

OFFERING CIRCULAR DATED 6 NOVEMBER 2025



NATIONAL BANK OF KUWAIT S.A.K.P.

(incorporated as a public shareholding company in the State of Kuwait)

U.S.\$300,000,000 5.250 per cent. Resetting Subordinated Tier 2 Notes due 2036

The U.S.\$300,000,000 5.250 per cent. Resetting Subordinated Tier 2 Notes due 2036 (the "**Notes**") shall be issued by National Bank of Kuwait S.A.K.P. (the "**Issuer**" or the "**Bank**") on 10 November 2025 (the "**Issue Date**"). The payments of all amounts due in respect of the Notes will be subordinated to all Senior Obligations (as defined herein) of the Issuer, as more particularly described in Condition 3.1 (*Status of the Notes and Subordination*).

If a Non-Viability Event (as defined herein) occurs, a Write-down (as defined herein) shall occur on the relevant Non-Viability Event Write-down Date (as defined herein), as more particularly described in Condition 7 (*Write-down at the Point of Non-Viability*). In such circumstances, the Noteholders' rights to payment of any amounts under or in respect of the Notes shall, as the case may be, be cancelled or written-down *pro rata* among the Noteholders. See "*Risk Factors — Noteholders' right to receive repayment of the principal amount of the Notes and the Noteholders' right for any further interest may be written-down in whole or in part upon the occurrence of a Non-Viability Event*".

Interest Payment Amounts (as defined in the Conditions) shall be payable subject to and in accordance with the terms and conditions set out in the "*Terms and Conditions of the Notes*" (the "**Conditions**") on the outstanding principal amount of the Notes from (and including) the Issue Date to (but excluding) 10 February 2031 (the "**Reset Date**") at a rate of 5.250 per cent. per annum. If the Notes are not redeemed or purchased and cancelled in accordance with the Conditions on or prior to the Reset Date, Interest Payment Amounts shall be payable from (and including) the Reset Date subject to and in accordance with the Conditions at a fixed rate, to be reset on the Reset Date, equal to the Reset Interest Rate (as defined in the Conditions). Interest Payment Amounts will be payable semi-annually in arrear on 10 May and 10 November in each year, commencing on 10 May 2026 (each, an "**Interest Payment Date**"). Payments on the Notes will be made without withholding, deduction or retention for, or on account of, taxes, duties, assessments or other governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any Relevant Jurisdiction (as defined in the Conditions), subject to Condition 8 (*Taxation*).

Unless the Notes have previously been redeemed or purchased and cancelled as provided in the Conditions, the Issuer shall redeem the Notes at their principal amount on 10 February 2036 (the "**Maturity Date**"), but Notes may, at the option of the Issuer, subject to the prior approval of the Central Bank of the State of Kuwait (the "**Financial Regulator**", which shall include any successor entity having primary bank supervisory authority with respect to the Issuer in the State of Kuwait), be redeemed at par (in whole but not in part) on the date falling three months prior to the Reset Date and on any date thereafter up to and including the Reset Date or any Interest Payment Date thereafter, subject as further described in Condition 6 (*Redemption and Variation*). In addition, the Notes may, in the event of a Tax Event or Capital Event (each as defined in the Conditions), be redeemed (in whole but not in part) or varied at any time, subject as further described in Condition 6 (*Redemption and Variation*).

An investment in the Notes involves certain risks. For a discussion of these risks, see "*Risk Factors*".

The Notes may only be offered, sold or transferred in registered form in minimum principal amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Delivery of the Notes in book-entry form will be made on the Issue Date. The Notes will be represented by interests in a global certificate in registered form (the "**Global Certificate**") which will be registered in the name of a nominee for, and will be deposited with a common depository for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive individual certificates in respect of beneficial interests in the Global Certificate ("**Individual Certificates**") will not be issued except in certain limited circumstances described herein.

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading on the London Stock Exchange's International Securities Market ("**ISM**"). The ISM is not a United Kingdom ("**UK**") regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") ("**UK MiFIR**"). This Offering Circular does not constitute a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). References in this Offering Circular to the Notes being "**admitted to trading**" (and all related references) shall mean that the Notes have been admitted to trading on the ISM.

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UK Financial Conduct Authority (the "FCA**"). The London Stock Exchange has not approved or verified the contents of this Offering Circular.**

The Issuer has a long term rating of A and a short term rating of A-1 from S&P Global Ratings Europe Limited ("**S&P**"); a long term rating of A1 and a short term rating of P-1 by Moody's Investors Service Cyprus Ltd. ("**Moody's**"); and a long term rating of A+ and a short term rating of F1 by Fitch Ratings Ltd. ("**Fitch**"). The Notes have been assigned a rating of A- by Fitch. Each of S&P and Moody's is established in the European Economic Area (the "**EEA**") and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such each of S&P and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. The ratings issued by S&P are endorsed by S&P Global Ratings UK Limited in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). S&P Global Ratings UK Limited is established in the UK and registered under the UK CRA Regulation. The ratings issued by Moody's are endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation and have not been withdrawn. Moody's Investors Service Limited is established in the UK and registered under the UK CRA Regulation. Fitch is established in the UK and registered under the UK CRA Regulation. Fitch is not established in the EEA and has not applied for registration under the CRA Regulation. The ratings issued by Fitch are endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation and have not been withdrawn. Fitch Ratings Ireland Limited is established in the EEA and registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by ESMA on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold solely to non-U.S. persons in offshore transactions in accordance with Regulation S.

Sole Global Coordinator, Lead Manager and Bookrunner

Citigroup

The date of this Offering Circular is 6 November 2025.

IMPORTANT NOTICE

This Offering Circular comprises admission particulars for the purpose of the ISM Rulebook. This Offering Circular does not comprise a prospectus for the purposes of either Regulation (EU) 2017/1129 or the UK Prospectus Regulation and has not been approved as such by the competent authority in any member state of the EEA or by the FCA. The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect its import.

Certain information contained in "*Risk Factors*", "*Description of the Group*" and "*Overview of Kuwait*" (as indicated therein) has been extracted from the following independent, third party sources: The International Monetary Fund (the "**IMF**"), the Organisation of Petroleum Exporting Countries ("**OPEC**"), the Sovereign Wealth Fund Institute, the Central Bank of the State of Kuwait (the "**CBK**") and the Kuwait Central Statistical Bureau (the "**CSB**"). The Issuer confirms that all third-party information contained in this Offering Circular has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by the relevant third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information contained in this Offering Circular is stated where such information appears in the Offering Circular. Where information has not been independently sourced, it is the Group's own information.

Citigroup Global Markets Limited in its capacity as Sole Global Coordinator, Lead Manager and Bookrunner (the "**Sole Global Coordinator**") has not independently verified the information contained herein. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Global Coordinator as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the issuance of the Notes, or for any acts or omissions of the Issuer or any other person in connection with the Offering Circular or the issuance of the Notes.

No person is or has been authorised by the Issuer or the Sole Global Coordinator to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the issuance of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Sole Global Coordinator.

Neither this Offering Circular nor any other information supplied in connection with the issuance of the Notes: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer or the Sole Global Coordinator that any recipient of this Offering Circular or any other information supplied in connection with the issuance of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the issuance of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Sole Global Coordinator to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer

is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issuance of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Sole Global Coordinator expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the issuance or to advise any investor in the Notes of any information coming to its attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Sole Global Coordinator do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Sole Global Coordinator which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of any Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of any Notes in the United States, the UK, the EEA, Hong Kong, Japan, Singapore, the United Arab Emirates (excluding the Abu Dhabi Global Market (the "**ADGM**") and the Dubai International Financial Centre (the "**DIFC**")), the ADGM, the DIFC, the State of Kuwait ("**Kuwait**"), the Kingdom of Saudi Arabia, the Kingdom of Bahrain ("**Bahrain**") and the State of Qatar ("**Qatar**") (see "*Subscription and Sale*").

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments of principal or interest is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and are of high risk and are not a suitable or appropriate investment for all investors (see, in particular, "UK MiFIR Product Governance / Professional Investors and ECPs only Target Market", "PRIIPS Regulation / Prohibition of Sales to EEA Retail Investors" and "UK PRIIPS Regulation / Prohibition of Sales to UK Retail Investors" below). In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities similar to the Notes. There are risks inherent in the holding of the Notes, including the risks in relation to their subordination and the circumstances in which holders of the Notes may suffer loss as a result of holding the Notes. See "Risk Factors" for a discussion of certain considerations to be taken into account in connection with an investment in the Notes. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) the Notes are legal investments for it; (b) the Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

This offer document is an Exempt Offer document in accordance with the Market Rulebook of the ADGM Financial Services Regulatory Authority. This Exempt Offer document is intended for distribution only to Persons of a type specified in the Market Rulebook. It must not be delivered to, or relied on by, any other Person. The ADGM Financial Services Regulatory Authority has no responsibility for reviewing or verifying any documents in connection with an Exempt Offer. The ADGM Financial Services Regulatory Authority has not approved this Exempt Offer document nor taken steps to verify the information set out in it, and has no responsibility for it. The Securities to which this Exempt Offer relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Securities offered should conduct their own due diligence on the Securities. If you do not understand the contents of this Exempt Offer document you should consult an authorised financial advisor.

STABILISATION

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-

allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION / PROHIBITION OF SALES TO RETAIL INVESTORS IN THE EEA

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of EU MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO RETAIL INVESTORS IN THE UK

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in Bahrain, Notes issued in connection with this Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in Bahrain where such investors make a minimum investment of at least U.S.\$100,000, or any equivalent amount in another currency or such other amount as the CBB may determine.

This Offering Circular does not constitute an offer of securities in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Notes, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of the Notes will be made to the public in Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

The Notes will not be offered, sold or delivered at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar (including the Qatar Financial Centre). The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in Qatar (including the Qatar Financial Centre) and do not constitute debt financing in Qatar (including the Qatar Financial Centre) under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar (including the Qatar Financial Centre).

NOTICE TO RESIDENTS OF KUWAIT

Unless all necessary approvals from the Kuwait Capital Markets Authority (the "**CMA**") pursuant to Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulating of Securities Activities and its executive bylaws (each as amended) (the "**CML Rules**"), and the various resolutions, regulations, directives and instructions and announcements issued from time to time pursuant thereto, or in connection therewith (regardless of nomenclature), have been given in relation to the marketing of, and sale of, the Notes, the Notes may not be offered for sale, nor sold, in Kuwait. Neither this Offering Circular nor any of the information contained herein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

This Offering Circular is not for general circulation to the public in Kuwait nor will the Notes be sold by way of a public offering in Kuwait. In the event that the Notes are intended to be purchased onshore in Kuwait, the same may only be so purchased through a licensed person duly authorised to undertake such activity pursuant to the CML Rules. Investors from Kuwait acknowledge that the CMA and all other regulatory bodies in Kuwait assume no responsibility whatsoever for the contents of this Offering Circular or verify the validity and accuracy thereof. Prior to purchasing any Notes, it is recommended that a prospective holder of any Notes seeks professional advice from its advisors in respect to the contents of this Offering Circular so as to determine the suitability of purchasing the Notes.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Offering Circular may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Bank's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of the Group*" and other sections of this Offering Circular. The Bank has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Bank believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Offering Circular, if one or more of the risks or uncertainties detailed in the section entitled "*Risk Factors*" materialise, or if any of the Bank's underlying assumptions prove to be incomplete or inaccurate, the Bank's actual results of operations may vary from those expected, estimated or predicted.

These forward-looking statements speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Bank expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Historical Financial Statements

This Offering Circular contains:

- the unaudited interim condensed consolidated financial information of the Group as at and for the nine months ended 30 September 2025 (with comparative data for the nine months ended 30 September 2024) (the "**Interim Financial Information**");
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024 (with comparative data for the year ended 31 December 2023) (the "**2024 Financial Statements**"); and
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023 (with comparative data for the year ended 31 December 2022) (the "**2023 Financial Statements**").

In this Offering Circular, the 2024 Financial Statements and the 2023 Financial Statements are together referred to as the "**Annual Financial Statements**" and the Interim Financial Information and the Annual Financial Statements are together referred to as the "**Financial Statements**".

The Interim Financial Information has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "*Interim Financial Reporting*". The accounting policies used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the Annual Financial Statements. The Interim Financial Statements have been jointly reviewed by Ernst & Young Al Aiban, Al Osaimi & Partners with license no. 208A ("**EY**") and Deloitte & Touche Al Wazzan & Co. with license no. 62A ("**Deloitte**") in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" as stated in their review report included elsewhere in this Offering Circular.

The Annual Financial Statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("**CBK**") in the State of Kuwait. These regulations require banks and other financial institutions regulated by the CBK to adopt International Financial Reporting Standards ("**IFRS**") with an amendment for measuring the expected credit loss ("**ECL**") on credit facilities at the higher of ECL computed under IFRS 9, "Financial Instruments" in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

Reflecting the above, the Financial Statements have not been prepared in accordance with IFRS Accounting Standards as endorsed in the European Union based on Regulation (EC) No 1606/2002. The only material difference between IFRS Accounting Standards as adopted by Kuwait for financial services institutions regulated by the CBK and IFRS Accounting Standards as endorsed in the European Union is the amendment described above in relation to the measurement of ECL.

The Group's financial year ends on 31 December and references in this Offering Circular to "**2024**", "**2023**" and "**2022**" are to the 12-month period ending on 31 December in each of those years.

The Financial Statements incorporated by reference in this Offering Circular should be read in conjunction with the respective notes thereto.

In addition, this Offering Circular includes certain non-IFRS financial measures and ratios. See "*—Non-IFRS Financial Measures and APMs*" below.

All financial information regarding the Group in this Offering Circular as at, and for the nine months ended, 30 September 2025 and 30 September 2024 is unaudited and has been extracted or derived from the Interim Financial Information or from the Group's unaudited management accounts based on accounting records, as applicable, or is based on calculations of figures from these sources. In addition, all financial information regarding the Group in this Offering Circular as at, and for the years ended, 31 December 2024 and 31 December 2023 has been extracted or derived from the 2024 Financial Statements and, except where indicated, all financial information regarding the Group in this Offering Circular as at, and for the year ended, 31 December 2022 has been extracted or derived from the comparative financial information in the 2023 Financial Statements or, in either case, from the Group's unaudited management accounts based on accounting records, as applicable, or, in either case, is based on calculations of figures from these sources.

Certain numerical figures set out in this Offering Circular, including financial and operating data, have been rounded and some of these and other figures are also presented in KD millions or billions rather than in KD thousands as in the Financial Statements. Therefore, the sums of amounts given in some columns or rows in the tables and other lists presented in this Offering Circular may slightly differ from the totals specified for such columns or rows. Similarly, some percentage values presented in the tables in this Offering Circular have been rounded and the totals specified in such tables may not add up to 100 per cent. Percentages and amounts reflecting changes over time periods relating to financial and other data set out in "*Financial Review*" are calculated using the numerical data in the relevant Financial Statements.

Terminology

The Group conducts both conventional and, through its majority-owned subsidiary, Boubyan Bank K.S.C.P. ("**Boubyan Bank**"), Islamic banking activities. As a result, the Group earns both interest income and murabaha and Islamic financing income and incurs both interest expense and finance cost and distribution to depositors which give rise to both net interest income and net income from Islamic financing. For convenience, in certain places in this Offering Circular, including "*Financial Review*":

- interest income and murabaha and Islamic financing income are together referred to as "**finance income**"; and
- interest expense and finance cost and distribution to depositors are together referred to as "**financing cost**".

Non-IFRS Financial Measures and APMs

This Offering Circular contains references to certain non-IFRS measures, including capital adequacy, leverage and certain other ratios contained in "*Selected Consolidated Financial Data*" and referred to elsewhere in this Offering Circular. These measures constitute alternative performance measures (as defined in the European Securities and Markets Authority guidelines (the "**ESMA Guidelines**") on Alternative Performance Measures ("**APMs**")).

The Group believes that the APMs included in this Offering Circular provide useful supplementary information to both investors and to the Group's management ("**Management**"), as they facilitate the evaluation of underlying operating performance and financial position across financial reporting periods. However, investors should note that, since not all companies calculate financial measurements, such as the APMs presented by the Group in this Offering Circular, in the same manner, these are not always directly comparable to performance metrics used by other companies.

The APMs contained in this Offering Circular should not be considered in isolation and are not measures of financial performance or liquidity under IFRS. These non-IFRS measures should not be considered as an alternative to revenues, profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities or any other measure of liquidity derived in accordance with IFRS. Non-IFRS measures do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of actual results of operations. In addition, the APMs in this Offering Circular may not be comparable to other similarly titled measures used by other companies. The Group believes that net interest margin and other non-IFRS measures presented in this Offering Circular are useful indicators of financial performance that are widely used by investors to monitor the results of banks generally. Because of the discretion that the Group and other companies have in defining these measures and calculating the reported amounts, care should be taken in comparing these measures with similar measures used by other companies.

Monetary and Exchange Rate Policy

Kuwait's monetary and exchange rate policy is set and managed by the CBK. The CBK's main monetary policy objective is to maintain monetary stability with the aim to mitigate the impacts of inflation and to enhance social and economic progress in Kuwait and the growth of national income.

The CBK's policy for the Kuwaiti dinar exchange rate aims at maintaining and enhancing the relative stability of the Kuwaiti dinar against other currencies and shielding the domestic economy against the impacts of imported inflation. These responsibilities reflect the importance of the exchange rate policy in the Kuwaiti economy where no restrictions are imposed on the movement of capital.

Since 1975, the Kuwaiti dinar has been pegged to an undisclosed weighted basket of international currencies of Kuwait's major trade and financial partner countries (the "**Kuwaiti Dinar Basket**"), except between January 2003 and May 2007, when the Kuwaiti dinar was pegged to the U.S. dollar within margins around a parity rate.

This exchange rate policy contributes to maintaining the relative stability of the KD exchange rate against other currencies and strengthens the CBK's ability to implement a monetary

policy aimed at reducing inflationary pressures, particularly those resulting from fluctuations in the exchange rates of world currencies. The CBK has the ability to adjust the Kuwaiti Dinar Basket at its discretion.

The following table shows the Kuwaiti dinar per U.S.\$1.00 exchange rate based on daily data for the nine months ended 30 September 2025 and for the years ended 31 December in each of 2024, 2023 and 2022.

	<u>High U.S.\$/KD</u>	<u>Low U.S.\$/KD</u>	<u>Difference</u>	<u>Difference (%)</u>
30 September 2025	0.309	0.304	0.005	1.51
31 December 2024.....	0.308	0.305	0.003	1.13
31 December 2023.....	0.309	0.305	0.005	1.49
31 December 2022.....	0.311	0.302	0.009	2.90

Source: Central Bank of Kuwait

Definitions

Capitalised terms which are used but not defined in any section of this Offering Circular have the meanings attributed to them in the Conditions or any other section of this Offering Circular. In addition, the following terms used in this Offering Circular have the meanings defined below:

- references to the "**EU**" are to the European Union;
- references to "**GCC**" are to the Gulf Cooperation Council;
- reference to the "**Group**" are to the Bank and its subsidiaries taken as a whole;
- references to "**Kuwait**" are to the State of Kuwait;
- references to a "**Member State**" are references to a Member State of the European Economic Area; and
- references to the "**MENA region**" are to the Middle East and North Africa region.

Certain Conventions

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

All references in this Offering Circular to:

- "**U.S. dollars**", "**U.S.\$**" and "**\$**" refer to United States dollars being the legal currency for the time being of the United States of America;
- "**dinar**" and "**KD**" refer to Kuwaiti dinar being the legal currency for the time being of Kuwait;

- "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
- "**fil**" are to a unit of the dinar, with 1,000 fils equalling KD 1.00;
- "**GBP**" refer to the British Pound, being the legal currency for the time being of the United Kingdom; and
- "**Egyptian pounds**" and "**EGP**" refer to the legal currency for the time being of the Arab Republic of Egypt.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks and uncertainties. Prospective investors should consider carefully the risks and uncertainties associated with the Group's business and any investment in the Notes, together with all of the information that is included in this Offering Circular, and should form their own view before making an investment decision with respect to the Notes. In particular, prospective investors should evaluate the risks and uncertainties referred to or described below, which may have a material adverse effect on the Bank's business, results of operations and financial condition. Should one or more of the following events or circumstances occur at the same time or separately, the value of the Notes could decline and an investor might lose part or all of its investment.

The Bank believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Bank's inability to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and Bank does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Additional risks not presently known to the Bank or that the Bank currently deems immaterial may also impair the Bank's ability to pay interest, principal or other amounts on or in connection with the Notes.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Bank's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Bank described below and elsewhere in this Offering Circular. See "Forward-Looking Statements".

FACTORS THAT MAY AFFECT THE BANK'S ABILITY TO FULFIL ITS OBLIGATIONS IN RESPECT OF THE NOTES

Economic risks

Macro-economic and financial market conditions have materially adversely affected and may continue to materially adversely affect the Group's business, results of operations and financial condition

The Group, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. The economies of many oil producing countries in the Middle East, including Kuwait, were adversely impacted by market conditions during and after the COVID-19 pandemic, as well as by volatility in commodity prices (including oil) and inflation and interest rates since 2022. More recently, continuing tariff announcements by the US administration in 2025 and retaliatory measures announced by other countries have resulted in heightened uncertainty and volatility in global trade and financial markets.

The Group's operations are concentrated in Kuwait and the MENA region. For the nine months ended 30 September 2025, 71.6 per cent. of the Group's net operating income was derived from its operations in Kuwait (compared to 74.0 per cent. in 2024, 74.4 per cent. in 2023 and 73.6 per cent. in 2022). As at 31 December 2024, 72.5 per cent. of the Group's maximum exposure to credit risk (including contingent liabilities) was concentrated in the MENA region, principally in Kuwait.

Kuwait's economy experienced accelerated growth in 2022 after oil prices surged in February following the Russian invasion of Ukraine and the sanctions imposed on Russia by many countries in response. Oil prices decreased in 2023 following changes in the sanctions regime

applied to Russia at the end of 2022 and because of lower than anticipated demand in 2023. During 2024, oil prices remained relatively constant but generally declined in the first five months of 2025 before rebounding in June 2025. Consumer inflation increased significantly in 2022 compared to 2021, accompanied by increased interest rates as central banks around the world sought to counter high levels of inflation by raising interest rates. Although inflation and interest rates began to decline in 2023 and 2024, inflation remains slightly elevated.

Except where otherwise stated, according to the CBK (sourced to data published by the Central Statistical Bureau of Kuwait (the "**CSB**") in the case of GDP and consumer price index data and the Kuwait Ministry of Finance in the case of public finance data):

- Kuwait's real GDP increased by 6.8 per cent. in 2022 and decreased by 1.7 per cent. in 2023 and decreased by 2.6 per cent. in 2024. According to the IMF's World Economic Outlook Database (April 2025), Kuwait's real GDP is predicted to increase by 1.9 per cent. in 2025 and 3.1 per cent. in 2026;
- the General budget in Kuwait recorded a deficit of KD 4.3 billion in the fiscal year ended 31 March 2022 (equal to 9.7 per cent. of GDP), a surplus of KD 6.4 billion in the fiscal year ended 31 March 2023 (equal to 11.4 per cent. of GDP) and a deficit of KD 1.6 billion in the fiscal year ended 31 March 2024 (equal to 3.1 per cent. of GDP) and a deficit of KD 1.1 billion in the fiscal year ended 31 March 2025 (equal to 2.2 per cent. of GDP);
- the consumer price index in Kuwait was 127.6 in December 2022, 131.9 in December 2023, 135.2 in December 2024 and 137.2 in July 2025;
- the CBK's discount rate, was 3.50 per cent. at the end of 2022, 4.25 per cent. at the end of 2023 and 4.00 per cent. as at 31 December 2024 and 3.75 per cent. as at 30 September 2025; and
- the CBK's average selling rate of the dinar against the U.S. dollar amounted to 306 fils in 2022, 307 fils in 2023 and 307 fils in both 2024 and the first eight months of 2025. Despite this relative stability, the exchange rate of the dinar against other currencies could fluctuate due to macro-economic volatility.

Outside Kuwait, the Group's largest operation within the MENA region is that of its 99.1 per cent. owned Egyptian subsidiary, National Bank of Kuwait – Egypt S.A.E. ("**NBK Egypt**"), which accounted for 8.3 per cent. of the Group's net operating income in 2024 (compared to 8.1 per cent. of the Group's net operating income in 2023 and 7.7 per cent. in 2022). Egypt continues to face economic challenges, including high exposure to external shocks and high debt servicing costs and high inflation (which was 11.7 per cent. in September 2025). In addition, through its consolidation of NBK Egypt, the Group is impacted by exchange rate movements in the Egyptian pound. A significant decline in the value of the Egyptian pound in recent years has negatively impacted the Group's balance sheet and, to a lesser degree, the Group's profit. The average exchange rate of the Egyptian pound to one dinar was 62.6 Egyptian pounds in 2022, 99.6 Egyptian pounds in 2023 and 147.6 Egyptian pounds in 2024. The Egyptian pound has remained weak in 2025 and the average monthly exchange rate of the Egyptian pound to one dinar was 157.8 in September 2025. Any further devaluation of the Egyptian pound could have a material adverse effect on the Group's business, results of operations and financial condition.

Notwithstanding that the Group's activities are concentrated in the MENA region, it is still exposed to global macro-economic developments. As stated in its July 2025 World Economic Outlook Update, the IMF projects global economic growth to grow at around 3.0 per cent. in 2025 and 3.1 per cent. in 2026. The IMF noted that a rebound in effective tariff rates could lead to weaker growth and elevated uncertainty could start weighing more heavily on activity, also as deadlines for additional tariffs expire without progress on substantial, permanent agreements. In addition, geopolitical tensions could disrupt global supply chains and push commodity prices up and larger fiscal deficits or increased risk aversion could raise long-term interest rates and tighten global financial conditions. These factors, combined with fragmentation concerns, could reignite volatility in financial markets which, in turn, could impact the value of financial investments held by the Group.

Any significant deterioration in macro-economic conditions in the MENA region, and particularly in Kuwait and Egypt, could have a material adverse effect on the Group's business, results of operations and financial condition, in particular through increased provisions for credit losses and reduced demand for loans and other banking services. See also "*Credit risks—The Group's credit facilities and debt securities portfolios are concentrated by geography, sector and client*" below.

Credit risks

The Group may experience a higher level of customer and counterparty defaults arising from adverse changes in credit and recoverability which are inherent in the Group's business

As a result of market conditions prevailing over the last few years, including volatility in commodity prices (including oil), interest rates and inflation, companies to which the Group directly extends credit have experienced, and may continue to experience, decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing and increased funding costs and some of these companies have been unable to meet their debt service obligations or other expenses as they become due, including amounts payable to the Group.

Any future increases in customer and counterparty defaults could have a material adverse effect on the Group's business, results of operations and financial condition.

As at 30 September 2025, the Group's loans, advances and Islamic financing provided to customers (before provisions), amounted to KD 26,937 million compared to KD 24,572 million as at 31 December 2024, KD 23,144 million as at 31 December 2023 and KD 21,826 million as at 31 December 2022. The Group's non-performing loans, advances and Islamic financing as at the same dates amounted to KD 368 million, KD 329 million, KD 318 million and KD 310 million, respectively, equal to 1.37 per cent., 1.34 per cent., 1.38 per cent. and 1.42 per cent., respectively, of the Group's loans, advances and Islamic financing provided to customers (before provisions). The increase in non-performing assets as at 30 September 2025 compared to 31 December 2024 was primarily driven by the domestic consumer and overseas real estate sectors and Boubyan Bank. The increase in non-performing assets in 2024 was primarily driven by non-performing loans in the Kuwait real estate sector, which are primarily secured loans. The increase in non-performing assets in 2023 was primarily driven by the overseas corporate portfolio and the consumer portfolio.

Any future increases in customer and counterparty defaults could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's credit facilities and debt securities portfolios are concentrated by geography, sector and client

The Group's loans, advances and Islamic financing to customers and its debt securities portfolio (including its holding of Kuwaiti Government treasury bonds and CBK bonds) together constituted KD 35,049 million, or 78.0 per cent. of its total assets, as at 30 September 2025, KD 31,451 million, or 78.0 per cent. of its total assets, as at 31 December 2024, KD 29,924 million, or 79.4 per cent. of its total assets, as at 31 December 2023 and KD 27,407 million, or 75.4 per cent. of its total assets, as at 31 December 2022.

In terms of geographical concentration, of the Group's total portfolio of loans, advances and Islamic financing (before provisions) as at 30 September 2025, the borrowers in respect of 82.7 per cent. were located in the MENA region (principally in Kuwait). The Group's total portfolio of loans, advances and Islamic financing (after provisions) located in the MENA region (principally in Kuwait) were 81.8 per cent. as at 31 December 2024, 84.0 per cent. as at 31 December 2023 and 85.6 per cent. as at 31 December 2022. In addition, the Group's debt securities portfolio has significant exposure to MENA region issuers which are principally Kuwaiti and other governments. As at 30 September 2025, KD 6,630 million, or 73.7 per cent., of the total debt securities portfolio comprised exposure primarily to MENA region issuers (KD 5,744 million, or 74.2 per cent., as at 31 December 2024, KD 5,835 million, or 76.3 per cent., as at 31 December 2023 and KD 5,046 million, or 78.7 per cent., as at 31 December 2022).

As a result of the concentration of the Group's credit facilities and debt securities portfolios in Kuwait and the MENA region, any significant deterioration in general economic conditions in Kuwait or the MENA region could have a material adverse effect on the Group's business, results of operations and financial condition. In particular, since the Group has indirect exposure to the oil and gas sector including through entities and projects related to the sovereign, any deterioration in oil and gas prices may both directly adversely impact the Group through its exposure to these projects and indirectly adversely impact the Group as a result of a deterioration in other sectors of the Kuwait economy.

In terms of sector concentration, the Group discloses the overall sectoral breakdown inclusive of loans, advances and Islamic financing, debt securities and off-balance sheet items reflecting its maximum exposure to credit risk. However, the Group does not disclose the stand-alone sectoral breakdown of its loans, advances and Islamic financing and debt securities portfolios. The Group's maximum exposure to credit risk totalled KD 50,887 million as at 30 September 2025, KD 45,496 million as at 31 December 2024, KD 42,050 million as at 31 December 2023 and KD 40,244 million as at 31 December 2022. The Group's maximum exposure to credit risk has concentrations of exposure to particular economic sectors, including banks and financial institutions which, as at 31 December 2024, accounted for KD 14,128 million, or 31.1 per cent. of its maximum total exposure to credit risk. Other significant sectoral concentrations as at 31 December 2024 were the retail sector, which accounted for KD 7,651 million, or 16.8 per cent., of the Group's maximum exposure to credit risk, the government sector, which accounted for KD 3,788 million, or 8.3 per cent., of the Group's maximum exposure to credit risk and the real estate and construction sectors, which together accounted for KD 7,347 million, or 16.1 per cent., of the Group's maximum exposure to credit risk. Each of these sectors presents different levels of risk. For example, the banking sector is particularly exposed to adverse economic conditions, see "*—Economic risks—Macroeconomic and financial market conditions have materially adversely affected and may continue to materially adversely affect the Group's business, results of operations and financial condition*"

above. In addition, the real estate and construction markets are cyclical and the retail sector is also impacted by economic conditions, particularly inflation, unemployment, wage freezes and house price declines.

In terms of client concentration, the Group's 20 largest loans, advances and Islamic financing provided to customers outstanding as a percentage of its gross financing portfolio as at 30 September 2025 was 14 per cent. (as at 31 December in each of 2024, 2023 and 2022: 14 per cent., 14 per cent. and 15 per cent., respectively). The Group is therefore particularly exposed to a default by the borrowers under any one or more of these large exposures.

Such defaults could have a material adverse effect on the Group's business, results of operations and financial condition.

A substantial increase in impairment allowances, or incurred losses greater than the level of existing provisions for credit losses, would adversely affect the Group's results of operations and financial condition

Credit facilities granted by the Group comprise loans and advances, Islamic financing to customers, letters of credit and financial guarantee contracts, and commitments to grant credit facilities.

The Group is required to recognise impairment allowances for credit facilities at an amount equal to the higher of (i) the ECL under IFRS 9 according to CBK guidelines and (ii) the provisions as required by CBK instructions.

The Group's overall level of impairment allowances is based upon a wide range of factors, including the volume and type of lending and financing being conducted, the collateral held, applicable regulations, past due facilities, economic conditions and other factors related to the recoverability of various facilities. Although the Group endeavours to establish an appropriate level of impairment allowances in accordance with applicable requirements, there can be no assurance that the Group has taken sufficient impairment allowances. Accordingly, the Group may have to significantly increase its impairment allowances for credit losses in the future as a result of increases in non-performing assets, deteriorating economic conditions (especially from the impact of any volatility in commodity prices, interest rates and inflation or any other macro-economic disruptions) leading to increases in defaults and bankruptcies, or for other reasons.

As at 30 September 2025, the Group had KD 368 million of impaired loans, advances and Islamic financing compared to KD 329 million as at 31 December 2024, KD 318 million as at 31 December 2023 and KD 310 million as at 31 December 2022. The increase in these non-performing assets as at 30 September 2025 compared to 31 December 2024 was primarily driven by the domestic consumer and overseas real estate sectors and Boubyan Bank. The increase in these non-performing assets in 2024 was primarily driven by non-performing loans in the Kuwait real estate sector, which are primarily secured loans. The increase in these non-performing assets in 2023 was primarily driven by the overseas corporate portfolio and the Kuwait consumer portfolio.

As at 30 September 2025, the Group's provision for credit losses on loans, advances and Islamic financing covered 240.5 per cent. of its impaired loans, advances and Islamic financing (as at 31 December in each of 2024, 2023 and 2022: 262.6 per cent., 271.0 per cent. and 267.0 per cent., respectively).

Any significant increase in impairment allowances for credit losses reflecting a change in the Group's estimation of its expected credit losses, however caused, as well as the occurrence of losses in excess of the impairment allowances made, would have an adverse effect on the Group's business, results of operations and financial condition.

Collateral provided in favour of the Group may not be sufficient to cover any losses and certain security interests may not be legally enforceable in Kuwait

The Group typically requires collateral in the form of cash and/or other assets in situations where the Group may not be able to exercise rights over pledged shares or where it enters into guarantees or other third party credit support arrangements for credit facilities granted to individuals and corporations.

The estimated fair value of the collateral which the Group held against its loans, advances and Islamic financing to customers individually determined to be non-performing as at 31 December 2024 was KD 179 million. Collateral held as security against impaired loans, advances and Islamic financing primarily relates to real estate and securities. Where the collateral is enforced and the value realised exceeds the outstanding debt owed to the relevant member of the Group, the excess is returned to the customer concerned and is not available for offset against other debts. Reflecting this fact and the fact that at the time when enforcement is required collateral values may be adversely affected, particularly if, for example, the enforcement results from a period of significant adverse economic conditions, there is no assurance that the value of the Group's collateral will be sufficient to cover all defaulting debts, and any losses recorded in such case, to the extent they have not already been provided for, will be recorded as a charge to the Group's income statement.

The practice of pledging assets (such as securities portfolios and real estate assets) to obtain financing from a bank is subject to certain limitations and administrative restrictions under Kuwaiti law. In particular, such security over real estate mortgages will require a court order for enforcement. As a result, security over certain pledged assets may not be enforced in Kuwaiti courts. Accordingly, the Group may have difficulty foreclosing on collateral (including any real estate collateral) or enforcing guarantees or other third party credit support arrangements when debtors default on their financial obligations.

In addition, even if such security interests are enforceable in Kuwaiti courts, the time and costs associated with enforcing security interests in Kuwait may make it uneconomic for the Group to pursue such proceedings, adversely affecting the Group's ability to recover its credit losses. As at 30 September 2025, the Group had loans, advances and Islamic financing to customers (net of provisions) totalling KD 26,052 million (as at 31 December in each of 2024, 2023 and 2022: KD 23,708 million and KD 22,281 million and KD 20,998 million, respectively). For each of 2024, 2023 and 2022, respectively, on average 44.9 per cent. of the Group's loans, advances and Islamic financing to customers portfolio (excluding consumer loans and net of provisions) was secured by collateral, primarily comprising cash, shares and real estate collateral.

Any decline in the value or liquidity of collateral may prevent the Group from foreclosing on such collateral for its full value or at all if a customer becomes insolvent and enters bankruptcy and could thereby adversely affect the Group's ability to recover the full amounts advanced to the customer.

The occurrence of any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group could be adversely affected by the soundness or the perceived soundness of other financial institutions and counterparties

The Group is subject to the risk of deterioration in the commercial and financial soundness, or perceived soundness, of other financial institutions. This risk is particularly relevant to the Group since banks and other financial institutions represented 31.1 per cent. of the Group's maximum exposure to credit risk as at 31 December 2024 (as at 31 December 2023 and 31 December 2022: 30.7 per cent. and 31.8 per cent., respectively).

Within the financial services industry, the default of any one institution could lead to significant losses, and potentially defaults, by other institutions. As was experienced globally in 2008 and 2009 and more recently in the United States and Europe with the failures of Silicon Valley Bank, Signature Bank, First Republic Bank and Credit Suisse in the first half of 2023, concerns about, or a default by, one institution could also lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions is closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a particular counterparty may lead to market-wide liquidity problems and losses or defaults by the Group or other institutions. This risk, often referred to as "systemic risk", may also adversely affect other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, with whom the Group interacts on a daily basis. Systemic risk, should it materialise, could have a material adverse effect on the Group's ability to raise new funding and on its business, financial condition and results of operations.

Liquidity risks

The Group's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations

If the Group's cash flow from its operations is not sufficient to meet its short- and medium-term contractual and contingent payment obligations coming due, it could experience liquidity issues. Such liquidity issues could occur if the Group's available liquidity is not sufficient to enable it to service its debt, fulfil loan commitments or meet other on-or off-balance sheet payment obligations on specific dates, even if the Group continues to receive new deposits from customers, proceeds from new financings or future revenue streams. Such liquidity issues could also arise if there is an unexpected outflow of customer deposits, if there is a material decline in the value of the Group's liquid securities portfolio or if the Group is unable to secure short-term funding at commercially acceptable rates to bridge this funding gap.

As at 30 September 2025, the Group had cash and short-term funds of KD 6,029 million (as at 31 December in each of 2024, 2023 and 2022: KD 5,323 million and KD 4,385 million, KD 5,323 million, respectively) and a liquid asset ratio (defined as the sum of cash and short-term funds, CBK bonds, Kuwaiti Government treasury bonds, deposits with banks and investment securities excluding those at amortised cost, divided by total assets) of 35.1 per cent. (as at 31 December in each of 2024, 2023 and 2022: 34.0 per cent., 33.4 per cent. and 34.8 per cent., respectively).

The Group is subject to the Basel III Liquidity Coverage Ratio ("**LCR**") as adopted by the CBK. The LCR is a metric introduced by the Basel Committee on Banking Supervision (the "**Basel Committee**") as part of the Basel III criteria to measure a bank's ability to manage a sustained outflow of customer funds in a liquidity stress event over a 30-day period. The ratio is calculated by taking a financial institution's stock of high-quality liquid assets ("**HQLAs**") – which include low-risk, highly marketable asset classes, designed to provide significant sources of liquidity in such a stress scenario – and dividing it by its projected net cash outflows over the immediately following 30-day period. The LCR requires that banks have sufficient HQLAs in their liquidity buffer to cover the difference between expected cash outflows and expected capped cash inflows over a 30-day stressed period. Basel III requires the minimum value of the ratio be 100 per cent. (i.e., an institution's stock of HQLAs should at least equal projected total net cash outflows). Kuwaiti banks are required to submit, along with existing liquidity reports, their LCR reports on a monthly basis (including daily figures for the month) for monitoring purposes as well as quarterly by major currency. The Group's three months average LCR as at 30 September 2025 was 161.59 per cent., its HQLAs (post-factor) were valued at KD 10,436 million and its average net cash outflow was KD 6,563 million (as at 31 December in each of 2024, 2023 and 2022: an average LCR ratio of 152.8 per cent., 186.1 per cent. and 140.7 per cent., respectively, quarterly average HQLAs valued at KD 8,300 million, KD 7,481 million and KD 7,393 million, respectively, and average net cash outflows of KD 5,445 million, KD 4,054 million and KD 5,264 million, respectively).

The Group's requirement to comply with the LCR and the associated requirement to maintain a significant buffer of HQLAs may affect the Group funding structure, causing more dependency on funding from non-financial sources and longer-term deposits. Moreover, the inherent cost of maintaining an HQLA portfolio of sufficient size and quality to cover regulatory outflow assumptions embedded in the LCR may adversely impact the return on assets.

The Group is also subject to the Basel III Net Stable Funding Ratio ("**NSFR**") as adopted by the CBK. The NSFR is a metric introduced by the Basel Committee as part of the Basel III criteria to measure a bank's ability to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits over reliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability. The NSFR is defined as the amount of available stable funding ("**ASF**") relative to the amount of required stable funding ("**RSF**"). ASF is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. RSF is defined as the portion of assets and off-balance sheet exposures expected to be funded on an ongoing basis over a one-year horizon. The amount of the stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures. Basel III requires the minimum value of the ratio be 100 per cent. (i.e., ASF divided by RSF must be greater than or equal to 100 per cent.). Kuwaiti banks are required to submit, along with existing liquidity reports, their NSFR reports on a monthly basis (including a daily report for the month) for monitoring purpose. As at 30 September 2025, the Group had an NSFR ratio of 109.28 per cent. (as at 31 December in each of 2024, 2023 and 2022: 110.8 per cent., 111.4 per cent. and 112.5 per cent., respectively).

The Group's requirement to comply with the NSFR and the associated requirement to maintain a significant buffer of stable funding may result in a shift in the Group's liabilities structure. Accordingly, the Group would depend even less on funding from financial institutions in favour of funding from the core business areas such as consumer and non-financial wholesale clients. Such a shift could adversely impact the Group's funding cost given the inherent cost associated with attracting funding from customer deposits, especially long-term deposits. The systemic need to adhere to regulatory ratios increases competition among banks to attract such deposits. The NSFR, like the LCR, also places reliance on HQLA.

If, as a result of insufficient liquidity, the Group defaults on any contractual or contingent payment obligation, such default would have a material adverse effect on its business, results of operations and financial condition.

The Group relies on short-term demand and time deposits as a major source of funding but primarily has medium- and long-term assets, which may result in asset-liability maturity gaps and this risk is increased by significant concentrations in the Group's customer deposit portfolio

The Group is exposed to liquidity risk as a result of mismatches in maturity dates of assets and liabilities. Many of the Group's liabilities are short-term demand and time deposits, whereas its assets are generally medium to long-term loans. Mismatches between the Group's maturities of assets and liabilities could arise if the Group is incapable of obtaining new deposits or alternative sources of finance or the cost of obtaining them becomes prohibitive.

Although the Group has accessed wholesale funding, including through international financial markets, in order to diversify and increase the maturity of its funding sources, such borrowings have not eliminated the Group's asset-liability maturity gaps. As at 30 September 2025, 82.6 per cent. of the Group's funding (which comprises total liabilities and equity) had remaining maturities of one year or less or were payable on demand (as at 31 December in each of 2024, 2023 and 2022: 82.4 per cent., 82.1 per cent. and 81.5 per cent., respectively).

The Group's customer deposits amounted to KD 24,584 million, or 62.4 per cent. of its total liabilities, as at 30 September 2025 (as at 31 December in each of 2024, 2023 and 2022: KD 22,866 million, or 65.0 per cent., KD 21,949 million, or 67.0 per cent. and KD 20,178 million, or 63.6 per cent., respectively). Kuwaiti Government and quasi-government deposits ranged from a high of 17 per cent. as at 30 June 2024 to a low of 10 per cent. as at 30 June 2022 of the Group's total funding in the period between 1 January 2022 and 31 December 2024. In terms of liabilities, the Group's 20 largest customer deposits constituted 22 per cent. of its total customer deposits as at 31 December 2024 (as at 31 December in each of 2023 and 2022: 24 per cent. and 23 per cent., respectively).

