Net Asset Value per unit

	31 March 2025 (unaudited)	31 December 2024 (audited)	31 March 2024 (unaudited)
Net assets attributable to unit holders (KD)	135,950,250	144,343,314	129,414,541
Number of units outstanding	112,262,975	120,056,013	110,062,801
Net asset value per unit (KD)	1.210998	1.202300	1.175825

11. Related party balances and transactions

Related parties comprise the Fund Manager, Parent of the Fund Manager, major unit holders and companies of which they are principal owners or over which they are able to exercise significant influence. All related party transactions are carried out on terms approved by the Fund Manager.

Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
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Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 2025

Balances and transactions with related parties were as follows:

	31 March 2025 KD (unaudited)	31 December 2024 KD (audited)	31 March 2024 KD (unaudited)
<i>Condensed interim statement of financial position (unaudited)</i>			
Balances with the Parent of the Fund Manager			
Cash and cash equivalents (note 5)	152,032	215,063	2,674,033
Balances with the Fund Manager			
Management fees payable (note 8)	92,139	100,704	87,147
Other payables	965	225	2,650
Balances with other related party			
Cash and cash equivalents (note 5)	27,610,360	20,090,467	27
Wakala deposit (note 5 & 6)	62,498,530	64,356,480	37,332,125
Other receivables	875,594	297,693	472,442

	Three-month period ended 31 March	
	2025 KD (Unaudited)	2024 KD (Unaudited)
<i>Condensed interim statement of profit or loss and other comprehensive income (unaudited)</i>		
Transactions with other related party		
Investment income	810,897	581,637
Transactions with the Fund Manager		
Management fees (note 12)	278,462	252,357

The Law No.7 of 2010, as amended stipulates that participation of the Fund Manager in the units of the Fund must not be less than Kuwait Dinars (KD) 100,000 or equivalent. The Fund's Articles of Association, as amended, further stipulates that the Fund Manager may hold a maximum of 75% of the total unitholders' contributions of the Fund at any time.

The numbers of units attributable to the Fund Manager at the reporting date were 568,110 units amounting to KD 687,980 (31 December 2024: 568,110 units amounting to KD 683,039 and 31 March 2024: 568,110 units amounting to KD 667,998) which represented approximately 0.51% (31 December 2024: 0.47% and 31 March 2024: 0.52%) of the issued and paid-up capital of the Fund.

There were no units attributable to the Parent of the Fund Manager as at the reporting date (31 December 2024 and 31 March 2024: nil).

12. Management fees

The Fund Manager is entitled to management fees of a maximum of 1% (31 December 2024 and 31 March 2024: 1%) per annum calculated on the Net Asset Value of the Fund on every valuation day and payable duly accumulated at the end of every month.

Watani Islamic KD Money Market Fund (Formerly known as Watani KD Money Market Fund According to Islamic Shariah Principles II)
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Notes to the condensed interim financial information (unaudited)
for the three-month period ended 31 March 2025

13. Financial risk management policies

All aspects of the Fund's financial risk management objectives and policies are consistent with that disclosed in the latest annual financial statements.

14. 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date.

The fair value of the financial assets and liabilities at the reporting date were not significantly different from their carrying value due to the of short-term maturities or are repriced immediately based on market movement in profit rates.

Fair value hierarchy

The Fund classifies financial assets into the following three levels based on the significance of inputs used in measuring the fair value of the financial assets:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no transfers between levels of the fair value hierarchy during the period.

15. Commitments and contingent liabilities

There are no contingent liabilities outstanding as at 31 March 2025 (31 December 2024 and 31 March 2024: nil).

16. Capital management

The Fund's Articles of Association, as amended, specifies the minimum amount of capital that must be held by the Fund, which is in line with the CMA regulations.

The Fund manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. There has been no change in the management strategy during the period.

The table below summarises the capital held by the Fund:

	31 March 2025 (unaudited)	31 December 2024 (audited)	31 March 2024 (unaudited)
Unitholders' contribution	112,262,975	120,056,013	110,062,801
Minimum capital requirement	2,000,000	2,000,000	2,000,000