

**Watani KD Money Market Fund II  
State of Kuwait**

**Independent auditor's review report and condensed interim  
financial information (unaudited) for the three-month period  
ended 31 March 2026**

**Watani KD Money Market Fund II**  
**State of Kuwait**

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## KPMG Al-Qenae & Partners

Al Hamra Tower, 25<sup>th</sup> Floor  
Abdulaziz Al Saqr Street  
P.O Box 24, Safat 13001  
State of Kuwait  
+965 2228 7000

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

The Fund Manager  
Watani KD Money Market Fund II  
State of Kuwait

## Introduction

We have reviewed the accompanying 31 March 2026 condensed interim financial information of Watani KD Money Market Fund II (the "Fund") for the three-month period ended 31 March 2026, which comprises the condensed interim statement of financial position as at 31 March 2026, 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 2026 condensed interim financial information for the three-month period ended 31 March 2026 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 2026 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: 20 April 2026

**Watani KD Money Market Fund II**  
**State of Kuwait**

**Condensed interim statement of financial position (unaudited)**  
*as at 31 March 2026*

	Notes	31 March 2026 KD (unaudited)	31 December 2025 KD (audited)	31 March 2025 KD (unaudited)
<b>Assets</b>				
Cash and cash equivalents	5	158,542,935	112,289,784	119,048,906
Term deposits	6	99,773,285	107,762,364	150,619,796
Wakala deposits	6	208,123,205	177,665,219	110,249,621
Financial assets carried at fair value through profit or loss	7	1,056	1,047	16,698,840
Other receivables		6,646,742	5,179,531	3,599,603
<b>Total assets</b>		<b>473,087,223</b>	<b>402,897,945</b>	<b>400,216,766</b>
<b>Liabilities</b>				
Other liabilities	8	7,546,342	437,561	471,594
<b>Total liabilities</b>		<b>7,546,342</b>	<b>437,561</b>	<b>471,594</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>465,540,881</b>	<b>402,460,384</b>	<b>399,745,172</b>
<b>Represented by:</b>				
Unitholders' contributions	9	367,153,188	320,049,512	326,100,118
Unit premium / (deficit)	9	8,952,373	(3,369,567)	(2,545,823)
Retained earnings		89,435,320	85,780,439	76,190,877
<b>Total</b>		<b>465,540,881</b>	<b>402,460,384</b>	<b>399,745,172</b>
Outstanding number of redeemable units	9	367,153,188	320,049,512	326,100,118
<b>Net Asset Value ("NAV") per unit</b>	10	<b>1.267974</b>	1.257494	1.225836



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



Kuwait International Trustee Company K.S.C.  
In its capacity as Investment Controller

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

**Watani KD Money Market Fund II**  
**State of Kuwait**

**Condensed interim statement of profit or loss and other comprehensive income (unaudited)**  
*for the three-month period ended 31 March 2026*

	Note	Three-month period ended 31	
		2026	2025
		KD	KD
		(unaudited)	(unaudited)
<b>Income</b>			
Interest income		1,808,884	2,043,244
Wakala income		2,732,745	1,441,895
Realised gain on financial assets carried at fair value through profit or loss		-	127,867
Unrealised gain on financial assets carried at fair value through profit or loss		9	142,076
		<u>4,541,638</u>	<u>3,755,082</u>
<b>Expenses</b>			
Management fees	12	(869,505)	(783,026)
Other expenses		(17,252)	(15,086)
		<u>(886,757)</u>	<u>(798,112)</u>
<b>Net profit for the period</b>		<b>3,654,881</b>	<b>2,956,970</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b><u>3,654,881</u></b>	<b><u>2,956,970</u></b>

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

**Watani KD Money Market Fund II**  
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**Condensed interim statement of changes in net assets attributable to holders of redeemable units (unaudited)**  
*for the three-month period ended 31 March 2026*