As at 30 September 2025, 69.9 per cent. of the Group's customer deposits had maturities of less than three months or were repayable on demand (as at 31 December in each of 2024, 2023 and 2022: 74.6 per cent., 71.9 per cent. and 72.9 per cent., respectively), although as is typical in the Kuwaiti banking industry, these deposits have generally proved to be "sticky" in nature and a stable source of funding based on historical behaviour analysis. Nevertheless, they are repayable on demand or on very short notice.

The Group's deposit base is subject to fluctuation due to factors outside the Group's control, including possible loss of confidence and competitive pressures, and this could result in a

significant outflow of deposits within a short period of time or may cause the Group to increase the return paid on its deposits to ensure it retains sufficient deposits. The Group may also experience outflows of deposits at times when liquidity is constrained generally in Kuwait and the MENA region or when its major depositors experience short- or longer-term liquidity requirements. Particularly if international oil and gas prices fall significantly, the Group's large depositors (including the Government and quasi-governmental depositors) may start to withdraw part or even all of their deposits with it. Although the Group has been able to diversify its deposit base in recent years and increase its retail deposits, if a substantial portion of the Group's depositors, or any of its large depositors, withdraw their demand deposits or do not roll over their time deposits upon maturity, or the Group fails to refinance some of its large short- to medium-term borrowings, the Group may need to access more expensive sources to meet its funding requirements. No assurance can be given that the Group will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Group's inability to refinance or replace such deposits with alternative funding could materially adversely affect the Group's liquidity, business, results of operations and financial condition and, in extreme cases, could, potentially, result in its insolvency.

The Group has significant off-balance sheet credit-related commitments that may lead to potential losses

As part of its normal banking business, the Group issues irrevocable commitments to grant credit, guarantees, letters of credit and acceptances. All of these are accounted for off-balance sheet until such time as they are actually funded or cancelled. Although these commitments are contingent they, nonetheless, subject the Group to related credit, liquidity and market risks. As at 30 September 2025, the Group had KD 7,664 million outstanding in contingent liabilities and irrevocable commitments to grant credit (as at 31 December in each of 2024, 2023 and 2022: KD 6,808 million, KD 5,943 million and KD 5,492 million, respectively), equal to 22.7 per cent. of its combined loans, advances and Islamic financing to customers and contingent liabilities and commitments (as at 31 December in each of 2024, 2023 and 2022: 22.3 per cent., 21.1 per cent. and 20.7 per cent., respectively). As at 30 September 2025, the Group had a KD 51 million provision in relation to its non-cash facilities (as at 31 December in each of 2024, 2023 and 2022: KD 46 million, KD 41 million and KD 40 million, respectively).

Although the Group anticipates that not all of its obligations in respect of these commitments will be triggered and funds itself accordingly, it may have to make payments in respect of a substantial portion of such commitments, particularly in cases where there has been a general deterioration in market conditions. This would result in the Group needing to obtain additional funding, potentially at relatively short notice, which may not be readily available or may be significantly more expensive, which would reduce the Group's margins and adversely impact its operating income and profitability.

A negative change in the Group's credit rating could limit its ability to raise funding and may increase its borrowing costs

The Group has an issuer credit rating of A with a stable outlook from S&P, a long-term bank deposits rating of A1 with a stable outlook from Moody's and a long-term foreign currency issuer default rating of A+ with a stable outlook from Fitch. In September 2020, Moody's downgraded the long-term foreign currency deposits rating for the Group to A1 from Aa3. In July 2022, S&P revised its outlook on the Group's long-term foreign currency issuer default rating of A from negative to stable. On 7 February 2022, Fitch downgraded the long-term

foreign currency issuer default rating for the Group to A+ (with a stable outlook) from AA- (with a negative outlook). Furthermore, on 2 May 2023, Fitch assigned ex-government support, or 'xgs', ratings to the Bank of a-, which matches the Bank's viability rating. This rating action followed the publication of Bank Ex-Government Support Ratings Criteria on 11 April 2023. The Bank's long-term foreign currency issuer default ratings were unaffected by the rating action. These ratings, which are intended to measure the Group's ability to meet its debt obligations as they mature, are an important factor in determining the Group's cost of borrowing funds.

There is no assurance that the Group's ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade of the Group's credit ratings, or a negative change in their outlook, may:

- limit the ability of the Group and any of its members to raise funding;
- increase the cost of borrowing of the Group and any of its members; and
- limit the ability of the Group and any of its members to raise capital,

each of which could adversely affect its business, financial condition and results of operations. Moreover, actual or anticipated changes in the Group's credit rating may affect the market value of the Notes.

According to each of Moody's, S&P and Fitch, a significant factor underpinning the Group's ratings (excluding any 'xgs' rating) is their assessment of support for the Group from the Kuwaiti authorities. Any negative change in the sovereign ratings of Kuwait could trigger a reduction in the Group's ratings. See "*—Risks Relating to the Region in which the Group Principally Operates—The Kuwaiti Government is under no obligation to support the Group*" below.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of the Notes.

Market risks

Changes in interest rate levels may affect the Group's net interest and Islamic debt margins and borrowing costs, and the value of assets sensitive to interest rates and spread changes may be adversely affected

The Group's operations are affected by, among other things, fluctuations in interest rates and funding costs. In particular, the Group's activities depend on the Group's interest rate risk management, as well as the connections between market rates, interest and Islamic debt margins. The income from financings achieved by the Group largely depends on the level of the Group's interest-bearing and income-yielding assets and liabilities, as well as the average returns and yields thereon and funding costs.

Interest rates and funding costs are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the CBK and the U.S. Federal Reserve, political factors and domestic and international economic conditions. In response to rising global inflationary pressures, the CBK tightened its monetary policy through increasing its benchmark interest rate by 0.25 per cent. in each of March 2022, April 2022, June 2022, July 2022, August 2022 and September 2022 and by an additional 0.5 per cent. twice (in each of December 2022 and January 2023) and by an additional 0.25 per cent. in July 2023, resulting in a benchmark interest rate of 4.25 per cent. During the same period, the U.S. Federal Reserve increased its benchmark rate by 525 basis points to between 5.25 per cent. and 5.50 per cent. In September 2024, the U.S. Federal Reserve cut rates by 0.5 per cent. and then by 0.25 per cent. in November 2024, December 2024 and September 2025, resulting in a benchmark interest rate between 4.25 and 4.00 per cent. In each of September 2024 and September 2025, the CBK cut the discount rate by 0.25 per cent., resulting in a benchmark interest rate of 3.75 per cent.

In an increasing reference rate/yield market, the Group's principal exposure arises where its deposit rates increase without a matching increase in its loan rates, reflecting the generally shorter term of its deposits. The Group's marginal cost of funding may increase as a result of a variety of factors, including deterioration of conditions in the financial markets or loss of confidence by and between financial institutions. If the Group fails to pass on any increases in funding cost to its customers in a timely manner or at all due to market, competitive or other conditions, it could have a material adverse effect on its business, results of operations and financial condition. Given the repricing characteristics of the Group's balance sheet, the Group is generally exposed in a scenario of falling interest rates/yields. In a decreasing reference rate/yield market, there may be increased prepayments on loans and mortgage-backed securities, reducing the average life and yield of the Group's interest-earning assets. Lower rates may also make it more difficult to maintain or grow the Group's interest-based revenue and could lead to increased demand for refinancing by borrowers, potentially reducing income from higher-yielding assets originated in earlier periods.

In the case of certain retail loans denominated in Kuwaiti dinar, the Group is exposed to some interest rate risk, since interest rates on those loans are not re-priced for the first five years and then the subsequent permitted adjustments are restricted in amount.

Any shortage of liquidity in markets that are sources of funding for the Group could contribute to an increase in the Group's marginal borrowing costs. Similarly, any increase in interbank reference rates could also affect the value of certain assets that are subject to changes in applicable interest rates. The Group's interest/funding rate sensitivity position as at 31 December 2024, 2023 and 2022 was based on contractual re-pricing arrangements and is set out elsewhere in this Offering Circular. See "*Risk Management—Principal Risks—Market Risk—Interest rate risk*".

Changes in equity and debt securities prices may affect the values of the Group's investment portfolios

The Group holds investment securities (both equity and fixed-income). A significant proportion of these investments are held at fair value through other comprehensive income and a small proportion are held at fair value through the statement of income. As a result, changes in the fair value of these securities from period to period are recorded in the Group's statement of comprehensive income or statement of income, as the case may be, and these changes can be material.

Any changes in the fair value of these securities, for example as a result of changing equity prices where the securities are quoted on an active market, has an impact on the Group's equity – see "*Risk Management—Principal Risks—Market Risk—Equity price risk*", which illustrates the Group's sensitivity to a 5 per cent. increase in relevant market indices as at 31 December 2024, 2023 and 2022. In addition, the Group's income from securities operations depends on numerous factors beyond its control, such as overall market trading activity, interest rate levels, fluctuations in currency exchange rates and general market volatility. The Group cannot predict the amount of realised or unrealised gain or loss for any future period, and variations from period to period, which may be significant, are not indicative of future performance. Gains on the Group's investment portfolio may not continue to contribute to net income at levels consistent with those from recent periods or at all.

The Group's financial condition and results of operations could be adversely affected by foreign exchange risks

As a financial intermediary, the Group is exposed to foreign exchange rate risk. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that the Group may have to close out any open position in a foreign currency at a loss due to an adverse movement in exchange rates. The Group attempts to match the currencies of its assets and liabilities and any open currency position is maintained within the limits set by the CBK. However, where the Group is not so hedged, it is exposed to fluctuations in foreign exchange rates and any such hedging activity may not, in all cases, protect the Group against such risks. See "*Risk Management—Principal Risks—Market Risk—Foreign exchange risk*", which illustrates the Group's sensitivity to a 5 per cent. strengthening in the exchange rate of a number of different currencies against the Kuwaiti dinar as at 31 December 2024, 2023 and 2022. As at 31 December 2024, 38 per cent. of the Group's gross portfolio of loans, advances and Islamic financing was denominated in currencies other than Kuwaiti dinar (namely, in order of largest exposure, U.S. dollars, Egyptian pounds, GBP and other currencies).

Certain foreign currency positions that are of a "structural" nature remain unhedged, principally relating to the Group's investments denominated in currencies other than the Kuwaiti dinar, in consolidated subsidiaries and branches and in associated entities.

The Group's derivative transactions, which are designed to hedge its exposures to foreign exchange rate and interest rate risks, may not always be effective, may give rise to significant losses and do not protect the Group against all risks associated with foreign exchange rate and interest rate movements

The Group enters into derivative transactions, such as interest rate swaps and forward foreign exchange contracts, both to manage its own interest rate risk on its interest bearing assets and liabilities and its foreign currency open positions and cash flows and to provide interest rate and foreign exchange rate solutions to its customers. These derivative contracts had a notional value of KD 12,391 million as at 30 September 2025 (as at 31 December in each of 2024, 2023 and 2022: KD 10,549 million, KD 10,025 million and KD 8,697 million, respectively) and the Group's derivatives portfolio had a net positive fair value of KD 82 million as at 30 September 2025 (as at 31 December in each of 2024, 2023 and 2022: net positive fair values of KD 280 million, KD 248 million and KD 315 million, respectively). There is no assurance that the Group's derivative contracts will be successful in mitigating its interest rate and foreign exchange exposures or that the Group will not experience significant losses on its derivatives contracts from time to time.

Adverse movements in interest and foreign exchange rates may also adversely impact the revenues and financial condition of the Group's depositors and borrowers which, in turn, may impact the Group's deposit base and the quality of its exposures to certain borrowers.

Ultimately, there can be no assurance that the Group will be able to protect itself from any adverse effects of a currency revaluation or future volatility in interest rate or currency exchange rates, which could have a material adverse effect on its business, financial condition and results of operations.

Operational risks

The Group's risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks, which could result in material losses

In the course of its business activities, the Group is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk. See "*Risk Management*". Investors should note that any failure to adequately control these risks could result in material adverse effects on the Group's business, results of operations and financial condition, as well as its general reputation in the market.

There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect it against, all credit, liquidity, market, operational and other risks. In addition, certain risks may not be accurately quantified by the Group's risk management systems. Some of the Group's methods of managing risk are based upon the use of historical market data which, as evidenced by events caused by the global financial crisis and global macroeconomic volatility in more recent times, may not always accurately predict future risk exposures which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than the Group's empirical data would otherwise indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which the Group operates, its clients or other matters that are publicly available or information otherwise accessible to it. This information may not be accurate, complete, up-to-date or properly evaluated in all cases. Reliance on such information could result in unexpected or unforeseen fluctuations in foreign exchange rates or interest rates which could affect the Group's income or the value of its holdings of financial instruments. Changes in the fair value or future cash flows of a financial instrument could occur due to sudden changes in market prices resulting from factors specific to the individual financial instrument or from factors affecting all similar financial instruments traded in the market. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on its business, financial condition and results of operations.

The Group's risk management and internal control capabilities are also limited by the information tools and technologies available to it. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its strategy

The Group's ability to maintain and grow its business will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The Group is likely to face challenges in recruiting qualified personnel to manage its business. In common with other banks in the GCC, the Group experiences a shortage of qualified employees residing in Kuwait, which requires it to recruit from outside Kuwait. In addition, even after hiring its employees, the Group has faced challenges in retaining such employees due to the continued recruitment efforts of its competitors.

In recent years, the Kuwaiti Government has made a number of announcements regarding its intention to encourage a better balance of Kuwaitis and non-Kuwaiti nationals in the private-sector workforce. This process, known as "**Kuwaitisation**", involves the establishment of suggested ratios for the numbers of Kuwaiti nationals who should be employed by respective industries, with the Government's recommended policy for financial institutions being that 70 per cent. of a bank's total personnel should consist of Kuwaiti nationals. The Bank's Kuwaitisation level as at 30 September 2025 was 76.7 per cent. If the Group is not able to meet or exceed the Kuwaiti Government's minimum threshold for Kuwaiti employees, it may be subject to certain penalties, including an exclusion from participation in certain Kuwaiti Government-related tender processes, the imposition of fines by the Ministry of Social Affairs or the imposition of administrative or corrective action by the CBK and other governmental authorities.

The Group depends on the efforts, skill, reputation and experience of its senior management, as well as synergies among their diverse fields of expertise and knowledge. The loss of key personnel could delay or prevent the Group from implementing its strategies. The Group is also not insured against losses which may be incurred in the event of the loss of any member of its key personnel.

While the Group believes that it has effective staff recruitment, training and incentive programmes in place, its failure to recruit, train and/or retain necessary personnel, its inability to dismiss certain employees or the shortage of qualified Kuwaiti nationals or other nationals prepared to relocate to Kuwait, could have a material adverse effect on its business, results of operations and financial condition.

The Group's business may be adversely affected if there is any disruption to its operational systems or a loss of business continuity

The Group operates in businesses that are highly dependent on information systems and technologies and relies heavily on its financial, accounting and other data processing systems. For example, the Group depends on its systems to process a large number of transactions on an accurate and timely basis and to store and process substantially all of the Group's business and operating data. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other systems, as well as the communication networks between its branches and main data processing centres, are critical to its business and its ability to compete effectively. If any of these systems do not operate properly or are disabled, the Group could suffer financial loss, a disruption of its business, liability to clients, regulatory intervention and reputational damage.

In addition, the Group's current information systems and technologies may not continue to be able to accommodate the Group's growth unless the Group continues to invest in upgrading its operational systems. Any failure by the Group to accommodate growth, or an increase in costs related to its information systems, would have a material adverse effect on the Group's business. The cost of improving or upgrading the Group's information systems and technologies may be substantial and the cost of maintaining such systems is likely to increase from its current level.

The Group is subject to a growing threat to its information systems and customer data from cyber-attacks. Activists, rogue states and cyber criminals are among those targeting computer systems around the world. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security which further necessitates the Group's continued investment in operational system upgrades. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could disrupt the Group's business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage the Group's reputation and/or brands, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling clients' funds, engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. Although the Group's operational and risk management systems are designed to detect and deter such misconduct, these systems may not always be effective and there can be no assurance that measures undertaken to combat employee misconduct will be successful. Such actions by employees could expose the Group to financial losses resulting from (i) the need to reimburse clients, co-investors or other business partners who suffered loss as a result of the actions or (ii) fines or other regulatory sanctions, and could also damage the Group's reputation, which would in turn be likely to materially adversely affect the Group's business, results of operations and financial condition.

The Group's business operations and business processes are also vulnerable to damage or interruption from fires, floods, extreme weather, power loss, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters or other extreme events. These systems may also be subject to criminal damage, vandalism, theft and similar wrongdoing. If there is a disaster or other disruption and the Group's disaster recovery plans are found to be inadequate for any reason (including, for instance, due to the Group's geographically concentrated operations), there could be an adverse impact on the Group's business, results of operations and financial condition.

If any of the foregoing were to occur, it could materially adversely affect the Group's businesses, results of operations and financial condition.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of the Group's financial statements, which may cause unexpected losses in the future

Accounting policies and methods are fundamental to how the Group records and reports its financial condition and results of operations. Pursuant to IFRS rules and interpretations in effect as at the date of this Offering Circular, the Group is required to make certain estimates in preparing its financial statements, including accounting estimates to determine financial and credit loss reserves and the fair value of certain assets and liabilities, among other items.

Management has identified the most significant judgments and estimates made by it in note 2.36 to the 2024 Financial Statements. These judgments and estimates include, for example, the determination of when certain assets (such as goodwill and investment in associates) may be impaired, the classification of financial assets, the determination of estimated credit losses and fair values of assets and liabilities.

A variety of factors could affect the ultimate value that is obtained either when earning income, recognising an expense, recovering an asset or reducing a liability. The Group has established policies and control procedures that are intended to ensure its significant accounting estimates and judgments are well-controlled and applied consistently. In addition, the policies and procedures are intended to ensure the process for changing methodologies occurs in an appropriate manner. However, due to the uncertainty surrounding the Group's judgments and the estimates pertaining to these matters, the Group cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future. Should the estimated values for such items prove substantially different to actual values, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Group may experience unexpected losses.

Regulatory risks

The Group is subject to extensive regulation and changes in applicable laws or regulations, the interpretation and enforcement of such laws or regulations, or any failure by the Group to comply with these laws and regulations could have a material adverse effect on the Group

The Group is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic, social and other objectives and limit their exposure to risk. These controls include liquidity regulations, Basel III capital adequacy and leverage regulations, credit risk regulations, concentration risk regulations and interest cap regulations, see "*Banking Industry and Regulation in Kuwait*". These controls include laws and regulations promulgated by the CBK, the CMA and the Boursa Kuwait, as well as the laws and regulations of the other countries in which the Group operates, including the United States, the United Kingdom, France, Switzerland, China, Singapore, Lebanon, the Cayman Islands, Iraq, Saudi Arabia, Bahrain, United Arab of Emirates and Egypt.

Any of these or the other regulations to which the Group is subject may limit its ability to increase its credit portfolio or raise capital or may increase its cost of doing business. Any future changes in laws or in CBK and other applicable regulations or policy and/or the manner in which they are interpreted or enforced may affect the Group's reserves, revenues and performance and may have a material adverse effect on the Group's business, results of operations and financial condition.

Furthermore, the Group's ability to satisfy minimum capital adequacy requirements may be adversely impacted by many factors, including, among other things: (i) an increase in risk-weighted assets at the Group; (ii) an increase in credit risk, credit losses or impairment allowances; (iii) an inability to obtain capital; (iv) the results of the Group's activities; (v) a decline in the value of the Group's securities portfolio; (vi) any inaccurate estimates adopted by the Group regarding the amount of capital required to cover operating risk; (vii) changes in accounting principles or recommendations related to the calculation of the capital adequacy ratio of banks; (viii) fluctuations in exchange rates which influence the value of assets denominated in foreign currencies; (ix) changes in interest rates; and (x) changes in regulations or in the methods by which the regulatory authorities, including the CBK, apply capital adequacy regulations. Any non-compliance with applicable regulatory guidelines could expose the Group to potential liabilities and fines. In addition, the potential adoption by the CBK (and the implementation phase) of the final (and future) standards published by the Basel Committee, including the revised standardised approach for credit risk and for market and operational risks and others, may have adverse impact on the Group's ability to satisfy minimum capital adequacy requirements.

If the Group fails to comply with applicable anti-money laundering, anti-terrorism financing, sanctions and other related regulations, it could face fines and damage to its reputation

In order to carry out and expand its businesses, it is necessary for the Group to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits, approvals and consents are often lengthy, complex, unpredictable and costly. If the Group is unable to maintain or obtain the relevant licences, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired which would be likely to adversely affect its business, financial condition and results of operations.

The Group is also required to comply with applicable know your customer, anti-money laundering and counter-terrorism financing laws and regulations in Kuwait and other jurisdictions where it operates, including those related to countries subject to sanctions by the United States Office of Foreign Assets Control, similar regulations of the EU and other jurisdictions, and applicable anti-corruption laws in the jurisdictions in which it conducts business.

To the extent that the Group fails or is perceived to fail to comply with these and other applicable laws and regulations, its reputation could be materially damaged and it could be subject to fines or other monetary penalties. This could have a material adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATING TO THE REGION IN WHICH THE GROUP PRINCIPALLY OPERATES

Kuwait's economy and government revenues are significantly impacted by, and are dependent upon, international oil prices

The oil sector is the principal contributor to Kuwait's economy and oil revenues account for the majority of the Kuwaiti Government's total revenues and export earnings. According to CSB data, the extraction of crude petroleum and natural gas and service activities incidental to oil and gas accounted for 47.9 per cent., of Kuwait's real GDP in 2024. The oil sector continues to be the main contributor to Kuwait's annual revenues, accounting for 85.8 per cent. of total government revenues for the fiscal year ended 31 March 2025, according to Kuwait Ministry of Finance data. Accordingly, Kuwait's economy is significantly impacted by, and is dependent upon, international oil prices.

The OPEC Reference Basket price has seen significant volatility since early 2022 when it increased sharply in the first half of the year in response to the Russian invasion of Ukraine. In the second half of 2022, oil prices decreased as markets grew increasingly concerned about the health of the global economy amid increases in inflation, tightening monetary policy and the economic damage caused by China's continuing struggle with COVID-19. Amendments to the sanctions imposed on Russia towards the end of 2022 and generally lower than expected demand in 2023 helped constrain prices during that year. Political events in the MENA region had only a muted impact on oil prices in 2024. Oil prices were impacted by heightened trade tensions and uncertainty in the first nine months of 2025, coupled with an OPEC+ decision to accelerate the unwinding of oil production curbs. The annual average OPEC Reference Basket prices were U.S.\$100.08 per barrel in 2022, U.S.\$82.95 per barrel in 2023 and U.S.\$79.89 per barrel in 2024. The average of the monthly average OPEC Reference Basket prices for the first nine months of 2025 was U.S.\$ 71.51 per barrel.

Except where otherwise stated, according to the CBK (sourced to data published by CSB in the case of GDP and the Kuwait Ministry of Finance in the case of public finance data):

- Kuwait's nominal GDP increased by 25.58 per cent. in 2022, decreased by 9.60 per cent. in 2023 and decreased by 3.3 per cent. in 2024 and its real GDP increased by 6.80 per cent. in 2022, decreased by 1.7 per cent. in 2023 and decreased by 2.6 per cent. in 2024. According to IMF data sourced from the World Economic Outlook Database (April 2025), Kuwait's nominal GDP is predicted to decrease by 3.4 per cent. in 2025 and its real GDP is predicted to increase by 1.9 per cent. in 2025;
- Kuwait's current account balance recorded surpluses of KD 19.3 billion in 2022, KD 15.8 billion in 2023 and KD 14.3 billion in 2024; and
- the General budget in Kuwait recorded a deficit of KD 4.3 billion in the fiscal year ended 31 March 2022, a surplus of KD 6.4 billion in the fiscal year ended 31 March 2023, a deficit of KD 1.6 billion in the fiscal year ended 31 March 2024 and a deficit of KD 1.1 billion in the fiscal year ended 31 March 2025.

Kuwait's economy is generally negatively impacted by sustained periods of prevailing low oil prices. In addition, ancillary industrial activities related to oil and gas exploration and production are also negatively affected by low oil prices and sectors that are dependent on Government consumption may be adversely affected by lower levels of economic activity that may result from lower Government revenue from oil and gas production. Additionally, although the CBK has the ability to adjust the components of the Kuwaiti Dinar Basket against

which the Kuwaiti dinar is pegged, there can be no assurance that the CBK will maintain the Kuwaiti Dinar Basket at its current level, which could lead to higher inflation and negatively affect confidence in the Kuwaiti economy.

In general, international prices for crude oil are affected by many factors over which the Group has no control, including: economic and political developments in oil-producing regions, particularly in the Middle East (see "*—Kuwait is located in a region that has been subject to ongoing political and security concerns*" below) as well as globally, global and regional supply and demand, and expectations regarding future supply and demand, for oil products, including the price and availability of new technologies such as renewable energy and unconventional oil and gas extraction methods. In addition to this, international prices for crude oil may be affected by the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices, and global weather and environmental conditions. Local and international environmental regulations designed to reduce carbon emissions and/or climate change and any other actions taken by major crude oil producing or consuming countries (based on the changing attitudes and sentiments of and actions by consumers generally globally towards products derived from or based on oil) may also impact the international price for crude oil.

It is possible that the broad-ranging tariffs announced by the United States, and any other countries (including China) in response, could result in a slowdown of global economic activity which could reduce demand for oil and therefore the price of oil. This could reduce liquidity in the Kuwaiti banking system and cause international investors to reduce their exposure to emerging markets, including the GCC, potentially slowing foreign direct investment or portfolio inflows into Kuwait.

Low oil prices and low demand for oil may have a material adverse effect on Kuwait's economy and revenues, and may give rise to significant budget deficits and a reduction in liquidity and funding in the financial sector. Kuwait has financed past budget deficits by borrowing and utilising its reserves and it may need to do so again. Any reduction in foreign exchange reserves and/or additional borrowing could result in foreign exchange outflows and have a tightening effect on liquidity and credit expansion, which may not be mitigated by any adjustments in government spending aimed at offsetting the adverse effects of any of the foregoing conditions.

There can be no assurance that these factors, in combination with others, will not result in a future decline (which may be prolonged) in oil prices, which may have an adverse effect on the Kuwaiti economy which, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations and thereby affect the Bank's ability to perform its obligations in respect of the Notes.

Kuwait is located in a region that has been subject to ongoing political and security concerns

The majority of the Group's current operations and interests are located in Kuwait and the MENA region. The Group's results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Kuwait, the GCC and the wider MENA region and, in particular, by the level of economic activity in these regions which, in turn, is affected by the prevailing level of global crude oil prices. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Group would be able

to sustain the operation of its business if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the Kuwaiti or the regional economy could have an adverse effect on the Group's business, results of operations and financial condition.

Investors should also note that the Group's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets. In addition, the implementation by the Kuwaiti Government of restrictive fiscal or monetary policies or regulations, including changes with respect to interest rates, new legal interpretations of existing regulations or the introduction of taxation or exchange controls could have a material adverse effect on the Group's business, financial condition and results of operations and thereby affect the Bank's ability to perform its obligations in respect of the Notes.

Although Kuwait generally enjoys domestic political stability and healthy international relations, it is located in a region that is strategically important and parts of this region have experienced regional geopolitical instability in the last decade. In recent years, there has been social and political unrest and/or armed conflict in a range of countries in the MENA region, including the multinational conflict with the Islamic State of Iraq and the Levant ("**ISIL**"), also known as Daesh or ISIS. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war, and has also given rise to significantly increased political uncertainty across the region. These situations have caused significant disruption to the economies of the affected countries and have had a destabilising effect on international oil and gas prices.

There have been attacks on both Saudi Arabian and UAE oil and gas facilities. For example, there were attacks on Saudi Aramco refineries in Riyadh and Yasref and petroleum products distribution terminals in Jeddah and Jizan in March 2022. Also, in January 2022, a drone attack claimed by Yemen's Houthi militia targeting a key oil facility in Abu Dhabi resulted in casualties and sparked a fire at Abu Dhabi's international airport. In January 2024, an attack on a U.S. outpost by Iran-backed militants on the Jordan-Syria border resulted in deaths and injuries. In October 2023, Israel declared war on Hamas and invaded the Gaza strip in response to an attack by Hamas in southern Israel and, during the second half of 2024, Israel conducted attacks against Hezbollah in Lebanon. Although Israel and Hamas agreed to a ceasefire in early October 2025, it is fragile and both conflicts remain unresolved. There have been numerous incidents of maritime piracy in the Red Sea region since late 2023, prompting attacks by United States and other western countries on Al Houthi bases in Yemen in response. During 2024, Israel and Iran were involved in limited direct actions against each other, which substantially escalated in mid-2025 with Israel, and later the United States, carrying out actions against Iranian targets, which subsequently retaliated, which has further increased the risk of escalation in the region. Following the collapse of the Bashar Al-Assad regime in Syria in late 2024 and the takeover of Syria by a sanctioned military force, neighbouring countries, such as Israel and Turkiye, have sought to protect their interests by dispatching their military forces into Syria and undertaking military operations, including air strikes.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations and thereby affect the Bank's ability to perform its obligations in respect of the Notes.

The banking industry is competitive and the Group is exposed to significant competition in Kuwait

The Group faces high levels of competition for all of its products and services in Kuwait. In particular, the Group competes with other domestic banks (both conventional and Islamic), in addition to the Kuwaiti branches of non-Kuwaiti banks, and such competition may increase. See "*Description of the Group— Competition in Kuwait*".

The Kuwaiti banking sector comprises five locally based conventional commercial banks and branches of 11 other non-Kuwaiti banks. In addition, a specialised bank, five banks operating according to the provisions of Islamic Shari'a (one of which is a subsidiary of the Group and another is a branch of a Saudi Arabian bank) are also licensed to operate in Kuwait. While the domestic consumer banking sector is dominated by Kuwaiti banks in terms of market share, particularly as a result of the relatively high barriers to entry for non-Kuwaiti banks, in terms of local licensing requirements, access to KD liquidity and the need for a Kuwaiti branch network, the Group faces greater competition from non-Kuwaiti banks in the domestic corporate and private banking sector.

The Group believes that, in order to compete effectively, it will need to continue to upgrade its existing IT capabilities and infrastructure, with a particular focus on automation and the need to move beyond frameworks towards a greater array of capabilities at higher rates in the deployment of technology-enabled solutions.

In addition, the Group believes the Bank's large size has been, to some extent, a constraint on its ability to grow its credit portfolio across different business groups as the size of its portfolio requires significantly more effort to grow at a faster rate than smaller competitors in order to maintain the Bank's net market share. Separately, there have been a number of recently announced and completed bank mergers affecting banks in the GCC, particularly in the UAE. In Kuwait, Gulf Bank and Warba Bank, an Islamic bank, signed a memorandum of understanding in June 2025 to explore the feasibility of a merger. On 31 July 2025, Warba Bank announced that it had received approval from the CBK to appoint advisers to conduct a feasibility study in relation to the proposed merger. Should this merger successfully complete and if there are any future mergers involving one or more of the Bank's principal competitors in Kuwait, the Bank could face significantly increased competition.

The competitive nature of the Kuwaiti banking market and any failure by the Group to continue to compete successfully in Kuwait may adversely affect the Group's business, financial condition and results of operations.

Tax changes in Kuwait may have an adverse effect on the Group

As at the date of this Offering Circular, the Group is not currently subject to corporate income tax on its earnings within Kuwait under the Corporate Taxation Rules (as defined in "*Taxation — Kuwait*"). Kuwait also does not currently impose value-added tax ("**VAT**") on the sale of goods and services. However, investors should be aware that certain GCC states, not including Kuwait, have recently implemented VAT on goods and services as part of a GCC-wide VAT framework. Currently, the Kuwaiti Government has not yet announced plans to introduce VAT.

It is possible that, if VAT is introduced in Kuwait, the Group's costs would increase and its future profitability could be negatively affected.

The Group may be adversely impacted by new taxes or changes in existing tax legislation

In 2021, the OECD's Inclusive Framework on Base Erosion and Profit Shifting (the "**Framework**") agreed to a two-pillar solution to address tax challenges arising from digitalisation of the economy. Under Pillar 2, multinational entities ("**MNEs**") whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15 per cent. in each jurisdiction in which they operate. Jurisdictions in which the Group operates, including Kuwait, have joined the Framework. The Group's earnings in certain jurisdictions, primarily in Kuwait and Bahrain, are currently subject to a lower effective tax rate compared to the proposed global minimum tax.

Kuwait issued Law Number 157 of 2024 on 31 December 2024 (the "**MNE Law**") introducing domestic minimum top-up tax ("**DMTT**") effective from 2025 on MNEs which are part of a group with annual revenues of EUR 750 million or more. The MNE Law provides that DMTT shall be payable on the taxable income at a rate equal to the difference between 15 per cent. and the effective tax rate of all constituent entities of the MNE's group operating within Kuwait. The taxable income and effective tax rate shall be computed in accordance with Ministerial Resolution No. 55 of 2025, published in the Kuwait Official Gazette on 30 June 2025 and effective from 1 July 2025, promulgating the executive regulations to the MNE Law. Similar DMTT laws have been enacted or announced in other low tax jurisdictions, such as Bahrain and the UAE. Additionally, other jurisdictions where the Group operates have Pillar 2 legislation in effect in 2024 (for example, France, The Netherlands, the United Kingdom and Switzerland) and some of those jurisdictions have also adopted the undertaxed profits rule whereby undertaxed profits in any of the Group's jurisdictions will be brought to an effective global minimum tax rate of 15 per cent. starting from 2025.

The MNE Law effectively replaces the existing National Labour Support Tax and Zakat tax regimes in Kuwait for MNEs within the scope of the MNE Law. In the nine months ended 30 September 2025, the Group recorded DMTT of KD 50 million compared to National Labour Support Tax and Zakat of KD 17 million in aggregate in the corresponding period of 2024.

To the extent that the Kuwaiti or other authorities impose new taxes that impact the Group, or introduce any other changes in tax laws which make doing business in Kuwait or other relevant jurisdiction less attractive, this may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

The Kuwait legal system continues to develop and this may create an uncertain environment for investment and business activity

Kuwait is in the process of developing governing institutions and legal and regulatory systems, which are not yet as firmly established as they are in Western Europe and the United States. Kuwait (together with other countries in the GCC region) has enacted measures to promote greater efficiency and certainty within its legal and regulatory systems. Among those measures, Kuwait and countries within the GCC region have assumed obligations under the General Agreement on Tariffs and Trade (the "**GATT**") (as administered by the World Trade Organisation (the "**WTO**")) and Kuwait has enacted legislation, *inter alia*, to extend foreign ownership of businesses. However, Kuwait may experience changes in its economy and government policies (including, without limitation, policies relating to the continued extension of the rights of foreign ownership pursuant to Kuwait's GATT/WTO obligations) that may affect the rights of holders of the Notes.

The legal system in Kuwait may not provide the same degree of protection or require the levels of disclosure of information that would be the case in Western Europe or the United States. Any unexpected changes in the legal systems in Kuwait may have a material adverse effect on the rights of holders of the Notes or the investments that the Group has made or may make in the future, which may in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Investing in securities involving emerging markets countries, such as Kuwait, generally involves a higher degree of risk than investments in securities of issuers from more-developed countries

Investing in securities involving emerging markets countries, such as Kuwait, generally involves a higher degree of risk than investments in securities of issuers from more-developed countries. In the case of Kuwait, these higher risks include those discussed in this section as well as higher volatility and limited liquidity in its markets, a heightened risk of sudden changes in the legal, economic and political environment, instability in neighbouring countries, a heightened risk of business dealings in jurisdictions with operating risks relating to fraud, bribery and corruption and lack of adequate infrastructure necessary to accelerate economic growth.

In addition, there can be no assurance that the market for securities bearing emerging market risk, such as the Notes, will not be affected negatively by events elsewhere, especially in emerging markets. International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment consequently becomes out of favour with such investors. If such a "contagion" effect were to occur, the trading price of the Notes could be adversely affected by negative economic or financial developments in other emerging market countries, particularly in the MENA region, over which the Group has no control.

Additionally, emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit, or the increased cost of debt, which could result in their experiencing financial difficulty. No assurance can be given that this will not be the case in the future for Kuwait.

As a consequence, an investment in the Notes carries risks that are not typically associated with investing in notes issued by issuers in markets which are more mature. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE RISKS ASSOCIATED WITH THE NOTES

The payment obligations of the Issuer under the Notes are subordinated and unsecured obligations

Prospective investors should note that the payment obligations of the Issuer under the Notes rank junior to all Senior Obligations of the Issuer, *pari passu* with all *Pari Passu* Obligations of the Issuer and senior to all Junior Obligations of the Issuer. Accordingly, the payment obligations of the Issuer under the Notes rank junior to all unsubordinated payment obligations of the Issuer (including payment obligations to its depositors) and all

subordinated payment obligations of the Issuer except *Pari Passu* Obligations and Junior Obligations, and *pari passu* with all subordinated payment obligations of the Issuer which rank or are expressed to rank *pari passu* with the Issuer's payment obligations under the Notes, as described in Condition 3.1 (*Status of the Notes and Subordination*).

Further, the payment obligations of the Issuer under the Notes are unsecured and no collateral is or will be given by the Issuer in relation thereto.

A holder of the Notes may exercise its enforcement rights in relation to the Notes only in the manner provided in Condition 10 (*Enforcement Event*). If the Issuer were wound up, liquidated or dissolved, the Issuer's liquidator would apply the assets of the Issuer to satisfy all claims of creditors in respect of the Issuer's Senior Obligations in priority to the claims of the holders of the Notes and *pari passu* with creditors whose claims are in respect of the Issuer's *Pari Passu* Obligations. In such case, there may not be sufficient assets to satisfy the claims of the holders of the Notes in full.

No limitation on issuing senior securities; subordination

Other than the limitations in relation to the issue of further Tier 2 Capital by the Issuer as set out in Condition 3.2 (*Other Issues*) which limits the circumstances in which Tier 2 Capital of the Issuer can be issued that ranks senior to the Notes, there is no restriction on the Issuer incurring additional indebtedness or on issuing securities or creating any guarantee or contractual support arrangement which would rank senior to the Notes. The issue of or the creation of any such Senior Obligations may reduce the amount recoverable by holders of the Notes on a winding-up or liquidation of the Issuer. Accordingly, in the winding-up or liquidation of the Issuer and after payment of the claims of creditors in respect of the Issuer's Senior Obligations, there may not be a sufficient amount to satisfy the amounts owing to the holders of the Notes. See also "– *The payment obligations of the Issuer under the Notes are subordinated and unsecured obligations*".

Redemption and maturity

Holders of the Notes have no ability to require the Issuer to redeem their Notes prior to the Maturity Date other than in the limited circumstances described in Condition 10 (*Enforcement Event*). The Issuer has the option to redeem the Notes prior to the Maturity Date in certain circumstances as more particularly described in Condition 6 (*Redemption and Variation*), although there is no assurance that it will do so.

This means that the holders of the Notes have no ability to cash in their investment prior to the Maturity Date, except:

- (a) if the Issuer exercises its rights to redeem the Notes prior to the Maturity Date in accordance with Condition 6 (*Redemption and Variation*);
- (b) in the limited circumstances described in Condition 10 (*Enforcement Event*) (subject to the subordination provisions contained in the Conditions); or
- (c) by selling their Notes.

The exercise of (or perceived likelihood of exercise of) any such redemption feature of the Notes may limit their market value, which is unlikely to rise substantially above the price at which the Notes can be redeemed. There can be no assurance that holders of the Notes will be able to reinvest the amount received upon redemption at a rate that will provide the same

rate of return as their investment in the Notes. Further, there can be no assurance that a holder of Notes will receive the full amount of their investment if they sell their Notes or upon exercising their remedies pursuant to Condition 10 (*Enforcement Event*).

Noteholders' right to receive repayment of the principal amount of the Notes and the Noteholders' right for any further interest may be written-down in whole or in part upon the occurrence of a Non-Viability Event

If a Non-Viability Event occurs at any time, the principal amount of the Notes then outstanding will be written-down in whole or, in part on a *pro rata* basis pursuant to Condition 7 (*Write-down at the Point of Non-Viability*). See "*— The circumstances triggering a Write-down are unpredictable*". Pursuant to a Write-down, the Notes will be cancelled (in the case of a Write-down in whole) or written-down in part on a *pro rata* basis (in the case of a Write-down in part) and all rights of any Noteholder for payment of any amounts under or in respect of the Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event) shall, as the case may be, be cancelled or written-down *pro rata* among the Noteholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date and even if the Non-Viability Event has ceased. Further, whilst it is intended that the ordinary shares and any Tier 1 Capital of the Issuer should absorb losses prior to the Notes, a Write-down in full or in part of the Notes could occur prior to the ordinary shares and/or any Tier 1 Capital of the Issuer absorbing losses in full or even in part. A Write-down shall not constitute an Enforcement Event. As a result, in the case of a Write-down, Noteholders may lose the entire amount or, as the case may be, a material amount, of their investment in the Notes. Investors should also be aware that the application of a non-viability loss absorption feature similar to Condition 7 (*Write-down at the Point of Non-Viability*) has not been tested in Kuwait and therefore some degree of uncertainty may exist in its application.

In cases in which a Write-down in part is required pursuant to Condition 7 (*Write-down at the Point of Non-Viability*), a Write-down may occur on one or more occasions.

Furthermore, upon the occurrence of any Write-down in part pursuant to Condition 7 (*Write-down at the Point of Non-Viability*), Interest Payment Amounts will accrue on the reduced principal amount of the Notes. Also, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event or any redemption at the option of the Issuer pursuant to Condition 6 (*Redemption and Variation*) will be by reference to such reduced principal amount of the Notes.

The Issuer's current and future Junior Obligations or *Pari Passu* Obligations might not include write-down or similar features comparable to those of the Notes. As a result, it is possible that the Notes will be subject to a Write-down, while certain Junior Obligations and/or *Pari Passu* Obligations remain outstanding without such a reduction (or with a lesser reduction) and continue to receive payments and, as such, Noteholders may be subject to losses ahead of holders of certain Junior Obligations and/or *Pari Passu* Obligations.

The circumstances triggering a Write-down are unpredictable

The occurrence of a Non-Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside the Issuer's control.

The occurrence of a Non-Viability Event is subject to, *inter alia*, a subjective determination by the Financial Regulator in its complete discretion regarding, among other things, the viability of the Issuer in circumstances that may be beyond the control of the Issuer and with which the Issuer or the Noteholders may not agree.

Due to the inherent uncertainty regarding the determination as to whether a Non-Viability Event has occurred, it will be difficult to predict when, if at all, a Write-down will occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of subordinated securities. Any indication that the financial condition of the Issuer is heading towards a condition that could result in the occurrence of a Non-Viability Event can be expected to have an adverse effect on the market price of the Notes.

The financial viability of the Issuer will also depend in part on decisions made by the Issuer in relation to its business and operations, including the management of its capital position. In making such decisions, the Issuer will not necessarily have regard to the interests of Noteholders and, in particular, the consequences for Noteholders of any such decisions and there can be no assurance in any such circumstances that the interests of the Issuer, its shareholders and the Financial Regulator will be aligned with those of the Noteholders.

Variation upon the occurrence of a Capital Event or a Tax Event

Upon the occurrence and continuation of a Capital Event or a Tax Event, the Issuer may, subject as provided in Condition 6.3 (*Redemption or Variation for Regulatory Reasons*) or Condition 6.4 (*Redemption or Variation for Taxation Reasons*) (as the case may be) at any time and without the need for any consent of the Noteholders, either redeem or vary the terms of the Notes such that they become or remain (as appropriate) Qualifying Tier 2 Instruments.

A Capital Event is deemed to have occurred if the Issuer is notified in writing by the Financial Regulator to the effect that the outstanding principal amount of the Notes is excluded (in full or in part) from the consolidated Tier 2 Capital of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital).

A Tax Event means that the Issuer has, will or would (as applicable) become required to pay additional amounts, as a result of any change in, or amendment to the laws, published practice or regulations of Kuwait or any political subdivision or authority thereof or therein having power to tax, or in each case as a result of any change in the application or official interpretation of such laws, published practice or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective (or, in the case of application or official interpretation, is announced) on or after the Issue Date (and such requirement cannot be avoided by the Issuer taking reasonable measures available to it).

The Capital Regulations, as in force from time to time, may oblige the Issuer to demonstrate to the satisfaction of the Financial Regulator that (among other things) the Capital Event or Tax Event was not reasonably foreseeable at the Issue Date.

The tax and stamp duty consequences of holding the Notes following variation as contemplated in Condition 6.3 (*Redemption or Variation for Regulatory Reasons*) and Condition 6.4 (*Redemption or Variation for Taxation Reasons*) could be different for certain holders of the Notes from the tax and stamp duty consequences for them of holding the Notes prior to such variation and the Issuer shall not be responsible to any holder of the Notes for any such consequences in connection therewith. Further, while the Conditions stipulate that the variation (as contemplated by the Conditions) must not be materially less favourable to the holders of the Notes, no assurance can be given as to whether any of these changes will negatively affect any particular holder of the Notes.

The Notes may be subject to early redemption; redemptions conditional

Upon the occurrence of a Tax Event or a Capital Event, the Issuer may, at any time, having given not less than 10 nor more than 30 days' prior notice to the holders of the Notes in accordance with Condition 6.3 (*Redemption or Variation for Regulatory Reasons*) and Condition 6.4 (*Redemption or Variation for Taxation Reasons*) (as applicable) (which notice, subject to Condition 6.8 (*No redemption following delivery of a Non-Viability Notice*), shall be irrevocable) redeem in accordance with the Conditions, all, but not some only, of the Notes. The Issuer may also, at its discretion, having given not less than 10 nor more than 30 days' prior notice to the holders of the Notes, redeem in accordance with Condition 6.2 (*Redemption at the Option of the Issuer*) all, but not some only, of the Notes on the date falling three months prior to the Reset Date and on any date thereafter up to and including the Reset Date or on any Interest Payment Date thereafter.

Any redemption of the Notes is subject to the requirements in Condition 6.1 (*Redemption at Maturity and Conditions for Redemption and Variation*), including obtaining the prior approval of the Financial Regulator (except to the extent that the Financial Regulator no longer requires). There can be no guarantee that the approval of the Financial Regulator will be received on time or at all.

In addition, if the Issuer has elected to redeem the Notes, and, prior to the redemption, a Non-Viability Event occurs, the relevant redemption notice will be automatically rescinded and will be of no force and effect. Further, no notice of redemption shall be given in the period following the giving of a Non-Viability Notice and prior to the relevant Non-Viability Event Write-down Date.

There is no assurance that the holders of the Notes will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Notes. During any period when the Issuer may redeem, or is perceived to be able to redeem, the Notes, the market value of the Notes generally will not rise substantially above the outstanding principal amount of the Notes payable. Potential investors should consider the re-investment risk in light of other investments available at that time.

Modification

The Conditions and the Agency Agreement contain provisions for calling meetings of holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Notes including holders of the Notes who did not attend and vote at the relevant meeting and holders of the Notes who voted in a manner contrary to the majority.

The Conditions also provide that the Conditions may be amended or modified without the consent of the Noteholders where such amendment or modification: (i) is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with mandatory provisions of the law; or (ii) does not concern a Reserved Matter and is not materially prejudicial to the interests of the Noteholders.

The Conditions also provide that the Issuer may, without the consent or approval of the holders of the Notes, vary the Conditions so that they become or, as appropriate, remain, Qualifying Tier 2 Instruments, as provided in Condition 6.3 (*Redemption or Variation for Regulatory Reasons*) and Condition 6.4 (*Redemption or Variation for Taxation Reasons*). See "*Variation upon the occurrence of a Capital Event or a Tax Event*" above.

Trading in the clearing systems

As the denomination of the Notes is U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof, it is possible that such Notes may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case a holder of Notes who, as a result of trading such amounts, holds an amount which is less than U.S.\$200,000 in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding (should Individual Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least U.S.\$200,000 in order to be eligible to receive an Individual Certificate.

Investors in the Notes must rely on Euroclear and Clearstream, Luxembourg procedures

The Notes will be represented by the Global Certificate. Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificate held through it. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants and the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Notes. The Issuer shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks related to the market generally

Resettable fixed rate instruments have a market risk

A holder of an instrument with a fixed interest rate that will be reset during the term of the instrument (as will be the case for the Notes with effect from the Reset Date if not previously redeemed and/or purchased and cancelled) is exposed to the risk of fluctuating interest rates and uncertain interest income. While the expected interest rate on the Notes is fixed until the Reset Date (with a reset of the initial interest rate on the Reset Date as set out in the Conditions), the current investment return rate in the capital markets (the "**market return rate**") typically changes on a daily basis. As the market return rate changes, the market value

of the Notes may also change, but in the opposite direction. If the market return rate increases, the market value of the Notes would typically decrease. If the market return rate falls, the market value of the Notes would typically increase. Holders of the Notes should be aware that movements in these market return rates can adversely affect the market value of the Notes and can lead to losses for the holders of the Notes if they sell the Notes.

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Notes will develop or, if it does develop, that it will provide the holders of the Notes with liquidity of investment or that it will continue for the tenor of the Notes. The Notes generally may have a more limited secondary market liquidity and may be subject to greater price volatility than conventional debt securities as they are subordinated (see "*The payment obligations of the Issuer under the Notes are subordinated and unsecured obligations*").

Application has been made for the Notes to be admitted to trading on the ISM. However, there can be no assurance that any such listing will occur or will enhance the liquidity of the Notes.

Illiquidity may have an adverse effect on the market value of the Notes. Accordingly, a holder of the Notes may not be able to find a buyer to buy its Notes readily or at prices that will enable the holder of the Notes to realise a desired yield. The market value of the Notes may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Notes. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (a) the Investor's Currency-equivalent yield on the Notes; (b) the Investor's Currency-equivalent value of the principal payable on the Notes; and (c) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Taxation risks on payments

Payments made by the Issuer in respect of the Notes could become subject to taxation. Condition 8 (*Taxation*) requires the Issuer to pay additional amounts in certain circumstances in the event that any withholding, deduction or retention for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature is imposed, levied, collected, withheld or assessed by or on behalf of Kuwait or any political subdivision or any authority thereof or therein having power to tax in respect of payments under the

Notes such that net amounts received by the holders of the Notes after such withholding, deduction or retention shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding, deduction or retention.

The circumstances described above may entitle the Issuer to redeem all (but not some only) of the Notes or vary their terms. See "*Variation upon the occurrence of a Capital Event or a Tax Event*" and "*The Notes may be subject to early redemption, redemptions conditional*".

The application and enforcement of the Kuwaiti income tax regime is uncertain, and holders of the Notes which are "non-GCC corporate entities" may become subject to the Kuwaiti income tax regime in certain limited circumstances

Article 150 (bis) of Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulating of Securities Activities, which was introduced pursuant to Law No. 22 of 2015 ("**Article 150 (bis)**"), provides that, without prejudice to the exemptions prescribed on capital gains tax arising from the disposal of securities issued by companies listed on Boursa Kuwait, the returns from bonds and other similar securities, regardless of the nature of the issuer, are exempt from Kuwaiti tax.

In addition, the Kuwait Ministry of Finance has issued Administrative Resolution No. 2028 of 2015 (the "**Administrative Resolution**"), which essentially endorses the provisions of Article 150 (bis).

However, the Ministry of Finance's Department of Income Tax ("**DIT**") has to date not always adopted consistent rulings on Kuwaiti tax matters more generally. Accordingly, to the extent that the exemption afforded by Article 150 (bis) is held not to apply to the Notes, or to a particular Noteholder, such Noteholder or the Noteholders which are non-GCC corporate entities may become subject to income tax in Kuwait (see "*Taxation — Kuwait*" for further details).

In addition, neither Article 150 (bis) nor the Ministry of Finance Administrative Order No. 2028 of 2015 endorsing the provisions thereof addressed the issue of whether or not there remains an obligation (as described under "*Taxation — Kuwait*") to deduct 5 per cent. of the amount of any payments made by the Issuer to the Noteholders. Accordingly, there is a possibility that the deduction of the 5 per cent. obligation may be applied in certain circumstances, pending resolution of their tax position. The deducted 5 per cent. would be released by the Issuer upon presentation to it by the Noteholders of a tax clearance certificate from the DIT. In any event, any deducted amounts would be required to be grossed up by the Issuer pursuant to the provisions of the Conditions (see Condition 8 (*Taxation*)) and accordingly, in practice, a Noteholder would not need to present such a tax clearance certificate.

To date there has been no official statement made publicly by the DIT regarding its interpretation of Article 150 (bis) and/or its application. Similarly, the Kuwaiti courts (who will be the final arbiters on the matter) have not been required to interpret such provision to date. Therefore, it is not possible to state definitively how the DIT and/or the Kuwaiti courts may implement or enforce the Corporate Taxation Rules (as defined in "*Taxation — Kuwait*") including Article 150 (bis) in practice.

Prospective purchasers of the Notes are advised to consult their tax advisers as to the consequences under Kuwaiti and other applicable tax laws of acquiring, holding and disposing of the Notes and receiving payments under the Notes.

See "*Taxation — Kuwait*" for further details.

Value Added Tax

As at the date of this Offering Circular, Kuwait does not impose value-added tax ("**VAT**") on the sale of goods and services. However, investors should be aware that the GCC states, including Kuwait, have agreed to the implementation of a GCC-wide VAT framework (the "**VAT Framework**"), to be introduced at a rate of 5 per cent. The national legislation of Kuwait implementing the VAT Framework has yet to be promulgated and no Kuwait-specific details of the regime have been released as at the date of this Offering Circular. Therefore, it is impossible to state with any accuracy if, and when, VAT will be introduced in Kuwait. Further, due to the wide discretion conferred to each GCC member state under the VAT Framework, the terms and conditions of the VAT regime, if introduced, are not known as at the date of this Offering Circular. If the Issuer becomes subject to VAT in Kuwait, its profitability may be adversely affected which may then impact its ability to fulfil its obligations under the Notes.

Change in law

The Conditions are governed by English law and (in the case of Condition 3.1 (*Status of the Notes and Subordination*)) the laws of the State of Kuwait, in each case in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English law or the laws of the State of Kuwait after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

Credit ratings may not reflect all risks

In addition to the rating of A- assigned by Fitch, one or more independent credit rating agencies may assign credit ratings to the Notes or the Group on an unsolicited basis. Any ratings of either the Notes or the Group may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant. Nevertheless, real or anticipated changes in the Issuer's credit ratings or the ratings of the Notes generally will affect the market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified

rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Risks related to enforcement under Kuwaiti law

The insolvency regime in Kuwait is relatively untested with limited guidance as to how the legislative framework will be applied in practice by the courts in Kuwait

Notwithstanding that the provisions of the Conditions relating to the ranking of the Issuer's payment obligations are expressed to be governed by English law, in the event of the Issuer's insolvency, the Kuwaiti insolvency law implemented through Law No. 71 of 2020 (the "**Insolvency Law**") shall apply. It is to be noted that the previous Kuwait bankruptcy regime was replaced by the Insolvency Law which came into full force and effect on 25 July 2021. The Kuwait bankruptcy regime may, in the event of the Issuer's insolvency, adversely affect the Issuer's ability to perform its obligations under the Notes, and obtaining a final bankruptcy judgment in Kuwait may take several years. There is little precedent to predict how any claims by holders of the Notes against the Issuer would be resolved in the event of the Issuer's insolvency and therefore there can be no assurance that holders of the Notes will receive payment of their claims in full or at all in these circumstances.

There is a risk that the Kuwaiti courts will assume jurisdiction

The Notes and the Agency Agreement each contain a provision to the effect that disputes arising thereunder will be referred to arbitration under the London Court of International Arbitration Rules (the "**LCIA Rules**").

Nevertheless, if a claim is brought before the Kuwaiti courts, the Kuwaiti courts may still accept jurisdiction in any suit, action or proceedings in the situations identified in Articles 23, 24 and 26 of Kuwait Law No. 38 of 1980 (the Code of Civil and Commercial Procedure), as amended (the "**Code**"). These situations include: (a) where the defendant in the proceedings expressly or impliedly accepted the jurisdiction of the Kuwaiti courts; (b) where the defendant is a Kuwaiti national or is resident, domiciled or has a place of business or a chosen domicile in Kuwait; or (c) if such legal proceedings relate to property (movable or immovable) located

in Kuwait, an obligation is created, executed or required to be performed in Kuwait or a bankruptcy is declared in Kuwait.

There can therefore be no assurance that the Kuwaiti courts will decline jurisdiction to adjudicate any dispute under the Notes and the Agency Agreement, notwithstanding that the Notes and the Agency Agreement provide that the parties have agreed that any disputes arising thereunder shall be referred to arbitration. The risk that the Kuwaiti courts would assume jurisdiction on the proceedings is reduced, but not eliminated, in the event that: (a) the respondent to a claim raises procedural defences as regards the jurisdiction; and (b) the existence of previous or simultaneous proceedings in, or *res judicata* judgments from, a competent jurisdiction outside Kuwait, on the subject matter and involving the same disputing parties. In addition to the foregoing, Article 173 of the Code provides that the Kuwaiti courts have no jurisdiction to hear disputes which have been validly agreed to be referred to arbitration, **provided that** the party raising the existence of an arbitration provision does so before taking any substantive steps in the proceedings, or any other act or omission which would be considered a waiver of the right to seek arbitration. The Kuwaiti courts will not recognise or give effect to the choice of the laws of England to govern the Notes and the Agency Agreement, nor enforce a foreign judgment or foreign arbitral award to the extent that any of such laws, judgments or arbitral awards are found by the Kuwaiti courts to be contrary to rules of public order or morality of Kuwait.

Noteholders will only be able to enforce their contractual rights under the Notes and the Agency Agreement through arbitration under the LCIA Rules and LCIA awards relating to disputes arising under the Notes may not be enforceable in Kuwait

The Notes and the Agency Agreement provide that Disputes arising thereunder will be referred to arbitration under the LCIA Rules. Noteholders will therefore only have recourse to LCIA arbitration in order to enforce their contractual rights under the Notes and will not have the right to bring proceedings relating to the Notes before the English courts.

Kuwait is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). A foreign arbitral award will be recognised and enforced in Kuwait (without re-trial or examination of the merits of the case) in accordance with the Code. Article 200 of the Code provides that foreign arbitral awards are to be recognised and enforced under the same conditions (applied *mutatis mutandis* to foreign arbitral awards) as are applied in respect of the enforcement of foreign judgments under Article 199 of the Code (as detailed below) save that, in addition, the subject matter of the award must be considered arbitrable under Kuwaiti law and the arbitral award must be enforceable in the jurisdiction in which it was rendered.

Article 199 of the Code requires that: (a) the courts of the jurisdiction by which the judgment was rendered must afford reciprocal treatment to judgments rendered in Kuwait; (b) the judgment must be rendered by a competent authority according to the law of the jurisdiction in which it was rendered; (c) the parties must have been duly summoned to appear and were duly represented at the proceedings; (d) the judgment must be final and non-appealable (*res judicata*) according to the law of the jurisdiction in which it was rendered; (e) the judgment must not contradict any prior judgment rendered by a Kuwaiti court; and, finally (f) the judgment must not contain anything in conflict with the general morals or public order of Kuwait.

The requirement to establish reciprocal enforcement under Article 199 of the Code with respect to the recognition and enforcement of arbitral awards issued in England is satisfied as England and Kuwait are both signatories to the New York Convention. Enforcement of a foreign arbitral award in Kuwait requires the filing of an enforcement action in the Kuwaiti courts. Proceedings before the Kuwaiti courts, including enforcement actions, can take a relatively long time before a final and non-appealable judgment is issued.

There have not been many occasions in which the Kuwaiti courts have been asked to consider the enforcement of foreign arbitral awards and so (notwithstanding that on those occasions when they have been asked to do so they have shown that they will follow the provisions of the Code and enforce an arbitral award) there is not a large body of decided cases in which the practical implications of complying with Article 199 of the Code have been analysed.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated by reference in, and form part of, this Offering Circular:

- (a) the unaudited interim condensed consolidated financial information of the Group as at and for the nine month period ended 30 September 2025, together with the review report thereon and the notes thereto (available at: <https://www.nbk.com/dam/jcr:3e9a0471-c27b-444f-b6a9-b84387a0c095/nbk-interim-financial-statements-3q-2025-e.pdf>);
- (b) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024, together with the audit report thereon and the notes thereto (available at: <https://www.nbk.com/dam/jcr:210e7229-164c-49f5-93ea-fa3da18bf006/NBK%20Financial%20Statements%202024-E.pdf>); and
- (c) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023, together with the audit report thereon and the notes thereto (available at: <https://www.nbk.com/dam/jcr:d8ab6443-3e7d-4117-98a3-12ac767e9276/NBK%20FS%2031%20Dec%202023%20-%20English.pdf>).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

OVERVIEW OF THE ISSUANCE

Issuer:	National Bank of Kuwait S.A.K.P.
Issuer Legal Entity Identifier (LEI):	549300NB7FE83IH6BW96
Description:	U.S.\$300,000,000 5.250 per cent. Resetting Subordinated Tier 2 Notes due 2036.
Sole Global Coordinator:	Citigroup Global Markets Limited.
Fiscal Agent, Calculation Agent and Transfer Agent:	Citibank N.A, London Branch.
Registrar:	Citibank Europe Plc, Dublin Branch.
Issue Date:	10 November 2025.
Issue Price:	100 per cent. of the aggregate principal amount of the Notes.
Interest Payment Dates:	Interest will be payable semi-annually in arrear on 10 May and 10 November in every year, commencing on 10 May 2026.
Interest Payment Amounts:	Subject to any redemption as provided for in Condition 6 (<i>Redemption and Variation</i>), interest will be payable at the rate of 5.250 per cent. per annum up to but excluding the Reset Date and, thereafter, at the Reset Interest Rate, calculated in accordance with Condition 4.3 (<i>Reset Interest Rate</i>).
Maturity Date:	10 February 2036.
Form of Notes:	The Notes will be issued in registered form (to non-U.S. persons in offshore transactions within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the " Securities Act ")) and will initially be represented by the global certificate (the " Global Certificate ") which will be registered in the name of a nominee for, and will be deposited with a common depository for, Euroclear Bank SA/NV (" Euroclear ") and Clearstream Banking S.A. (" Clearstream, Luxembourg "). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Individual certificates evidencing holding of Notes will be issued in exchange for interests in the

Global Certificate only in limited circumstances.

Clearing Systems:

Euroclear and Clearstream, Luxembourg.

Denomination:

The Notes will be issued in registered form in principal amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Status of the Notes:

The Notes constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Notes will rank: (a) junior to all Senior Obligations of the Issuer; (b) *pari passu* with all *Pari Passu* Obligations of the Issuer; and (c) senior to all Junior Obligations of the Issuer.

Redemption and Variation:

The Issuer shall only have the right to redeem, purchase or vary the Notes prior to the Maturity Date in accordance with the provisions of Condition 6 (*Redemption and Variation*) including, at the option of the Issuer, for taxation reasons or for regulatory reasons (each as described below).

Pursuant to Condition 6.2 (*Redemption at the Option of the Issuer*), the Issuer may, on the date falling three months prior to the Reset Date and on any date thereafter up to and including the Reset Date or on any Interest Payment Date thereafter, on giving not less than 10 nor more than 30 days' notice to the Noteholders (which notice, subject to Condition 6.8 (*No redemption following delivery of a Non-Viability Notice*), shall be irrevocable), redeem all but not some only of the Notes at their outstanding principal amount together with interest accrued but unpaid to but excluding the date of redemption.

Upon the occurrence and continuation of a Capital Event, the Notes may be: (i) redeemed at their outstanding principal amount together with interest accrued but unpaid to but excluding the date of redemption; or (ii) varied, in each case subject to certain conditions being satisfied, including the prior approval of the Financial Regulator (unless no longer required by the Financial Regulator) at the option of the Issuer in whole, but not in part, on any date, on giving not less than 10 nor more than 30 days' notice to the Noteholders (which notice, subject to Condition 6.8 (*No redemption following delivery of a Non-Viability Notice*), shall be irrevocable). See Condition 6.3 (*Redemption or Variation for Regulatory Reasons*).

Upon the occurrence of a Tax Event which cannot be avoided by the Issuer, taking reasonable measures available to it, the Notes may be: (i) redeemed at their outstanding principal amount, together with interest accrued but unpaid to but excluding the date fixed for redemption; or (ii) varied, in each case subject to certain conditions being satisfied, including the prior approval of the Financial Regulator (unless no longer required by the Financial Regulator), at the option of the Issuer in whole, but not in part, on any date, on giving not less than 10 nor more than 30 days' notice to the Noteholders (which notice shall, subject to Condition 6.8 (*No redemption following delivery of a Non-Viability Notice*), be irrevocable). See Condition 6.4 (*Redemption or Variation for Taxation Reasons*).

Any redemption or variation of the Notes is subject to the conditions described in Condition 6.1 (*Redemption at Maturity and Conditions for Redemption and Variation*).

Non-Viability Event:

If a Non-Viability Event occurs, a Write-down shall occur on the relevant Non-Viability Event Write-down Date, as more particularly described in Condition 7 (*Write-down at the Point of Non-Viability*). In such circumstances, the Noteholders' rights to payment of any amounts under or in respect of the Notes shall, as the case may be, be cancelled or written-down *pro rata* among the Noteholders. See "*Risk Factors — Noteholders' right to receive repayment of the principal amount of the Notes and the Noteholders' right for any further interest maybe written-down in whole or in part upon the occurrence of a Non-Viability Event*".

Enforcement Events:

Upon the occurrence of an Enforcement Event there are limited remedies available to a Noteholder. See Condition 10 (*Enforcement Event*).

Withholding Tax:

All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding, deduction or retention for or on account of, any Taxes imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, unless the withholding, deduction or retention of such Taxes is required by law.

In that event, the Issuer shall pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding, deduction or retention shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding, deduction or retention, subject to certain exceptions, all as described in Condition 8 (*Taxation*).

Ratings:

The Issuer has an issuer credit rating of A by S&P and long-term ratings of A1 by Moody's and A+ by Fitch, each with a stable outlook. The Notes have been assigned a rating of A- by Fitch.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In general, European regulated investors are restricted from using a rating for regulatory purposes in the EEA, if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

Listing and Admission to Trading:

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading on the International Securities Market of the London Stock Exchange (the "**ISM**").

Governing Law and Dispute Resolution:

The Notes (except for Condition 3.1 (*Status of the Notes and Subordination*)) and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law. Condition 3.1 (*Status of the Notes and Subordination*) will be governed by the laws of the State of Kuwait.

The Agency Agreement and any non-contractual obligations arising out of, or in connection with it will be governed by, and shall be construed in accordance with, English law. In respect of any dispute, claim, difference or controversy under the Notes and the Agency Agreement, the Issuer has consented to arbitration in accordance with the Arbitration Rules of the LCIA.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the US, the UK, the EEA, Hong Kong, Japan, Singapore, the UAE (excluding the ADGM and the DIFC), the ADGM, the DIFC, the State of Kuwait, the Kingdom of Saudi Arabia, Kingdom of Bahrain and the State of Qatar and such other restrictions as may be required in connection with the offering and sale of the Notes. See "*Subscription and Sale*".

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and risks relating to the structure of the Notes. See "*Risk Factors*".

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates in definitive form issued in respect of the Notes. For so long as the Notes are represented by the Global Certificate, these Conditions shall be modified by the terms of the Global Certificate (see "The Global Certificate" in this Offering Circular).

The U.S.\$300,000,000 5.250 per cent. Resetting Subordinated Tier 2 Notes due 2036 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of National Bank of Kuwait S.A.K.P. (the "**Issuer**") are issued subject to and with the benefit of an agency agreement dated the Issue Date (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Citibank Europe Plc, Dublin Branch as registrar (the "**Registrar**") and Citibank N.A., London Branch as fiscal agent (the "**Fiscal Agent**" and, together with any other paying agents named in the Agency Agreement, the "**Paying Agents**"), as transfer agent (the "**Transfer Agent**") and as calculation agent (the "**Calculation Agent**") (together with the Fiscal Agent, the Registrar, the Transfer Agent and any other Paying Agents, the "**Agents**"). Copies of the Agency Agreement are available for inspection and/or collection during normal business hours by the holders of the Notes (the "**Noteholders**") at the specified office of the Fiscal Agent.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to any Agent shall include any successor appointed under the Agency Agreement.

*The owners shown in the records of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") of book-entry interests in the Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.*

1. **Form, Denomination and Title**

1.1 **Form and Denomination**

The Notes are issued in registered form in amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. A note certificate (each a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

The Notes are not issuable in bearer form.

1.2 **Title**

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of

ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions "**Noteholder**" and (in relation to a Note) "**holder**" means the Person in whose name a Note is registered in the register of Noteholders.

2. **Transfers of Notes and issue of Certificates**

2.1 **Transfers**

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Transfer Agents.

2.2 **Delivery of new Certificates**

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2.2, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or the relevant Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described in this Offering Circular (see "The Global Certificate"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the Noteholder not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 **Formalities free of charge**

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but upon payment (or the giving of such indemnity as the Issuer or the Registrar or any Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 **Closed Periods**

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on and including the due date for any payment of principal, premium or interest on that Note.

2.5 **Regulations**

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. **Status of the Notes and Subordination**

3.1 **Status of the Notes and Subordination**

The Notes constitute direct, unconditional, subordinated (as described below) and unsecured obligations of the Issuer and rank *pari passu* and without preference among themselves.

The payment obligations of the Issuer under the Notes will: (a) rank junior to all Senior Obligations of the Issuer; (b) rank *pari passu* with all *Pari Passu* Obligations of the Issuer; and (c) rank senior to all Junior Obligations of the Issuer.

Each holder of a Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Note. No collateral is or will be given for the payment obligations under the Notes and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under the Notes.

3.2 **Other Issues**

So long as any of the Notes remain outstanding, the Issuer will not, and will procure that none of its Subsidiaries will, issue any securities (regardless of name or designation) or create any guarantee of, or provide any contractual support arrangement in respect of, the obligations of any other entity which in each case constitutes (whether on a solo, or a solo consolidated or on a consolidated basis) issued Tier 2 Capital of the Issuer if claims in respect of such securities, guarantee or contractual support arrangement would rank (as regards distributions on a return of assets on a winding up or in respect of distribution or payment of interest and/or any other amounts thereunder) senior to the Notes. This prohibition will not apply if at the same time or prior thereto, these Conditions are amended to ensure that these Conditions have the benefit of such of those rights and entitlements as are contained in or attached to such securities or under such guarantee or contractual support arrangement as are required so as to ensure that claims in respect of the Notes rank *pari passu* with, and contain substantially similar rights of priority as to distributions or payments on, such securities or under such guarantee or contractual support arrangement.

4. **Interest**

4.1 **Interest Rate and Interest Payment Dates**

The Notes bear interest on their outstanding principal amount:

- (a) from and including the Issue Date to but excluding 10 February 2031 (the "**Reset Date**") at the rate of 5.250 per cent. per annum (the "**Initial Interest Rate**") or, thereafter, at the Reset Interest Rate;
- (b) payable semi-annually in arrear on 10 May and 10 November in each year (each an "**Interest Payment Date**"); and
- (c) the first interest payment (for the period from and including the Issue Date to but excluding 10 May 2026 (the "**First Interest Payment Date**") and amounting to U.S.\$26.25 per U.S.\$1,000 in principal amount of Notes) shall be made on the First Interest Payment Date.

4.2 **Calculation of broken interest amount**

When interest is required to be calculated in respect of a period of less than a full Interest Period, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

4.3 **Reset Interest Rate**

The Calculation Agent will agree in the Agency Agreement that, on the U.S. Securities Determination Date at approximately 11.00 a.m. (New York time), it will determine the Reset Interest Rate.

4.4 **Publication of Reset Interest Rate**

The Calculation Agent shall cause notice of the Reset Interest Rate to be given to the Issuer and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed (if then required by such stock exchange or other relevant authority), by no later than the first day of the Reset Period, and to Noteholders in accordance with Condition 12 as soon as possible after the determination thereof, and in no event later than the second Business Day thereafter. The Reset Interest Rate so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of manifest error.

4.5 **Notifications, etc. to be final**

All communications, notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders shall be attached to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 4.

5. **Payments**

5.1 **Payments in respect of the Notes**

Payment of principal and premium (if any) and interest will be made by credit or transfer to the registered account of the Noteholder. Payments of principal and premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest Payment Amounts due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the "**record date**") being the fifteenth day before the due date for the relevant Interest Payment Date.

For the purposes of this Condition 5, a Noteholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and premium (if any), on the second Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

Whilst the Notes are represented by the Global Certificate and the Global Certificate is registered in the name of a nominee for Euroclear and Clearstream, Luxembourg, the record date will instead be close of business on the business day (being for this purpose a day on which each clearing system for which the Global Certificate is being held is open for business) before the relevant due date (see "The Global Certificate" in this Offering Circular).

5.2 **Payments subject to Applicable Laws**

Payments in respect of principal, premium (if any) and interest on the Notes are subject in all cases to: (a) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or any of its Agents agree to be subject, but without prejudice to the provisions of Condition 8; and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.3 **No Commissions**

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 5.

5.4 **Payment on Business Days**

Where payment is to be made by credit or transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated on the Business Day preceding the due date for payment or, in the case of a payment of principal and premium (if any) or a payment of interest due otherwise than on an

Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any further interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

In this Condition 5, "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

5.5 **Partial Payments**

If the amount of principal, premium (if any) or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal, premium (if any) or interest in fact paid.

5.6 **Agents**

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or replacement Agents **provided that**:

- (a) there will at all times be a Fiscal Agent, a Registrar and a Calculation Agent; and
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any such variation, termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

6. **Redemption and Variation**

6.1 **Redemption at Maturity and Conditions for Redemption and Variation**

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at their principal amount on 10 February 2036 (the "**Maturity Date**"). The Issuer shall only have the right to redeem, purchase or vary the Notes prior to the Maturity Date in accordance with the following provisions of this Condition 6.

The redemption of the Notes or variation of the Conditions prior to the Maturity Date, in each case pursuant to this Condition 6, is subject to the following conditions:

- (a) the Issuer having obtained the prior approval of the Financial Regulator;

- (b) the requirement that at the time when the relevant notice of redemption or variation is given and immediately following any redemption or variation (as applicable), the Issuer is or will be (as the case may be) in compliance with the Applicable Regulatory Capital Requirements (including any applicable capital buffers imposed on the Issuer by the Financial Regulator); and

(in the case of Conditions 6.3 or 6.4 only) the requirement that the circumstance that entitles the Issuer to exercise its right of redemption or variation is a change of law, published practice or regulation (including in the case of Condition 6.3, Applicable Regulatory Capital Requirements) in the State of Kuwait or, in the case of Condition 6.4, of a Relevant Jurisdiction or a change in the interpretation or application of such law, published practice or regulation by any court or authority entitled to do so which change becomes, or would become, effective on or after the Issue Date, (in the case of (a) and (b) above only, except to the extent that the Financial Regulator no longer so requires).

6.2 **Redemption at the Option of the Issuer**

Subject to Condition 6.1, the Issuer may, having given not less than 10 nor more than 30 days' notice to the Noteholders (in accordance with Condition 12) and the Fiscal Agent (which notice, subject to Condition 6.8, shall be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Notes on the date falling three months prior to the Reset Date and on any date thereafter up to and including the Reset Date or on any Interest Payment Date thereafter at their outstanding principal amount together with interest accrued but unpaid to but excluding the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Fiscal Agent a certificate signed by an Authorised Signatory of the Issuer stating that all conditions precedent to the redemption of the Notes pursuant to this Condition 6.2 have been satisfied, and the Fiscal Agent shall be entitled to accept the certificate without any further enquiry as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

6.3 **Redemption or Variation for Regulatory Reasons**

Subject to Condition 6.1, the Issuer may, if a Capital Event has occurred and is continuing, having given not less than 10 nor more than 30 days' notice to the Noteholders (in accordance with Condition 12) and the Fiscal Agent (which notice, subject to Condition 6.8, shall be irrevocable and shall specify the date fixed for redemption or variation (as applicable)): (i) redeem all (but not some only) of the Notes at their outstanding principal amount together with interest accrued but unpaid to but excluding the date of redemption; or (ii) vary the terms of the Notes so that they become or, as appropriate, remain, Qualifying Tier 2 Instruments, in each case without any requirement for consent or approval of the holders of the Notes.

The Capital Regulations, as in force from time to time, may oblige the Issuer to demonstrate to the satisfaction of the Financial Regulator that (among other things) the Capital Event was not reasonably foreseeable at the Issue Date.

Prior to the publication of any notice of redemption or variation (as the case may be) pursuant to this Condition 6.3, the Issuer shall deliver to the Fiscal Agent a certificate signed by an Authorised Signatory of the Issuer stating that: (A) a Capital Event has occurred and is continuing as at the date of the certificate; (B) all other conditions precedent to the redemption or variation of the Notes pursuant to Condition 6.1 have been satisfied; and (C) in the case of a variation only, the Issuer shall certify that the varied Notes are Qualifying Tier 2 Instruments and that the Financial Regulator has confirmed that they satisfy limb (a) of the definition of Qualifying Tier 2 Instruments, and the Fiscal Agent shall be entitled to accept the certificate without any further enquiry as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

A "**Capital Event**" is deemed to have occurred if the Issuer is notified in writing by the Financial Regulator to the effect that the outstanding principal amount of the Notes is excluded (in full or in part) from the consolidated Tier 2 Capital of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital).

6.4 **Redemption or Variation for Taxation Reasons**

Subject to Condition 6.1, if a Tax Event has occurred, and that Tax Event cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may at its option, having given not less than 10 nor more than 30 days' notice to the Noteholders (in accordance with Condition 12) and the Fiscal Agent (which notice, subject to Condition 6.8, shall be irrevocable and shall specify the date fixed for redemption or variation (as applicable)): (i) redeem all (but not some only) of the Notes at their outstanding principal amount together with interest accrued but unpaid to but excluding the date of redemption; or (ii) vary the terms of the Notes provided that they become or, as appropriate, remain, Qualifying Tier 2 Instruments, in each case without any requirement for consent or approval of the holders of the Notes.

The Capital Regulations, as in force from time to time, may oblige the Issuer to demonstrate to the satisfaction of the Financial Regulator that (among other things) the Tax Event was not reasonably foreseeable at the Issue Date.

Prior to the publication of any notice of redemption or variation (as the case may be) pursuant to this Condition 6.4, the Issuer shall deliver to the Fiscal Agent: (A) a copy of an opinion of a recognised independent tax adviser to the effect that a Tax Event has occurred; and (B) a certificate signed by an Authorised Signatory of the Issuer stating that: (i) the relevant Tax Event has occurred and cannot be avoided by the Issuer taking reasonable measures available to it; (ii) that all other conditions precedent to the redemption or variation of the Notes pursuant to Condition 6.1 and this Condition 6.4 (other than the notice described in the first paragraph of this Condition 6.4) have been satisfied; and (iii) in the case of a variation only, the Issuer shall certify that the varied Notes are Qualifying Tier 2 Instruments and that the Financial Regulator has confirmed that they satisfy limb (a) of the definition of Qualifying Tier 2 Instruments, and the Fiscal Agent shall be entitled to accept the opinion and certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders.

For this purpose, a "**Tax Event**" means that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws, published practice or regulations of the Relevant Jurisdiction, or any change in the application or official interpretation of such laws, published practice or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective (or, in the case of application or official interpretation, is announced) on or after the Issue Date **provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or the Issuer would be obliged to make such withholding, deduction or retention if a payment in respect of the Notes was then due.

6.5 **Taxes upon Variation**

In the event of a variation in accordance with Conditions 6.3 or 6.4, the Issuer will not be obliged to pay and will not pay any liability of any Noteholder to corporation tax, corporate income tax or tax on profits or gains or any similar tax arising in respect of the variation of the terms of the Notes **provided that** they become or, as appropriate, remain, Qualifying Tier 2 Instruments, including in respect of any stamp duty or similar other taxes arising on any subsequent transfer, disposal or deemed disposal of the Qualifying Tier 2 Instruments by such Noteholder.

6.6 **Purchases**

Subject to the Issuer: (a) obtaining the prior approval of the Financial Regulator (except to the extent that the Financial Regulator no longer so requires); and (b) being in compliance with the Applicable Regulatory Capital Requirements, the Issuer or any of the Issuer's Subsidiaries may at any time purchase the Notes in any manner and at any price.

6.7 **Cancellations**

All Notes which are: (a) redeemed; or (b) purchased by or on behalf of the Issuer or any of the Issuer's Subsidiaries will forthwith be cancelled, and accordingly may not be reissued or resold.

6.8 **No redemption following delivery of a Non-Viability Notice**

If the Issuer has elected to redeem the Notes in accordance with this Condition 6 and prior to the redemption of the Notes a Non-Viability Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Noteholders (in accordance with Condition 12), the Fiscal Agent and the Registrar as soon as practicable. Further, no notice of redemption shall be given in the period following the giving of a Non-Viability Notice and prior to the relevant Non-Viability Event Write-down Date.

7. **Write-down at the Point of Non-Viability**

If a Non-Viability Event occurs, on the third Business Day following the occurrence of such Non-Viability Event, the Issuer will notify the Noteholders thereof in accordance with Condition 12 (a "**Non-Viability Notice**"). Upon provision of such Non-Viability

Notice, a Write-down of the Notes shall take place on the Non-Viability Event Write-down Date.

Following any Write-down of the Notes in accordance with this Condition 7: (a) references in these Conditions to the "**principal amount**" or "**outstanding principal amount**" of the Notes shall be construed accordingly; (b) the principal amount so written down (the "**Write-down Amount**") will be cancelled and interest will continue to accrue only on the outstanding principal amount following such reduction, as described herein; and (c) the Write-down Amount may not be restored under any circumstances, including where the relevant Non-Viability Event is no longer continuing.

Any such Write-down shall not constitute an Enforcement Event. Noteholders acknowledge that there shall be no recourse to the Financial Regulator in respect of any determination made by it with respect to the occurrence of a Non-Viability Event.

It is the Issuer's current intention that a Write-down will take place: (1) after the Ordinary Shares absorb losses (if and to the extent permissible under the relevant regulations applicable to the Issuer at such time) and the Financial Regulator has not notified the Issuer in writing that the relevant Non-Viability Event has been cured as a result of such loss absorption; (2) after the write-down or write-off of any of the Issuer's obligations in respect of Tier 1 Capital and any other securities and other instruments related to the Issuer's obligations constituting Tier 1 Capital; and (3) simultaneously and pro rata with the write-down of any of the Issuer's other obligations in respect of Tier 2 Capital and any other instruments related to the Issuer's other obligations constituting Tier 2 Capital. However, the Issuer may at any time depart from this policy at its sole discretion or if so required by the Applicable Regulatory Capital Requirements or the Financial Regulator.

In this Condition 7, "**Business Day**" means a day (other than a Friday or Saturday) on which commercial banks are open for business in the State of Kuwait.

8. **Taxation**

8.1 **Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding, deduction or retention for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding, deduction or retention of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after the withholding, deduction or retention shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding, deduction or retention; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) held by or on behalf of a holder which is liable to the Taxes in respect of the Note by reason of it having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

- (b) where the relevant Note is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder, or official interpretations thereof), or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

8.2 **Interpretation**

In these Conditions:

- (a) "**Relevant Date**" means the date on which the payment first becomes due, except that, if the full amount of the money payable has not been duly received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and
- (b) "**Relevant Jurisdiction**" means the State of Kuwait or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

8.3 **Additional Amounts**

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8.

9. **Prescription**

Subject to applicable law, claims in respect of interest and principal shall be prescribed and become void unless made within: (i) 5 years from the Relevant Date, in the case of claims in respect of interest; and (ii) 10 years from the Relevant Date, in the case of claims in respect of principal.

10. **Enforcement Event**

10.1 **Enforcement Event**

An enforcement event (an "**Enforcement Event**") shall occur if:

- (a) default is made in the payment of any principal or interest due under the Notes or any of them and, in the case of interest only, the default continues for a period of five Business Days (as defined in Condition 5.4); or
- (b) any one or more of the following events shall occur and be continuing:
 - (i) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution of Noteholders; or
 - (ii) any event occurs which under the laws of the State of Kuwait or any other jurisdiction has an analogous effect to any of the events referred to in paragraph (i) above.

In the case of (a) above only, any Noteholder may institute proceedings for the dissolution and liquidation of the Issuer.

In the case of (b) above only, any Noteholder may give written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, that such Note is due and payable, whereupon the same shall, subject to Condition 3, become forthwith due and payable at its outstanding principal amount, together with accrued but unpaid interest (if any) to the date of repayment without presentation, demand, protest or other notice of any kind.

A Noteholder may at its discretion institute such steps, actions or proceedings against the Issuer to enforce any other term or condition binding on the Issuer. However, in no event shall the Issuer by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

10.2 **No Other Remedies**

No remedy against the Issuer other than as set out in this Condition 10 and petitioning for the winding up or liquidation of the Issuer and the proving or claiming in any dissolution and liquidation of the Issuer shall be available to the Noteholders whether for the recovering of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Notes.

11. **Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection with the replacement and on such terms

as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. **Notices**

12.1 **Notices to the Noteholders**

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12.2 **Notices from the Noteholders**

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Certificate, with the Fiscal Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. **Meetings of Noteholders and Modification**

13.1 **Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate outstanding principal amount of the Notes. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. of the aggregate principal amount of the Notes for the time being outstanding or, at any adjourned meeting, one or more persons present whatever the principal amount of the Notes so held or represented, except that a Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than two-thirds or, at any adjourned such meeting, not less than one-third of the aggregate outstanding principal amount of the Notes form a quorum. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting. This Condition 13.1 is without prejudice to Conditions 6.3 and 6.4.

In addition, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate outstanding principal amount of the Notes will take effect as if it were an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

13.2 **Modification**

These Conditions and the Agency Agreement may be amended or modified without the consent of the Noteholders where such amendment or modification: (i) is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law; or (ii) does not concern a Reserved Matter and is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12. This Condition 13.2 is without prejudice to Conditions 6.3 and 6.4.

14. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. References in these Conditions to Notes shall include (unless the context otherwise requires) any further notes issued pursuant to this Condition 14 and forming a single series with the Notes.

15. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of: (a) making or filing a claim or proof against the Issuer; (b) obtaining an order or judgment in any court or other tribunal; or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between: (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency; and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

16. **Governing Law and Dispute Resolution**

16.1 **Governing Law**

The Agency Agreement, these Conditions (including the remaining provisions of this Condition 16) and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law, save that Condition 3.1 shall be governed by the laws of the State of Kuwait.

16.2 **Arbitration**

Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with the Notes, these Conditions or the Agency Agreement (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of the nullity of any of them and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules (the "**Rules**") of the London Court of International Arbitration (the "**LCIA**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 16.2. For these purposes:

- (a) the seat of arbitration shall be London, England;
- (b) there shall be three arbitrators each of whom shall be disinterested in the arbitration, shall have no connection with any party to the Dispute and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party-nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and
- (c) the language of the arbitration shall be English.

16.3 **Appointment of Process Agent**

The Issuer irrevocably appoints Maples and Calder at its registered office at 6th Floor, DUO, 280 Bishopsgate, London EC2M 4RB, United Kingdom as its authorised agent for service of process in England. If for any reason such agent shall cease to be such agent for service of process or ceases to be registered in England, the Issuer shall forthwith appoint a new agent for service of process in England and shall notify the Noteholders of such appointment. The Issuer will procure that, so long as any of the Notes remains outstanding, a person with an office in London shall be appointed to accept service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

16.4 **Waiver of Immunity**

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably and unconditionally waives such immunity to the fullest extent permitted by the laws or such jurisdiction. Further, the Issuer irrevocably and unconditionally consents to the giving of any relief or the issue of any legal proceedings, including, without limitation,

jurisdiction, enforcement, pre-judgment proceedings and injunctions in connection with any Disputes.

16.5 **Other Document**

The Issuer has in the Agency Agreement appointed an agent in England for service of process, on terms substantially similar to those set out in Condition 16.3.

17. **Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

18. **Definitions**

In these Conditions:

"Applicable Regulatory Capital Requirements" means any requirements contained in the Capital Regulations for the maintenance of capital from time to time applicable to the Issuer, including transitional rules and waivers granted in respect of the foregoing.