	<b>Outstanding number of redeemable units</b>	<b>Unitholders' contributions KD</b>	<b>Unit (deficit) / premium KD</b>	<b>Retained earnings KD</b>	<b>Total KD</b>
<b>Balance at 1 January 2026 (audited)</b>	<b>320,049,512</b>	<b>320,049,512</b>	<b>(3,369,567)</b>	<b>85,780,439</b>	<b>402,460,384</b>
Net profit and total comprehensive income for the period	-	-	-	<b>3,654,881</b>	<b>3,654,881</b>
Subscription of redeemable units	<b>80,185,927</b>	<b>80,185,927</b>	<b>20,995,363</b>	-	<b>101,181,290</b>
Redemption of redeemable units	<b>(33,082,251)</b>	<b>(33,082,251)</b>	<b>(8,673,423)</b>	-	<b>(41,755,674)</b>
<b>Balance at 31 March 2026 (unaudited)</b>	<b><u>367,153,188</u></b>	<b><u>367,153,188</u></b>	<b><u>8,952,373</u></b>	<b><u>89,435,320</u></b>	<b><u>465,540,881</u></b>
Balance at 1 January 2025 (audited)	315,855,302	315,855,302	(4,775,899)	73,233,907	384,313,310
Net profit and total comprehensive income for the period	-	-	-	2,956,970	2,956,970
Subscription of redeemable units	47,777,308	47,777,308	10,542,091	-	58,319,399
Redemption of redeemable units	<b>(37,532,492)</b>	<b>(37,532,492)</b>	<b>(8,312,015)</b>	-	<b>(45,844,507)</b>
Balance at 31 March 2025 (unaudited)	<b><u>326,100,118</u></b>	<b><u>326,100,118</u></b>	<b><u>(2,545,823)</u></b>	<b><u>76,190,877</u></b>	<b><u>399,745,172</u></b>

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

**Watani KD Money Market Fund II**  
**State of Kuwait**

**Condensed interim statement of cash flows (unaudited)**  
*for the three-month period ended 31 March 2026*

	Note	Three-month period ended	
		31 March	
		2026	2025
		KD	KD
		(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the period		3,654,881	2,956,970
<i>Adjustment for:</i>			
Allowance for expected credit losses		2,711	728
Realised gain on financial assets carried at fair value through profit or loss		-	(127,867)
Unrealised gain on financial assets carried at fair value through profit or loss		(9)	(142,076)
		<u>3,657,583</u>	<u>2,687,755</u>
<i>Changes in:</i>			
- term deposits		7,989,079	(27,343,706)
- wakala deposits		(30,457,986)	22,561,908
- financial assets carried at fair value through profit or loss		-	20,000,004
- other receivables		(1,467,211)	(1,380,338)
- other liabilities		7,106,070	(3,732,868)
<i>Net cash flows (used in) / from operating activities</i>		<u>(13,172,465)</u>	<u>12,792,755</u>
<b>Cash flows from financing activities</b>			
Subscription of redeemable units		101,181,290	58,319,399
Redemption of redeemable units		(41,755,674)	(45,844,507)
<i>Net cash flows generated from financing activities</i>		<u>59,425,616</u>	<u>12,474,892</u>
Net change in cash and cash equivalents		46,253,151	25,267,647
Cash and cash equivalents at beginning of the period		112,289,784	93,781,259
<b>Cash and cash equivalents at end of the period</b>	5	<u>158,542,935</u>	<u>119,048,906</u>

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

**Watani KD Money Market Fund II**  
**State of Kuwait**

**Notes to the condensed interim financial information (unaudited)**  
*for the three-month period ended 31 March 2026*

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**1. Reporting entity**

Watani KD Money Market Fund II (the “Fund”) is an open-ended fund established on 29 April 2014 in the State of Kuwait. The Fund is governed under 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 International Trustee Company K.S.C. (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 No. 4950, Safat 13050, State of Kuwait.

The Fund’s objective is to achieve returns higher than the rate of return on fixed deposits by investing in high-quality money market instruments such as government treasury bonds, sukuks, corporate bonds, fixed deposits and certificate of bonds (including repurchase agreements) in Kuwaiti Dinars or foreign currencies and any other money market instruments.

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 20 April 2026.

**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 latest annual financial statements for the year ended 31 December 2025 (the “latest annual financial statements”). They do 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 is presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Fund.

Operating results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the year ending 31 December 2026.

**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 2026. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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**Notes to the condensed interim financial information (unaudited)**  
*for the three-month period ended 31 March 2026*

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Several amendments apply for the first time in 2026, 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 consistent with those applied in the latest annual financial statements. However, as disclosed in Note 17, geopolitical developments in the Middle East since late February 2026 have increased economic and market uncertainty across GCC countries, including Kuwait. These events have contributed to heightened volatility in financial markets and may impact the valuation of the Fund's assets.