"Authorised Signatory" means any person who: (a) holds the office of Chairman or Vice-Chairman of the Issuer from time to time; or (b) is duly authorised by the Issuer to sign documents on its behalf.

"Basel III" means the reforms to the international regulatory capital framework issued by the Basel Committee (including, but not limited to, the Basel III Documents) as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for international credit institutions (including guidance on the eligibility criteria for tier 1 capital instruments and tier 2 capital instruments).

"Basel III Documents" means the Basel Committee document *"A global regulatory framework for more resilient banks and banking systems"* released by the Basel Committee on 16 December 2010 and revised in June 2011 and the Annex contained in its document *"Basel Committee issues final elements of the reforms to raise the quality of regulatory capital"* on 13 January 2011.

"Basel Committee" means the Basel Committee on Banking Supervision.

"Business Day" has the meaning given to it in Condition 5 (save as otherwise specified herein).

"Capital Event" has the meaning given to it in Condition 6.3.

"Capital Regulations" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the State of Kuwait, including those of the Financial Regulator, including, without limitation, the Instructions, and in each case, as amended or superseded from time to time.

"**Code**" has the meaning given to it in Condition 5.2.

"**Common Equity Tier 1 Capital**" means capital of the Issuer qualifying as (or which would qualify, but for any applicable limitation on the amount of such capital), and approved by the Financial Regulator as, common equity tier 1 capital in accordance with the Capital Regulations.

"**Enforcement Event**" has the meaning given to it in Condition 10.

"**Extraordinary Resolution**" has the meaning given to it in the Agency Agreement.

"**Financial Regulator**" means the Central Bank of the State of Kuwait and/or any successor entity having primary bank supervisory authority with respect to the Issuer in the State of Kuwait.

"**First Interest Payment Date**" has the meaning given to it in Condition 4.

"**H.15**" means the statistical release designated as such, or any successor or replacement publication, published by the Board of Governors of the United States Federal Reserve System and "**most recent H.15**" means the H.15 published closest in time but prior to the U.S. Securities Determination Date. The H.15 may be currently obtained at the following website: <https://www.federalreserve.gov/releases/h15/>.

"**Initial Interest Rate**" has the meaning given to it in Condition 4.1.

"**Instructions**" means the final instructions entitled "*Implementing Capital Adequacy Standards – Basel III – for conventional banks*" issued by the Financial Regulator on 24 June 2014, as may be amended or superseded from time to time.

"**Interest Payment Amount**" means the amount of interest due on each Note on an Interest Payment Date.

"**Interest Payment Date**" has the meaning given to it in Condition 4.1.

"**Interest Period**" means the period from and including the Issue Date to but excluding the First Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date.

"**Issue Date**" means 10 November 2025.

"**Junior Obligations**" means all claims of the holders of Ordinary Shares and all payment obligations of the Issuer in respect of its Common Equity Tier 1 Capital, its Tier 1 Capital and any other subordinated payment obligations of the Issuer which rank, or are expressed to rank, junior to the obligations of the Issuer under the Notes.

"**Margin**" means 1.50 per cent. per annum.

"**Maturity Date**" has the meaning given to it in Condition 6.1.

"**Non-Viability Event**" means that the Financial Regulator has informed the Issuer in writing that it has determined that a Trigger Event has occurred.

"**Ordinary Shares**" means the ordinary shares of the Issuer.

"**Non-Viability Event Write-down Date**" means the date on which the Write-down will take place as specified in the Non-Viability Notice, which date shall be no later than 10 Business Days (as defined in Condition 7) after the date of the Non-Viability Notice.

"**Non-Viability Notice**" has the meaning given to it in Condition 7.

"**Pari Passu Obligations**" means all subordinated payment obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Qualifying Tier 2 Instruments**" means instruments (whether securities, trust certificates, interests in limited partnerships or otherwise) issued directly or indirectly by the Issuer that:

- (a) will be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) consolidated Tier 2 Capital of the Issuer;
- (b) have terms and conditions not materially less favourable to a Noteholder than the Notes (as reasonably determined by the Issuer (**provided that** in making this determination the Issuer is not required to take into account the tax treatment of the new instrument in the hands of all or any holders of the Notes, or any transfer or similar taxes that may apply on the acquisition of the new instrument) **provided that** a certification to such effect of an Authorised Signatory of the Issuer shall have been delivered to the Fiscal Agent prior to the variation of the terms of the instruments);
- (c) will constitute direct or indirect (whether by a guarantee or equivalent support undertaking) obligations of the Issuer;
- (d) rank, on a winding up of the Issuer, at least *pari passu* with the obligations of the Issuer in respect of the Notes;
- (e) have at least the same outstanding principal amount and the same interest payment or distribution dates as the Notes and at least equal interest or distribution rate or rate of return as the Notes;
- (f) are listed on the same stock exchange as the Notes (if the Notes were so listed immediately prior to the variation);
- (g) have the same claim to accrued but unpaid distributions;
- (h) (where the instruments are varied prior to the Reset Date) have the same Reset Date as the Notes;

- (i) have the same optional redemption dates as the Notes, save that any right to redeem the Notes prior to the fifth anniversary of the Issue Date may be disappplied if such right to redeem would cause a Capital Event; and
- (j) preserve the obligations of the Issuer as to amounts payable upon any redemption and the ranking of any claims in a winding-up or dissolution of the Issuer under the Notes, and which may include such technical changes as necessary to reflect the requirements of Tier 2 Capital under the Capital Regulations then applicable to the Issuer (including, without limitation, such technical changes as may be required in the adoption and implementation of Basel III).

"Relevant Five-Year Reset Rate" means, in respect of the Reset Period: (i) a rate (expressed as a decimal) determined on the U.S. Securities Determination Date to be the per annum rate equal to the yield for U.S. Treasury securities at "constant maturity" for a designated maturity of five years and trading in the public securities markets; or (ii) if there is no such published rate for U.S. Treasury securities at "constant maturity" for a designated maturity of five years and trading in the public securities markets, then the rate will be determined on the U.S. Securities Determination Date by interpolation between the yields for U.S. Treasury securities at "constant maturity" trading in the public securities market: (A) one maturing as close as possible to, but earlier than, the Maturity Date; and (B) the other maturing as close as possible to, but later than the Maturity Date, in each case as published in the most recent H.15 under the caption "treasury constant maturities (nominal)". If the Issuer cannot procure the determination of the Relevant Five-Year Reset Rate on the U.S. Securities Determination Date pursuant to the methods described in (i) and (ii) above, then the Relevant Five-Year Reset Rate will be 3.750 per cent.

"Reserved Matter" has the meaning given to it in the Agency Agreement.

"Reset Date" has the meaning given to it in Condition 4.1.

"Reset Interest Rate" means, in respect of the Reset Period, the rate per annum which is determined by the Calculation Agent to be the aggregate of the Margin and the Relevant Five-Year Reset Rate.

"Reset Period" means the period from and including the Reset Date to but excluding the Maturity Date.

"Senior Obligations" means all unsubordinated payment obligations of the Issuer (including payment obligations to its depositors), and all subordinated payment obligations (if any) of the Issuer, except *Pari Passu* Obligations and Junior Obligations.

"Subsidiary" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**") whose affairs and policies the first Person controls or has the power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise.

"Tax Event" has the meaning given to it in Condition 6.4.

"Tier 1 Capital" means capital, other than Common Equity Tier 1 Capital, qualifying as (or which would qualify, but for any applicable limitation on the amount of such capital), and approved by the Financial Regulator as, tier 1 capital in accordance with the Capital Regulations.

"Tier 2 Capital" means capital qualifying as (or which would qualify, but for any applicable limitation on the amount of such capital), and approved by the Financial Regulator as, tier 2 capital in accordance with the Capital Regulations.

"Trigger Event" has the meaning given to it in the Instructions.

For the definition of "Trigger Event" as set out in the Instructions, see "Banking Industry and Regulation in Kuwait – Banking Regulation – Capital Adequacy Regulations" in this Offering Circular.

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the U.S. Securities Industry and Financial Markets Association recommends that the fixed-income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

"U.S. Securities Determination Date" means the second U.S. Government Securities Business Day before the commencement of the Reset Period.

"Write-down" means:

- (a) the Notes shall be cancelled (in the case of a write-down in whole) or written-down in part on a *pro rata* basis (in the case of a write-down in part) as determined by the Issuer in accordance with the Capital Regulations; and
- (b) all rights of any Noteholder for payment of any amounts under or in respect of the Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event) shall, as the case may be, be cancelled or written-down *pro rata* among the Noteholders and, in each case, will not be restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date and even if the Non-Viability Event has ceased.

"Write-down Amount" has the meaning given to it in Condition 7.

All references in these Conditions to **"U.S. dollars"** and **"U.S.\$"** are to the lawful currency of the United States of America.

All references in these Conditions to **"indebtedness"** shall be deemed to include any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of Shari'a and which is treated as debt for the purposes of applicable law, in each case whether entered into directly or indirectly by the Issuer.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Notes whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

Form of the Notes

The Notes will be in registered form and will be issued outside the United States to persons that are not U.S. persons (as defined in and in reliance on Regulation S of the Securities Act).

The Notes will be represented by beneficial interests in a global certificate in registered form (the "**Global Certificate**"). The Global Certificate will be deposited with a common depository for Euroclear and Clearstream and will be registered in the name of a nominee for the common depository. Persons holding ownership interests in the Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Individual Certificates in fully registered form.

Holders

For so long as all of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, as the case may be, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account by any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "holders of the Notes" and references to "holding of Notes" and to "holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the registered holder of the Global Certificate in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder of the Global Certificate.

Cancellation

Cancellation of any Note represented by the Global Certificate will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders maintained by the Registrar.

Payments

All payments in respect of the Global Certificate which, according to the Conditions, require presentation and/or surrender of a Certificate will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

Payments on business days

In the case of all payments made in respect of the Global Certificate, "**Business Day**" means any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City.

Payment Record Date

Each payment in respect of the Global Certificate will be made to the person shown as the holder in the register of Noteholders at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which such Global Certificate is being held is open for business.

Notices

Notwithstanding Condition 12 (*Notices*), while all the Notes are represented by the Global Certificate and such Global Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 12 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Write-down

For so long as the Notes are represented by the Global Certificate, any Write-down will be effected Euroclear and Clearstream, Luxembourg in accordance with their operating procedures by way of a reduction in the pool factor.

Registration of Title

Title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement.

Transfers

Transfers of book-entry interests in the Notes represented by the Global Certificate will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

Exchange for Individual Certificates

Interests in the Global Certificate will be exchangeable (free of charge to the holder), in whole but not in part, for Individual Certificates only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 (*Notices*) if an Exchange Event occurs. For these purposes, "**Exchange Event**" means: (a) that the Issuer has been notified that Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so; or (b) an Enforcement Event occurs. In the event of the occurrence of an Exchange Event, any of the

Issuer or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Certificate) may give notice to the Registrar requesting exchange.

The Registrar will not register the transfer of, or exchange of interests in, the Global Certificate for Individual Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

In this Offering Circular, "**Individual Certificate**" means a Note in definitive registered form issued by the Issuer in accordance with the provisions of the Agency Agreement in exchange for the Global Certificate, such Note substantially in the form set out in the Schedules to the Agency Agreement.

USE OF PROCEEDS

The proceeds from the issue of the Notes will be used by the Issuer to increase its Tier 2 Capital for the purpose of increasing its capital adequacy and for its general corporate purposes.

SELECTED CONSOLIDATED FINANCIAL DATA

The financial information in this section should be read in conjunction with "Financial Review", the Financial Statements and the related notes thereto. The financial information in this section (i) as at, and for the years ended, 31 December 2024 and 31 December 2023 has been derived from the 2024 Financial Statements and (ii) as at, and for the year ended, 31 December 2022, except where indicated, has been derived from the comparative data for 2022 included in the 2023 Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

	Year ended 31 December		
	2024	2023	2022
	<i>(KD thousands)</i>		
Interest income.....	1,798,909	1,632,748	947,589
Interest expense.....	1,027,292	908,154	363,821
Net interest income	771,617	724,594	583,768
Murabaha and other Islamic financing income.....	464,628	402,482	287,558
Finance cost and distribution to depositors.....	256,186	221,939	115,487
Net income from Islamic financing	208,442	180,543	172,071
Net interest income and net income from Islamic financing	980,059	905,137	755,839
Net fees and commissions.....	205,683	196,606	181,778
Net investment income.....	22,979	27,466	15,736
Net gains from dealing in foreign currencies.....	41,159	36,123	55,379
Other operating income.....	1,323	1,435	1,009
Non-interest income	271,144	261,630	253,902
Net operating income	1,251,203	1,166,767	1,009,741
Staff expenses.....	252,578	233,156	220,125
Other administrative expenses.....	166,834	147,342	125,430
Depreciation of premises and equipment.....	46,907	44,314	38,922
Amortisation of intangible assets.....	1,647	1,647	1,647
Operating expenses	467,966	426,459	386,124
Operating profit before provision for credit losses and impairment losses	783,237	740,308	623,617
Provision charge for credit losses and impairment losses.....	86,464	103,068	45,363
Operating profit before taxation and directors' remuneration	696,773	637,240	578,254
Taxation.....	57,443	48,097	47,422
Directors' remuneration.....	770	770	770
Profit for the period/year	638,560	588,373	530,062
Attributable to:			
Shareholders of the Bank.....	600,122	560,620	509,085
Non-controlling interests.....	38,438	27,753	20,977

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2024	2023	2022
	<i>(KD thousands)</i>		
Assets			
Cash and short-term funds.....	5,323,273	4,384,700	5,323,452
Central Bank of Kuwait bonds.....	343,652	856,815	881,241
Kuwait Government treasury bonds.....	148,555	194,111	211,629
Deposits with banks.....	1,383,330	1,318,121	1,490,286
Loans, advances and Islamic financing to customers.....	23,707,609	22,281,004	20,998,416
Investment securities.....	7,626,478	6,884,821	5,634,672
Land, premises and equipment.....	517,392	506,812	474,724
Goodwill and other intangible assets.....	510,733	508,416	534,936
Other assets.....	777,134	730,191	789,007
Total assets	40,338,156	37,664,991	36,338,363
Liabilities			
Due to banks.....	5,403,802	3,963,802	4,017,979
Deposits from other financial institutions.....	2,949,756	3,725,629	3,740,877
Customer deposits.....	22,866,205	21,948,957	20,178,062
Certificates of deposit issued.....	1,501,457	822,899	1,801,623
Other borrowed funds.....	1,520,422	1,331,006	1,243,563
Other liabilities.....	939,782	966,123	721,313
Total liabilities	35,181,424	32,758,416	31,703,417
Equity			
Share capital.....	832,644	792,995	755,233
Proposed bonus shares.....	41,633	39,649	37,762
Statutory reserve.....	416,324	396,499	377,618
Share premium account.....	803,028	803,028	803,028
Treasury shares reserve.....	34,961	34,961	34,961
Other reserves.....	1,983,738	1,816,640	1,614,386
Equity attributable to shareholders of the Bank	4,112,238	3,883,772	3,622,988
Perpetual Tier 1 Capital Securities.....	439,032	439,032	439,032
Non-controlling interests.....	605,372	583,771	572,926
Total equity	5,156,732	4,906,575	4,634,946
Total liabilities and equity	40,338,156	37,664,991	36,338,363

SELECTED APMs

	As at and for the year ended 31 December		
	2024	2023	2022
	<i>(per cent., except where noted)</i>		
Performance measures			
Return on average assets ⁽¹⁾	1.55	1.53	1.48
Return on average equity ⁽²⁾	15.1	15.0	14.3
Cost to income ratio ⁽³⁾	37.4	36.6	38.2
Financial ratios			
Net interest margin ⁽⁴⁾	2.66	2.59	2.30
Yield ⁽⁵⁾	6.14	5.83	3.76
Funding cost ⁽⁶⁾	3.93	3.63	1.64
Net profit margin ⁽⁷⁾	48.0	48.0	50.4
Asset quality			
Impaired loans ratio ⁽⁸⁾	1.34	1.38	1.42
Loan loss coverage ratio ⁽⁹⁾	262.6	271.0	267.0
Liquidity coverage ratio ⁽¹⁰⁾	152.8	186.07	140.7
Loans to customer and financial institution deposits ratio ⁽¹¹⁾	91.8	86.8	87.8
Loans to total deposits ratio ⁽¹²⁾	72.5	73.1	70.6
Liquid asset ratio ⁽¹³⁾	34.0	33.4	34.8
Other ratios			
Common Equity Tier 1 capital adequacy ratio ⁽¹⁴⁾⁽¹⁵⁾	13.2	13.0	12.9
Tier 1 capital adequacy ratio ⁽¹⁴⁾⁽¹⁶⁾	15.1	15.0	15.0
Total capital adequacy ratio ⁽¹⁴⁾⁽¹⁷⁾	17.3	17.3	17.4
Financial leverage ratio ⁽¹⁸⁾	9.5	9.7	9.4
Net stable funding ratio ⁽¹⁹⁾	110.8	111.4	112.5

Notes:

- (1) Profit for the period attributable to shareholders of the Bank (as set out in the consolidated statement of income in each of the Annual Financial Statements) divided by average assets for the period. Average assets for the period were calculated as the sum of total assets on a quarterly basis divided by five.
- (2) Profit for the period attributable to shareholders of the Bank less interest paid on Tier 1 Capital (which is not included in shareholders' equity) divided by average shareholders' equity (being equity attributable to shareholders of the Bank as set out in the consolidated statement of financial position in each of the Annual Financial Statements) for the period. Average shareholders' equity for the period (excluding the proposed dividend for the year) is calculated as the sum of shareholders' equity on a quarterly basis divided by five.
- (3) Operating expenses (as set out in the consolidated statement of income in each of the Annual Financial Statements) divided by net operating income (as set out in the consolidated statement of income in each of the Annual Financial Statements).
- (4) Net interest income and net income from Islamic financing (each as set out in the consolidated statement of income in each of the Annual Financial Statements) divided by average income-earning assets for the period. Average income-earning assets for the period were calculated as the sum of total income-earning assets on a quarterly basis divided by five. Income earning assets comprise cash and short-term funds, Central Bank of Kuwait bonds, Kuwait Government treasury bonds, deposits with banks, loans, advances and Islamic financing to customers and investment securities.
- (5) Interest income and income from Islamic financing (each as set out in the consolidated statement of income in each of the Annual Financial Statements) divided by average income-earning assets for the period.
- (6) Interest expense and financing costs and distribution to depositors (each as set out in the consolidated statement of income in each of the Annual Financial Statements) divided by the average cost-bearing liabilities for the period. Average cost-bearing liabilities for the period were calculated as the sum of cost-bearing liabilities for the year on a quarterly basis divided by five. Cost-bearing liabilities comprise due to banks, deposits from other financial institutions, customer deposits, certificate of deposits issued and other borrowed funds.
- (7) Profit for the period attributable to shareholders of the Bank divided by net operating income for the period.
- (8) Impaired loans (being past due and impaired loans, advances and Islamic financing to customers as set out in note 13 to each of the Annual Financial Statements) as a percentage of total gross loans (being loans, advances and Islamic financing to customers as set out in note 13 to each of the Annual Financial Statements).
- (9) Loan loss provisions (being provision for credit losses as set out in note 13 to each of the Annual Financial Statements) as a percentage of impaired loans.
- (10) The LCR is calculated based on the Central Bank of Kuwait's guidelines which are in line with Basel III recommendations. The LCR is calculated on a daily basis as the ratio of HQLAs (post factors) to the expected Net Cash Outflows over a 30-day period. The quarterly simple average is computed based on the daily LCR for the quarter and is calculated in accordance with the requirements of CBK Circular number 2/RB/345/2014 dated 23 December 2014.
- (11) Loans, advances and Islamic financing to customers (as set out in the statement of financial position in each of the Annual Financial Statements) divided by the sum of customer deposits and deposits from financial institutions.
- (12) Loans, advances and Islamic financing to customers divided by the sum of customer deposits, due to banks, deposits from other financial institutions and certificates of deposits issued (the latter as set out in the statement of financial position in each of the Annual Financial Statements).
- (13) The sum of cash and short term funds, Central Bank of Kuwait bonds, Kuwaiti Government treasury bonds, deposits with banks and investment securities (each as set out in the statement of financial position in each of the Annual Financial Statements)

excluding investment securities at amortised cost (as set out in note 14 to each of the Annual Financial Statements), divided by total assets (as set out in the statement of financial position in each of the Annual Financial Statements).

- ⁽¹⁴⁾ Calculated in accordance with CBK Circular number 2/RB, RBA/A336/2014 dated 24 June 2014.
- ⁽¹⁵⁾ Common Equity Tier 1 capital adequacy ratio is defined as Common Equity Tier 1 capital divided by risk-weighted assets at a given date (as set out in note 29 to each of the Annual Financial Statements).
- ⁽¹⁶⁾ Tier 1 capital adequacy ratio is defined as Tier 1 capital resources divided by risk-weighted assets at a given date.
- ⁽¹⁷⁾ Total capital adequacy ratio is defined as total capital resources divided by risk-weighted assets at a given date.
- ⁽¹⁸⁾ Calculated in accordance with the requirements of CBK Circular number 2/BS/342/2014 dated 21 October 2014. Leverage ratio is defined as the "capital" measure (being Tier 1 capital) divided by the "exposure" measure (being the sum of on-balance sheet assets, derivative exposures and off-balance sheet exposures).
- ⁽¹⁹⁾ Calculated in accordance with the requirements of CBK Circular number 2/BS/356/2015 dated 25 October 2015.

FINANCIAL REVIEW

The following discussion of the Group's results of operations and financial condition should be read in conjunction with "Selected Consolidated Financial Data" and the Financial Statements which are incorporated by reference in this Offering Circular. For further information, see also "Presentation of Certain Financial and other Information".

This review contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Circular, particularly under the heading "Risk Factors".

OVERVIEW

The Group was the first indigenous bank and the first shareholding company to be established in Kuwait. It is the only banking group in Kuwait to have access to both the conventional and Islamic banking markets.

The Group's core businesses are consumer and private banking, corporate banking, Islamic banking (offered through its majority-owned subsidiary, Boubyan Bank) and private banking and asset management services offered to institutional investors through NBK Wealth. The Group is a regional banking group, focused on offering its products and services in Kuwait and other countries within the MENA region, including Bahrain, Egypt, Iraq, Lebanon, Saudi Arabia and the United Arab Emirates, in each of which it has a presence through a subsidiary or branches.

The Group currently operates through six financial reporting segments:

- Consumer banking;
- Corporate banking;
- NBK Wealth;
- Islamic banking;
- Group centre; and
- International banking.

The Group's strategy is built on three cornerstones which guide the priorities that it sets for each business unit and internal function. These cornerstones are:

- defending its core business, which is conventional retail and wholesale banking in Kuwait, by maintaining its market share and achieving above market growth in target segments in addition to providing private banking and asset management services to institutional investors through NBK Wealth;
- growing outside its core business, including through Islamic finance both within and outside Kuwait, continuous expansion in the MENA region, particularly Egypt and the GCC, building a global network that facilitates its clients' trade and investments and building a regional powerhouse in wealth management; and

- improving profitability in terms of cost to income and return on equity by introducing capital productivity into day-to-day decision making.

As at 30 September 2025, and based on the Interim Financial Information and the publicly available interim financial statements of the Group's main domestic competitors for the same period, the Group was the largest conventional bank in Kuwait in terms of: (i) total assets; (ii) total loans (which, in the Group's case, also includes Islamic financing to customers); (iii) total customer deposits; and (iv) net profit.

In 2024, the Group's net operating income was KD 1,251 million and its profit for the year was KD 639 million, of which KD 600 million was attributable to shareholders of the Bank. In 2023, the Group's net operating income was KD 1,167 million and its profit for the year was KD 588 million, of which KD 561 million was attributable to shareholders of the Bank.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations.

Economic conditions

The Group is a regional bank focused on lending to, and accepting deposits from, institutions, companies and residents in Kuwait and the wider MENA region, including Egypt. As a result, its revenues and results of operations are affected by economic and market conditions in Kuwait and, to a lesser extent, in certain other MENA region countries, including Egypt.

According to data published by the CSB, Kuwait's nominal GDP increased by 25.6 per cent. in 2022, decreased by 9.6 per cent. in 2023 and decreased by 3.3 per cent. in 2024. In real terms, Kuwait's GDP increased by 6.8 per cent. in 2022, decreased by 1.7 per cent. in 2023 and decreased by 2.6 per cent. in 2024. According to IMF data (sourced from the World Economic Outlook Database (April 2025)), Kuwait's real GDP is predicted to increase by 1.9 per cent. in 2025. As of the date of this Offering Circular, Kuwait's macroeconomic conditions remain sound, with non-oil activity continuing to benefit from rising employment levels, relatively low consumer price inflation and supportive fiscal policy even amid softening oil prices.

Based on CSB data, the extraction of crude petroleum and natural gas and service activities incidental to oil and gas accounted for 53.2 per cent. of Kuwait's nominal GDP in 2022, 47.1 per cent. in 2023 and 43.4 per cent. in 2024. According to the same source, in 2024, the other major economic sectors in Kuwait were community, social and personal services (at 26.6 per cent. of nominal GDP), financial intermediation (at 9.2 per cent.), manufacturing (at 8.0 per cent.), real estate, renting and business services (at 8.0 per cent.) and transport, storage and communications (at 6.8 per cent.).

In addition to economic conditions in the region, the Group remains exposed to the risk of external changes, such as an increase in global financial market volatility, including as a result of volatility in interest rate inflation, which could pose funding, market and credit risks for investment companies and banks. In addition, the implementation of significant tariffs by the United States and other countries could significantly increase volatility in global markets which could impact the value of financial investments held by the Group, and could result in a slowdown of global economic activity that could reduce demand for oil and therefore the price of oil with a consequent negative impact on Kuwait's economy and on Kuwait's foreign trade and balance of payments. See "*Risk Factors— Factors that may affect the Bank's ability*

to fulfil its obligations in respect of the Notes—Economic risks—Macro-economic and financial market conditions have materially adversely affected and may continue to materially adversely affect the Group's business, results of operations and financial condition".

Factors affecting net interest income and net income from Islamic financing

The Group's net finance income (which comprises its interest income and income from Islamic financing less its interest expense and finance cost and distribution to depositors) is a major contributor to its total net operating income, comprising 78.3 per cent., 77.6 per cent. and 74.9 per cent. of net operating income in each of 2024, 2023 and 2022, respectively.

The major components of the Group's finance income are:

- interest income on loans and advances to customers, which comprised 49.6 per cent., 48.1 per cent. and 50.9 per cent. of total finance income in each of 2024, 2023 and 2022, respectively;
- income from murabaha and other Islamic financing income, which comprised 20.5 per cent., 19.8 per cent. and 23.3 per cent. of total finance income in each of 2024, 2023 and 2022, respectively; and
- interest income from debt investment securities, which comprised 18.7 per cent., 18.2 per cent. and 16.4 per cent. of total finance income in each of 2024, 2023 and 2022, respectively.

In addition, interest income from deposits with banks, Central Bank of Kuwait bonds and Kuwaiti Government treasury bonds together comprised 11.2 per cent., 13.9 per cent. and 9.4 per cent. of the Group's total finance income in each of 2024, 2023 and 2022, respectively.

The major components of the Group's financing cost are:

- interest paid on customer deposits, which comprised 46.8 per cent., 43.6 per cent. and 41.7 per cent. of total financing expense in each of 2024, 2023 and 2022, respectively;
- due to banks and deposits from other financial institutions, which comprised 24.9 per cent., 27.4 per cent. and 25.8 per cent. of total financing expense in each of 2024, 2023 and 2022, respectively; and
- finance cost and distribution to depositors, which comprised 20.0 per cent., 19.6 per cent. and 24.1 per cent. of total financing expense in each of 2024, 2023 and 2022, respectively.

In addition, certificates of deposit issued and other borrowed funds together comprised 8.3 per cent., 9.3 per cent. and 8.4 per cent. of the Group's financing cost in each of 2024, 2023 and 2022, respectively.

The Group's net finance income is affected by a number of factors. It is primarily determined by the volume of its income-earning assets relative to its cost-bearing liabilities, as well as the differential between rates earned on income-earning assets and paid on cost-bearing liabilities. The Group's income-earning assets primarily consist of its customer loan portfolio and the debt investment securities held by it. The Group's cost-bearing liabilities primarily comprise its customer deposits, amounts due to banks and deposits from financial institutions.

The changes in the Group's net finance income for 2024 compared to 2023 were primarily driven by growth in loans and advances to customers and debt investment securities and higher average benchmark rates, partially offset by less favourable asset mix and devaluation of the Egyptian pound against the dinar. The Group's average customer loan portfolio was KD 22,853 million in 2024 compared to KD 21,566 million for 2023.

The changes in the Group's net finance income for 2023 compared to 2022 were primarily driven by loans repricing faster than deposits in an increasing benchmark rate environment and growth in loans and advances to customers and debt investment securities. The Group's average customer loan portfolio was KD 21,566 million in 2023 compared to KD 20,303 million for 2022.

The Group's net interest margin (being its net finance income divided by its average income-earning assets for the period, with average income-earning assets calculated as the sum of income-earning assets on a quarterly basis divided by five) was 2.66 per cent. in 2024 compared to 2.59 per cent. in 2023 and 2.30 per cent. in 2022. Typically, the Group's net interest margins widen in an increasing interest rate environment as many of the Group's wholesale loans reprice immediately on a floating basis, while the Group's funding cost increases gradually based on the maturity profile of its deposit base with the opposite impact occurring in a declining interest rate environment. The increase in 2024 compared to 2023 primarily reflected growth in loans and advances to customers and debt investment securities and higher average benchmark rates, partially offset by less favourable asset mix and devaluation of the Egyptian pound against the dinar. The increase in 2023 compared to 2022 were primarily driven by loans repricing faster than deposits in an increasing benchmark rate environment and growth in loans and advances to customers and debt investment securities.

Movements in provision charge for credit losses

The Group's provision charge for credit losses for 2024 was KD 87 million compared to KD 82 million for 2023 and KD 5 million for 2022.

The Group is required to recognise impairment allowances for credit facilities at an amount equal to the higher of ECL under IFRS 9 according to CBK guidelines, and the provisions required by CBK instructions as described in note 2.9 to the 2024 Financial Statements.

In 2024, the Group's provision for credit losses comprised KD 65 million in specific provisioning and KD 22 million in general provisioning.

In 2023, the Group's provision charge for credit losses comprised KD 45 million in specific provisioning and KD 37 million in general provisioning. The increase in provision charges for credit losses in 2024 compared to 2023 was mainly due to deteriorating conditions in the overseas real estate sector.

In 2022, the Group's provision release for credit losses comprised KD 147 million in specific provisioning and its provision for credit losses comprised KD 152 million in general provisioning. The increase in provision charges for credit losses in 2023 compared to 2022 was mainly due to higher specific provisions in 2023 driven by a net release of specific provisions in 2022 offset by lower precautionary general provisions taken in 2023.

Banks in Kuwait continue to be permitted to make precautionary general provisions. The amount of the Group's precautionary general provision reflects its policy of maintaining the overall provision level at a level perceived as appropriate by Management at the Bank.

DESCRIPTIONS OF PRINCIPAL STATEMENT OF INCOME ITEMS

Interest income

Interest income is the Group's principal source of income. The Group earns interest income on the customer loans and advances made by it, on its portfolio of debt investment securities and on its deposits with central banks and other banks. Interest income is recognised in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Fees which are considered an integral part of the effective yield of a financial asset are recognised using the effective yield method. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest expense

The Group incurs interest expense on its customer, bank and other financial institution deposits, on the certificates of deposit which it issues and on its other borrowed funds (comprising global medium term notes and subordinated Tier 2 bonds). Interest expense is also recognised in the income statement using the effective interest method.

Net income from Islamic financing

The Group earns income from Islamic financing on the Islamic financing provided by it to its customers. The Group incurs Islamic financing costs through the distributions it makes to its Islamic depositors and costs related to its murabaha financing. Islamic financing income is recognised in the income statement on a basis which reflects a constant periodic return on the outstanding net investment relating to that financing. Islamic financing costs are recognised in the income statement based on the type of customer deposit. Islamic financing costs on murabaha and wakala products are recognised on an effective yield basis, which is established on initial recognition of the liability, and Islamic financing costs on other products are recognised based on rates determined by reference to Boubyan Bank's results at the end of every month.

Net fee and commission income

Fees income earned from services provided over a period is recognised over the period of service. Fees and commissions arising from providing a transaction service are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. The same principle is applied for wealth management and custody services that are continuously provided over an extended period.

Net investment income

Net investment income principally consists of realised gains or losses on the sale of investments, net gains or losses from investments carried at fair value through the income statement, dividend income and the share of results of associates.

The Group classifies its financial investments in the following categories: amortised cost, investments carried at fair value through other comprehensive income and investments carried at fair value through profit and loss.

The Group's debt securities are classified as either at amortised cost or at fair value through other comprehensive income based on the business model in which they are managed. Equity investments are generally carried at fair value through profit or loss, except for those specific investments for which the Group has made an election to classify them at fair value through other comprehensive income. Other investments are carried at fair value through profit or loss.

The Group's investments at fair value through other comprehensive income or fair value through profit or loss are measured at fair value. For further information on how the fair value of these securities is determined, see note 23 to the 2024 Financial Statements.

Net gains and losses from dealing in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and monetary liabilities in foreign currencies (other than monetary items that form part of the net investment in a foreign operation) are translated into the Group's functional currency at rates of exchange prevailing at the reporting date. Any gains or losses are taken to the consolidated statement of income. Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

Net gains and losses from dealing in foreign currencies include net foreign exchange trading income, gains and losses from spot and currency contracts, options and futures, primarily for its treasury clients.

Other operating income

Other operating income consists of rental and other sundry income.

Staff expenses

Staff expenses consist primarily of salaries, bonuses and other benefits to full-time employees.

Other administrative expenses

Other administrative expenses consist primarily of premises expenses, marketing and advertising expenses, communication expenses, IT expenses, professional expenses and other expenses.

Provision charge for credit losses and impairment losses

At each reporting date the Group recognises its ECL on its credit facilities, on its investment in debt securities measured at amortised cost or fair value through other comprehensive income and on its balances and deposits with banks. Equity investments are not subject to ECL.

The Group's credit facilities comprise its loans and advances, Islamic financing to customers, letters of credit and financial guarantee contracts and commitments to grant credit facilities. The Group's impairment charge on credit facilities is recognised in the consolidated statement of financial position at an amount equal to the higher of (i) ECL computed under IFRS 9 in accordance with the CBK guidelines or (ii) the provisions as required by CBK instructions.

IFRS 9. IFRS 9 as set forth in the CBK guidelines includes certain prescribed criteria and may not be directly comparable to the IFRS 9 methodology as applied in other jurisdictions. The manner in which the Group determines ECL and the provisions for credit losses required by the CBK is set out in note 2.9 to the 2024 Financial Statements and summarised in "*Risk Management—Principal Risks—Credit risk—Impairment, expected credit loss and/or provisions*".

Provisions for credit losses in accordance with CBK instructions. At each reporting date and in accordance with CBK regulations relating to the method of calculating specific provisions, the Group assesses its financial assets for objective evidence of impairment. In particular:

- all individually significant loans and advances to customers are assessed for specific impairment;
- specific impairment losses on assets carried at amortised cost (including the Group's customer loan portfolio) are measured as the difference between the carrying amount of the relevant asset and the present value of the estimated future cash flows from it discounted at the asset's original effective interest rate;
- a minimum general provision is made on all credit facilities, which are not subject to specific provisioning, net of certain restricted categories of collateral, with additional general provisions being made at Management's discretion with the approval of the CBK;
- impairment losses on associates, goodwill and intangibles are recognised for the amount by which the asset's carrying amount exceeded its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The Group's impairment requirements are calculated under both methodologies described above and, for each applicable period, the provisions for credit losses required by CBK instructions have been higher than the amount calculated pursuant to IFRS 9 in accordance with CBK guidelines. For example, in 2024, the provision for credit losses for credit facilities as determined under IFRS 9 amounted to KD 634 million compared to KD 910 million as determined under CBK instructions. In 2023, the provision for credit losses for credit facilities as determined under IFRS 9 amounted to KD 616 million compared to KD 903 million as determined under CBK instructions. In 2022, the provision for credit losses for credit facilities as determined under IFRS 9 amounted to KD 577 million compared to KD 868 million as determined under CBK instructions.

RECENT DEVELOPMENTS

Financial information under this heading as at, and for the nine months ended, 30 September 2025 and 30 September 2024 is unaudited. Financial results for any interim period in a year are not necessarily indicative of the likely financial results for the full year.

On 21 October 2025, the Group published the Interim Financial Statements.

The Group's net operating income in the nine-month period ended 30 September 2025 amounted to KD 969 million compared to KD 931 million in the corresponding period of 2024. The KD 38 million, or 4.1 per cent., increase in the Group's net operating income in the nine months ended 30 September 2025 compared to the corresponding period in 2024 principally reflected higher net interest income and net income from Islamic financing driven by growth in loans and advances to customers and debt investment securities and higher net fees and commissions, foreign exchange gains and investment income offset by a less favourable asset mix, devaluation of the Egyptian pound against the dinar and a decline in margins.

The Group's operating expenses in the nine-month period ended 30 September 2025 amounted to KD 365 million compared to KD 342 million in the corresponding period of 2024. The KD 22 million, or 6.5 per cent., increase principally reflected increases in both staff and non-staff costs.

The Group's total provision charge for credit losses and impairment losses amounted to KD 12 million for the nine months ended 30 September 2025 compared to KD 56 million for the corresponding period in 2024. The KD 44 million, or 78.6 per cent., decrease in the nine months ended 30 September 2025 principally reflected a KD 19 million release of the Group's specific provisions for credit facilities in the 2025 period compared to a KD 45 million specific provision charge in the 2024 period, which principally reflected recoveries from debts written off in prior years. This was partially offset by:

- a KD 10 million increase in other impairment losses, from KD 1 million in the nine months ended 30 September 2024 to KD 11 million in the same period in 2025;
- a KD 6 million, or 49.9 per cent., increase in the Group's general provision charge for credit facilities, from KD 16 million in the nine months ended 30 September 2024 to KD 11 million in the same period in 2025, which reflected an increase in the Group's loan book; and
- a KD 4 million, or 71.5 per cent., lower expected credit losses release, from KD 5 million in the nine months ended 30 September 2024 to KD 1 million in the same period in 2025.

The Group's taxation charge for the nine months ended 30 September 2025 amounted to KD 94 million compared to KD 46 million for the corresponding period in 2024. The increase of KD 48 million, or 102.6 per cent., in the nine months ended 30 September 2025 principally reflected the introduction of DMTT in Kuwait in 2025.

Reflecting the above factors, the Group reported profit for period in the nine months ended 30 September 2025 of KD 467 million compared to KD 457 million for the nine-month period ended 30 September 2024, an increase of KD 10 million, or 2.2 per cent.

RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

The following table sets forth the Group's results of operations for the years indicated.

	Year ended 31 December		
	2024	2023	2022
	<i>(KD thousands)</i>		
Interest income.....	1,798,909	1,632,748	947,589
Interest expense.....	(1,027,292)	(908,154)	(363,821)
Net interest income	771,617	724,594	583,768
Murabaha and other Islamic financing income.....	464,628	402,482	287,558
Finance cost and distribution to depositors.....	(256,186)	(221,939)	(115,487)
Net income from Islamic financing	208,442	180,543	172,071
Net interest income and net income from Islamic financing	980,059	905,137	755,839
Net fees and commissions.....	205,683	196,606	181,778
Net investment income.....	22,979	27,466	15,736
Net gains from dealing in foreign currencies.....	41,159	36,123	55,379
Other operating income.....	1,323	1,435	1,009
Non-interest income	271,144	261,630	253,902
Net operating income	1,251,203	1,166,767	1,009,741
Staff expenses.....	(252,578)	(233,156)	(220,125)
Other administrative expenses.....	(166,834)	(147,342)	(125,430)
Depreciation of premises and equipment.....	(46,907)	(44,314)	(38,922)
Amortisation of intangible assets.....	(1,647)	(1,647)	(1,647)
Operating expenses	(467,966)	(426,459)	386,124
Operating profit before provision for credit losses and impairment losses	783,237	740,308	623,617
Provision charge for credit losses and impairment losses.....	(86,464)	(103,068)	(45,363)
Operating profit before taxation and directors' remuneration	696,773	637,240	578,254
Taxation.....	(57,443)	(48,097)	(47,422)
Directors' remuneration.....	(770)	(770)	(770)
Profit for the year	638,560	588,373	530,062
Attributable to:			
Shareholders of the Bank.....	600,122	560,620	509,085
Non-controlling interests.....	38,438	27,753	20,977

Net interest income

The following table sets forth the details of the Group's interest income for the years indicated.

	Year ended 31 December						Variation	
	2024	% of total	2023	% of total	2022	% of total	2024/2023	2023/2022
	<i>(KD thousands, except percentage columns)</i>						<i>(per cent.)</i>	
Deposits with banks.....	209,828	11.7	233,519	14.3	90,873	9.6	(10.1)	157.0
Loans and advances to customers.....	1,123,249	62.4	979,350	60.0	629,180	66.4	14.7	55.7
Debt investment securities.....	422,752	23.5	370,889	22.7	202,916	21.4	14.0	82.8
Kuwait Government treasury bonds and CBK bonds.....	43,080	2.4	48,990	3.0	24,620	2.6	(12.1)	99.0
Total interest income	1,798,909	100.0	1,632,748	100.0	947,589	100.0	10.2	72.3

The Group's total interest income for 2024 amounted to KD 1,799 million compared to KD 1,633 million for 2023 and KD 948 million for 2022.

The increase of KD 166 million, or 10.2 per cent., in 2024 principally reflected:

- a KD 144 million, or 14.7 per cent., increase in interest income from loans and advances to customers reflecting higher benchmark rates and growth in volumes; and
- a KD 52 million, or 14.0 per cent., increase in interest income from debt investment securities primarily reflecting growth in volumes.

These increases were offset in part by a KD 30 million, or 10.5 per cent., decline in interest income from deposits with banks, Kuwait Government treasury bonds and CBK bonds primarily resulting from a less favourable asset mix.

The increase of KD 685 million, or 72.3 per cent., in 2023 principally reflected:

- a KD 350 million, or 55.7 per cent., increase in interest income from loans and advances to customers reflecting higher benchmark rates and growth in volumes;
- a KD 168 million, or 82.8 per cent., increase in interest income from debt investment securities reflecting higher benchmark rates and growth in volumes; and
- a KD 143 million, or 157.0 per cent., increase in interest income from deposits with banks reflecting higher benchmark rates.

The following table shows details of the Group's interest expense for the years indicated.

	Year ended 31 December						Variation	
	2024	% of total	2023	% of total	2022	% of total	2024/2023	2023/2022
	<i>(KD thousands, except percentage columns)</i>						<i>(per cent.)</i>	
Due to banks.....	243,686	23.7	202,697	22.3	64,625	17.8	20.2	213.7
Deposits from other financial institutions	76,210	7.4	106,991	11.8	58,846	16.1	(28.8)	81.8
Customer deposits	601,302	58.5	493,049	54.3	199,930	55.0	22.0	146.6
Certificates of deposit issued.....	70,526	6.9	82,229	9.1	22,712	6.2	(14.2)	262.1
Other borrowed funds....	35,568	3.5	23,188	2.6	17,708	4.9	53.4	30.9
Total interest expense.	1,027,292	100.0	908,154	100.0	363,821	100.0	13.1	149.6

The Group's total interest expense for 2024 amounted to KD 1,027 million compared to KD 908 million for 2023 and KD 364 million for 2022.

The increase of KD 119 million, or 13.1 per cent., in 2024 principally reflected:

- a KD 108 million, or 22.0 per cent., increase in interest expense on customer deposits which was driven by higher benchmark rates and growth in volumes;
- a KD 41 million, or 20.2 per cent., increase in interest expense due to banks which was driven by growth in volumes and higher benchmark rates; and
- a KD 12 million, or 53.4 per cent., increase in interest expense on other borrowed funds which was driven by higher benchmark rates and growth in volumes.

These increases were offset in part by:

- a KD 31 million, or 28.8 per cent., decrease in interest expense on deposits from other financial institutions which was driven by lower benchmark rates and lower volumes; and
- a KD 12 million, or 14.2 per cent., decrease in interest expense on certificates of deposit issued which was also driven by lower benchmark rates and lower volumes.

The increase of KD 544 million, or 149.6 per cent., in 2023 principally reflected:

- a KD 293 million, or 146.6 per cent., increase in interest expense on customer deposits which was driven by higher benchmark rates and growth in volumes;
- a KD 186 million, or 150.8 per cent., increase in interest expense on amounts due to banks and other financial institutions which was driven by higher benchmark rates; and
- a KD 60 million, or 262.1 per cent., increase in interest on certificates of deposit issued which was driven by higher benchmark rates.

Reflecting the above factors, the Group's net interest income in 2024 amounted to KD 772 million, an increase of KD 47 million, or 6.5 per cent., from the KD 725 million net interest income recorded in 2023 which was an increase of KD 141 million, or 24.1 per cent., from the KD 584 million net interest income recorded in 2022.

Net income from Islamic financing

The Group's murabaha and other Islamic financing income for 2024 amounted to KD 465 million compared to KD 402 million for 2023 and KD 288 million for 2022. This represented an increase of KD 62 million, or 15.4 per cent., in 2024 and principally reflected growth in volumes of the Group's Islamic financing to customers and investment securities and higher benchmark rates. The increase of KD 115 million, or 40.0 per cent., in 2023 principally reflected higher benchmark rates and growth in the volume of the Group's Islamic financing to customers and investment securities.

The Group's finance cost and distribution to depositors for 2024 amounted to KD 256 million compared to KD 222 million for 2023 and KD 115 million for 2022. The increase of KD 34 million, or 15.4 per cent., in 2024 primarily reflected higher benchmark rates and growth in volumes. The increase of KD 106 million, or 92.2 per cent., in 2023 primarily reflected higher benchmark rates and growth in volumes.

Reflecting the above factors, the Group's net income from Islamic financing for 2024 amounted to KD 208 million compared to KD 181 million for 2023 and KD 172 million for 2022.

Net financing income

The Group's net financing income for 2024 amounted to KD 980 million compared to KD 905 million for 2023 and KD 756 million for 2022.

The changes in the Group's net financing income for 2024 compared to 2023 reflected the changes in net interest income and net income from Islamic financing discussed above. The Group's average customer loan portfolio (based on quarterly balances in each year divided by five) was KD 22,853 million for 2024 compared to KD 21,566 million for 2023, an increase of KD 1,287 million, or 6.0 per cent.

The changes in the Group's net financing income for 2023 compared to 2022 reflected the changes in net interest income and net income from Islamic financing discussed above. The Group's average customer loan portfolio (based on quarterly balances in each year divided by five) was KD 21,566 million for 2023 compared to KD 20,303 million for 2022, an increase of KD 1,263 million, or 6.2 per cent.

The Group's net interest margin increased in 2024 to 2.66 per cent. from 2.59 per cent. in 2023. The increase in 2024 was driven by growth in loans and advances to customers and debt investment securities as well as higher benchmark rates (reflecting the full year impact of rate increases in 2023). The Group's net interest margin increased in 2023 to 2.59 per cent. from 2.30 per cent. in 2022. This increase was driven by growth in loans and advances to customers and debt investment securities as well as higher benchmark rates.

Net fees and commissions

The following table shows the Group's net fees and commissions for 2024, 2023 and 2022.

	Year ended 31 December						Variation	
	2024	% of total	2023	% of total	2022	% of total	2024/2023	2023/2022
	<i>(KD thousands, except percentage columns)</i>						<i>(per cent.)</i>	
Credit facilities.....	76,058	37.0	69,719	35.5	63,051	34.7	9.1	12.6
Other	129,625	63.0	126,887	64.5	118,727	65.3	2.2	5.8
Total net fees and commissions*	205,683	100.0	196,606	100.0	181,778	100.0	4.6	8.2

The Group's net fees and commission income for 2024 was KD 206 million, an increase of KD 9 million, or 4.6 per cent., from the KD 197 million recorded for 2023. This increase principally reflected increases across most of the Group's business lines. The Group's net fees and commission income for 2023 was KD 197 million, an increase of KD 15 million, or 8.2 per cent., from the KD 182 million recorded for 2022. This increase principally reflected an increase across all major lines of business.

Net gains from dealing in foreign currencies

The Group's net gains from dealing in foreign currencies for 2024 amounted to KD 41 million compared to KD 36 million for 2023. This increase of KD 5 million, or 13.9 per cent., reflected higher transaction volumes and the impact of favourable currency movements.

The Group's net gains from dealing in foreign currencies for 2023 amounted to KD 36 million compared to KD 55 million for 2022. This decrease of KD 19 million, or 34.8 per cent., reflected the impact of unfavourable currency movements.

Operating expenses

The Group's total operating expenses amounted to KD 468 million for 2024 compared to KD 426 million for 2023 and KD 386 million for 2022. The increase of KD 42 million, or 9.7 per cent., in 2024 compared to 2023 principally reflected increased headcount, annual increments and continued investments in key businesses, digital technologies and processes. The increase of KD 40 million, or 10.4 per cent., in 2023 principally reflected increased headcount, annual increments and continued investments in key businesses, digital technologies and processes.

Provision charge for credit losses and impairment losses

The table below shows the Group's provision charge for credit losses and impairment losses for 2024, 2023 and 2022.

	Year ended 31 December		
	2024	2023	2022
		(KD thousands)	
Specific.....	65,053	44,545	(146,796)
General.....	22,186	37,220	152,146
Total provision charge for credit losses	87,239	81,765	5,350
Other impairment (release)/losses	(775)	21,303	40,013
Provision charge for credit losses and impairment losses.....	86,464	103,068	45,363

The Group's total provision charge for credit losses and impairment losses amounted to KD 86 million for 2024 compared to KD 103 million for 2023 and KD 45 million for 2022. The KD 17 million, or 16.1 per cent., reduction in 2024 was primarily due to a KD 1 million release of other impairment in 2024 compared to other impairment losses of KD 21 million in 2023. The KD 58 million, or 127.2 per cent., increase in 2023 was primarily due to higher provisions for credit losses offset by lower other impairment losses in 2023 compared to 2022.

The Group's total specific provision for credit losses amounted to KD 65 million for 2024, compared to KD 45 million for 2023 and a total specific provision release of KD 147 million for 2022. In 2024, the KD 20 million, or 46.0 per cent., increase in specific provisions was attributable to deteriorating conditions in the domestic corporate and overseas sectors. In 2023, the specific provision charge primarily related to Kuwait consumer delinquencies. The significant release of provisions in 2022 was attributable to recoveries of amounts provided towards credit losses during prior years.

The Group's total general provision charge amounted to KD 22 million for 2024, compared to KD 37 million for 2023 and KD 152 million for 2022. The lower general provision in both 2024 and 2023 was mainly due to recoveries in 2022 which were set aside towards the precautionary provisions pool resulting in lower requirements for general provisions in the following two years.

The Group's other impairment release in 2024 amounted to KD 1 million, compared to other impairment losses of KD 21 million for 2023 and KD 40 million for 2022. In both 2023 and 2022, the Group recorded impairment losses on goodwill of KD 20 million relating to NBK Egypt. In addition, in 2023 the Group recorded other impairment losses of KD 1 million compared to KD 13 million in 2022.

Taxation

The Group's taxation charge for 2024 amounted to KD 57 million compared to KD 48 million for 2023 and KD 47 million for 2022. The increase of KD 9 million, or 19.4 per cent., in 2024 compared to 2023 principally reflected higher Group profits. The increase of KD 1 million, or 1.4 per cent., in 2023 compared to 2022 principally reflected higher Group profits.

In December 2024, Kuwait introduced a DMTT from 2025 on multinational entities with annual revenues of EUR 750 million or more. This tax applies to the Group with effect from 2025. The Group did not have any Pillar 2 top up tax exposure for 2024 in jurisdictions where Pillar 2 legislation is in effect as the impacted Group entities in the relevant jurisdictions were already paying tax above the global minimum tax rate.

SEGMENTAL ANALYSIS

The tables below show certain statement of income and statement of financial position line items of each of the Group's reporting segments for 2024, 2023 and 2022.

	Year ended 31 December 2024						Total
	Consumer Banking	Corporate Banking	NBK Wealth	Islamic Banking	Group Centre	International Banking	
	<i>(KD thousand)</i>						
Net interest income and net income from Islamic financing.....	203,331	119,767	43,881	208,442	145,307	259,331	980,059
Net operating income.....	257,583	161,357	117,209	253,437	160,280	301,337	1,251,203
Profit for the year	110,478	122,539	67,867	96,784	92,855	148,037	638,560
Total assets	5,136,394	5,189,288	1,117,917	9,376,568	1,821,573	17,696,416	40,338,156
Total liabilities.....	5,052,484	2,254,972	2,232,873	8,290,508	1,707,255	15,643,332	35,181,424

	Year ended 31 December 2023						Total
	Consumer Banking	Corporate Banking	NBK Wealth	Islamic Banking	Group Centre	International Banking	
	<i>(KD thousand)</i>						
Net interest income and net income from Islamic financing.....	182,745	123,688	45,919	180,543	136,760	235,482	905,137
Net operating income	237,974	162,894	112,192	224,424	152,182	277,101	1,166,767
Profit for the year	102,060	145,818	66,667	78,221	58,686	136,921	588,373
Total assets	5,084,225	5,105,296	981,443	8,404,989	1,971,188	16,117,850	37,664,991
Total liabilities.....	4,869,759	3,229,839	2,169,885	7,376,154	622,634	14,490,145	32,758,416

	Year ended 31 December 2022						Total
	Consumer Banking	Corporate Banking	NBK Wealth	Islamic Banking	Group Centre	International Banking	
	<i>(KD thousand)</i>						
Net interest income and net income from Islamic financing.....	188,558	105,182	32,866	172,071	47,757	209,405	755,839
Net operating income	241,910	145,443	93,800	207,528	72,688	248,372	1,009,741
Profit / (loss) for the year.....	117,750	199,544	55,199	54,273	(28,465)	131,761	530,062
Total assets	5,036,519	4,933,723	997,905	7,880,757	1,971,281	15,518,178	36,338,363
Total liabilities.....	4,967,315	2,459,515	2,152,615	6,901,058	200,551	15,022,363	31,703,417

Consumer Banking

Consumer Banking's net operating income for 2024 amounted to KD 258 million compared to KD 238 million for 2023. The increase in net operating income of KD 20 million, or 8.2 per cent., principally reflected higher net interest income, driven by improved margins and increased business volumes. Consumer Banking's profit for the year was KD 110 million for 2024 compared to KD 102 million for 2023. The increase in profit for the year of KD 8 million, or 8.2 per cent., principally reflected the increase in net operating income and lower provisions for credit losses, in part offset by higher costs.

Consumer Banking's net operating income for 2023 amounted to KD 238 million compared to KD 242 million for 2022. The decrease in net operating income of KD 4 million, or 1.6 per cent., principally reflected tighter margins, driven by the migration of certain current and savings deposits to time deposits with higher interest rates, in part offset by increased business volumes and higher fee income. Consumer Banking's profit for the year was KD 102 million for 2023 compared to KD 118 million for 2022. The decrease in profit for the year of KD 16 million, or 13.3 per cent., principally reflected a decrease in net operating income, higher costs and higher provisions for credit losses.

Corporate Banking

Corporate Banking's net operating income for 2024 amounted to KD 161 million compared to KD 163 million for 2023. The decrease in net operating income of KD 2 million, or 0.9 per cent., principally reflected lower net interest income, driven by tighter margins, in part offset by higher fee income. Corporate Banking's profit for the year was KD 123 million for 2024 compared to KD 146 million for 2023. The decrease in profit for the year of KD 23 million, or 16.0 per cent., principally reflected higher provisions for credit losses (primarily due to provision recoveries in 2023) and lower net operating income.

Corporate Banking's net operating income for 2023 amounted to KD 163 million compared to KD 145 million for 2022. The increase of KD 17 million, or 12.0 per cent., principally reflected improved margins and higher business volumes. Corporate Banking's profit for the year was KD 146 million for 2023 compared to KD 200 million for 2022. The decrease in profit for the year of KD 54 million, or 26.9 per cent., principally reflected provision recoveries in 2022, in part offset by higher net operating income in 2023.

NBK Wealth

NBK Wealth's net operating income for 2024 amounted to KD 117 million compared to KD 112 million for 2023. The increase in net operating income of KD 5 million, or 4.5 per cent. principally reflected higher fee income. NBK Wealth's profit for the year was KD 68 million for 2024 compared to KD 67 million for 2023. The increase in profit of KD 1 million, or 1.8 per cent., principally reflected higher net operating income, in part offset by higher costs.

NBK Wealth's net operating income for 2023 amounted to KD 112 million compared to KD 94 million for 2022. The increase in net operating income of KD 18 million, or 19.6 per cent., principally reflected improved margins and higher fee income. NBK Wealth's profit for the year was KD 67 million for 2023 compared to KD 55 million for 2022. The increase in profit for the year of KD 11 million, or 20.8 per cent., principally reflected improved margins and higher fee income, in part offset by higher costs.

Islamic Banking

Islamic Banking's net operating income for 2024 amounted to KD 253 million compared to KD 224 million for 2023. The increase in net operating income of KD 29 million, or 12.9 per cent., principally reflected higher net income from Islamic financing driven by higher business volumes and improved margins. Islamic Banking's profit for the year was KD 97 million for 2024 compared to KD 78 million for 2023. The increase in profit for the year of KD 19 million, or 23.7 per cent., principally reflected higher net operating income and lower provisions for credit losses, in part offset by higher costs and higher taxes.

Islamic Banking's net operating income for 2023 amounted to KD 224 million compared to KD 208 million for 2022. The increase in net operating income of KD 17 million, or 8.1 per cent., principally reflected higher investment income and higher net income from Islamic financing driven by higher business volumes in part offset by tighter margins. Islamic Banking's profit for the year was KD 78 million for 2023 compared to KD 54 million for 2022. The increase in profit for the year of KD 24 million, or 44.1 per cent., principally reflected higher net operating income, lower provisions and impairment and lower taxes, in part offset by higher costs.

Group Centre

Group Centre's net operating income for 2024 amounted to KD 160 million compared to KD 152 million for 2023. The increase in net operating income of KD 8 million, or 5.3 per cent., principally reflected higher net interest income due to higher benchmark rates. Group Centre's profit for the year was KD 93 million for 2024 compared to KD 59 million for 2023. The increase in profit for the year of KD 34 million, or 58.2 per cent., principally reflected higher net operating income and lower provisions and impairment, in part offset by higher costs and higher taxes.

Group Centre's net operating income for 2023 amounted to KD 152 million compared to KD 73 million for 2022. The increase in net operating income of KD 79 million, or 109.4 per cent., principally reflected higher net interest income due to higher benchmark rates, in part offset by adverse currency movements. Group Centre's profit for the year was KD 59 million for 2023 compared to a loss for the year of KD 28 million for 2022. This positive change principally reflected higher net operating income and lower provisions and impairment, in part offset by higher costs.

International Banking

International Banking's net operating income for 2024 amounted to KD 301 million compared to KD 277 million for 2023. The increase in net operating income of KD 24 million, or 8.7 per cent., principally reflected growth in business volumes and higher fee income. International Banking's profit for the year was KD 148 million for 2024 compared to KD 137 million for 2023. The increase in profit for the year of KD 11 million, or 8.1 per cent., principally reflected strong operating performance, in part offset by higher provisions and impairment.

International Banking's net operating income for 2023 amounted to KD 277 million compared to KD 248 million for 2022. The increase in net operating income of KD 29 million, or 11.6 per cent., principally reflected growth in business volumes, higher benchmark rates and higher fee income. International Banking's profit for the year was KD 137 million for 2023 compared to KD 132 million for 2022. The increase in profit for the year of KD 5 million, or 3.9 per cent., principally reflected strong operating performance, in part offset by higher provisions and impairment.

FINANCIAL POSITION

Assets

The following table shows data regarding the Group's assets as at the dates indicated.

	As at 31 December					
	2024		2023		2022	
	(KD thousands)	(per cent.)	(KD thousands)	(per cent.)	(KD thousands)	(per cent.)
Assets						
Cash and short term funds	5,323,273	13.2	4,384,700	11.6	5,323,452	14.6
Central Bank of Kuwait bonds	343,652	0.9	856,815	2.3	881,241	2.4
Kuwait Government treasury bonds.....	148,555	0.4	194,111	0.5	211,629	0.6
Deposits with banks.....	1,383,330	3.4	1,318,121	3.5	1,490,286	4.1
Loans, advances and Islamic financing to customers	23,707,609	58.8	22,281,004	59.2	20,998,416	57.8
Investment securities	7,626,478	18.9	6,884,821	18.3	5,634,672	15.5
Land, premises and equipment.....	517,392	1.3	506,812	1.3	474,724	1.3
Goodwill and other intangible assets.....	510,733	1.3	508,416	1.3	534,936	1.5
Other assets	777,134	1.9	730,191	1.9	789,007	2.2
Total assets	40,338,156	100.0	37,664,991	100.0	36,338,363	100.0

The Group's total assets increased by 7.1 per cent. to KD 40.3 billion as at 31 December 2024 from KD 37.7 billion as at 31 December 2023. The increase in total assets was principally attributable to increases in loans, advances and Islamic financing to customers, investment securities and cash and short term funds offset by a decrease in Central Bank of Kuwait bonds.

The Group's total assets increased by 3.7 per cent. to KD 37.7 billion as at 31 December 2023 from KD 36.3 billion as at 31 December 2022. This increase in total assets was principally attributable to increases in loans, advances and Islamic financing to customers and investment securities, offset by a decrease in cash and short term funds.

The Group's three most significant asset classes are its loans, advances and Islamic financing to customers, its investment securities and its cash and short-term funds.

Loans, advances and Islamic financing to customers

The Group's total customer loan portfolio comprising loans, advances and Islamic financing provided to customers (net of provisions) was KD 23.7 billion as at 31 December 2024.

The table below shows the Group's customer loan portfolio, provisions and loan to deposit ratio as at 31 December in each of 2024, 2023 and 2022.

	As at 31 December		
	2024	2023	2022
	(KD in thousands, except percentages)		
Gross loans ⁽¹⁾	24,571,945	23,143,854	21,826,357
Less: provision for credit losses	(864,336)	(862,850)	(827,941)
Net loans⁽²⁾	23,707,609	22,281,004	20,998,416
Net loans/customer and financial institution deposits.....	91.8%	86.8%	87.8%
Net loans/total deposits ⁽³⁾	72.5%	73.1%	70.6%

⁽¹⁾ Gross loans comprise total loans, advances and Islamic financing provided to customers.

⁽²⁾ Net loans comprise gross loans less provisions.

⁽³⁾ Total deposits comprise customer deposits, due to banks, deposits from other financial institutions and certificates of deposit issued.

The Group's customer loan portfolio is principally denominated in Kuwaiti dinar, although loans are also made in U.S. dollars, Egyptian pounds, GBP and euro, among other currencies. The Group believes that there is only limited structural cross-currency exposure as the majority of its assets and liabilities are match-funded in currency terms. In addition, the Group hedges a part of its currency exposure through the use of derivative contracts, such as forward foreign exchange contracts.

The majority of loans within the Group's customer loan portfolio in Kuwait contain terms to adjust the interest rate payable by the customer upon any change in the CBK discount rate or the relevant interbank benchmark. The Group believes that there is only limited structural exposure to interest rate movements as the majority of its assets and liabilities re-price within one year. However, the Group's experience is that, whilst its assets generally re-price immediately upon a change in the CBK discount rate, there is a time lag on deposit re-pricing which means that its net interest margin improves in an increasing interest rate environment and contracts in a decreasing interest rate environment, such as in 2020. In the case of certain retail loans denominated in Kuwaiti dinar, the Group is exposed to some interest rate risk, since interest rates on those loans are not re-priced for the first five years and then the subsequent permitted adjustments are restricted in amount.

The Group may also, from time to time, enter into interest rate swaps to manage its interest rate exposure.

Distribution of customer loans by maturity

The table below shows the distribution of the Group's net customer loan portfolio by maturity (based on contractual cash flows and maturity dates) as at 31 December 2024, 2023 and 2022.

	Up to 3 months	3 to 12 months	Over 1 year	Total
	<i>(KD thousands)</i>			
31 December 2024.....	6,925,537	2,840,902	13,941,170	23,707,609
31 December 2023.....	6,271,945	2,794,350	13,214,709	22,281,004
31 December 2022.....	6,173,559	2,248,920	12,575,937	20,998,416

Distribution of customer loans by geographical region

The table below shows the distribution of the Group's gross customer loan portfolio by geographical region as at 31 December 2024, 2023 and 2022.

	MENA	North America	Europe & UK	Asia	Others	Total
	<i>(KD thousands)</i>					
31 December 2024.....	20,217,418	683,265	2,478,446	705,462	487,354	24,571,945
31 December 2023.....	19,526,002	606,107	1,916,723	658,681	436,431	23,143,854
31 December 2022.....	18,750,590	599,238	1,642,952	455,489	378,088	21,826,357

Distribution of customer type

The table below shows the distribution of the Group's customer loan portfolio by customer type as at 31 December 2024, 2023 and 2022.

	<u>Gross exposure</u>	<u>Specific provisions</u>	<u>Exposure net of provisions</u>
	<i>(KD thousands)</i>		
31 December 2024			
Corporate.....	16,677,182	75,504	16,601,678
Retail.....	7,894,763	113,984	7,780,779
Customer loan portfolio	24,571,945	189,488	24,382,457
Less general provision	(674,848)	—	(674,848)
Total	23,897,097	189,488	23,707,609
31 December 2023			
Corporate.....	15,421,350	63,065	15,358,285
Retail.....	7,722,504	102,208	7,620,296
Customer loan portfolio	23,143,854	165,273	22,978,581
Less general provision	(697,577)	—	(697,577)
Total	22,446,277	165,273	22,281,004
31 December 2022			
Corporate.....	14,217,043	72,002	14,145,041
Retail.....	7,609,314	95,919	7,513,395
Customer loan portfolio	21,826,357	167,921	21,658,436
Less general provision	(660,020)	—	(660,020)
Total	21,166,337	167,921	20,998,416

Distribution of the Group's maximum exposure to credit risk by sector

The Group's maximum exposure to credit risk comprises its customer loan portfolio plus its debt investments, deposits with banks and certain other assets at year end. The table below shows the breakdown by industry sector of the Group's maximum exposure to credit risk as at 31 December 2024, 2023 and 2022.

	As at 31 December		
	2024	2023	2022
	<i>(KD thousands)</i>		
Trading.....	2,368,557	2,206,795	2,136,617
Manufacturing.....	3,658,643	3,369,644	3,290,431
Banks and other financial institutions	14,128,204	12,929,028	12,810,369
Construction.....	2,038,145	1,658,949	1,594,674
Real estate	5,308,650	4,596,994	4,229,800
Retail.....	7,650,702	7,435,574	7,382,170
Government.....	3,788,180	3,658,123	3,497,046
Others.....	6,555,256	6,195,291	5,302,634
Total	45,496,337	42,050,398	40,243,741

The Group seeks to limit its credit risk through diversification of its assets by geography and industry sector.

As at 31 December 2024, the Group's exposure to banks and other financial institutions, before taking into account any collateral held or credit enhancements, accounted for 31.1 per cent. of its maximum exposure to credit risk. 45.8 per cent. of the Group's exposure to banks and other financial institutions as at 31 December 2024 was in the form of short-dated inter-bank placements and 14.4 per cent. was in the form of trade finance exposures.

As at 31 December 2023, the Group's exposure to banks and other financial institutions, before taking into account any collateral held or credit enhancements, accounted for 30.7 per cent. of its maximum exposure to credit risk. 41.4 per cent. of the Group's exposure to banks and other financial institutions as at 31 December 2023 was in the form of short-dated inter-bank placements and 13.8 per cent. was in the form of trade finance exposures.

As at 31 December 2022, the Group's exposure to banks and other financial institutions, before taking into account any collateral held or credit enhancements, accounted for 31.8 per cent. of its maximum exposure to credit risk. 50.0 per cent. of the Group's exposure to banks and other financial institutions as at 31 December 2022 was in the form of short-dated inter-bank placements and 13.3 per cent. was in the form of trade finance exposures.

The Group's second major sector of credit exposure is the retail sector, which accounted for 16.8 per cent. of the Group's maximum exposure to credit risk at 31 December 2024, and represented loans made to a diverse base of individual borrowers and a small number of small and medium sized enterprises ("**SMEs**"). These exposures mainly comprise a range of products and services to individuals, including consumer loans, credit cards, deposits, foreign exchange credit facilities to SMEs and other branch-related services.

The government sector constituted 8.3 per cent. of the Group's maximum exposure to credit risk as at 31 December 2024 and represented exposures to Kuwaiti Government treasury bonds, investment securities issued by governments and government entities and credit facilities to government entities.

The real estate sector constituted 11.7 per cent. of the Group's maximum exposure to credit risk at 31 December 2024. As per CBK regulations, the real estate sector includes not only credit facilities granted to companies engaged in real estate business but also to borrowers where the purpose of the specific facility concerned is to finance real estate development and acquisition. The Group's exposure to this sector is also spread across Kuwait and certain major cities internationally, including in the United States and the United Kingdom. In all cases, the Group has full recourse to all the assets and resources of the borrower concerned, which, with only limited exceptions, includes assets beyond those being financed. The Group's loans that finance the trading of securities listed on the Kuwait Stock Exchange are regulated and monitored by the CBK which requires that this lending does not exceed the lower of 10 per cent. of the total credit facilities portfolio granted to resident customers and 25 per cent. of the Group's regulatory capital.

Investment securities

The Group's investment securities portfolio comprises treasury bills and bonds (with maturities ranging from short-term to in excess of three years) issued by the CBK on behalf of the Kuwaiti Ministry of Finance, bonds issued by the CBK (with maturities of less than one year), a portfolio of investments at amortised cost and at fair value through other comprehensive income and equity investment securities and certain other investments. The Group invests in these securities both to generate returns and to provide an additional source of liquidity when needed.

The table below shows the Group's investment securities portfolio as at 31 December 2024, 2023 and 2022.

	As at 31 December		
	2024	2023	2022
		<i>(KD thousands)</i>	
CBK bonds (amortised cost)	343,652	856,815	881,241
Kuwait Government treasury bonds (amortised cost)	148,555	194,111	211,629
Non Kuwaiti government debt securities			
Amortised cost.....	1,099,118	1,054,260	912,608
Fair value through other comprehensive income	3,260,815	2,959,018	2,320,660
Non-government debt securities			
Fair value through other comprehensive income	2,871,247	2,560,626	2,065,075
Fair value through statement of income.....	19,647	17,979	17,671
Equities			
Fair value through other comprehensive income	40,725	40,987	37,168
Fair value through statement of income.....	34,390	34,767	31,552
Other investments			
Fair value through statement of income.....	300,536	217,184	249,938
Total	8,118,685	7,935,747	6,727,542

The Group's investment policy requires all investments in debt securities to have an investment grade rating, except for sovereign securities denominated and funded in local currencies in countries where the Group has an operating presence.

Excluding Central Bank of Kuwait bonds and Kuwaiti Government treasury bonds, the Group's investment portfolio comprised 57.2 per cent. non-Kuwait government debt, 37.9 per cent. non-government debt, 1.0 per cent. equities and 3.9 per cent. other investments as at 31 December 2024, of which 80.9 per cent. were held at fair value through other comprehensive income, 14.4 per cent. were held at amortised cost and 4.6 per cent. were held at fair value through statement of income.

Cash and short term funds

The tables below show the Group's cash and short term funds as at 31 December 2024, 2023 and 2022.

	As at 31 December					
	2024		2023		2022	
	<i>(KD thousands)</i>	<i>(per cent.)</i>	<i>(KD thousands)</i>	<i>(per cent.)</i>	<i>(KD thousands)</i>	<i>(per cent.)</i>
Cash on hand.....	176,163	3.3	165,937	3.8	213,598	4.0
Current account with other banks.....	2,145,739	40.3	1,525,474	34.8	2,925,399	55.0
Money at call	627,022	11.8	635,106	14.5	487,281	9.2
Balances and deposits with the Central Bank of Kuwait	1,850,141	34.8	1,526,210	34.8	1,124,507	21.1
Deposits and murabaha with banks maturing within seven days.....	551,533	10.4	560,352	12.8	601,823	11.3
Expected credit losses.....	(27,325)	(0.5)	(28,379)	(0.6)	(29,156)	(0.5)
Total cash and short term funds	5,323,273	100.0	4,384,700	100.0	5,323,452	100.0

The Group's cash and short-term funds, consisting of cash on hand, current accounts with other banks, money at call, balances with the CBK and deposits and murabaha with banks maturing within seven days, was KD 5.3 billion as at 31 December 2024.

As at 31 December 2024, the Group has recognised an ECL of KD 27 million in respect of cash and short term funds mainly relating to operations in Lebanon.

The Group's cash and short-term funds increased by 21.4 per cent. to KD 5.3 billion as at 31 December 2024 from KD 4.4 billion as at 31 December 2023. The increase principally reflected increases in current account with other banks and balances and deposits with the CBK. The Group's cash and short-term funds decreased by 17.6 per cent. to KD 4.4 billion as at 31 December 2023 from KD 5.3 billion as at 31 December 2022. The decrease principally reflected a decrease in current accounts with other banks, partially offset by an increase in balances and deposits with the CBK.

Total liabilities

The following table presents data regarding the Group's liabilities as at 31 December 2024, 2023 and 2022.

	As at 31 December					
	2024		2023		2022	
	(KD thousands)	(per cent.)	(KD thousands)	(per cent.)	(KD thousands)	(per cent.)
Liabilities						
Due to banks	5,403,802	15.4	3,963,802	12.1	4,017,979	12.7
Deposits from other financial institutions.....	2,949,756	8.4	3,725,629	11.4	3,740,877	11.8
Customer deposits.....	22,866,205	65.0	21,948,957	67.0	20,178,062	63.6
Certificates of deposit issued.....	1,501,457	4.3	822,899	2.5	1,801,623	5.7
Other borrowed funds.....	1,520,422	4.3	1,331,006	4.1	1,243,563	3.9
Other liabilities.....	939,782	2.7	966,123	2.9	721,313	2.3
Total liabilities.....	35,181,424	100.0	32,758,416	100.0	31,703,417	100.0

The Group's total liabilities increased by 7.4 per cent. to KD 35.2 billion as at 31 December 2024 from KD 32.8 billion at 31 December 2023. The increase was principally due to increases in due to banks, customer deposits and certificates of deposit issued offset by a decline in deposits from other financial institutions. The Group's total liabilities increased by 3.3 per cent. to KD 32.8 billion as at 31 December 2023 from KD 31.7 billion at 31 December 2022. The increase was principally due to increases in customer deposits which was offset by a decrease in certificates of deposit issued.

The Group has three principal liabilities classes: customer deposits, due to banks and deposits from other financial institutions.

Customer deposits

The Group's customer deposits comprise current and demand accounts, savings accounts and time deposits.

The Group's current and demand accounts are mostly non-interest bearing and amounts may be withdrawn from these accounts at any time without notice. The Group's savings accounts are interest-bearing accounts and amounts may also be withdrawn from these accounts at any time without notice.

The Group believes that its current, demand and savings accounts are diversified and constitute a stable and secure source of low-cost funding. The Group's current, demand and savings accounts (collectively, "**sight deposits**") form a significant proportion of its total customer deposits.

The Group accepts time deposits for a range of periods up to five years.

The following table shows the Group's customer deposits by location as at 31 December 2024, 2023 and 2022.

	As at 31 December		
	2024	2023	2022
	<i>(KD thousands)</i>		
Domestic	15,495,610	15,115,042	13,899,809
International.....	7,370,595	6,833,915	6,278,253
Total customer deposits	22,866,205	21,948,957	20,178,062

Customer deposits increased by 4.2 per cent. to KD 22.9 billion as at 31 December 2024 from KD 21.9 billion as at 31 December 2023. The increase was principally attributable to an increase in time deposits. Customer deposits increased by 8.8 per cent. to KD 21.9 billion as at 31 December 2023 from KD 20.2 billion as at 31 December 2022. The increase was principally attributable to an increase in time deposits, offset in part by a decline in sight deposits.

Due to banks

Amounts due to banks increased by 36.3 per cent. to KD 5.4 billion as at 31 December 2024 compared to KD 4.0 billion as at 31 December 2023. The increase was primarily attributable to increases in both sight and time deposits. Due to banks remained at KD 4.0 billion as at both 31 December 2023 and 31 December 2022.

Deposits from other financial institutions

Deposits from other financial institutions decreased by 20.8 per cent. to KD 2.9 billion as at 31 December 2024 compared to KD 3.7 billion as at 31 December 2023. The decrease was primarily attributable to a decline in time deposits. Deposits from other financial institutions remained flat at KD 3.7 billion as at each of 31 December 2023 and 31 December 2022.

LIQUIDITY, FUNDING AND CAPITAL

Liquidity

The Group's liquidity needs arise primarily from making loans, advances and Islamic finance available to customers, the payment of expenses and investments in securities. The Group's liquidity needs have been funded principally through deposits and operating cash flow, including interest and profit income received on its customer loan portfolio and its portfolio of debt investment securities. The Group also holds significant liquid assets to cover short term liquidity needs.

The following tables show the composition of the Group's liquid assets as at 31 December in each of 2024, 2023 and 2022 in dinar and as a percentage of total liquid assets.

	As at 31 December					
	2024		2023		2022	
	<i>(KD thousands, except percentage contribution columns)</i>					
Cash and short term funds	5,323,273	38.8%	4,384,700	34.8%	5,323,452	42.2%
CBK Bonds.....	343,652	2.5%	856,815	6.8%	881,241	7.0%
Kuwait Government treasury bonds...	148,555	1.1%	194,111	1.5%	211,629	1.7%
Deposits with banks.....	1,383,330	10.1%	1,318,121	10.5%	1,490,286	11.8%
Investment securities ⁽¹⁾	6,527,360	47.6%	5,830,561	46.3%	4,722,064	37.4%
Total liquid assets.....	13,726,170	100.0%	12,584,308	100.0%	12,628,672	100.0%

⁽¹⁾ Excludes investment securities held at amortised cost.

Capital expenditure

As at 31 December 2024, the Group had commitments in respect of capital expenditure amounting to KD 76 million. Management has allocated the necessary resources in respect of these commitments and believes that future income and funding will be sufficient to cover these commitments.

Funding

The Group's principal sources of funding are its customer deposits and, to a lesser extent, interbank deposits. The Group also has access to a pool of unencumbered and liquid securities in the form of treasury bills and bonds and CBK bonds as well as quoted available for sale debt and equity securities that it can access to meet liquidity needs (including via repurchases of its investment securities portfolio), in addition to its cash balances and placements with central banks and other financial institutions.

The Group's customer deposits were KD 22.9 billion, or 66.8 per cent. of its total liabilities, as at 31 December 2024. Kuwaiti Government and quasi-governmental deposits ranged from a high of 17 per cent. as at 30 June 2024 to a low of 10 per cent. as at 30 June 2022 of the Group's total funding in the period between 1 January 2022 and 31 December 2024.

Other borrowed funds in the form of global medium term notes, global medium term sukuk, subordinated Tier 2 bonds and medium term borrowings from banks and financial institutions at 31 December 2024 were KD 463 million, KD 384 million, KD 242 million and KD 432 million, respectively. Short-term certificates of deposit issued by the Group and outstanding as at 31 December 2024 were KD 1,501 million. Perpetual Tier 1 capital securities of KD 211 million (U.S.\$700 million) issued in 2021 and KD 228 million (U.S.\$750 million) issued in 2019 form part of the Group's equity funding.

The table below shows the Group's funding in the form of customer deposits, due to banks and other amounts due to financial institutions, certificates of deposit issued and other borrowed funds as at 31 December in each of 2024, 2023 and 2022.

	As at 31 December					
	2024		2023		2022	
	<i>(KD thousands, except percentage contribution columns)</i>					
Customer deposits.....	22,866,205	66.8%	21,948,957	69.0%	20,178,062	65.1%
Due to banks.....	5,403,802	15.8%	3,963,802	12.5%	4,017,979	13.0%
Deposits from other financial institutions.....	2,949,756	8.6%	3,725,629	11.7%	3,740,877	12.1%
Certificates of deposit issued.....	1,501,457	4.4%	822,899	2.6%	1,801,623	5.8%
Other borrowed funds.....	1,520,422	4.4%	1,331,006	4.2%	1,243,563	4.0%
Total funding.....	34,241,642	100.0%	31,792,293	100.0%	30,982,104	100.0%

As at 31 December 2024, the Group's customer deposits accounted for 66.8 per cent. of its total funding.

The table below shows the maturity profile of the Group's total funding as at 31 December 2024, 2023 and 2022. This analysis is based on contractual cash flows and maturity data.

	Up to 3 months	3 to 12 months	Over 1 year	Total
	<i>(KD thousands)</i>			
As at 31 December 2024				
Due to banks.....	4,383,457	1,002,590	17,755	5,403,802
Deposits from other financial institutions.....	1,969,051	976,893	3,812	2,949,756
Customer deposits.....	17,049,292	5,165,456	651,457	22,866,205
Certificates of deposit issued.....	1,035,601	465,856		1,501,457
Other borrowed funds.....	231,075		1,289,347	1,520,422
Total.....	24,668,476	7,610,795	1,962,371	34,241,642
As at 31 December 2023				
Due to banks.....	3,223,281	728,464	12,057	3,963,802
Deposits from other financial institutions.....	2,543,653	1,167,902	14,074	3,725,629
Customer deposits.....	15,776,574	5,493,783	678,600	21,948,957
Certificates of deposit issued.....	637,710	185,189	-	822,899
Other borrowed funds.....	-	153,690	1,177,316	1,331,006
Total.....	22,181,218	7,729,028	1,882,047	31,792,293
As at 31 December 2022				
Due to banks.....	3,586,607	419,823	11,549	4,017,979
Deposits from other financial institutions.....	2,245,402	1,300,885	194,590	3,740,877
Customer deposits.....	14,717,473	4,656,934	803,655	20,178,062
Certificates of deposit issued.....	1,426,253	375,370	—	1,801,623
Other borrowed funds.....	39,819	76,575	1,127,169	1,243,563
Total.....	22,015,554	6,829,587	2,136,963	30,982,104

The Group has been actively working on diversifying its funding sources by targeting new funds from regional and international clients. While there has been a notable decline in deposit concentration ratios, the Group's deposit base is, at least in the near future, expected to remain relatively dependent on Kuwaiti Government and quasi-government entities given the dominant role of the Government in the oil sector and its significance to the Kuwait economy. Such deposits are booked for relatively long tenors and are well spread across different maturity dates so early signs of deposit withdrawals should provide the Group with sufficient time to consider other alternatives. The Group also enjoys a large base of smaller deposits with varying maturities from retail and corporate clients, which significantly reduces the concentration risk measured in terms of deposits from top clients to the total funding pool.

CAPITAL ADEQUACY

Capital adequacy, financial leverage and the use of various levels of regulatory capital are monitored regularly by Management and are also governed by guidelines of the Basel Committee as adopted by the CBK.

The CBK's Basel III framework consists of three pillars:

- Pillar 1 provides a framework for measuring capital requirements for credit, operational and market risks under the "Standardised Approach";
- Pillar 2 relates to the supervisory review process and emphasises the importance of the Internal Capital Adequacy Assessment Process ("ICAAP") performed by banks; and

- Pillar 3 aims to complement the capital adequacy requirements under Pillar 1 and Pillar 2 by requiring banks to provide a consistent and understandable disclosure framework which facilitates comparison, thus enhancing the safety and soundness of the banking industry in Kuwait.

The Basel III minimum requirements for capital are underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures. There are also buffer requirements in the form of a capital conservation buffer, a countercyclical capital buffer, and an additional surcharge for banks designated as domestic systemically important.

A key objective of the Group is to maximise shareholders' value with optimal levels of risk, whilst maintaining a strong capital base to support the development of its business and comply with externally-imposed capital requirements. The Group aims to ensure adherence to the CBK's requirements by monitoring its capital adequacy and adopting both a capital forecasting process that ensures pro-active action is taken where necessary and a strategy that ensures a sufficient capital buffer above minimum required levels is maintained at all times. This process is supported by the use of proprietary capital-planning methodology, which takes into consideration regulatory capital requirements, rating agency views, stress-testing and bottom-up views of business plans.

The table below sets out the Bank's minimum capital requirements and associated levels of regulatory capital expressed as a percentage of risk-weighted assets as at the dates indicated.

Minimum Capital Requirement*	Common Equity Tier 1	Tier 1	Total
31 December 2024.....	11.50%	13.00%	15.00%
31 December 2023.....	11.50%	13.00%	15.00%
31 December 2022**.....	10.00%	11.50%	13.50%

* Includes a Common Equity Tier 1 Domestic Systemically-Important Bank buffer of 2 per cent.

** In response to the COVID-19 crisis, the CET1 Capital Conservation Buffer was 1 per cent. from 1 January 2022 to 31 December 2022. The full 2.5 per cent. was reinstated as of 1 January 2023.

The minimum total capital requirement for the Kuwait banking sector generally is 13 per cent. (including a Capital Conservation Buffer of 2.5 per cent.). The Group, having been designated as a Domestic Systemically-Important Bank (D-SIB), is required to maintain an additional minimum capital of 2 per cent. at all levels. As at the date of this Offering Circular and for each of 2024, 2023 and 2022, the countercyclical capital buffer, ranging from 0 per cent. to 2.5 per cent., was not required in the minimum capital requirements and the CBK has not indicated when the countercyclical capital buffer may be required. To the extent such buffer is required, Basel Committee guidelines permit a lead period of 12 months to comply.

Additionally, pursuant to the CBK's consumer loan deferral programme implemented as part of its measures to combat the COVID-19 pandemic, the CBK allowed the modification loss from the consumer loan deferral programme in 2020 to be charged directly to retained earnings rather than being recognised in the consolidated statement of income as required by IFRS 9. Furthermore, for regulatory capital purposes, the Group's KD 130 million modification losses incurred in 2020 are being amortised equally against retained earnings over four years starting in 2021.

The table below shows the composition of the Group's regulatory capital and its capital ratios as at 31 December in each of 2024, 2023 and 2022 (determined in accordance with Basel III as implemented in Kuwait). The reported capital ratios as at interim period-end dates within

a year are lower than those for year-end dates as retained year-to-date profits (excluding the interim proposed dividends) are added to the regulatory capital base only at the year-end while asset growth during interim periods is factored into the interim risk weighted asset calculations.

	As at 31 December		
	2024	2023	2022
	<i>(KD thousands, except percentages)</i>		
Risk-weighted assets:			
Credit risk-weighted assets.....	25,027,430	24,162,320	22,495,517
Operational risk-weighted assets.....	2,095,213	1,882,956	1,674,153
Market risk-weighted assets.....	479,080	424,389	401,781
	27,601,723	26,469,664	24,571,451
Total risk-weighted assets⁽¹⁾			
Capital required ⁽²⁾	4,140,258	3,970,540	3,317,146
<i>Capital available</i>			
Common Equity Tier 1 capital ⁽³⁾	3,639,713	3,442,577	3,170,120
Additional Tier 1 capital ⁽⁴⁾	534,221	531,776	527,411
Tier 1 capital⁽⁵⁾	4,173,934	3,974,353	3,697,531
Tier 2 capital ⁽⁶⁾	611,765	597,889	573,564
Total capital	4,785,699	4,572,242	4,271,095
Common Equity Tier 1 capital adequacy ratio ⁽⁷⁾⁽⁸⁾	13.2%	13.0%	12.9%
Tier 1 capital adequacy ratio ⁽⁷⁾⁽⁹⁾	15.1%	15.0%	15.0%
Total capital adequacy ratio ⁽⁷⁾⁽¹⁰⁾	17.3%	17.3%	17.4%

Notes:

- (1) Risk-weighted assets are calculated under the standardised approach.
- (2) Capital required comprises the minimum total capital requirement of 15.0 per cent. as at 31 December 2024 and 31 December 2023 and 13.5 per cent. as at 31 December 2022.
- (3) Common Equity Tier 1 capital comprises share capital, share premium, eligible reserves, retained earnings and eligible non-controlling interests net of regulatory adjustments.
- (4) Additional Tier 1 capital comprises Perpetual Tier 1 Capital Securities classified as equity and certain additional eligible portion of non-controlling interests.
- (5) Tier 1 capital comprises Common Equity Tier 1 capital and Additional Tier 1 capital which includes eligible portions of non-controlling interests.
- (6) Tier 2 capital comprises Subordinated Tier 2 Bonds classified as debt, the allowed portions of general provisions and certain additional eligible non-controlling interests.
- (7) Calculated in accordance with the requirements of the CBK and the capital adequacy regulations issued by the CBK as stipulated in CBK Circular number 2/RB, RBA/A336/2014 dated 24 June 2014.
- (8) Common Equity Tier 1 capital adequacy ratio is defined as Common Equity Tier 1 capital divided by risk-weighted assets at a given date.
- (9) Tier 1 capital adequacy ratio is defined as Tier 1 capital resources divided by risk-weighted assets at a given date.
- (10) Total capital adequacy ratio is defined as total capital resources divided by risk-weighted assets at a given date.