Management has considered the potential effects of this evolving situation in its assessment of fair values and other estimates, based on available information at the reporting date. Given the dynamic nature of these developments, the extent of the financial impact remains uncertain and may affect future results. Accordingly, management will continue to monitor the situation and reassess its judgments and estimates as further information becomes available.

**5. Cash and cash equivalents**

	<b>31 March 2026 KD (unaudited)</b>	31 December 2025 KD (audited)	31 March 2025 KD (unaudited)
Cash at bank	<b>7,197,585</b>	144,264	168,306
Short-term deposits with original maturity of less than three months	<b>69,519,000</b>	83,860,392	79,533,900
Short-term wakala deposits with original maturity of less than three months	<b>81,826,350</b>	28,285,128	39,346,700
	<b><u>158,542,935</u></b>	<u>112,289,784</u>	<u>119,048,906</u>

Short-term deposits are placed with local financial institutions and carry interest rates ranging from 3.75% to 4.13% (31 December 2025: 4.15% to 4.45% and 31 March 2025: 3.55% to 4.15%) per annum.

Short-term wakala deposits are placed with a local financial institution and yield an effective profit rate ranging from 3.90% to 4.55% (31 December 2025: 4.05% to 4.25% and 31 March 2025: 3.65% to 3.75%) per annum. Certain short-term wakala deposits are placed with a related party (note 11).

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

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**Notes to the condensed interim financial information (unaudited)**  
*for the three-month period ended 31 March 2026*

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**6. Term deposits and wakala deposits**

Term deposits with original maturities of more than three months, are placed with local financial institutions and carry effective interest rates ranging from 4.00% to 4.87% (31 December 2025: 4.00% to 5.05% and 31 March 2025: 3.80% to 4.25%) per annum. Certain term deposits are placed with a related party (note 11).

Wakala deposits with original maturities of more than three months are placed with local financial institutions and carry effective profit rates ranging from 4.00% to 4.78% (31 December 2025: 4.00% to 4.78% and 31 March 2025: 3.13% to 4.20%) 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 has been determined using the valuation techniques relevant to Level 1 of the fair value hierarchy.

**8. Other liabilities**

	<b>31 March 2026 KD (unaudited)</b>	31 December 2025 KD (audited)	31 March 2025 KD (unaudited)
Management fees payable (note 11)	313,577	261,443	273,455
Subscriptions received in advance*	7,197,010	143,550	168,110
Other payables	35,755	32,568	30,029
	<u>7,546,342</u>	<u>437,561</u>	<u>471,594</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 this effect to the Fund Manager or the selling agent. Subscriptions shall be made according to the NAV per unit on the relevant valuation day that falls after the submission of the subscription.

**9. Unit holders' fund**

*Unitholders' contributions*

As at 31 March 2026, the issued and paid-up unit capital of the Fund was KD 367,153,188 divided into 367,153,188 redeemable units with par value of KD 1 each (31 December 2025: KD 320,049,512 divided into 320,049,512 redeemable units with par value of KD 1 each and 31 March 2025: KD 326,100,118 divided into 326,100,118 redeemable units with par value of KD 1 each).

*Unit premium / (deficit)*

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

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**Notes to the condensed interim financial information (unaudited)**  
*for the three-month period ended 31 March 2026*

**10. Net Asset Value per unit**

	<b>31 March 2026 (unaudited)</b>	31 December 2025 (audited)	31 March 2025 (unaudited)
Net assets attributable to unit holders (KD)	<b>465,540,881</b>	402,460,384	399,745,172
Outstanding number of redeemable units	<b>367,153,188</b>	320,049,512	326,100,118
Net Asset Value per unit (KD)	<b>1.267975</b>	1.257494	1.225836

**11. Related party balances and transactions**

Related parties comprise 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.