The Group is also subject to a CBK Basel III financial leverage ratio requirement of 3 per cent. The Group's financial leverage ratio was 89.5 per cent. as at 31 December 2024, 9.7 per cent. as at 31 December 2023 and 9.4 per cent. as at 31 December 2022.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of funding commitments it has made as well in relation to acceptances, letters of credit and guarantees issued by it. The table below shows the Group's commitments and contingent liabilities as at 31 December in each of 2024, 2023 and 2022.

	As at 31 December		
	2024	2023	2022
		<i>(KD thousands)</i>	
Guarantees	4,670,825	4,035,345	3,775,107
Irrevocable commitments to extend credit	1,410,803	1,327,508	1,024,290
Letters of credit	545,793	391,486	410,321
Acceptances	180,765	189,080	281,958
	6,808,186	5,943,419	5,491,676

Guarantees issued represent irrevocable assurances that the Group will make payment in the event that a customer fails to meet its performance-related or financial obligations to third parties.

Irrevocable commitments to extend credit include commitments to extend credit which are undrawn and which are irrevocable over the life of the facility or are revocable only in response to a material adverse change. Undrawn credit lines to customers represent unused portions of authorisations to extend credit in the form of loans.

Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a corporate customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, generally relate to trade and may be collateralised by the underlying shipments of goods to which they relate, by cash deposits or otherwise.

Acceptances represent a type of irrevocable credit that is payable under a time draft on or after a specific date, if the terms of the credit has been complied with.

The total outstanding contractual amount of guarantees, undrawn credit lines, letters of credit, and acceptances does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

The table below shows the Group's other credit-related and commercial commitments based on contractual repayment arrangements as at 31 December in each of 2024, 2023 and 2022.

	Up to 3 months	3 to 12 months	Over 1 year	Total
			<i>(KD thousands)</i>	
As at 31 December 2024				
Contingent liabilities	1,408,862	2,235,696	1,752,825	5,397,383
Irrevocable commitments	249,020	352,799	808,984	1,410,803
Total	1,657,882	2,588,495	2,561,809	6,808,186
As at 31 December 2023				
Contingent liabilities	1,364,374	1,885,643	1,365,894	4,615,911
Irrevocable commitments	274,707	313,361	739,440	1,327,508
Total	1,639,081	2,199,004	2,105,334	5,943,419
As at 31 December 2022				
Contingent liabilities	1,280,110	1,685,461	1,501,815	4,467,386
Irrevocable commitments	90,996	280,629	652,665	1,024,290
Total	1,371,106	1,966,090	2,154,480	5,491,676

In addition to the foregoing, the Group has commitments in respect of capital expenditure amounting to KD 76 million as at 31 December 2024.

CASH FLOWS

The following tables show certain information about the consolidated cash flows of the Group for the periods indicated.

	Year ended 31 December		
	2024	2023	2022
	<i>(KD thousands)</i>		
Net cash from operating activities	1,977,687	530,981	1,822,343
Net cash (used in) investing activities	(896,434)	(1,254,007)	(1,309,169)
Net cash (used in) financing activities.....	(142,680)	(215,726)	(271,713)
Increase / (decrease) in cash and short term funds.....	938,573	(938,752)	241,461
Cash and short term funds at the beginning of the year	4,384,700	5,323,452	5,081,991
Cash and short term funds at the end of the year.....	5,323,273	4,384,700	5,323,452

Net cash used in or from operating activities

Net cash from operating activities for 2024 was KD 1,978 million compared to KD 531 million in 2023. The principal contributors to net cash from operating activities were operating profit and changes in operating assets and liabilities.

Net cash from operations for 2023 was KD 531 million compared to KD 1,822 million in 2022. The principal contributors to net cash from operating activities were operating profit and changes in operating assets and liabilities.

Net cash used in investing activities

Net cash used in investing activities for 2024 was KD 896 million compared to KD 1,254 million in 2023. The principal investment activities in each period were purchases and sales or redemptions of investment securities. The decrease in net cash used in investment activities was mainly due to higher net purchases of investment securities.

Net cash used in investing activities for 2023 was KD 1,254 million compared to KD 1,309 million in 2022. The principal investment activities in each period were purchases and sales or redemptions of investment securities.

Net cash used in financing activities

Net cash used in financing activities for 2024 was KD 143 million compared to KD 216 million in 2023. In 2024, the principal cash outflow was dividends paid and the principal cash inflow was net proceeds from the issue of global medium term notes. In 2023, the principal cash outflow was dividends paid and the principal cash inflow was net movement in other medium and short term borrowing.

Net cash used in financing activities for 2023 was KD 216 million compared to KD 272 million in 2022. In 2023, the principal cash outflows related to dividends paid and the principal cash inflows related to net movement in other borrowed funds.

RELATED PARTY TRANSACTIONS

The Group's principal related party transactions are with the board members and executive officers of the Bank, their close family members and companies controlled by them or their close family members as well as with associates of the Group. IFRS requires the disclosure of shareholder related parties only in cases where those related parties exercise significant influence. On this basis, the Group determined that no shareholder had significant influence and therefore no shareholder related party transactions were disclosed. Certain related parties are customers of the Group in the ordinary course of business. Transactions with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve an amount of risk that is higher than the amount of risk taken in comparable transactions with unrelated parties. Lending to board members and their related parties is secured by tangible collateral in accordance with CBK regulations.

The Group adheres to CBK guidelines on lending to related parties. Credit facilities to members of the Bank's Board of Directors (the "**Board**") can only be approved under conditions specified by the CBK which include the following:

- all facilities to Board members must be approved for granting, renewing or modifying only by the Board and this authority cannot be delegated to a committee or authority;
- the approval surrounding granting, renewal or modification of Board members' facilities can only be considered approved when at least three-quarters of the Board members have approved the same; and
- the Bank must acquire adequate collateral as stipulated in the guidelines.

Further credit extensions to connected and related parties are also subject to adherence to the overall regulatory concentration limits which include that the total related party exposures should not exceed 50 per cent. of a bank's capital base.

Further information on the Group's related party transactions is set out in note 27 to each of the Annual Financial Statements.

As at the date of this Offering Circular, the Group is not expecting and is not in the process of concluding any potential transactions of a material nature to be made with its related parties, other than those activities conducted in the normal course of business.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK

In common with other financial institutions, the Group faces a range of risks in its business and operations including credit risk, liquidity risk, interest rate risk, market risk and operational risk.

Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation owed to the Group. Credit risk arises in the Group's normal course of business. Concentrations of credit risk arise from exposure to customers having similar characteristics in terms of the geographic location in which they operate or the industry sector in which they are engaged, such that their ability to discharge contractual obligations may be similarly affected by changes in political, economic or other conditions.

Credit risk can also arise due to a significant concentration of the Group's assets to any single counterparty. This risk is also managed by diversification of the portfolio. The 20 largest loans, advances and Islamic financing to customers outstanding as a percentage of gross loans, advances and Islamic financing to customers as at 31 December 2024 was 14 per cent.

Credit limits are established for all customers after a careful assessment of their creditworthiness. Standing procedures, outlined in the Group's Credit Policy Manual, require that all credit proposals be subjected to detailed screening by the domestic or international credit control divisions pending submission to the appropriate credit committee. Whenever necessary, all credit facilities are secured by acceptable forms of collateral to mitigate the related credit risks.

In accordance with the instructions of the Central Bank of Kuwait dated 18 December 1996, setting out the rules and regulations regarding the classification of credit facilities, the Group has formed an internal committee comprising competent professional staff and having as its purpose the study and evaluation of the existing credit facilities of each customer of the Group. This committee is required to identify any abnormal situations and difficulties associated with a customer's position which might cause the debt to be classified as irregular, and to determine an appropriate provisioning level. The committee, which meets regularly throughout the year, also studies the positions of those customers whose irregular balances exceed 25 per cent. of their total debt, in order to determine whether further provisions are required.

The Group further limits risk through diversification of its assets by geography and industry sector. In addition, all credit facilities are continually monitored based on a periodic review of the credit performance and account rating.

For further information regarding the Group's credit risk, see "*Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Credit risks*" and "*Risk Management—Principal Risks—Credit risk*".

Analysis of credit quality

In managing its portfolio, the Group utilises ratings and other measures and techniques which seek to take account of all aspects of perceived risk. Credit exposures classified as 'High' quality are those where the ultimate risk of financial loss from the obligor's failure to discharge its obligation is assessed to be low. These include facilities to corporate entities with financial condition, risk indicators and capacity to repay which are considered to be good to excellent. Credit exposures classified as 'Standard' quality comprise all other facilities whose payment performance is fully compliant with contractual conditions and which are not 'impaired'. The ultimate risk of possible financial loss on 'Standard' quality is assessed to be higher than that for the exposures classified within the 'High' quality range.

Credit facilities are classified as 'past-due' when a payment has not been received on its contractual payment date, or if the facility is in excess of pre-approved limits.

A credit facility is considered to be 'past-due and impaired' if the interest/profit or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value.

'Past due' and 'Past due and impaired' facilities are managed and monitored as 'irregular facilities' and are classified into the following four categories which are then used to guide the provisioning process:

Category	Criteria
Watchlist	Irregular for a period up to 90 days (inclusive)
Substandard	Irregular for a period between 91 and 180 days (inclusive)
Doubtful	Irregular for a period between 181 days and 365 days (inclusive)
Bad	Irregular for a period exceeding 365 days

The Group may also include a credit facility in one of the above categories based on Management's judgement of a customer's financial and/or non-financial circumstances.

The following table shows the Group's past due and impaired loans, advances and Islamic financings portfolio by category based on their delinquency as at 31 December 2024.

	Corporate		Retail		Total	
	Past due and not impaired	Impaired	Past due and not impaired	Impaired	Past due and not impaired	Impaired
	<i>(KD thousands)</i>					
Up to 30 days	29,619	16,970	43,169	345	72,788	17,315
31-60 days	1,081	1,792	28,616	130	29,697	1,922
61-90 days	2,221	—	5,315	68	7,536	68
91-180 days	—	34,771	—	28,201	—	62,972
More than 180 days	—	132,664	—	114,179	—	246,843
	32,921	186,197	77,100	142,923	110,021	329,120

The Group's impaired loans, advances and Islamic financings as a percentage of total gross loans, advances and Islamic financings was 1.34 per cent. as at 31 December 2024 compared to 1.38 per cent. as at 31 December 2023 and 1.42 per cent. as at 31 December 2022.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities when they fall due. To limit this risk, Management has arranged diversified funding sources, manages assets with liquidity in mind and monitors liquidity on a daily basis. To reduce this risk, the Group has elected to use diversified funding sources and to manage assets with the objective of maximising liquidity.

For further information regarding the Group's liquidity risk, see "Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Liquidity risks", "Risk Management—Principal Risks—Liquidity Risk" and "—Liquidity, Funding and Capital—Liquidity" above.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

For additional information on market risk, see "Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Market Risk" and "Risk Management—Principal Risks—Market Risk".

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group believes that it is not excessively exposed to interest rate risk as its assets and liabilities are re-priced regularly and most exposures arising on medium term fixed rate lending or fixed rate borrowing are covered by interest rate swaps. In the case of certain retail loans denominated in Kuwaiti dinar, the Group is exposed to some interest rate risk, since interest rates on those loans are not re-priced for the first five years and then the subsequent permitted adjustments are restricted in amount. However, the impact on these loans is limited, due to the varying maturity profile of such loans. Furthermore, the re-pricing gaps of its assets and liabilities are carefully monitored and controlled through limits pre-established by the Board and adjusted where necessary to reflect changing market conditions.

The following table summarises the effect of assumed changes in interest rates on the Group's net interest income for one year, based on the interest-bearing financial assets and financial liabilities held at year end. This includes the effect of hedging instruments but excludes loan commitments. The sensitivity on equity is the impact arising from changes in interest rates on the fair investments in debt securities classified as at fair value through other comprehensive income/available for sale. Sensitivity to interest rate movements is substantially symmetrical as financial instruments giving rise to non-symmetric movements are not significant.

Based on the Group's financial assets and financial liabilities held at the year end, an assumed 25 basis points increase in interest rate, with all other variables held constant, would impact the Group's profit and equity as follows:

Currency	Movement in basis points	2024		2023		2022	
		Effect on profit	Effect on equity	Effect on profit	Effect on equity	Effect on profit	Effect on equity
				<i>(KD thousands)</i>			
KWD.....	+25	6,725	—	8,525	—	9,138	—
USD.....	+25	4,455	—	5,548	—	5,579	—
EUR.....	+25	56	—	305	—	463	—
GBP.....	+25	1,139	—	788	—	621	—
EGP.....	+25	257	(55)	366	(180)	169	(402)

For further information regarding the Group's interest rate risk, including its interest sensitivity position, see note 28 to each of the Annual Financial Statements and "Risk Management—Principal Risks—Market Risk—Interest rate risk".

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risks are controlled through limits pre-established by the Board on currency position exposures. In general, assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. Appropriate segregation of duties exists between the treasury front and back-office functions, while compliance with position limits is independently monitored on an ongoing basis.

For further information regarding the Group's net exposures denominated in foreign currencies, see "*Risk Management—Principal Risks—Foreign exchange risk*" and note 28 to each of the Annual Financial Statements.

Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. The Group manages the risk through diversification of investments in terms of geographic distribution and industry concentration. For additional information on equity price risk, see "*Risk Management—Principal Risks—Market Risk—Equity price risk*".

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, systems failure or external events. The Group has a set of policies and procedures, which are approved by the Board and are applied to identify, assess and supervise operational risk in addition to other types of risks relating to the banking and financial activities of the Group. Operational risk is managed by the operational risk function, which ensures compliance with policies and procedures and monitors operational risk as part of overall global risk management. For additional information on operational risk, see "*Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Operational risks*" and "*Risk Management—Principal Risks—Operational Risk*".

DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of its business, the Group enters into a range of transactions that involve derivative financial instruments. The Group provides its customers and counterparties with structured transactions to reduce their risk profile in a particular area of risk. Hedging positions accumulated from such activities are typically offset through transactions with other market counterparties. The Group manages the risks involved in these activities through appropriate limits. These limits vary by product and maturity.

The Group also uses derivative instruments for hedging purposes as part of its asset and liability management in order to reduce its exposure to fluctuations in foreign exchange, interest rates and other risks. The Group uses forward foreign exchange contracts, cross currency swaps and interest rate swaps to hedge exchange rate and interest rate risks. The Group also uses interest rate swaps to hedge against the fair value risks arising on certain fixed rate financial instruments.

The fair values of the Group's derivative financial instruments as at 31 December in each of 2024, 2023 and 2022 are set out in note 26 to each of the Annual Financial Statements.

CRITICAL ACCOUNTING POLICIES

The Annual Financial Statements have been prepared in accordance with IFRS as adopted for use by Kuwait. For a discussion of the material accounting policies applied by the Group generally, see note 2 to the 2024 Financial Statements.

In preparing the Group's financial statements, Management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Group's assets and liabilities, including disclosure of contingent assets and liabilities, as at the date of the financial statements as well as the reported amounts of its revenues and expenses during the periods presented. Management bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and evaluates the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. For a discussion of the most significant accounting estimates, judgments and assumptions made in the preparation of the Group's financial statements, see note 2.36 to the 2024 Financial Statements.

DESCRIPTION OF THE GROUP

OVERVIEW

The Bank was the first local bank and the first shareholding company to be established in Kuwait. The Group is the only banking group in Kuwait to have access to both the conventional and Islamic banking markets.

As at 30 June 2025, and based on the Interim Financial Information and the publicly available interim financial statements of the Group's main domestic competitors at the same date, the Group was the largest conventional bank in Kuwait in terms of: (i) total assets; (ii) total loans (which, in the Group's case also includes advances and Islamic financing to customers); and (iii) total customer deposits. As at 30 September 2025, the Group's equity attributable to shareholders of the Bank was KD 4,422 million.

The Group's core businesses are consumer banking, corporate banking, Islamic banking (offered through its majority-owned subsidiary, Boubyan Bank) and private banking and asset management services offered to institutional investors through NBK Wealth. The Group is a regional banking group, focused on offering its products and services in Kuwait and other countries within the MENA region, including Bahrain, Egypt, Iraq, Lebanon, Saudi Arabia and the United Arab Emirates, in each of which it has a presence through a subsidiary or branches.

The Bank offers its clients a wide range of banking and financial services through one of the largest branch networks in Kuwait, which, as at 30 September 2025, comprised 70 branches, a network of more than 545 automated teller machines and customer deposit machines (together referred to as "**ATMs**") and over 23,535 point-of-sale ("**POS**") terminals (all of which are near field communication ("**NFC**") enabled devices), tele-banking, internet banking and mobile banking. As at 30 September 2025, the Group served around 3,000 corporate customers in its domestic Kuwait market.

The Group currently operates through six financial reporting segments:

- **Consumer Banking:** the consumer banking segment provides a diversified range of products and services to individuals, including consumer loans, credit cards, deposits, foreign exchange and other branch-related services. In 2024, KD 258 million, or 20.6 per cent., of the Group's net operating income was attributable to the consumer banking segment compared to KD 238 million, or 20.4 per cent., in 2023;
- **Corporate Banking:** corporate banking provides a comprehensive product and service offering to business and corporate customers, including lending, deposit-taking, trade finance, foreign exchange and advisory services. In 2024, KD 161 million, or 12.9 per cent., of the Group's net operating income was attributable to the corporate banking segment compared to KD 163 million, or 14.0 per cent., in 2023;
- **NBK Wealth:** NBK Wealth provides wealth management, portfolio and fund management, custody and brokerage services through its asset management department and customised banking services to high net worth individuals through its private banking department. In 2024, KD 117 million, or 9.4 per cent., of the Group's net operating income was attributable to the NBK Wealth reporting segment compared to KD 112 million, or 9.6 per cent., in 2023;

- **Islamic Banking:** the Group's Islamic banking reporting segment represents the financial results of Boubyan Bank, the Group's Islamic banking subsidiary. In 2024, KD 253 million, or 20.3 per cent., of the Group's net operating income was attributable to the Islamic banking reporting segment compared to KD 224 million, or 19.2 per cent., in 2023;
- **Group Centre:** the group centre reporting segment includes treasury, investments and other defined Group activities. The treasury department provides treasury services to its clients and is also responsible for the Group's liquidity and market risk management. The group centre reporting segment also includes any residual in respect of transfer pricing and inter-segment allocations. In 2024, KD 160 million, or 12.8 per cent., of the Group's net operating income was attributable to the Group centre reporting segment compared to KD 152 million, or 13.0 per cent., in 2023; and
- **International:** the international reporting segment comprises the activities of all branches, subsidiaries and associates of the Group outside Kuwait. In 2024, KD 301 million, or 24.1 per cent., of the Group's net operating income was attributable to the international segment compared to KD 277 million, or 23.7 per cent., in 2023.

For further details on the Group's reporting segments, see "*—Reporting Segments*" below.

The Bank is a public shareholding company which was incorporated in the State of Kuwait by an Amiri decree on 19 May 1952 (Amiri Decree dated 19 May 1952 permitting the foundation of National Bank of Kuwait) and commenced operations on 15 November 1952. The Bank is registered with the Kuwaiti Ministry of Commerce, with commercial registration number 8490, is licensed to conduct banking activities and is regulated by the CBK. The Bank's registered office is Sharq Area, Jaber Al-Mubarak and Al-Shuhada Street, Block 7, Plot 6, P.O. Box 95, Safat 13001, State of Kuwait and its telephone number is +965 2242 2011.

STRENGTHS

The Group benefits from a number of business strengths. In particular:

Largest conventional banking group in Kuwait with a dominant market position

As at 30 September 2025, the Group had total assets of KD 44,910 million, total loans, advances and Islamic financing to customers of KD 26,052 million and total customer deposits of KD 24,584 million, and as at the same date it was the largest conventional banking group in Kuwait on all three metrics. The Group is also one of the leading banks in Kuwait with a broad portfolio of consumer and corporate products, an extensive distribution network and well-established relationships with its client base. With around 3,000 corporate customers as at 30 September 2025, the Group has one of the largest customer bases in Kuwait and the Group believes that, as at 30 June 2025, it had a 36 per cent. market share in Kuwait's consolidated banking assets. The Group also maintains one of the largest domestic distribution networks. This distribution network offers significant opportunities to attract additional clients and expand the Group's range of products and services to existing clients. As at 30 September 2025, the distribution network in Kuwait comprised 70 branches, a network of more than 545 ATMs and over 23,535 POS terminals, in addition to tele-banking, internet banking and mobile banking platforms.

The Group's strong position in consumer and corporate banking enables the Group to benefit from economies of scale and provides a strong platform for sustained profitability in the Kuwaiti banking market. The Group's market position and strong brand recognition throughout Kuwait and the MENA region reflect the Group's focus on high-quality customer service and the creation of innovative products and services, its established track record in both consumer and corporate banking, its targeted marketing to consumers, SME, large corporate and strategic client groups and its involvement in Kuwait's most prominent infrastructure and other development projects.

Only banking group in Kuwait to provide both conventional and Islamic banking

Following its acquisition of Boubyan Bank in 2012, the Group is the only banking group in Kuwait to offer both conventional and Islamic banking services, therefore diversifying income sources as well as offering the Group the opportunity to grow its balance sheet and strengthen its position in its core domestic market. Accordingly, the Group generates net income from Islamic financing in addition to net interest income. In 2024, the Group generated net income from Islamic financing of KD 208 million compared to KD 181 million in 2023.

Unlike conventional banks, Islamic banks in Kuwait are permitted to register mortgages on private residences in Kuwait. Accordingly, the principal competitive advantage enjoyed by Islamic banks is their ability to offer residential mortgage financing, which conventional banks are not permitted to do. Additionally, regulatory restrictions relating to interest rates and ratios for personal lending typically favour Islamic banks over conventional banks. In particular, whereas the interest rates that can be charged by conventional banks are capped, given there is no concept of interest in Islamic banking, the Islamic banks in Kuwait are able to earn better margins than conventional banks on their financing portfolios.

As discussed under "*—Strategy—Geographic and product and service diversification—Strengthening its Islamic banking franchise*" below, Boubyan Bank focuses on high net worth and affluent clients and large and mid-market corporate customers, thereby building on many of the Group's core strengths.

As at 30 September 2025, Boubyan Bank had made available KD 7,586 million of Islamic financing to customers and had accepted KD 8,061 million in customer deposits across its 46 branches.

A strong regional and international network

Within the MENA region, the Group's subsidiary, National Bank of Kuwait – Egypt S.A.E., operates 53 branches in Egypt while the Group's subsidiaries in Iraq (Credit Bank of Iraq S.A.) and Lebanon (National Bank of Kuwait (Lebanon) S.A.L.) operate networks of three and two branches, respectively. The Bank itself has two branches in Bahrain, three in Saudi Arabia and three in the United Arab Emirates. In addition, NBK's subsidiary Boubyan Bank has an investment of 21.7 per cent. in United Capital Bank, Sudan as well as 72.4 per cent. in Bank of London and The Middle East (BLME), UK. In May 2022, the Bank sold its business in Jordan to Arab Jordan Investment Bank and the business ceased to be part of the Group on 25 May 2022. In addition, the Group has subsidiaries in the United Kingdom (National Bank of Kuwait (International) plc), France (National Bank of Kuwait France S.A.) and Switzerland (NBK Banque Privée (Suisse) S.A.) and branches in New York, Singapore and Shanghai.

This geographical footprint provides opportunities for the Group to grow its product and service offering, in addition to developing its existing client base and leveraging the Group's well-established domestic operations.

Strong wealth management capability

The Group conducts its asset management business through its subsidiary, NBK Capital. In addition, brokerage services are conducted through the Group's brokerage subsidiary, Watani Financial Brokerage Co. K.S.C., and asset management activities are undertaken in Saudi Arabia through Watani Wealth Management Company, a subsidiary incorporated in 2018. The Group believes that each business unit within NBK Wealth reporting segment has unique strengths that are specific to that business. The asset management team benefits from the Group's strong distribution network and its own strong track record. The brokerage team provides professional execution to its clients. The team's strong fundraising capabilities differentiate it from other similar teams in Kuwait.

Stable shareholder base and strong, experienced Board and executive management team

The Bank was established in 1952 by a group of leading Kuwaiti merchants and it has retained the same core shareholder base since that time. The Group believes it has a strong and stable board of directors and a long-serving executive team with a strong track record in Kuwait.

The Group's strategy (see "*Strategy*" below) is supported by the executive management team's broad expertise in the region, proven record for implementing industry leading initiatives, and by its focus on best practices and customer service. The Group benefits from continuity of personnel within its executive management team, with limited changes to the executive management team over the previous 10 years. The Group's board of directors and executive management team have extensive experience in the financial services sector in Kuwait, the MENA region and internationally. Further details of the Group's board of directors and executive management are set out under "*Management*".

Strong capital base and liquidity

The Group's total capital adequacy ratio, Tier 1 capital adequacy ratio and Common Equity Tier 1 capital adequacy ratios were 17.3 per cent., 15.1 per cent., and 13.2 per cent., respectively, as at 31 December 2024 compared to the regulatory minimum requirements applicable to the Group of 15.0 per cent., 13.0 per cent., and 11.5 per cent., respectively, inclusive of a "Domestic Systemic Important Bank" surcharge of 2.0 per cent. and a capital conservation buffer of 2.5 per cent. The Group's financial leverage ratio was 9.5 per cent. as at 31 December 2024 compared to the required minimum level of 3 per cent.

As at 30 September 2025, the Group had a total capital adequacy ratio of 16.4 per cent., a Tier 1 capital adequacy ratio of 14.3 per cent. and a Common Equity Tier 1 capital adequacy ratio of 12.4 per cent. calculated in accordance with Basel III methodology as adopted by the CBK. As at 30 September 2025, the Group had cash and short-term funds of KD 6,029 million.

As part of the Basel III reforms, the Group maintains an adequate amount of HQLAs to cover its net cash outflow, which enables it to survive a significant stress scenario lasting for a period of up to 30 days. The Group monitors and reports its LCR and NSFR at three organisational levels: (i) at the local level including the Bank but excluding its non-Kuwaiti operations; (ii) at

the Bank level, including the Bank's non-Kuwaiti operations; and (iii) at the Group level, including all fully consolidated subsidiaries of the Group. Throughout the period of monitoring the Group was consistently over and above the regulatory minimum requirement of LCR and NSFR. Due to the COVID-19 pandemic, the CBK lowered the minimum requirements of LCR and NSFR to 90 per cent. for the period from 1 January 2022 to 31 December 2022. The minimum requirements were returned to 100 per cent. as of 1 January 2023.

The Group has maintained a strong liquidity position with an LCR of between 108.0 per cent. and 152.8 per cent., since 1 January 2017. The Group believes its adherence to the LCR criteria will ensure it is well-equipped to absorb any unanticipated systemic shocks to the Kuwaiti or MENA economies or banking sectors. The Group has also maintained an NSFR ratio in the range of 108.0 per cent. to 119.0 per cent. over the same period, indicating strong funding stability. See *"Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Liquidity risks—The Group's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations"*. As at 30 September 2025, the Group held a portfolio of HQLAs valued at KD 10,436 million, had a three months average LCR ratio of 161.59 per cent. and an NSFR ratio of 109.28 per cent.

Sound and consistent financial performance

The Group has a long history of profitability and remained profitable throughout the global financial crisis. The Group's operating surplus (being its operating profit before provisions for credit losses and impairment losses) was KD 531 million and its net profit attributable to shareholders of the Bank was KD 246 million for 2020 even with the impact of the COVID-19 crisis. In the nine months ended 30 September 2025, the Group's net profit attributable to shareholders of the Bank was KD 467 million.

In 2024, the Group's profit for the year attributable to shareholders of the Bank was KD 600 million. Additionally, its total assets grew by 35.0 per cent. from 31 December 2021 to 30 September 2025.

As at 30 September 2025, the Group's impaired loans ratio (defined as impaired loans as a percentage of total gross loans) was 1.37 per cent. compared to 1.34 per cent. as at 31 December 2024, 1.38 per cent. as at 31 December 2023 and 1.42 per cent. as at 31 December 2022. As at 30 September 2025, the Group had KD 368 million of impaired loans and carried loan loss reserves of KD 885 million to cover potential loan losses. As at 31 December 2024, the Group had KD 329 million of impaired loans and carried loan loss reserves of KD 864 million to cover potential loan losses. As at 31 December 2023, the Group had KD 318 million of impaired loans and carried loan loss reserves of KD 863 million to cover potential loan losses. As at 31 December 2022, the Group had KD 310 million of impaired loans and carried loan loss reserves of KD 828 million to cover potential loan losses.

High credit ratings and among the top brand values regionally

The Group has some of the highest credit ratings in the MENA region and internationally, with ratings of "A1" with a stable outlook from Moody's, "A" with a stable outlook from Standard and Poor's and "A+" with a stable outlook from Fitch. The Bank was recognised as the Best Bank in Kuwait by Global Finance in 2025 and was named as the strongest and most valuable banking brand in Kuwait in 2025 and among the top 10 most valuable banking brands in the Middle East by Brand Finance, with a brand value of U.S.\$1.74 billion.

STRATEGY

The Group's overall strategic goal focuses on defending and growing its leadership position in Kuwait, whilst also diversifying its business geographically (particularly in the GCC) and by products offered.

Redefining banking experiences through digital innovation

The Group has made significant progress in improving its digital capabilities and continues to redefine banking by digitising existing products and diversifying digital offerings to enhance customer experience and efficiency. Leveraging modern technology and digital disruption, the Group provides tailored services that meet the evolving needs of its customers, solidifying its position as a leader in digital banking.

Digitalisation efforts are taking place across markets. In Kuwait, the Bank has launched a digital transformation that includes enhancing customer touchpoints, improving internal processes and building digital capabilities. The Bank has already migrated a large number of transactions and services to digital platforms.

Internally, the launch of a state-of-the-art data centre in Kuwait was a critical milestone in 2019. The Group is adopting an agile development framework to promote efficiency and improve time-to-market for new ideas. The Group also leverages agile methodologies to deliver world-class products and services and has expanded its cross-functional teams to augment development efforts to deliver its digital solutions.

The Group's commitment to providing top-tier banking solutions is demonstrated by its focus on collecting and utilising customer feedback to make informed decisions. By leveraging tools like CleverTap, the Group continues to gather extensive data to support improving customer experience, engagement, satisfaction and retention. This user-centric approach aims to ensure that the Group remains ahead of market trends and meets its customers' evolving needs, especially with respect to digital-only propositions.

In November 2021, the Bank launched "Weyay", the first fully digital bank in Kuwait, which targets the youth of Kuwait as its customer base. Since its successful launch, Weyay has experienced significant growth. This demand underscores the growing appetite for digital banking solutions in Kuwait. Weyay continues to innovate, introducing a range of products and services that cater to the evolving needs of its customers, solidifying its position as a leader in digital banking. In January 2024, the Bank also launched Weyay-Jeel to equip children between eight to 14 years old with financial knowledge through hands-on experience with a child-friendly app.

Across units and markets, the Group seeks to develop and embed a digital culture throughout the organisation. In this respect, the Bank has placed a strong emphasis on attracting and retaining highly qualified talent, nurturing the human capital that is critical to deliver the Group's long-term ambitions.

In September 2023, the Bank launched the first wave of its new NBK tech academy, which focuses on digital and data technologies in preparing and qualifying young Kuwaiti talent to join the banking sector. The passing and successful placement of graduates in the inaugural phase to related Bank units underscored the Academy's effectiveness in cultivating a new generation of digital leaders and the launch of the second wave in early 2025 aims to ensure a continued pipeline of skilled talent to drive the Group's digital transformation.

While the cornerstones of the Group's strategy remain unchanged, the Bank developed a two-pronged approach overlaying its digital roadmap to execute the Group's strategy. The Group aims to transform its business and deliver the best customer experience with the "Digital Transformation of the Core". Actions are being executed across three streams: customer-facing initiatives, internal initiatives to transform processes and digital culture and execution capacity. Moreover, the "Business Diversification Leveraging Digital Disruption" encompasses all of the Group's efforts outside the core. The business diversification priorities include building digital disruptive businesses, scaling up Islamic banking via Boubyan Bank, building a regional powerhouse in wealth management and transforming the retail business in Egypt.

Defend and grow leadership position in Kuwait

The Group's overall strategy in its core domestic market is to maintain excellence and its market leadership position in the provision of banking services, to leverage its strong financial position to expand its existing market shares in loans, customer deposits and project and trade financing and to maintain discipline in managing both risk and costs. Within its core domestic product groups of corporate banking, consumer banking and wealth management, the Group intends to implement this strategy as follows:

Corporate banking

Within the corporate banking sector in Kuwait, the Group's aims include:

- remaining the primary banker for a majority of the leading local companies whilst also continuing to be an active participant in the mid-market sector;
- remaining the bank of choice for foreign companies actively operating in Kuwait and continuing to serve around 75 per cent. of those companies; and
- maintaining its current market share in trade finance.

The Group intends to achieve these aims by offering differentiated services to its corporate clients, leveraging the different services provided throughout the Group, expanding its coverage model and broadening the range of products and services offered. The Group's strategy centres around being at the forefront of large-scale Kuwaiti Government projects, as it believes its large capital base, high credit ratings and international presence provide it with an advantage over other Kuwaiti banks when competing for these projects or when seeking to raise funds for the purposes of financing these projects. The Group's growth strategy also includes strengthening its leadership position among large Kuwaiti corporates and increasing its penetration among middle-market companies through targeted marketing and building new relationships. The Group focuses on strengthening customer relationships at all levels of the corporate banking business and is in the process of enhancing its corporate online service and establishing a cash management proposition that the Group believes will be competitive with the cash management services currently offered by international banks. Within corporate banking, the Group places emphasis on investing in retaining and recruiting new talent and developing its operational platform.

Notwithstanding this growth strategy, the Group also intends to maintain asset quality with a particular emphasis on credit control, risk management and ensuring an effective corporate governance framework.

Consumer banking

Within the consumer banking sector in Kuwait, the Group's aims include:

- maintaining its leadership position as evidenced by the highest loan and credit card penetration among conventional banks in Kuwait and the highest proportion of Kuwaiti customers among all Kuwaiti banks, based on the Group's internal data and monthly CBK reports for the Kuwaiti banking system;
- maintaining its focus on the delivery of a superior customer service experience, evidenced by the overall customer satisfaction index remaining above 90 per cent., according to the Bank's annual Kuwaiti customer satisfaction survey conducted in 2024; and
- maintaining the lowest cost of funds among Kuwaiti conventional banks.

The Group intends to expand its consumer banking customer base by focusing on select consumer segments such as the affluent and mass affluent segments, in addition to younger clients and the expatriate segment, and by attracting new clients such as SMEs.

In 2022, the Group completed a three-year digital transformation programme, initially focusing on consumer banking with investments made in diversifying its banking services delivered through mobile devices, generating awareness and encouraging mobile channel penetration among clients.

The Group has enhanced its call centre and service campaign management capabilities with a focus on improving cross-selling and product penetration by using the latest available tools and technologies. As new technologies are deployed, the Group intends to increase its focus on digital marketing.

The Group is also capitalising on its brand equity by cascading the Bank's corporate brand down to the consumer banking level and developing a consistent level and form of communication across the Bank's consumer banking product and service campaigns. The Group is also exploring new formats to open additional branches in malls and new residential areas, without increasing its overall branch headcount in Kuwait.

Wealth management

Within the wealth management business in Kuwait, the Group's aims include:

- servicing clients in a holistic and client-centric manner by developing a deep understanding of their needs (beyond financial) and offering holistic solutions that meet their ever-changing requirements;
- effective relationship management through continuous client interaction across all locations and client segments to develop a deep understanding of clients' holistic needs; and
- availing clients with innovative solutions including:
 - *Tailor-made advisory*: client-specific and tailor-made wealth, portfolio investment, real estate planning, and advisory services, including using holistic multi-asset strategies.

- *Open architecture product platform*: providing access to a unique platform covering a wide array of investment vehicles across liquid and illiquid solutions, developed in-house or through partnerships with renowned global providers.
- *Global booking centre footprints*: expanded booking centres with the optionality of a relationship management coverage model at the choice of the clients.
- *Unique banking services*: differentiated propositions to high net worth individuals for core banking products such as loans, deposits and credit cards.

Geographic and product and service diversification

The Group's geographic and product and service diversification strategy involves expanding its regional presence, strengthening its Islamic banking franchise and building a leading asset management capability in the region.

Expanding regional presence

The Group's geographic diversification strategy is to leverage its fundamental strengths and capabilities, including its international reach and strong relationships within the MENA region, to build a regional platform and support growth in key markets, such as certain GCC countries and Egypt. In particular, the Group is focusing on markets which it has identified as having long-term potential through a combination of high-growth economies, positive demographic trends and the ability for the Group to exploit one or more competitive advantages, such as existing or new synergies and the ability to cross-sell other Group products and services.

When expanding its regional presence, the Group intends to:

- leverage its strong reputation and brand name by ensuring standardisation and consistency across all its markets;
- adopt a flexible business model so that it can easily adapt to changing trends and conditions in its different markets;
- deliver high standards of consistent, reliable and responsive service in all its markets; and
- maintain rigorous risk management discipline and governance, as well as a unified compliance process, in all markets.

As part of its regional expansion and diversification agenda, the Group believes that a digital platform has the potential to unlock the possibility of building a meaningful retail customer franchise in markets where the Group maintains only a limited branch presence. To this end, the Group has established a digital platform that aims to enable its expansion strategies in select MENA markets while supporting its digital transformation in Kuwait.

Strengthening its Islamic banking franchise

The Group's has a 60.4 per cent. stake in Boubyan Bank, which had an estimated market share of total banking sector assets and customer deposits in Kuwait of 8.2 per cent. and 11.5 per cent., respectively, as at 31 December 2024 (according to the consolidated financial statements of Boubyan Bank as at that date).¹ Further, on 27 January 2020, the Group, through Boubyan Bank, increased its ownership in BLME from 27.91 per cent. to 72.10 per cent. As a result BLME, which had been accounted for under the equity method in prior periods, has been fully consolidated in the Group's financial results since 2020.

The Group's strategy in relation to Boubyan Bank is to differentiate it from other Islamic banks in Kuwait through a clear focus on high net worth and affluent clients and large and mid-market corporate customers, thereby leveraging many of the Group's core strengths.

Building a leading asset management capability

The Group's strategy in relation to its asset management business is to build a leading asset management capability servicing both existing Group clients and acquiring new clients. NBK Wealth is focusing on increasing its assets under management by (i) broadening its suite of products to offer fixed-income and equity products across the MENA region, in addition to structured leasing and real estate products on an international basis, to meet market demand and (ii) investing in technology and human resources to complement its existing product base.

HISTORY

The Bank was the first private indigenous bank in Kuwait and the Gulf region. The Bank focused on the Kuwaiti market following its establishment and has survived several crises, including the 1982 Souk Al Manakh (Kuwait's informal stock market) crash and the Iraqi invasion in 1990. The Bank also played a vital role in rebuilding the Kuwaiti economy following the liberation of Kuwait in 1991.

The Group started its expansion outside Kuwait in the 1980s by opening full service branches in key international (New York, London, Paris, Geneva and Singapore) and regional (Bahrain and Lebanon) centres to capture investment and trade flows with Kuwait and to service Kuwaiti customers and provide convenient and secure locations for their deposits. In 2004, the Group made the strategic decision to expand its presence in the MENA region in markets which it viewed as offering high growth potential. The Group accordingly made a series of acquisitions in Iraq and Egypt, acquired significant minority stakes in banks in Qatar and in Turkey and established itself organically in Jordan, Saudi Arabia (Jeddah) and the United Arab Emirates. In 2017, the Group also completed the conversion of its representative office in Shanghai to a fully-fledged branch and its branch in Paris to a subsidiary in 2018.

Following political instability in several countries in the MENA region, the Group's strategy focused on growing its operations in GCC countries which were more politically stable and had strong economic fundamentals. As part of this strategy, the Group opened its Abu Dhabi branch in 2013.

In 2009, the Group acquired a relatively small stake in Boubyan Bank. Following several

¹ These market shares are based on the consolidated financial statements of all banks in Kuwait, which include international assets and deposits.

additions to its shareholding, the Group's ownership exceeded 50.0 per cent., and Boubyan Bank became a fully consolidated subsidiary of the Group in 2012. Boubyan Bank, a bank offering exclusively Islamic products and services, offers the Group a significant opportunity to grow its balance sheet, diversify its income sources and strengthen its market position in the Kuwaiti market as the Group is the only financial institution in Kuwait to offer both conventional and Islamic banking.

CAPITAL STRUCTURE AND SHAREHOLDERS

The Bank has been listed on the Boursa Kuwait since 29 September 1984. As at 30 September 2025, the Group had only one shareholder which had direct and indirect holdings in excess of 5 per cent. of its issued share capital (being The Public Institution for Social Security, which had a 6.16 per cent. holding in the Group as at 30 September 2025).

The Bank's total market capitalisation as at 30 September 2025 was KD 9.3 billion. As at 30 September 2025, the Bank's authorised share capital comprised 10 billion shares of KD 0.100 each, giving it an authorised share capital of KD 1,000 million.

The issued and fully paid up share capital of the Bank as at 30 September 2025 comprised 8,742,765,046 shares of KD 0.1 each, giving it an issued and fully paid up share capital of KD 874 million.

The Group believes it benefits from a strong shareholder base, with the Bank's original founding families still controlling the majority of its share capital.

SUBSIDIARIES

As at 30 September 2025, the Group's subsidiaries are:

Name	Country of Incorporation	Primary Business	Holding (%)
Boubyan Bank K.S.C.P.	Kuwait	Islamic Banking	60.4
National Bank of Kuwait-Egypt S.A.E.	Egypt	Banking	99.1
Watani Investment Company K.S.C. (Closed)	Kuwait	Investment Company	100.0
National Bank of Kuwait (International) plc	United Kingdom	Banking	100.0
National Bank of Kuwait France SA	France	Banking	100.0
NBK Banque Privée (Suisse) S.A.	Switzerland	Investment Management	100.0
National Bank of Kuwait (Lebanon) S.A.L. ⁽¹⁾	Lebanon	Banking	85.5
Credit Bank of Iraq S.A.	Iraq	Banking	92.5
National Investors Group Holdings Limited	Cayman Islands	Investment Company	100.0
Watani Wealth Management Company	Saudi Arabia	Investment Management	100.0
NBK GDM (Caymans) Limited	Cayman Islands	Treasury Activities	100.0
Bank of London and the Middle East (held through Boubyan Bank K.S.C.P.)	United Kingdom	Islamic Banking	72.4
Upayments Company for Electronic Payments and Settlement K.S.C. (Closed)	Kuwait	Financial Technology	51.0

⁽¹⁾ As at 30 September 2025, 38.1 per cent. of the Group's interest in National Bank of Kuwait (Lebanon) S.A.L. was held by an intermediate holding company, NBK Holding (Liban) S.A.L.