Balances and transactions with related parties were as follows:

	<b>31 March 2026 KD (unaudited)</b>	31 December 2025 KD (audited)	31 March 2025 KD (unaudited)
<i>Condensed interim statement of financial position (unaudited)</i>			
<b>Balances with the Parent of the Fund Manager</b>			
Cash and cash equivalents (note 5)	<b>7,197,386</b>	144,028	168,156
Term deposits (note 6)	-	11,904,950	11,904,950
Other receivables	-	421,403	-
<b>Balance with other related parties</b>			
Cash and cash equivalents (note 5)	<b>31,102,938</b>	13,000,077	39,346,741
Wakala deposits (note 6)	<b>105,498,165</b>	112,695,179	95,467,638
Other receivables	<b>2,307,349</b>	1,968,943	1,014,527
<b>Balances with the Fund Manager</b>			
Other payables	<b>1,725</b>	225	965
Management fees payable (note 8)	<b>313,577</b>	261,443	273,455
		<b>Three-month period ended 31 March</b>	
		<b>2026 KD (unaudited)</b>	<b>2025 KD (unaudited)</b>
<i>Condensed interim statement of profit or loss and other comprehensive income (unaudited)</i>			
<b>Transactions with the Parent of the Fund Manager</b>			
Interest income		<b>53,491</b>	62,623

**Watani KD Money Market Fund II**  
**State of Kuwait**

**Notes to the condensed interim financial information (unaudited)**  
*for the three-month period ended 31 March 2026*

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**Transactions with the entities under common control of  
the Fund Manager**

Wakala income	<b>1,443,203</b>	1,100,989
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**Transactions with the Fund Manager**

Management fees (note 12)	<b>869,505</b>	783,026
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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 number of units attributable to the Fund Manager at the reporting date were 3,064,570 units amounting to KD 3,885,797 (31 December 2025: 3,064,570 units amounting to KD 3,853,678 and 31 March 2025: 3,064,570 units amounting to KD 3,728,782) which represented approximately 0.83% (31 December 2025: 0.96% and 31 March 2025: 0.94%) 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 2025 and 31 March 2025: nil).

There were no units attributable to the other related parties at the reporting date (31 December 2025: 1,201 units amounting to KD 1,510 and 31 March 2025: nil) which represented approximately (31 December 2025: 0.0004% and 31 March 2025: Nil) of the issued and paid-up capital of the Fund.

**12. Management fees**

The Fund Manager is entitled to management fees of a maximum of 1% (31 December 2025 and 31 March 2025: 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 (note 11).

**13. Financial risk management policies**

All aspects of the Fund's financial risk management objectives and policies are consistent with those disclosed in the latest annual financial statements. However, recent geopolitical developments in the region, as disclosed in note 17, have increased market volatility and uncertainty, which may impact the Fund's risk profile. Management continues to monitor these developments closely.

**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 which the short-term maturities or are repriced immediately based on market movement in interest rate.

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**Notes to the condensed interim financial information (unaudited)**  
*for the three-month period ended 31 March 2026*

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*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.

The fair value of investment in money market instruments is derived based on the NAV published by the relevant fund managers in accordance with the investee fund's prospectus.

**15. 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 adjustment to it in the light of changes in economic conditions and the risk characteristics of its activities.

There has been no change in the capital management strategy during the period.

The table below summarises the capital held by the Fund:

	<b>31 March 2026 KD (unaudited)</b>	31 December 2025 KD (audited)	31 March 2025 KD (unaudited)
Unitholders' contribution	<b>367,153,188</b>	320,049,512	326,100,118
Minimum capital requirement	<b>2,000,000</b>	2,000,000	2,000,000

**16. Commitments and contingent liabilities**

There are no contingent liabilities or capital commitments outstanding as at 31 March 2026 (31 December 2025 and 31 March 2025: Nil).

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**Notes to the condensed interim financial information (unaudited)**  
*for the three-month period ended 31 March 2026*

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**17. Impact of geopolitical situation in the region**

Geopolitical events in the Middle East that commenced in late February 2026 and is ongoing have affected GCC countries, including Kuwait, resulting in regional disruptions.

The Fund Manager has considered and continues to monitor the potential impact of the current economic volatility on the reported amounts of the Fund's fair value of the financial and non-financial assets.

The reported amounts best represent management's assessment of the fair values based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental, and the Fund will accordingly continue to reassess its position and the related impact on a regular basis.

As of the date of authorisation of this condensed interim financial information, the financial effects cannot be reliably estimated due to the evolving nature of this event.