REPORTING SEGMENTS

Consumer Banking

The Group offers a wide range of consumer banking products and related services in Kuwait through its integrated distribution network, comprising branches, mobile banking, online banking, ATMs, POS terminals and other remote banking platforms. In addition, the Group has a direct sales force which markets its consumer products and services to its customers. The Group's consumer banking products include a range of consumer loans, credit cards, deposits, foreign exchange and other branch-related services.

The Group intends to focus on customer service in its consumer banking business as a key differentiator. The Group annually measures and monitors its overall customer satisfaction as well as customer satisfaction with specific products and services offered. The Group has implemented proactive customer retention and loyalty programmes and has increased its operational efficiency through enhancing its technology platform and repositioning its alternative delivery channels as attractive, user-friendly and reliable alternatives to branch banking (see "*Distribution channels*" below).

In addition, the Group aims to foster a forward-thinking culture, shifting from traditional sales to a customer advisory role and is focusing on self-service channels and targeting selected client segments, including affluent clients, youth, those starting work and retirees, as well as SMEs with a sales turnover of up to KD 2 million, with new digital products. At the same time, the Group aims to leverage its credit and risk infrastructure to manage the credit portfolio.

Distribution channels

The Group's principal distribution channels in Kuwait comprise:

- *Branch network:* As at 30 September 2025, the Bank had one of the largest branch networks in Kuwait, with 70 branches across the country, and a large ATM network, with more than 545 ATMs (including two mobile ATMs) and more than 23,535 POS terminals. The Group operates a 24/7 self-service facility at its major branches and other select locations where customers can conduct a range of banking services, such as cash deposits and withdrawals, balance enquiries and statement printing, ordering of cheque books and internet and telebanking access. The Group also has two 24/7 branches located at the Kuwait International Airport Terminal 1 and Terminal 4 and offers instant issuance of new debit cards to customers at all of its branches.
- *Telebanking:* The Group introduced automated banking by telephone to its customers and opened its call centre in 1994. This call centre, which has been operated on a 24/7 basis since 2003, can be used by customers in Kuwait to conduct a variety of transactions, including reporting lost or stolen cards, performing account transfers and bill payments and making enquiries and complaints. It also operates as a telemarketing tool through which the Group sells products to customers directly or refers them to their channel of choice. In the nine months ended 30 September 2025, the Group's call centre handled approximately 1.7 million calls.

- *Online banking:* The Group commenced offering online banking to its consumer banking customers in 1998 and, as at 30 September 2025, had more than 844,235 registered online banking customers with approximately 957,400 financial transactions executed in the nine months ended 30 September 2025.
- *Mobile banking:* Since 2011, the Group's customers have been able to use banking services delivered through mobile devices that provide regular account updates and SMS alerts to registered smart mobile phone users and through which they can conduct a large range of banking services, such as balance enquiries, bill payments, funds transfers, and statement and cheque book requests. Mobile application enhancements included the introduction of a digital signature facility for loan applications, credit card applications and credit limit increase requests. Mobile application users now benefit from an improved login profile, the ability to book term deposits and open partial fixed deposits, the ability to activate dormant accounts, the option to set-up and amend standing orders and to make transfers to the Group's SmartWealth brokerage platform. The Group's "Mobile Only" strategy, which is designed to provide its consumer banking customers with the maximum possible flexibility for conducting banking transactions through mobile applications, is a core aspect of the Group's mobile based distribution channel. The Group had more than 748,415 registered mobile banking subscribers as at 30 September 2025 with more than 45.5 million financial transactions executed in the nine months ended 30 September 2025.
- *Direct sales force:* The Group has the largest direct sales force in Kuwait including sales staff at car dealerships and sales staff located at key Government ministries and strategic corporate clients. It has recently expanded its direct sales force to focus on attracting persons entering employment by increasing its presence in key hiring locations in Kuwait.
- *Contactless payment technology:* The Group was the first bank in Kuwait to introduce contactless payment options for its customers, with the 'Tap and Pay' card. The 'Tap and Pay' system uses NFC technology and allows customers to make payments of up to KD 25 at over 23,535 NFC POS terminals throughout Kuwait, by placing their 'Tap and Pay' card on a point-of-sale machine without the need to enter a PIN number. The Group is the largest acquirer of NFC compatible contactless point-of-sale terminals in Kuwait, based on the Group's internal data and on CBK data for total point-of-sale market sizing.

Furthermore, the Bank was the first local bank to launch Fitbit Pay which enables customers to make contactless payments via select Fitbit devices. The Bank's customers can now conveniently use the free Fitbit app (Android and iOS) to add up to six cards to their Fitbit Wallet. Similarly, the Bank was also the first bank to launch Garmin Pay in Kuwait which enables its customers to make payments through their wearable Garmin Pay-compatible watch.

Products and services

The Group offers its consumer banking customers a wide range of banking services, including:

- *Deposits:* The Group has a complete range of deposit products, including a broad selection of accounts for customers' everyday banking needs, such as current, trust, express and call accounts. The Group also offers a selection of interest-bearing deposits, such as savings accounts, super accounts and notice accounts. For customers who would like to have higher interest on their savings, the Group offers term deposits, flexible term deposits for receiving regular interest, and partial withdrawal term deposits where customers may withdraw up to 10 per cent. of the deposit annually. In addition, the Group offers a draw account, named Al-Jawhara, which is non-interest bearing and features weekly, monthly and three grand prize draws each year, allowing customers to win cash prizes with a total of KD 5 million annually. Furthermore, Al-Jawhara Account holders below the age of 21 are automatically enrolled into the Al-Jawhara Junior draw with monthly cash prizes. The Group's new Al-Jawhara Saver Account was introduced in 2024. It is an interest-bearing account which offers customers a guaranteed interest rate for the first year and a chance to enter monthly and grand prize draws for savings accounts containing KD 5,000 and above. The Group also launched a long-term fixed savings deposit account offering customers up to 4 per cent. interest as well as a new E-Saver account, which is a digital-only goal-based saving account with gamification to encourage savings behaviour. For an analysis of the Group's customer deposits, see "*Financial Review*".
- *Loans and credit cards:* The Group's loan products include consumer and housing (also known as "**family**") loans with repayment terms extending up to five years and 15 years, respectively. The Group also provides one of the widest ranges of Visa and MasterCard credit and debit cards in Kuwait and is currently the only bank in Kuwait offering Diners Club International cards. The Group's cards are aimed at different customer segments based on income and offer a range of benefits that vary based on the card type. Applications for loans and credit cards can be made through the Group's branch network, direct sales, telebanking or online channels. Consistent with its credit risk management strategy, the Group prioritises attracting loan and credit card customers with good credit standing. Loan and credit card applicants are screened and credit limits are assessed according to the Group's credit policy based on demographic and financial factors and the past credit behaviour of the customer in question, while ensuring strict adherence to relevant CBK regulations. In addition, a loans and cards origination system with automated credit decisioning has been implemented through redesign of end-to-end processes to enhance turnaround time.

The Group uses local and international merchant relationships, promotions, a credit card reward programme and other incentives in order to increase card usage and expenditure levels and to increase customer loyalty and retention. The Bank was the first bank in Kuwait to launch an automatic reward redemption programme based on card usage through POS terminals without the need of vouchers. Its rewards programme is the largest merchant-based rewards programme in Kuwait and enables cardholders to earn and redeem rewards at, as at 30 September 2025, over 850 outlets in Kuwait which catered to a variety of lifestyle needs. The Bank also has a prepaid card "247 Cashback Visa Platinum Prepaid Card" with cashback up to 24 per cent. every month and has partnered with Qatar Airways and British Airways to launch NBK

Avios Visa Signature Prepaid Card, which allows customers to collect Avios, the rewards currency for Qatar Airways Privilege Club and British Airways Club, on their everyday payments. Both 247 Cashback Visa Platinum Prepaid Card and NBK Avios Visa Signature Card can be opened through NBK's mobile banking app, and customers can use the cards immediately after enrolling them in the digital wallet. NBK also offers other cards which provide up to KD 1,000 cashback every month and cards which provide points towards Kuwait Airways and other airline miles programmes. NBK has also partnered with the biggest retailer in Kuwait and MENA ALSHAYA Group to launch AURA cards exclusively in Kuwait. These cards reward customers with up to 8 per cent. back in AURA points on their every spend. The Bank has entered an exclusive partnership in Kuwait with Harrods London to introduce Kuwait's first luxury co-branded Visa Infinite card. The initiative enhances the Bank's premium offering with distinguished lifestyle privileges for high-net-worth clients. The card rewards clients on every spend by integrating with Harrods' loyalty programme, offering elevated lifestyle and retail privileges.

- *Business banking:* With a view to diversifying its consumer banking revenue, in 2013 the Group launched a business banking proposition focusing on servicing SMEs in Kuwait with financing needs of up to KD 2 million through its expanded network of dedicated branches. The Group has four business banking hubs with four branches established at strategic locations in Kuwait. The Group focuses on acquiring SMEs with a high "cross sell" product ratio, especially in the medical, food and beverage and manufacturing sectors. Each SME has an assigned relationship manager who provides a range of tailor-made products and services that assist in the SME's day to day operations, financing and expansion plans. A range of payment, account and foreign exchange services, working capital, term finance and trade finance services tailored to meet the customer's needs are available to the Group's SME customers subject to credit approval.
- *Other services:* The Group's principal deposit and lending products are complemented by a range of more general consumer banking services, including bill payments, remittances, foreign exchange, safe deposit boxes and share custody, electronic funds transfer and online trading. In addition, the Group's consumer banking customers have access to a suite of investment products which are managed by the treasury function within its Group centre reporting segment. See "*—Group centre reporting segment—Investments*" below.

Corporate banking reporting segment

The Group offers its corporate clients a range of commercial banking products and services, including loans, overdrafts, trade finance (letters of credit and guarantees), online services, and a range of current and deposit accounts. Additionally, the corporate banking group works with other business units within the Group, such as Group centre and NBK Capital, to offer other services including foreign exchange, hedging products and corporate finance and advisory services.

As at 30 September 2025, the Group had around 4,270 active corporate online banking accounts.

The Group's corporate banking reporting segment includes:

The domestic corporate banking group

This banking group caters to major Kuwaiti companies and is organised around units with specific industry expertise, principally:

- general trade and commerce, including the cars, electronics, consumer durables, food and clothing sectors;
- real estate development and contractors, including building materials;
- insurance;
- manufacturing, including in the food and drink, ship building, steel and metal fabrication, cement and clothing sectors; and
- services, including telecommunications, education, transport and logistics, healthcare and retail services.

The Group also has a unit dedicated to Kuwaiti companies with a multinational presence as well as a unit focused on the small and middle market segment. The Group has recently increased its focus on the mid-market sector with a dedicated sales team.

The foreign corporate banking group

The foreign corporate banking group has two major business units: Foreign Contracting and Oil & Petrochemicals. Most of the business of these two units is driven by public-sector spending in the form of major infrastructure and oil and gas projects. Given its historic relationship with the Kuwait Petroleum Corporation ("**KPC**") group, the Group believes it is well placed to advise on, and provide financing to, high-value projects tendered by the KPC group, as well as major overseas investments made through KPC's operating entities, Kuwait Petroleum International Ltd and Kuwait Foreign Petroleum Exploration Company.

The trade finance division

This division uses its extensive knowledge of international trade to help corporate clients enhance their global competitiveness and reduce risk. The trade finance division offers the Group's customers a wide range of services, including:

- letters of credit, including both inward and outward back-to-back, transferable, deferred payment, standby and revolving letters of credit;
- letters of guarantee, including bid bonds, performance, advance payment, retention, suppliers credit and contract guarantees;
- collections settled; and
- financing under letters of credit.

In addition to a dedicated trade finance team, the Bank offers a trade finance portal to its customers. The portal enables customers to open both letters of credit and letters of guarantee online.

The Group's corporate banking division was named "*Best Trade Finance Bank in Kuwait*" by Global Finance in each year from 2020 to 2025.

NBK Wealth

The Group has offered wealth management services to its clients since 1982. These services are customised to fit each client's risk tolerance and financial needs which are assessed by relationship managers on a quarterly basis. The Group's services include fixed-income and money-market products, wealth and asset management products, including equities and funds, and offshore services designed to preserve customers' capital without restricting capital growth. Beyond Kuwait, an extensive range of international banking products and services are offered through the Group's international branches and subsidiaries, including NBK Banque Privée (Suisse) S.A. and Al Watani Wealth Management in Saudi Arabia.

The Group aims to establish strong relationships with its personal banking clients based on professional expertise, integrity, confidentiality and trustworthiness. Within the NBK Wealth business, the Group intends to continue to grow at a consistent pace by focusing on key objectives including:

- new client acquisition, with continued emphasis being placed on attracting younger clients through the introduction of digital platforms;
- increasing its "share of wallet" of existing clients and maintaining strong and durable relationships with clients supported by quality service coupled with innovation in products and solutions to meet the changing needs of the Group's clients; and
- building a global private banking offering by leveraging its presence in, amongst other jurisdictions, the UAE, Saudi Arabia, the United Kingdom, Lebanon and Egypt.

NBK Wealth aims to meet changing client needs by delivering comprehensive wealth management solutions with a focus on digital platforms for payments, trading and reporting. It seeks to diversify its advisory and investment services, strengthen its regional footprint and improve collaboration efforts. Through ongoing innovation and investment in human resources, NBK Wealth aims to address the rising demand for alternative investments while providing exceptional client experience.

NBK Wealth was awarded as "Best Private Bank in Kuwait 2025" and "Best Private Bank for Sustainable Investing- ME 2025" by Global Finance and "Kuwait's Best Private Bank", "Kuwait's Best for Ultra-High-Net-Worth clients" and "Kuwait's Best for Digital Solutions" by Euromoney, in addition to being named "MENA Fund Manager of the Year" by MEED Magazine in 2025.

Islamic banking reporting segment

The Group's Islamic banking reporting segment comprises the activities of Boubyan Bank, in which the Group has a 60.4 per cent. holding as at the date of this Offering Circular.

The Group believes that its acquisition of a majority shareholding in Boubyan Bank offers new avenues for growth, diversification and enhancing its customer base by providing a wider variety of banking services. Since the acquisition, Boubyan Bank has experienced increased growth and profitability and has expanded its market share in a number of areas, including personal finance, customer deposits and credit card spend.

Boubyan Bank's core businesses are consumer banking, corporate banking and private banking and wealth management. Boubyan Bank is primarily focused on offering its products and services in Kuwait and has a presence outside Kuwait through its majority ownership of BLME. Boubyan Bank offers its clients a wide range of banking and financial services through one of the fastest growing branch networks in Kuwait, comprising 46 branches as at 30 September 2025, a network of more than 280 instant teller machines (ITMs) and ATMs in addition to telebanking, internet banking and mobile banking.

Boubyan Bank's short-term strategy is to build on domestic foundations with a view to developing an international presence in the medium to longer term. In the domestic market, Boubyan Bank is currently targeting increased market share in both the consumer and the corporate segments. Its strategy focuses on organic growth, emphasising upgrading its product portfolio, focusing on its target customer segments and enhancing its digital proposition.

In relation to its consumer banking operations, Boubyan Bank aims to expand its market share through focusing on high net worth affluent and mass affluent customers and has been working on positioning itself as the bank of choice for the affluent client base. In particular, Boubyan Bank is emphasising improved customer experience, innovation in product offerings, efficient transactions and attracting top talent. Boubyan Bank is also building a comprehensive consumer banking platform in terms of distribution channels to achieve its consumer banking ambitions. Since the Group acquired its majority shareholding in 2012, Boubyan Bank has grown its branch network from 15 to 46 branches, and more than doubled the number of ATMs. Along with expanding its footprint and distribution network, Boubyan Bank's customer satisfaction ratings continue to be higher than the average for both Islamic and all Kuwaiti banks, all of which have contributed to its recent growth in profitability and its increased market shares.

In relation to its corporate operations, Boubyan Bank's main focus is to become the bank of choice for large and mid-size companies while continuing to maintain market share in the super large corporate segment. Boubyan Bank aims to improve its offering in the corporate segment through innovation in products and services. In particular, it has introduced new products such as overdrafts and Istisna, and additional products such as Musharaka, factoring and equipment Ijarah are being developed. Further, Boubyan Bank continues to work on strengthening and improving its processes.

As part of its aspiration to be "the first choice and preferred corporate bank", Boubyan Bank has launched innovative e-products and services to meet all banking needs in line with Islamic Shari'a principles. These products and services include the recent update of its corporate online banking platform and a digital credit approval process.

As at 30 September 2025, Boubyan Bank's total assets were KD 10,207 million and its equity attributable to shareholders of the bank was KD 944 million.

Boubyan Bank's customer financing portfolio was KD 7,586 million as at 30 September 2025 and its aggregate customer deposits and deposits from banks and financial institutions were KD 8,061 million as at the same date. In the nine months ended 30 September 2025, Boubyan Bank's net profit attributable to shareholders of the bank was KD 78 million. In 2024, Boubyan Bank's net profit attributable to shareholders of the bank was KD 97 million. In 2023, Boubyan Bank's net profit attributable to shareholders of the bank was KD 80 million and, in 2022, Boubyan Bank's net profit attributable to shareholders of the bank was KD 58 million.

Boubyan Bank's recent international and regional awards include being named "Best Islamic Bank in Service Level - Kuwait" for the fifteenth consecutive year by Service Hero and being named "Best Islamic Financial Institution 2025 - Kuwait", "Best Islamic Digital Bank in the World/MiddleEast/Kuwait" and "Best Islamic Bank for CSR 2025 – Global" by Global Finance.

Group centre reporting segment

The Group centre reporting segment includes treasury, investments and other defined Group activities.

Treasury

The Group's treasury provides a comprehensive range of treasury services and products to the Group's clients, and is also responsible for the Group's liquidity and market risk management.

Group Treasury manages the Group's assets and liabilities and liquidity requirements under the supervision of the Group Assets and Liabilities Executive Committee ("**ALEC**"), which meets on a periodic basis to monitor and review all aspects of the Group's liquidity profile, asset and liability structure and internal and statutory ratio requirements. Local level cash-flow requirements. Liquidity ratios as well as foreign exchange activities in each of the Group's locations are managed by the respective treasury of that location, under the supervision of Group Treasury.

In addition, Group Treasury:

- manages the money market books and money market funding positions for the Group's own account to fund its domestic and international foreign-currency assets;
- undertakes a wide range of foreign exchange business, across both spot and forward markets, largely on behalf of the Group's customer base, and conducts proprietary foreign exchange trading within the constraints of what the Group considers to be prudent risk guidelines; and
- maintains a portfolio of liquid assets, including Kuwaiti Government treasury bills and bonds to meet relevant CBK requirements and to manage surplus domestic currency liquidity.

Group Treasury's end-to-end treasury booking system provides real-time metrics from across the Group. The system comprises a Group-level Treasury function, and assists the Bank in mitigating and reducing risk, improving efficiencies and expanding revenue streams. Group Treasury continues to expand its product offerings, including long-term deposits used to improve the Group's funding profile as well as structured deposits and hedging solutions for the Group's clients. In addition, Group Treasury has expanded the Murex system to additional NBK branches and subsidiaries, enhancing the NBK foreign exchange trading platform,

onboarding new clients and improving customer experience and product offerings. Group Treasury also issued the Bank's first Green Bond, highlighting its dedication to sustainable finance.

Group Treasury was awarded the "Best Foreign Exchange Provider in Kuwait" in each year from 2014 to 2025 and "Best Bank for Cash Management in Kuwait" by Global Finance in both 2023 and 2024.

Investments

The Group's investments unit is responsible for managing its fixed-income proprietary portfolio with the objective of realising income while minimising the risk of default. The unit combines a bottom-up fundamental credit-research-driven investment process with a top-down macro-economic analysis. The portfolio is diversified, investing in fixed-income securities issued by emerging and developed markets' corporates and sovereigns. The securities are denominated in major currencies and carry investment-grade ratings.

International banking reporting segment

As at 30 September 2025, the Group has a presence in 13 countries across four continents that provide a diversified platform for sustainable growth in the future. The Group's international network includes branches and subsidiaries in major cities such as London, New York, Paris, Geneva, Singapore and Shanghai. In addition, the Group has a strong presence in the MENA region providing coverage to Bahrain, Egypt, Iraq, Lebanon, Saudi Arabia and the UAE. The Group's international footprint is a key differentiator for the Group and an essential part of its franchise and brand. The Group's international operations are principally wholesale in nature although in certain locations, such as Egypt, it also provides consumer banking services.

Within select locations in the MENA region, the Group is focusing on growing its corporate business in existing and new markets through attracting international and regional customers and leveraging its Kuwaiti relationships as well as growing its private banking business by building on its success in Kuwait.

In the GCC, the Group believes it is well-positioned to leverage its presence for future growth. The Group currently offers corporate clients and high net worth individuals a range of treasury and wholesale banking credit solutions, both conventional and Shari'a-compliant, in addition to trade finance services and basic consumer banking services. The Group increased its presence in Saudi Arabia in 2019 by opening two additional branches in Riyadh and Khobar with a view to expanding its corporate banking activities and building a retail business and a wealth management base in Saudi Arabia.

Egypt remains a strategic market with the Group operating more than 50 branches. NBK Egypt continues to deliver strong results accompanied with positive economic growth and ambitious economic reforms. The Group has been implementing a transformation programme to expand the operations of its Egyptian subsidiary by boosting the acquisition of customers, streamlining processes and upgrading capabilities across all functions. A strong emphasis is being placed on building the quality and reach of the consumer banking business in Egypt, to diversify in terms of both income and operations.

Beyond the MENA region, the Group concentrates on serving the needs of regional corporate and private banking customers that are active internationally, while developing business with international companies that have business or trade linkage within the Group's MENA region footprint. The Group's operations in key financial centres, such as London, New York, Paris, Geneva, Singapore and Shanghai, typically experience strong inflows of capital and deposits from high net worth individuals, financial institutions, oil companies, correspondent banks and government agencies.

The International Banking Group ("**IBG**") maintains a strong emphasis on promoting cross-selling culture across the Bank's locations and units, recognising the synergies that can be achieved in relation to both revenues and costs. Opportunities pursued have included the centralisation of certain back-office processes and functions which has been facilitated by the significant advances that have been made at the Group level to improve the quality and capacity of the Group's underlying technology infrastructure – such as the Kuwait data centre, the introduction of robotic process automation.

IBG plans to remain strategically positioned to seize future global growth opportunities. Among its main objectives are expanding its footprint in Europe and Asia, enhancing risk management frameworks to navigate obstacles and mitigate risk, improving its regulatory and governance functions, reducing operational costs, utilising technology to improve optimisation and maintaining its focus on sustainability by aligning its initiatives with global ESG standards and identifying new prospects in sustainable finance.

COMPETITION IN KUWAIT

The Group is the largest conventional bank in Kuwait in terms of total assets, customer deposits and customer loans and advances according to the publicly available financial statements of the Group and its main domestic competitors as at and for the year ended 31 December 2024 and as at and for the nine months ended 30 September 2025.

The Kuwaiti banking sector comprises five indigenous conventional commercial banks (the Bank, Commercial Bank of Kuwait, Gulf Bank, Al-Ahli Bank of Kuwait and Burgan Bank) and branches of 11 other non-Kuwaiti conventional banks. In addition, a specialised bank (Industrial Bank of Kuwait) and five banks operating according to the provisions of Islamic Shari'a (including the largest, Kuwait Finance House, the Group's subsidiary, Boubyan Bank, and a branch of a Saudi Arabian bank) are also licensed to operate in Kuwait. Gulf Bank and Warba Bank, an Islamic bank, signed a memorandum of understanding in June 2025 to explore the feasibility of a merger. On 31 July 2025, Warba Bank announced that it had received approval from the CBK to appoint advisers to conduct a feasibility study in relation to the proposed merger.

The tables below show rankings for the five largest Kuwaiti banks by consolidated total assets, by consolidated customer deposits and by consolidated customer loans and advances as at 30 June 2025 and as at 31 December in each of 2024, 2023 and 2022.

Ranking by Consolidated total assets⁽¹⁾

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		<i>(KD million)</i>		
The Group.....	43,648	40,338	37,665	36,338
Kuwait Finance House.....	38,498	36,703	38,010	36,969
Burgan Bank.....	8,716	8,158	7,426	7,166
Gulf Bank.....	7,300	7,480	7,175	6,851
Al Ahli Bank of Kuwait K.S.C.P.....	7,186	7,374	6,289	6,422

Source: 30 June 2025 financial statements and annual reports for each bank.

⁽¹⁾ Total assets are based on consolidated figures and include international assets.

As at 30 June 2025 and as at 31 December in each of 2024, 2023 and 2022, the Group's consolidated total assets represented 60.9 per cent., 59.3 per cent., 60.0 per cent. and 59.5 per cent., respectively, of the total consolidated total assets of the Kuwaiti conventional commercial banking sector.

Ranking by consolidated customer deposits⁽¹⁾

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		<i>(KD million)</i>		
The Group.....	23,888	22,866	21,949	20,178
Kuwait Finance House.....	19,730	19,220	21,813	22,483
Burgan Bank.....	5,361	4,904	4,463	3,932
Gulf Bank.....	4,503	4,657	4,219	4,247
Al Ahli Bank of Kuwait K.S.C.P.....	4,315	4,425	3,831	4,421

Source: 30 June 2025 financial statements and annual reports for each bank.

⁽¹⁾ Customer deposits are based on consolidated figures and include international customer deposits.

As at 30 June 2025 and as at 31 December in each of 2024, 2023 and 2022, the Group's consolidated customer deposits represented 58.9 per cent., 58.1 per cent., 59.9 per cent. and 57.5 per cent., respectively, of the total consolidated customer deposits of the Kuwaiti conventional commercial banking sector.

Ranking by consolidated loans and advances⁽¹⁾

	As at 30 June	As at 31 December		
	2025	2024	2023	2022
		<i>(KD million)</i>		
The Group.....	23,888	23,708	22,281	20,998
Kuwait Finance House.....	19,730	19,070	19,425	18,840
Burgan Bank.....	5,361	4,471	4,237	4,228
Gulf Bank.....	4,503	5,467	5,197	5,129
Al Ahli Bank of Kuwait K.S.C.P.....	4,315	4,829	4,258	4,039

Source: 30 June 2025 financial statements and annual reports for each bank.

⁽¹⁾ Customer loans and advances are based on consolidated figures and include international customer loans and advances. Figures for the Group include Islamic financing.

As at 30 June 2025 and as at 31 December in each of 2024, 2023 and 2022, the Group's consolidated customer loans, advances and Islamic financing to customers represented approximately 58.9 per cent., 57.4 per cent., 58.0 per cent. and 57.0 per cent., respectively, of the total consolidated customer loans and advances of the Kuwaiti conventional commercial banking sector.

The Group's current competitive strategy is to focus on maintaining its market leadership positions in its domestic market and to attract new customers through the products and service which it offers. See "*—Strategy—Defend and grow leadership position in Kuwait*".

The Islamic banking sector in Kuwait is attracting a growing customer base, particularly among local cooperative and other similar bodies. The principal competitive advantage enjoyed by Islamic banks is their ability to offer residential mortgage financing, which conventional banks are not permitted to do. Regulatory restrictions relating to interest rates and ratios for personal lending typically favour Islamic banks over conventional banks. In particular, whereas the interest rates that can be charged by conventional banks are capped, given there is no concept of interest in Islamic banking, the Islamic banks in Kuwait are able to earn better margins than conventional banks on their financing portfolios. Although Boubyan Bank has a smaller balance sheet than certain other Islamic banks operating in Kuwait, its strategy is to differentiate itself by focusing on high net worth and affluent clients and large and mid-market corporate customers, thereby leveraging many of the Group's core strengths. See "*—Strategy—Geographic and product and service diversification—Strengthening its Islamic banking franchise*".

INFORMATION TECHNOLOGY

To ensure that its IT continues to meet changing business requirements, the Group's IT strategy is structured to optimise people, process and technology (each as discussed further below), with the main focus on governance, organisation, quality, applications portfolios and technology infrastructure.

People

The Group aims to recruit and retain talented and competent IT staff to manage its technology assets and deliver change. In addition, a focus on training and succession planning aims to establish clear career paths for IT staff. The Group considers alternative forms of resourcing, including managed services and selective outsourcing, to allow the IT function to contain costs and better service growing needs in end-user support, network management, mainframe management, tooling, project operations support, service desk, the network operations centre and software development.

Process

The Group believes business process and automation are becoming more aligned, which will reduce manual intervention and enhance workflow. As part of its service improvement programme, change request processes, system development lifecycle, IT service management, IT vendor management, project management, risk and audit management are all within the IT realm of continuous improvement. The system and service tools adopted will help to monitor versions, highlight end-of-life technologies and help stabilise systems to ensure production deficiencies and incidents are kept to a minimum. The Group has also implemented a new data centre to safeguard stability, increase availability, provide scalability and enhance customer experience.

Technology

The Group focuses on stability, increased availability and scalability to ensure that its customers are able to access online channels and systems when needed, including online banking, mobile banking, ATMs and branch systems. The Group's disaster recovery site has been transformed to operate in parallel with the new data centre in a cluster. The Group has also adopted enhanced metrics where both infrastructure and business applications can be fine-tuned with performance-monitoring tools. All Group businesses have measurable, annually-reviewed, service level agreements which are used to benchmark key performance indicators with a view to further continuous improvements. In addition to using services such as Infrastructure as a Service and Software as a Service, the Group also adapts cloud technology (i.e. MS Azure) where applicable.

The introduction of robotic process automation is an important component of the Group's digitisation strategy, particularly in the role it will play in optimising costs. With over 110 processes identified for automation, the programme will significantly limit the need to increase headcount while eliminating human error to improve quality and increase customer satisfaction.

Data security

The Group has two active data centres in Kuwait. This set up ensures that all systems are fully operational in line with the Group's business continuity plan, providing essential services to its customers. The systems rely on storage area network-based storage infrastructure which is backed up by tapeless back-up technology. The Group carries out daily and other periodic data back-ups for all the critical systems.

Additionally, the Group provides near real time back-ups of all critical systems and data to an international location (which is in the United Kingdom) in line with the Group's disaster recovery policies.

As the Bank expands its footprint in the digital banking space, the Bank continues to focus on information security to ensure adequate protection against potential cyber threats. A robust cloud security framework has been established as part of the Group's digital transformation programme. Security is embedded in the process to proactively identify and mitigate risks. Third party providers are strictly scrutinised on their ability to protect and secure the Bank's assets prior to contracting.

The Bank performs various security assessments to proactively identify cyber risks through, for example, vulnerability assessments, penetration tests and source code reviews to ensure adequate controls are implemented for timely remediation of security issues. The Group's Information Security office has implemented various detective and preventive controls for timely identification and handling of potential attacks through continuous monitoring.

The Bank has also rolled out cyber security training across group entities to train employees and third parties (such as consultants) who may be working on the Bank's premises or require access to the Bank's network, alongside periodic awareness campaigns and phishing simulation programmes. The Bank also supports its customers through periodic awareness campaigns on cyber threats which it shares through various social media platforms.

Data loss prevention is also an area of focus, and the Bank has implemented a data protection framework through the adoption of data protection controls, including data classification and implementation, to protect sensitive data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group's strategy includes a strong focus on Environmental, Social and Governance ("ESG"), including supporting the transition to a sustainable economy, to drive sustainable business growth through organisational resilience, committing to high ESG governance standards and to delivering positive community impact. Key aspects of the Group's ESG governance strategy include a board approved ESG Governance Structure and Framework as well as a Sustainability and Climate Change ("**S&CC**") Committee, chaired by the Vice Chairman and Group CEO. The Group published a sustainable financing framework in 2022, issued its first U.S.\$500 million green bond under its GMTN programme in June 2024 and published its first green bond allocation and impact report in May 2025. The Group is targeting U.S.\$10 billion in sustainable assets by 2030, having achieved just under half the target at the end of 2024.

LITIGATION

As at the date of this Offering Circular, the Group is not involved in any pending or, to the best of the Group's knowledge, threatened litigation or arbitration proceedings which may constitute a threat to the Bank or to any of its subsidiaries or which would have a material adverse effect on its financial position. Therefore, no material provision has been made as at 30 September 2025 regarding any outstanding legal proceedings.

INSURANCE

The Group maintains various insurance policies and coverage. These include property all risk insurance coverage for its assets (premises and contents), electronic equipment insurance, group bankers' blanket bond to cover financial losses due to external and internal frauds, burglary, loss of cash during transit, loss of documents, counterfeit currencies and loss of contents in safe deposit boxes. In addition, it has professional liability insurance, directors and officers liability insurance, general third party liability insurance, computer crime insurance for losses arising from fraudulent transactions, hacking, ransomware, erroneous transfers and cyber-crimes and cyber-liability insurance which covers liabilities arising from customer's or regulators' complaints.

It also has staff private medical insurance coverage, group staff life insurance, workmen compensation and employers' liability insurance, as well as limited terrorism insurance cover (based on commercial viability) for its assets in Kuwait, Egypt, Bahrain and certain other locations.

Corporate customers' real estate assets pledged as collateral are covered under the property all risk insurance and retail customers may elect to be covered under the group term life insurance policy covering their outstanding loan amount losses as a result of death only.

The Group's assets are generally insured on a reinstatement cost basis. The Group's aim is to maintain best market standard insurance coverage, through rated and reputed insurers/reinsurance underwriters.

EMPLOYEES

The Group's human resources policy is designed to attract, retain and motivate high-calibre, professional, skilled and knowledgeable employees. The Group protects and abides by the rights provided to employees which include, but are not limited to:

- a transparent working environment;
- employee talent-management schemes; and
- a transparent remuneration and compensation structure and access to a "whistleblowing" policy (which enables all employees to raise concerns in good faith and confidence directly to the Chairman).

The Group has developed a "High-Fliers" programme to provide employees identified as possessing leadership potential with exposure to various departments within the Group. In line with its commitment to develop and invest in its key "human capital" resources, the Group collaborates with world-class universities to provide these employees with training in a wide range of leadership disciplines.

As at 30 September 2025, the Group employed 8,377 full-time staff, compared to 8,294 full-time staff as at 31 December 2024, 8,049 full-time staff as at 31 December 2023 and 7,760 full-time staff as at 31 December 2022.

The Bank is committed to identifying, attracting and developing Kuwaiti nationals in its workforce. The Kuwaiti Government's recommended policy is that 70 per cent. of a bank's total personnel in Kuwait should consist of Kuwaiti nationals. The Bank's Kuwaitisation level as at 30 September 2025 was 76.7 per cent.(which was compliant with the recommended policy at that date) and it is currently in compliance with all other applicable employment regulations.

RISK MANAGEMENT

INTRODUCTION

In common with other financial institutions, risk, including credit risk, market risk, liquidity risk and operational and technology risk, is inherent in the Group's activities. The complexity in the Group's business operations and diversity of geographical locations require efficient and timely identification, measurement, aggregation and management of risks and efficient allocation of capital towards achieving the ultimate objectives of enhancing the Group's asset values and income streams in order to protect the interests of its shareholders and external fund providers, increase shareholder value and achieve a return on equity that is commensurate with the risks assumed. Management of these inherent risks is critical to ensuring the Group's financial soundness and profitability.

The Group's risk management framework is integral to its operations and culture and it seeks to manage risk in a structured, systematic manner through a global risk policy which embeds comprehensive risk management into the organisational structure, risk measurement and monitoring processes.

Ultimate responsibility for setting out risk appetite and effective management of risk rests with the Board. This is managed through the Board Risk and Compliance Committee (the "**BRCC**") and the Group Executive Committee (the "**EC**"). These committees ensure that risk-taking authority and policies are effectively communicated from the Board to the relevant business units. The Group's risk management, compliance management and internal audit functions assist executive management in controlling and actively managing the Group's overall risk profile.

The key features of the Group's comprehensive risk management policy are:

- the Board provides overall risk management direction and oversight;
- the Group's risk appetite is reviewed by the BRCC and ultimately approved by the Board;
- risk management focused on compliance with applicable laws, regulations and internal policies is intrinsically embedded in the Group's process and is a core competency of all its employees;
- the Group manages its credit, market, liquidity and operational and technology risks in a co-ordinated manner within the organisation; and
- the Group's internal audit function reports to the Board Audit Committee (the "**BAC**") and provides independent validation of the business units' compliance with risk policies and procedures and the adequacy and effectiveness of the risk management framework on a Group-wide basis.

GROUP RISK MANAGEMENT

The Group risk management, which is headed by the Group Chief Risk Officer (the "**GCRO**"), reports directly to the BRCC and is responsible for:

- identifying and assessing the key risks faced by the Group;
- measuring the Group's exposure to those risks;
- monitoring this exposure in light of the Group's risk appetite, as approved by the Board;
- determining the Group's corresponding capital needs on an ongoing basis;
- monitoring and assessing major decisions related to risk-taking; and
- following up and evaluating decisions related to certain risks.

The Group risk management comprises the following departments:

- domestic credit risk management;
- international credit risk management;
- operational and technology risk management;
- market risk management;
- insurance and risk financing;
- enterprise risk management; and
- portfolio intelligence and control.

The risk management function assists senior management in controlling and actively managing the Group's overall risk. The function also ensures that:

- the Group's overall business strategy is consistent with its risk appetite approved by the Board of Directors and allocated by the EC;
- risk policies, procedures and methodologies are consistent with the Group's risk appetite;
- appropriate risk management architecture and systems are developed and implemented; and
- risks and limits of the portfolio are monitored throughout the Group, including at appropriate "regional" levels.

The Group regularly assesses the adequacy and effectiveness of its risk management framework in light of the changing risk environment.

RISK MANAGEMENT STRATEGY

The key elements of the Board-approved risk strategy are:

- maintaining stability and business continuity during stress situations;
- ensuring effective and adequate compliance with regulatory capital requirements and internal capital targets in keeping with the Group's strategy;
- developing the Group's IT infrastructure and using modern methods to raise the professional level and levels of experience of human resources;
- effective risk planning through an appropriate risk appetite; and
- performing stress tests consistently to assess the impact on the Group's capital requirements, capital base and liquidity position.

RISK APPETITE

The Group's risk appetite defines the maximum limit of risk that the Group is willing to accept in relevant business categories in order to achieve an optimal balance of risk and return which will enable the achievement of its strategic objectives. Any risk which breaches the Group's stated risk appetite must be mitigated as a matter of priority to within acceptable levels.

The risk appetite is reviewed and presented by the BRCC to the Board for final approval. This ensures the risk appetite statements are consistent with the Group's strategy and business environment. Through the risk appetite statements, the Board communicates to management the acceptable level of risk for the Group, determined in a manner which meets the objectives of shareholders, depositors and regulators.

The Group risk management aims to identify early warnings of risk limit and risk appetite breaches, and is responsible for notifying them to the BRCC and the Board.

SCOPE AND NATURE OF RISK REPORTING TOOLS

The Group's risk management framework enables it to identify, assess, limit and monitor risks using a range of quantitative and qualitative tools. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories and enable generation of information such as:

- credit risk in commercial and consumer lending and other asset exposures, such as collateral coverage ratio, limit utilisation and past-due alerts;
- quantification of the susceptibility of the market value of single positions or portfolios to changes in market parameters (commonly referred to as sensitivity analysis);
- quantification of exposure to losses due to extreme movements in market prices or rates.

The CBK requires all Kuwaiti banks to perform semi-annual stress tests under three scenarios: mild, medium and severe. Furthermore, from time to time the CBK may require them to conduct additional stress tests to quantify potential inherent risks.

The Group augments its overall framework for governance and capital planning and management by undertaking an ICAAP, which includes "scenario testing" at periodic, regular intervals. One of the key objectives of the ICAAP is to quantify potential inherent risks which the Group faces that are not covered under Pillar 1. As a part of ICAAP, the Group also assesses its capital contingency options. In line with the guidelines from the Basel Committee and the CBK, key principles of the Group's ICAAP include:

- responsibilities of the Board and senior management;
- sound capital management;
- comprehensive assessment of Pillar II risks, for example credit (sector and name concentration), liquidity, legal, reputational and strategic risks;
- monitoring and reporting; and
- control and review of the process.

The Group regularly assesses the adequacy and effectiveness of its risk management and other reporting tools and metrics in light of the changing risk environment.

PRINCIPAL RISKS

The principal risks faced by the Group are:

- **Credit risk**, which is the risk that one party to a financial instrument will fail to discharge an obligation on maturity, or in a timely manner, causing the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentration risk may also arise as a result of large exposures to individuals or a group of related counterparties. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. See also "*Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Credit risks*".
- **Market risk**, which is the risk that changes in market prices, such as interest rates, equity prices, commodity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. Market risk is broadly classified into three categories: (i) interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates; (ii) foreign exchange risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates; and (iii) equity price risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. See also "*Risk Factors—Factors that may Affect*".

the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Market Risks".

- **Liquidity risk**, which is the risk that the Group will be unable to meet the payment obligations associated with its financial liabilities when they fall due and/or replace funds when they are withdrawn. The Group'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 reputational damage. See also "*Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Liquidity Risks*".
- **Operational risk**, which is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes fraud, unauthorised activities, error, omission and inefficiency. Operational risks can expose the Group to potentially large losses and, while the Group cannot eliminate all operational risk, it has developed a comprehensive process of identifying, assessing, monitoring and reporting operational risk internally. See also "*Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Operational Risks*".

Credit risk

Credit risk management strategy

Senior management implements the credit risk strategy approved by the Board following the recommendations of the BRCC and develops policies and procedures for identifying, assessing, monitoring and controlling credit risk.

The EC, chaired by the Group Chief Executive Officer (the "**GCEO**") and comprising senior executives from the business divisions, meets regularly to review significant credit policies and the Group's corporate and consumer credit portfolios and advises the Board appropriately. All significant credit policies and amendments to policies are reviewed and approved annually by this committee and ratified by the Board. Within this framework, limits and approval authorities are exercised by the officers delegated with defined approval authorities.

In compliance with CBK regulations, lending to individual Board members and related parties is fully secured and monitored by the senior credit committee and the Board Credit Committee (the "**BCC**"). Furthermore, facilities granted to these related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. All such facilities are approved by the Board in accordance with authorities granted by the shareholders' general assembly.

Country limits are determined based on an analysis of economic, social and political factors, taking into consideration reliable data, reports by recognised and creditable market sources and the application of local business and market knowledge. All country-limit exposures are subject to periodic review and approval by the Board or the BCC.

Corporate credit risk management

Corporate credit facilities are granted based on detailed credit risk assessments that consider the purpose of the facility and source of repayment, prevailing and potential macro-economic factors, industry trends and the customer's positioning within its industry peer group.

Internal credit-rating models are regularly reviewed by the Group risk management function in co-ordination with line management and the EC and are continually enhanced in line with industry credit risk management best practices.

All new credit proposals along with reviews of, and material changes to, existing credit facilities are evaluated and approved by an appropriate credit committee. The Group has the following hierarchy of credit committees at the head office level:

- *BCC*, which consists of non-executive Board members and approves all facilities exceeding the mandate of the other committees;
- *Senior credit committee*, which consists of the GCEO, the Deputy Group CEO, the CEO-Kuwait, the Deputy CEO-Kuwait, the Chief Credit Officer, the Head of Corporate Banking and a number of senior executives in Corporate Banking and is responsible for reviewing, approving or recommending domestic credit proposals that exceed the management credit committee's competence as well as those concerning criticised accounts (which, as part of the Group's overall credit quality monitoring processes, are accounts which although neither classified as 'past due' nor 'past due and impaired', have experienced difficulties which may cause them to become categorised as 'irregular' accounts (being accounts which are either classified as 'past due' or 'past due and impaired'));
- *Management credit committee*, which consists of the Head of Corporate Banking, the Deputy Head of Corporate Banking, the Head of Domestic Credit Risk Management and a number of senior executives in Corporate Banking and is responsible for reviewing, approving or recommending domestic credit proposals, except those concerning criticised accounts and those that exceed the management credit committee's competence, which are escalated to the senior credit committee;
- *Senior international credit committee*, which consists of the GCEO, the Deputy Group CEO and the GCRO and is responsible for reviewing, approving or recommending all credit proposals originating from the Group's international offices that exceed the management international credit committee's mandate as well as those concerning criticised accounts; and
- *Management international credit committee*, which consists of the Chief Credit Officer, the CEO of the International Banking Group and other senior members representing International Banking Group and International Credit Risk Management as appointed from time to time by the BRCC and is responsible for reviewing, approving or recommending all credit proposals originating from the Group's international offices except those concerning criticised accounts, which are escalated to the senior international credit committee.

The credit committees have a set of approval authorities in place as delegated by the Board and which vary by reference to the type of counterparty (for example, sovereign, financial

institution and corporate), the counterparty rating (investment grade or speculative) and whether the facility is secured or non-cash, among other factors. Specific approval authorities exist for fully-secured facilities as well as criticised accounts.

In addition, the Group's international offices have their own hierarchy of credit committees.

Credit facility administration is undertaken by a segregated function to ensure proper execution of all credit approvals and maintenance of documentation, and proactive control over maturities, expiry of limits, collateral valuation and contractual covenants.

Consumer credit risk management

The Group's consumer credit risks are managed through an independent unit which is part of the Group risk management and works with the consumer banking business. Consumer credit risk management functional areas are aligned with key concepts of risk management, namely governance, control and measurement and reporting.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers. Within this framework, all credit exposure limits are approved within a defined credit approval authority framework. Policies and procedures specific to each business/product line are approved by the EC and significant policies are ratified by the Board.

Credit review procedures and loan classification

Corporate and SMEs

The Group's policy is to assess the credit risk in commercial banking through a risk-rating process which provides transparency and consistency to enable comparison between obligors. The Group uses an industry standard risk-rating tool to make these assessments. Under this risk-rating framework, the borrowers are rated based on financial and business assessments.

The risk-rating process derives obligor risk-ratings ("**ORRs**") and facility risk-ratings ("**FRRs**"). The rating methodology focuses on factors such as operating performance, liquidity, debt service and capital structure. The ratio analysis includes the assessment of each ratio's trend across multiple periods, in terms of both rate change and the volatility of the trend. It also compares the value of the ratio for the most recent period with the values of the comparable peer group. Qualitative assessments of the operations, liquidity and capital structure are also included in the assessment. The ORR yields a scale of 10 ratings for performing obligors plus three for non-performing obligors and reflects the probability of default for an obligor (irrespective of facility type or collateral) over the next 12 months for a senior unsecured facility. The Group has implemented risk-rating models for commercial, real estate, high net worth individuals and project finance facilities.

The Group also has an approved framework for FRRs. While the ORR does not take into consideration factors such as the availability of collateral and support, the FRR is a measure of the quality of the credit exposure based on the expected loss in the event of default after considering collateral and support. The availability of eligible collateral or support substantially reduces the extent of the loss in the event of default and such risk-mitigating factors are reflected in the FRR.

In cases where the risk-rating tool is not applicable, the Group assigns a rating based on an internal assessment which is mapped to the relevant external rating scale.

The Group classifies its exposure in accordance with the North American Industry Classification System Code in addition to the classification based on purpose codes as defined by the CBK. This additional classification helps to improve the accuracy of ORRs through peer group analysis in respect of performance and financial indicators and also allows the Group to classify its portfolio into sub-segments which facilitates analysis and improves the management of concentrations.

Financial institutions

The Group's policy is to assess the credit risk in facilities granted to financial institutions by utilising data from external credit agencies. This data is further complemented by the relevant financial institution's existing bilateral transaction history and potential relationship with the Group. The resulting credit facilities are structured across various products and maturities and are subject to review at least twice annually.

Consumer lending

Credit risk scorecard models are used to facilitate credit decisions and to monitor credit facilities advanced to higher-risk customer segments of consumer banking. Consumer lending criteria incorporate CBK regulatory guidelines and Group policies related to consumer credit facilities, such as debt-to-income ratio, minimum qualifying income and limits on advances by product type. Additional inputs utilised include applicant characteristics obtained from credit bureaus, particularly the Kuwait credit bureau, to assist in assessing an applicant's ability to repay and the probability of default.

Consumer credit risk is monitored with three lines of defence. In the first line of defence, the consumer business lending group is responsible for adherence to credit policies, controls and processes. In the second line of defence, the consumer credit risk management team, working independently of the business unit, assesses and ensures implementation of credit risk management discipline and policies. The third line of defence, the internal audit function, independently tests, verifies and evaluates controls for effective credit risk management and the implementation of policies and procedures.

Portfolio management

The Group has also introduced a portfolio risk-rating process through which the overall portfolio quality is assessed at regular intervals and analysed in credit committees. In addition, a RAROC (Risk-Adjusted Return on Capital) model is in use to guide business lines and management in pricing credit facilities granted to corporate clients. The RAROC model is based on the premise that pricing should be aligned with the risk embedded in the proposal.

The table below shows a classification of the Group's customer loan portfolio by credit quality as at 31 December in each of 2024, 2023 and 2022 and has been extracted from note 13 to each of the Annual Financial Statements.

	Neither past due nor impaired			Total gross customer loan portfolio
	High ⁽¹⁾	Standard ⁽²⁾	Impaired	
	<i>(KD thousands)</i>			
31 December 2024	20,735,720	3,507,105	329,120	24,571,945
31 December 2023	20,020,437	2,805,031	318,386	23,143,854
31 December 2022	19,049,904	2,466,407	310,046	21,826,357

⁽¹⁾ Credit exposures classified as "High" quality are those where the default risk from the obligor's failure to discharge its obligation is assessed to be low. These include facilities to corporate entities with financial condition, risk indicators and repayment capacity which are considered to be good to excellent.

⁽²⁾ Credit exposures classified as "Standard" quality comprise all other facilities whose payment performance is fully compliant with contractual conditions and which are not impaired.

As at 31 December 2024, 31 December 2023 and 31 December 2022, 93.2 per cent., 90.0 per cent. and 92.8 per cent., respectively, of the past due but not impaired category was 60 days or less past due, with the remaining loans being between 61 and 90 days past due.

Of the aggregate amount of gross past due or impaired loans, advances and Islamic financing to customers, the fair value of collateral that the Group held as at 31 December 2024 was KD 260 million (31 December 2023: KD 228 million and 31 December 2022: KD 211 million).

Loan monitoring

The Group's credit exposures are regularly reviewed and monitored through a system of triggers and early-warning signals aimed at detecting adverse symptoms which could result in a deterioration of credit risk quality. The triggers and early-warning systems along with market intelligence, facility utilisation and collateral valuation updates are included in the regular review of the credit facilities to enable timely corrective action by management. These reviews are performed on a semi-annual, annual and ad-hoc basis as required. The results of the monitoring process are reflected in the internal rating.

The total portfolio credit risk is monitored on an ongoing basis with formal monthly and quarterly reporting to ensure senior management awareness of shifts in credit quality and portfolio performance along with changing external factors such as economic and business cycles.

Cross-border exposures are monitored by the central credit risk management function against specific and set limits for this purpose.

Consumer credit risk reporting also includes a dashboard for consumer and small-business lending, classification and delinquency monitoring, such as ageing and migration.

A specialised problem loan workout team handles the management and collection of problem credit facilities.

Credit risk mitigation strategy

Portfolio diversification is the cornerstone of the Group's credit risk mitigation strategy, which is implemented through customer, industry and geographical limit structures.

In accordance with CBK regulations, the Group limits its credit concentration per group of related entities to 15.0 per cent. of the Group's regulatory capital. This does not apply to government and quasi-government entities, agencies and departments in the GCC countries that do not work on a commercial basis nor to banks. The Group also measures its concentration levels across sectors, geographies and products to ensure and enhance the portfolio oversight and diversification.

Credit risk mitigants, such as collateral and guarantees from third parties, are used within the Group's portfolio and collateral quality is continuously monitored and assessed. Risk transfer in the form of syndications, risk participation arrangements with other banks and the sale of loans are additional practices used to manage the Group's exposures.

The main types of collateral accepted by the Group are:

- cash collateral;
- quoted shares and units in collective investment schemes;
- bank guarantees;
- commercial and residential real estate; and
- eligible debt instruments (principally sovereign and bank obligors).

In accordance with the Group's credit policies, banks and creditworthy companies and individuals with a high net worth are accepted as guarantor counterparties, subject to credit risk assessment. However, in accordance with the CBK Basel III framework, only cash collateral, quoted shares, eligible debt instruments and units in collective investment schemes are recognised as risk mitigants for capital adequacy purposes.

The custody and daily mark-to-market of financial collateral are performed independently of the business units. Except for private residences, real estate collateral is valued on an annual basis.

For each of the years ended 31 December 2024, 31 December 2023 and 31 December 2022, respectively, an average of 45 per cent. of the Group's loans, advances and Islamic financing to customers portfolio (excluding consumer loans and net of provisions) were secured by collateral, primarily including cash, shares and real estate collateral.

The Group is authorised to liquidate the portfolio of collateral at its discretion in the event of any default in the payment of the covered loan. The most liquid collateral (such as cash and listed shares) can then be liquidated within a matter of days and the proceeds applied to discharge the amounts outstanding on the relevant loan.

The collateral enforcement process in Kuwait in respect of real estate involves a number of steps. Given the fact that the relevant debtor and/or guarantor may raise objections at each stage, if enforcement is contested the typical time taken to finalise enforcement proceedings in relation to real estate is between 36 and 48 months and, in difficult cases, up to 60 months.

Consumer loans are generally not secured. However, before granting consumer loans, the Group requires that the customer's employer makes the customer's salary payments direct to the customer's account held with the Group. In addition, retail customers may elect to be covered under the Bank's group credit life term insurance against death, with the outstanding loan amount being settled by the insurer on death.

Impairment, expected credit loss and/or provisions

The Group computes ECLs on the following financial instruments which are not measured at fair value through profit or loss:

- loans and advances, Islamic financing to customers including credit commitments;
- letters of credit and financial guarantee contracts including commitments;
- investment in debt securities measured at amortised cost or fair value through other comprehensive income; and
- balances and deposits with banks.

Equity investments are not subject to ECL.

Credit facilities

Credit facilities granted by the Group consists of loans and advances, Islamic financing to customers, letters of credit and financial guarantee contracts and commitments to grant credit facilities. Impairment on credit facilities is recognised in the consolidated statement of financial position at an amount equal to the higher of: (i) ECL under IFRS 9 according to the CBK guidelines or (ii) the provisions required by CBK instructions.

The Group in estimating ECL on credit facilities takes into consideration the following key parameters based on inputs from the CBK:

- a floor for estimating probability of default ("**PD**") for specific portfolios;
- eligible collateral with haircuts for determining loss given default ("**LGD**");
- deemed maturity for exposures in Stage 2 (as described below); and
- a credit conversion factor on utilised and un-utilised portions for cash and non-cash facilities.

Impairment of financial assets other than credit facilities

The Group recognises ECL on investment in debt securities measured at amortised cost or at fair value through other comprehensive income and on balances and deposits with banks.

ECLs

The Group applies a three-stage approach to measure the expected credit loss as follows:

- Stage 1: 12-month ECL: The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been a significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have

low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

- Stage 2: Lifetime ECL – not credit-impaired: The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but the financial assets are not credit-impaired.
- Stage 3: Lifetime ECL – credit-impaired: In accordance with IFRS 9 as adopted by the CBK, the entire balance is taken as ECL.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of lifetime ECL that result from default events that are possible within the 12 months after the reporting date. Both lifetime ECLs and 12-month ECLs are calculated either on an individual basis or on a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of Expected Credit Loss

At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have a significant increase in credit risk since initial recognition and are migrated to Stage 2 even if other criteria do not indicate a significant increase in credit risk.

At each reporting date, the Group also assesses whether a financial asset or group of financial assets is credit-impaired. The Group considers a financial asset to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due. All credit-impaired financial assets are classified as Stage 3 for ECL measurement purposes. Evidence of credit impairment includes observable data about the following:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or past due event;
- the lender having granted to the borrower a concession, that the lender would otherwise not consider, for economic or contractual reasons relating to the borrower's financial difficulty;
- the disappearance of an active market for a security because of financial difficulties; and
- purchase of a financial asset at a deep discount that reflects the incurred credit loss.

At the reporting date, if the credit risk of a financial asset has not increased significantly since initial recognition or is not credit-impaired, the financial asset is classified as Stage 1.

Measurement of ECLs

ECL is a probability-weighted estimate of credit losses and is measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfalls represent the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include PD, LGD and exposure at default ("**EAD**"). The Group estimates these elements using appropriate credit risk models taking into consideration all relevant information, including the internal and external credit ratings of the asset and the nature and value of any collateral and forward looking macro-economic scenarios, which primarily reflect reasonable and supportable forecasts of future macro-economic conditions.

Modification of loans and Islamic financing to customers

Under certain circumstances, the Group seeks to restructure loans and Islamic financing to customers rather than taking possession of collateral. This may involve extending the payment arrangements, a reduction in the amount of principal or interest or profit and the agreement of new loan or financing conditions. If the modifications are substantial, such a facility is derecognised and a new facility is recognised with substantially different terms and conditions. In cases where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL, except in the rare occasions where the new financing is considered to be originated credit-impaired. This applies only in cases where the fair value of the new financing is recognised at a significant discount to its revised par amount, because there remains a high risk of default which has not been reduced by the modification. Management continuously reviews modified loans and Islamic financing to customers to ensure that all criteria are met and that future payments are likely to occur. Management also assesses whether there has been significant increase in credit risk or the facility should be classified in stage 3. When loans and Islamic financing to customers have been modified but not derecognised, any impairment is measured using the original effective interest rate as calculated before the modification of terms.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for financial assets carried at amortised cost. In the case of debt instruments measured at fair value through other comprehensive income, the Group recognises the ECL charge in the consolidated statement of income and a corresponding amount is recognised in other comprehensive income with no reduction in the carrying amount of the financial asset in the consolidated statement of financial position. ECL for loan commitments, letters of credit and financial guarantee contracts are recognised in other liabilities.

When the Group is unable to identify the ECL on the undrawn portion of credit commitments separately from drawn portion of commitments, the combined amount of ECL is presented as a deduction from the gross carrying amount of the drawn portion.

Provisions for credit losses in accordance with CBK instructions

Credit facilities are classified as past-due when a payment has not been received on its contractual payment date, or if the facility is in excess of pre-approved limits.

A credit facility is considered as past-due and impaired if the interest or profit or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value.

Past-due and past-due and impaired facilities are managed and monitored as "irregular" facilities and are classified into the following four categories, which are then used to guide the provisioning process:

- Watchlist, irregular for a period up to and including 90 days (no specific provision required);
- Substandard, irregular for a period from and including 91 days and up to and including 180 days (20 per cent. specific provision required);
- Doubtful, irregular for a period from and including 181 days and up to and including 365 days (50 per cent. specific provision required); and
- Bad, irregular for a period exceeding 365 days (100 per cent. specific provision required).

The Group may also include a credit facility in one of the above categories based on management's judgement of a customer's financial and/or non-financial circumstances.

In relation to credit facilities which have been rescheduled by agreement between the Group and the customer, any previously-made provision is required to be maintained to meet the rescheduled credit facilities. When 25 per cent. of the rescheduled debt balance has been repaid, the provision committee may reduce the provision to an amount not less than 20 per cent. of the debt balance.

In addition to specific provisions, minimum general provisions of 1 per cent. for cash facilities and 0.5 per cent. for non-cash facilities (net of certain restricted categories of collateral) are required to be made for all facilities in respect of which no specific provision has been made.

MARKET RISK

Market risk is defined as the potential loss in value of financial instruments or contracts caused by adverse movements in market variables such as interest rates, foreign exchange rates, equity prices, volatility and spreads.

The Group identifies market risk inherent in its financial claims and loans, foreign exchange exposure, trading and investment activities, and defines its market risk management strategy through:

- the implementation of a Market Risk Management Framework;

- well-defined processes and strong and effective controls;
- recognition of market risk as inherent in the Group's business model and macro-economic environment;
- clear segregation of "front", "back" and "middle" office duties;
- the Group's approach to accepting, limiting and increasing market risks;
- regular and effective monitoring and reporting of exposures and risk measures;
- regular monitoring of market prices and valuation of financial instruments;
- a defined set of internal limits and regular reporting on the adherence to those limits;
- regular independent reviews of internal controls and limits; and
- implementation of adequate infrastructure.

Market risk management

The Group's market risk management consists of governance, identification and measurement and management and limit setting (risk appetite), as well as reporting/management information.

The Board is ultimately responsible for determining and setting the amount of market risk that the Group is exposed to as a result of executing its business strategy through the Group's risk appetite. The EC is responsible for ensuring all market risks are monitored and maintained within approved limits. All activities giving rise to market risk are conducted within a structure of approved credit and position limits. Group Market Risk Management independently measures, monitors and reports on Bank's market risk exposure. Unresolved material breaches to risk limits are reviewed by a subcommittee of the EC and either approved or recommended for remedial action. The Group Asset Liability Management unit is responsible for supervising the management of market risk exposure.

The General Manager of the Treasury Group and General Managers in overseas locations are responsible for managing the Group's trading activities.

Market risk arising from trading activities

The Group's market risk management independently monitors the regional and global trading market risk exposure using Value-at-Risk ("**VaR**") methodology to derive quantitative measures specifically for market risk under normal market conditions. This enables the Group to apply a constant and uniform measure across all of its trading activities and facilitates comparisons of market risk estimates, both over time and against daily trading results. Group VaR is calculated using a 99 per cent. confidence level and a holding period of ten days.

The VaR is supplemented with stress-testing (a stressed VaR) to quantify market risk under extreme stress scenarios based on observed historical worst-case and in-house developed scenarios. VaR computation allows for diversification benefits at the Group level. Furthermore, the Group recognises and mitigates the correlation of other risks and processes on its market risk monitoring process.

In addition to VaR, the Group uses a structure of foreign exchange and interest rate limits to manage and control its market risk associated with trading activities. The Group's market risk is also assessed under stressed conditions using the same framework. Computations are based on stressed historical data.

Non-trading market risk in the banking book

The Group's key non-trading market risk is the sensitivity of its net interest income to movements in interest rates. This interest-rate risk in the banking book is managed through a "re-pricing gap" limit structure which is supplemented by periodic analysis of scenarios (instantaneous parallel shift of +/-5 basis points and +/-10 basis points to the yield curve) to capture the sensitivity of the exposure to interest rate changes.

This analysis of scenarios showed the following impacts in the banking book as at the dates stated:

	<u>+5 bps</u>	<u>-5 bps</u>	<u>+10 bps</u>	<u>-10 bps</u>
		<i>(KD thousands)</i>		
31 December 2024.....	2,866	(2,866)	5,732	(5,732)
31 December 2023.....	3,307	(3,307)	6,614	(6,614)
31 December 2022.....	3,359	(3,359)	6,717	(6,717)

The Group does not use the results of scenario analysis to predict changes in its earnings because of the simplified assumptions inherent in scenario analysis, which include assumptions that interest rates move by the same percentage irrespective of maturity, that all positions run to maturity and that no management corrective action is taken to mitigate the impact of interest rate risk. In addition to interest rate risk, the Group is also exposed to market risk as a result of changes in the "fair value" of its strategic equity and investment positions held without any intention of liquidation.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group does not believe that it is excessively exposed to interest rate risk as most of its assets and liabilities are re-priced regularly and much of its exposures arising on medium-term fixed rate lending or fixed rate borrowing are covered by interest rate swaps. In addition, the re-pricing gaps of its assets and liabilities are carefully monitored and controlled through limits pre-established by the Board and adjusted where necessary to reflect the changing market conditions. In the case of certain consumer loans denominated in Kuwaiti dinar, the Group is exposed to some interest rate risk, since interest rates on those loans are not re-priced for the first five years and then the subsequent permitted adjustments are restricted in amount.

Interest rate sensitivity of profit measures the effect of the assumed changes in interest rates on the net interest income for one year, based on the interest-bearing financial assets and financial liabilities held at the year-end. This includes the effect of hedging instruments but excludes loan commitments. The sensitivity on equity is the impact arising from changes in interest rates on the fair value of investments in debt securities classified as fair value through other comprehensive income/available for sale. Sensitivity to interest rate movements is symmetrical as financial instruments giving rise to non-symmetric movements are not significant.

Based on the Group's financial assets and financial liabilities held as at 31 December 2024, 31 December 2023 and 31 December 2022, respectively, an assumed 25 basis points increase in interest rate, with all other variables held constant, would impact the Group's profit and equity as follows:

Currency	Movement in basis points	2024		2023		2022	
		Effect on Profit	Effect on equity	Effect on profit	Effect on equity	Effect on profit	Effect on equity
<i>(KD thousands)</i>							
KWD.....	+25	6,725	—	8,525	—	9,138	—
USD.....	+25	4,455	—	5,548	—	5,579	—
EUR.....	+25	56	—	305	—	463	—
GBP.....	+25	1,139	—	788	—	621	—
EGP.....	+25	257	(55)	366	(180)	169	(402)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risks are controlled through limits, established by the Board (which are within regulatory limits set by the CBK) and implemented by executive management, on currency position exposures. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange rate exposures. Appropriate segregation of duties exists between the treasury front and back office functions, while compliance with position limits is independently monitored on an on-going basis.

The table below shows the effect on profit of an assumed 5 per cent. strengthening in value of the currency rate against the Kuwaiti dinar from levels applicable at the year end, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit, whereas a positive amount reflects a net potential increase.

Currency	2024	2023	2022
<i>(KD thousands)</i>			
	+5%	+5%	+5%
USD.....	1,222	(393)	(248)
GBP.....	338	(1)	99
EUR.....	(93)	38	57
Other.....	237	108	(74)

Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual shares. Equity price risk arises from the change in fair values of equity investments. The Group manages equity price risk through diversification of investments in terms of geographic distribution and industry concentration.

The CBK has set a maximum limit of 50 per cent. of a bank's regulatory capital for investment in funds and equities, excluding subsidiaries.

The table below shows the effect of equity price risk on the Group's profit (as a result of changes in the fair value of equity investments held as fair value through profit and loss) and on the Group's equity (as a result of changes in the fair value of equity investments classified as fair value through other comprehensive income) as at the dates provided based on an assumed 5 per cent. change in market indices, with all other variables held constant.

Market indices	2024		2023		2022	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity	Effect on profit	Effect on equity
	<i>(KD thousands)</i>					
Kuwait stock exchange.....	104	22	82	32	121	28
Qatar stock exchange.	130	—	177	—	97	—
UAE stock indices.....	539	—	366	—	342	—
Saudi Stock Exchange.	1,008	206	999	220	883	81

Liquidity Risk

Liquidity risk is defined as the inability to generate sufficient financial resources to meet all obligations and commitments as they fall due, or the ability only to secure them at excessive cost. It is the policy of the Group to maintain adequate liquidity at all times, in all geographical locations.

The Group's liquidity management is guided by its internal liquidity policy, which is reviewed annually and approved by the Board. The EC assigns responsibilities and ensures the Group has sufficient resources to carry out liquidity risk management work in an independent and effective manner. The primary responsibilities for the management of liquidity are with the ALEC, regional asset and liability committees, the Group Treasurer and local Treasurers. Day-to-day cash-flows and liquidity management is handled by the 'local' treasury teams at Group head office and the Group's international locations. The longer-term liquidity and funding profile of the Group is monitored and managed by Group treasury under the guidance of the ALEC.

The Group's liquidity policy specifies the main goals, roles and responsibilities, processes and procedures for managing the Group's liquidity risk. It also encompasses the Group's contingency funding plan, which is intended to provide a framework for effective responses to any potential liquidity crisis, whether triggered by Bank-specific or by systemic liquidity shortages.

The Group's liquidity risk strategy is centred on maintaining an adequate liquidity position at all times, primarily by means of an acceptable maturity mismatch profile, relying on more 'stable' deposits and maintaining an adequate stock of HQLAs at all times. Further, the Group's liquidity objectives are:

- to ensure the strategies are in conformity with the regulatory requirements of the CBK and the requirements of the local regulators in other jurisdictions where the Group operates;
- to ensure the use of proper tools in ascertaining liquidity risk;
- continuously to seek sources of stable customer funds and to keep its funding costs as low as possible;
- to limit its dependence on the use of short-term inter-bank funding;
- to leverage its strong position, reputation and credit strength in order to secure long-term funding, such as customer deposits, institutional deposits, government deposits and debt issuance at a competitive cost;
- to ensure the Group's ability to generate or obtain cash or its equivalent in a timely and cost-efficient manner so that the Group can meet its obligations;

- to maintain market confidence; and
- to ensure profitable business opportunities can be pursued without liquidating assets at undesirable times, or raising additional unsecured funding on an unreasonable scale or timescale.

The liquidity and funding management process includes:

- self-imposed and regulatory liquidity ratios, including ratios in accordance with Basel III principles;
- maintaining a diverse range of funding sources with adequate back-up facilities;
- monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- liquidity stress tests to make sure the Group can survive liquidity squeezes under different stress scenarios.

In accordance with the Basel III framework, as implemented by the CBK, the Group manages its liquidity through compliance with the LCR. As part of its requirements to report its liquidity position to the CBK in compliance with the LCR, the Group manages its internal liquidity through periodic internal 30-day and 60-day LCR stress tests which are more conservative than the Basel II requirements. Additionally, the Group's treasury division invests in various short-term or medium-term, highly marketable assets in line with Basel III guidelines for HQLAs (such as government and central bank securities in jurisdictions in which the Group has operations).

As at 30 September 2025, the Group's portfolio of HQLAs was valued at KD 10,436 million (post factor) and the LCR was 161.59 per cent. As at 31 December 2024, the Group's portfolio of HQLAs was valued at KD 8,300 million (post factor) and the LCR was 152.8 per cent. As at 31 December 2023, the Group's portfolio of HQLAs was valued at KD 7,481 million (post factor) and the LCR was 186.1 per cent. As at 31 December 2022, the HQLA portfolio was valued at KD 7,393 million (post-factor) and the LCR was 140.7 per cent. See also "*Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Liquidity Risks*".

The ALEC monitors compliance with these ratios internally at least on a monthly basis.

In accordance with the Basel III framework, as implemented by the CBK, the Group also manages its liquidity through compliance with the NSFR. As at 30 September 2025, the NSFR ratio was 109.28 per cent. (31 December 2024: 110.8 per cent., 31 December 2023: 111.4 per cent. and 31 December 2022: 112.5 per cent.).

The Group maintains a diversified and stable funding base of core retail and corporate deposits, and the treasury group maintains liquidity and funding contingency plans to cope with potential difficulties that may arise from local or regional markets or geopolitical events.

Liquidity risk is further reduced by the Group's adherence to the CBK's liquidity requirements which comprise:

- maturity ladder mismatch limits for specific time periods: 10 per cent. for seven days or less; 20 per cent. for one month or less; 30 per cent. for three months or less; and 40 per cent. for six months or less;
- a requirement to hold 18 per cent. of KD customer deposits booked in the Group in Kuwaiti Government treasury bills and bonds, current account/deposit balances with the CBK and/or any other financial instruments issued by the CBK; and
- a requirement to keep sufficient funding against loan generation, as required by the CBK under its loan to deposit ratio requirements.

As at the date of this Offering Circular, the Group was fully compliant with the CBK's liquidity requirements set out above.

The Group has a well-defined repurchase agreement ("**Repo**") policy in place as a means of raising liquidity. Repos and reverse repos are governed by master agreements with netting terms based on the Global Master Repurchase Agreement ("**GMRA**"), including holding collateral in the form of cash. The Group also has a contingency funding plan to manage a stressed liquidity situation created by bank-specific issues or by market-wide (systemic) liquidity disturbances. The purpose of the plan is to provide a framework within which an effective response to a liquidity crisis can be managed.

In order to assist Kuwaiti banks in managing their liquidity positions during stressed conditions, the CBK provides a "repo window" for portfolios of CBK bonds and Kuwaiti Government treasury bonds held by Kuwaiti financial institutions. In exceptional circumstances, additional discretionary liquidity support is available from the CBK, including the ability to access funding at the CBK discount rate.

Note 28 to each of the Annual Financial Statements sets out the maturity profiles of the Group's assets and liabilities based on contractual cash flows and maturity dates and on contractual repayment arrangements.

Operational Risk

Operational risks are managed at the Group level through a Board-approved operational risk management framework which defines the roles and responsibilities of the BRCC, the EC, the operational risk management function and the internal audit function for monitoring, managing and reporting operational risk. The key components of the Board-approved framework are:

- comprehensive, documented policies, procedures and controls which reflect CBK and Basel III guidelines for internal controls and sound practices for managing and supervising operational risks in banks;
- periodic and ad-hoc risk and control self-assessments conducted by business line management in coordination with and supported by the operational risk management function;
- quarterly key risk indicator submission and validation to identify risk trends and develop mitigating actions;

- operational incident and loss reporting and investigation of causes and failed controls; and
- assessment of external operational loss incidents occurring at other banks, which are cross-checked against the Group's internal control system to proactively identify any potential control weaknesses.

The Group's risk management works closely with all of the Group's business lines to raise awareness of operational risk. In addition to the risk opinions and constant support provided by the operational risk management function through daily activities, operational risk awareness is achieved through a comprehensive training programme developed and delivered by the operational risk management function to the various business units. The aim of this training programme is to cultivate strategic relationships with business line management and to encourage open communication and ownership of risk issues.

Risk and control self-assessments are conducted on a periodic and on an ad-hoc basis to ensure executive management has a clear picture of the operational risk exposure in terms of residual risks and to highlight any major internal control weaknesses. The emphases are on business units performing the self-assessment of actual risks facing them and on the effectiveness of the controls they are implementing, which are then validated and reassessed by the operational risk management function.

Key risks across business and support units are identified and monitored on a quarterly basis, using various key risk indicators developed with the business units in line with the Group's risk appetite.

The capture and reporting of operational risk incidents and losses is established as a firm process across all business and support units. Close coordination with business units and the internal audit function enables operational risk management to track operational incidents and losses and to propose mitigating actions for business units to follow in order to address control weaknesses.

In addition, a comprehensive business continuity and disaster recovery management programme has been implemented and fully tested and is designed to cope with business disruptions and major disasters.

The Group's operational risk management function leads the process management and control function across the Group to ensure control gaps are minimised across its key processes. Operational risk reporting is escalated periodically to the BRCC to ensure comprehensive oversight and review is conducted by relevant members of the Board and executive management.

DERIVATIVES

A financial derivative is an instrument whose value is derived from the performance of underlying assets which may include reference rates and indices. Derivatives are designed to provide more flexibility and granularity in financial markets, and are also used as risk hedging instruments.

The Group enters into various types of transactions that involve financial derivative instruments in the ordinary course of its business.

The Board has approved a range of derivative products for use, including:

- foreign exchange forwards and futures;
- foreign exchange swaps;
- interest rate swaps (including amortising and ascending swaps);
- cross-currency interest rate swaps (including amortising and ascending swaps);
- total return swaps; and
- foreign exchange options contracts, including plain calls and puts, collars, knock-ins, knock-outs, Asian and digital options.

Other more complex derivative products may only be used in line with the requirements of specific approvals by relevant authorising bodies.

The Group also transacts in derivative instruments both as principal, solely to manage its own financial risk, and on behalf of its clients. In the latter case, the Group covers the exposure which it assumes on a back-to-back basis with market counterparties to avoid taking any market risk. The Group deals in interest rate swaps to manage its interest rate risk on interest-bearing assets and liabilities and to provide interest rate risk management solutions to customers. Similarly the Group deals in forward foreign exchange contracts for customers and to manage its foreign currency positions and cash flows. Interest rate swaps used to hedge the change in fair value of the Group's financial assets and liabilities and which qualify as effective hedging instruments are disclosed as 'held as fair value hedges'. Other interest rate swaps and forward foreign exchange contracts are carried out for customers or used for hedging purposes but do not meet the qualifying criteria for hedge accounting.

Derivative financial instruments are carried at fair value in the Group's consolidated statement of financial position. Positive fair value represents the cost of replacing all transactions with a fair value in the Group's favour had the rights and obligations arising from that instrument been closed in an orderly market transaction as at the reporting date. Credit risk in respect of derivative financial instruments is limited to the positive fair value of the instruments. Negative fair value represents the cost to the Group's counterparties of replacing all their transactions with the Group.

The fair values and notional amounts of the Group's positions in these instruments are set out in note 12 to the Interim Financial Information and in note 26 to each of the Annual Financial Statements.

Counterparty credit risk

The Group risk management function independently monitors counterparty credit risk exposures arising from the Group's derivatives transactions using the concept of potential future exposure ("**PFE**"). The PFE is defined as the maximum expected credit exposures over a specified horizon at a particular confidence level. As such, the risk exposure is an upper bound of possible exposures at the selected confidence level and not the maximum risk exposure possible. For 2024, the Group's PFE on its derivatives transactions amounted to KD 334 million. For 2023, the Group's PFE on its derivatives transactions amounted to KD 354 million. For 2022, the Group's PFE on its derivatives transactions amounted to KD 388 million.

Assignment of credit limits for counterparty credit exposures

Counterparty credit exposure arises from the risk that counterparties to derivative contracts with the Group are unable to meet their payment obligations under financial contracts. The allocation of credit limits for derivatives counterparties is provided by the Group's Institutional Banking Division taking into consideration counterparty credit profile, historical financial performance, geographical location, legal jurisdiction and other relevant factors. The credit limits are reviewed on an annual basis and credit exposure is regularly monitored and reported for all derivatives' counterparties.

Policies for securing collateral and credit reserves

In order to reduce its counterparty risk, the Group selectively enters into credit support arrangements based on industry standard forms for derivative contracts. In line with these standards, the Group generally accepts only cash as collateral. It also has policies and procedures for reviewing the legal enforceability of credit support documents in accordance with applicable rules. Through the use of a collateral service agent, daily margining is performed with the appropriate counterparties. Daily valuations for qualified derivatives are compared to those reported by the counterparties and any disagreements are directly resolved between the parties. The Group uses an internal model to estimate PFE, which includes the mitigating effects of netting and collateral in valuing over-the-counter contracts. For financial derivatives transacted with a Central Clearing Counterparty ("**CCP**"), collateral is posted on a daily basis.

Additional collateral requirements due to credit rating downgrade

The Group has no provisions in its agreements with counterparties where a downgrade in its credit rating will have an impact on the collateral amount to be posted. The Group also does not enter into derivatives whose valuations depend on the credit quality of the counterparty.

Netting

In response to the various regulations, including the European Market Infrastructure Regulations ("**EMIR**"), and uncertainties regarding the binding nature and enforceability of "netting" arrangements and agreements under the laws of Kuwait, the market practice amongst leading banks in the GCC active in the derivatives market has been to create special purpose companies in netting-friendly jurisdictions for the exclusive purpose of dealing in the OTC derivatives market with European banks. The International Securities and Derivatives Association has classified the Cayman Islands as a netting-friendly jurisdiction. The Group has, with the approval of the CBK, established NBK GDM (Caymans) Limited to deal in financial derivatives products, which allows the Group to continue dealing with highly-rated counterparties on derivative transactions with netting arrangements in place and removes the risk that the Group may be required to post "margin" collateral on an asymmetric basis.

GROUP COMPLIANCE AND GOVERNANCE

Group Compliance and Governance is a part of NBK Group's culture of complying and operating in accordance with regulatory and legislative frameworks, where Group Compliance and Governance attempts to enhance sound practices and ensure that the Bank does not violate any requirements set by legislators and regulatory bodies either in Kuwait or other countries where Group operates.

Compliance and Governance is a key component of the Bank's second line of defence for managing compliance risks. Its main role is to support the Bank and its Management in managing the compliance risks, embedding and improving the compliance arrangements in all levels and structures of the Bank, in order to ensure that the Bank operates with integrity and adheres to applicable laws, regulations and internal policies.

The key features of the Group's comprehensive policy of managing compliance risks and embedding sound governance principles are:

- the Board provides overall guidance to implement compliance culture and sound corporate governance principles across the Bank;
- the Group's compliance and governance policies and procedures are reviewed by the BRCC and ultimately approved by the Board;
- comprehensive reports concerning level of compliance and associated risks are presented to the Board and BRCC;
- the Group coordinates and works with the Bank's Management under the supervision of the Board; and
- the Group's internal audit function provides independent validation of the adequacy and effectiveness of the Group's compliance and governance framework on a Group-wide basis.

Group Compliance and Governance is headed by the Group Chief Compliance Officer, who reports directly to the BRCC. Group Compliance and Governance has the following objectives and responsibilities:

1. Review the compliance risk processes that are in place to anticipate and effectively manage the impact of regulatory change on the Group's operations.
2. Review and endorse the contents of the Group's compliance reports submitted to the BRCC and the Board.
3. Oversee the implementation of the policy, and ensure compliance issues are resolved effectively and expeditiously by senior management with the assistance of the Group Compliance and Governance function.
4. Ensure the Group (including each subsidiary and branch in every jurisdiction of operation) abides by all relevant laws and regulations applicable to it.
5. Ensure the Group's compliance with the regulations related to the Anti-Financial Crime, Foreign Account Tax Compliance Act (FATCA), Common Reporting Standard (CRS) and other similar applicable regulations.

6. Ensure the existence of clear reporting lines, authority and accountability for managing, monitoring and reporting risks as performed internally and as required by CBK and applicable laws and regulations.

Group Compliance and Governance comprises the following departments:

- Regulatory Compliance;
- Corporate Governance and Capital Markets Authority Compliance;
- Anti-Financial Crime and Tax Compliance;
- Impairments Compliance and Regulatory Reporting;
- Model Validation and Quantitative Analytics; and
- Information Technology Office.

The Group's compliance programme has three main pillars (advise, monitor and report) built on a foundation of a sound understanding of the appropriate regulatory requirements. Advising encompasses the internal notification of regulatory change, new products and services and internal processes as well as other internal communications including training and a compliance calendar. Monitoring includes procedures for compliance reviews, breach escalation, complaints handling and compliance indicators.

Anti-money laundering ("AML") and counter-terrorism financing ("CTF")

The Group has an AML/CTF policy and procedures which take into account Financial Action Task Force recommendations, international sanctions lists (such as those of the United Nations, the European Union and the U.S. Office for Foreign Assets Control) and applicable local and international laws and regulations. As the Group has a presence in various jurisdictions, it seeks to apply the most stringent of the different requirements applicable to it.

The Group's AML/CTF policy covers the following key areas:

- customer due diligence, which includes know your customer, enhanced due diligence, event-driven reviews and periodic reviews;
- ongoing screening of customers against all sanction/prohibited lists to ensure compliance with international/local sanctions lists;
- transaction monitoring;
- product assessments;
- staff training; and
- payments (SWIFT) screening against sanctions lists.

In addition, the Group uses a risk-based approach to classify customers as high, medium and low risk and enhanced due-diligence is conducted for customers who are rated as high risk. Factors used for classification include but are not limited to the nature of the ultimate beneficial owner, products and jurisdiction concerned.

Anti-bribery and corruption

The Group is committed to conducting business in an ethical and honest manner and to implementing and enforcing systems which ensure bribery is prevented. The Group has no tolerance for bribery and corrupt activities and is committed to acting professionally, fairly and with integrity in all business dealings and relationships, wherever it operates. The Group's anti-bribery and corruption policy sets out the responsibilities of the Group and those who have a working or business relationship with it in relation to observing and upholding its zero-tolerance position on bribery and corruption.

The areas defined by the Group as having increased bribery risk are:

- accepting and offering gifts, hospitality and entertainment;
- political contributions;
- charitable donations;
- facilitation payments; and
- dealing with third parties.

In order to establish efficient controls against violations of the anti-bribery and corruption policy requirements, there are a number of internal standards and procedures in place, including but not limited to:

- code of conduct;
- conflict of interest policy;
- related party transactions policy;
- know your partner procedures, including a risk assessment of the type of third parties the Group is engaged with;
- assessment of the Group's business lines;
- gift and hospitality instructions;
- whistleblowing policy; and
- incident and risk escalation procedures together with management information process.

Global data protection regulation ("GDPR")

The Group has presence in a number of territories and this includes two subsidiaries in the EU, in France and The Netherlands. Group entities in EU locations are "Data Controllers" (as defined in the GDPR) in respect of various types of personal data obtained from data subjects locally, whilst certain Group entities located outside the EU receive data from those Group entities in the capacity of Data Processors (as defined in the GDPR). Further, the Group in Kuwait also centrally monitors Kuwait data subjects in respect of fraud monitoring and AML/CTF in relation to transactions they perform globally (including at EU locations) and therefore GDPR may be directly applicable to the Group under the provisions of the extra-territorial applicability of the GDPR.

In this connection, the Group has developed a specific data privacy policy that is applied in Kuwait as well as at various EU locations and in the United Kingdom. The Group has also taken steps to assess its footprint in respect of transactions and dealings which may be considered to be within the scope of GDPR and reviewed the associated privacy risks and legal implications of such transactions. The Group has taken appropriate legal advice to assist it in implementing the GDPR requirements at a Group level, including agreements between Group entities in relation to service levels and data transfers in accordance with the GDPR requirements as well as clear definition of roles within concerned entities to manage privacy requirements and enhancement of internal processes.

The Group has taken steps to leverage Group-level capabilities to manage its IT systems centrally and host systems of multiple Group entities at the Group in Kuwait. This strategy of centralised hosting and management of IT systems is impacted by the GDPR given that Group entities in EU jurisdictions and the United Kingdom transfer personal data to the Group in Kuwait. The Group's EU entities have taken appropriate legal advice and implemented measures to comply with the GDPR requirements as Data Controllers and have entered into legally-binding agreements with the Group acting as a Data Processor.

MANAGEMENT

CORPORATE GOVERNANCE FRAMEWORK

The Bank has developed a corporate governance framework which is based on international best practice and the CBK's "Rules and Standards of Corporate Governance in Kuwaiti Banks" which were issued in June 2012 and revised in 2019. The core principles and standards of the Bank's corporate governance framework are embedded into the day-to-day business and practices of the Bank, with particular oversight at the Board level and at Board committee level through the Board Corporate Governance Committee (the "BCGC").

The framework is designed to secure effective oversight of the Group's strategy and business operations with a robust risk management approach, transparency, accountability and Board independence.

The Board, together with the BCGC, reviews and updates the corporate governance framework on an annual basis which is documented in the Board-approved corporate governance manual. The Group's executive management ensures the framework is implemented through policies and procedures, and employees are required to follow the corporate governance requirements in accordance with the governance manual.

The Group is committed to providing timely, consistent and accurate information to its stakeholders and has adopted a disclosure and transparency policy to ensure this is achieved. This policy covers a wide range of areas, including the key quantitative and qualitative information related to financial performance and financial stability, risk management factors, remuneration, corporate governance, related-party transactions, conflicts of interest and substantial changes in business.

BOARD

The Group operates under the direction of the Board, which is the principal decision-making forum with overall responsibility for the Group's strategy and for monitoring performance of the Group's businesses and executive management. As at the date of this Offering Circular, the Board comprises 11 members, six of which are non-executive members, one is an executive member and four are independent members. Each member of the Board is elected at a shareholders' general assembly meeting for a period of three years. All elected directors seeking to serve an additional term are required to seek re-election by the shareholders every three years.

In line with CBK requirements, the Board convenes at least once each quarter. The Board convened a total of nine times in 2022, 10 times in 2023 and nine times in 2024.

The primary mandate of the Board is to align the Group's strategic objectives, risk appetite and overall corporate governance framework with the best interests of the Group and thereby maximise value for shareholders. This mandate is coupled with responsibility for monitoring and maintaining the Group's financial and economic stability and safeguarding the rights and benefits of all of the Group's stakeholders.

The roles of the Chairman of the Board and the GCEO are separate and independent of one another and there is a clear segregation of their respective duties and responsibilities. The Chairman's responsibilities are set out in full in the Board Charter but, in summary, his main responsibility is to lead the Board and ensure the effective engagement and

contribution of all directors, so that the Board may fully discharge its legal and regulatory responsibilities.

The Board appoints the GCEO and specifies his powers and authority. The day-to-day management of the Group's business has been delegated by the Board to the GCEO, who is assisted by the other members of the executive management and is responsible for controlling and monitoring the Group's business on a day-to-day basis, recommending strategy to the Board, leading executive management and implementing the Board's strategic and operational decisions.

Any candidate for appointment as a director must first be recommended by the Board Nomination and Remuneration Committee ("**BNRC**") and approved by the Board, the CBK and the Bank's shareholders at the annual general meeting. Decisions of the Board are, with limited exceptions, made by majority votes of those present at the meeting.

Board members

The table below shows the names of the members of the Board as at the date of this Offering Circular.

<u>Name</u>	<u>Position</u>
Mr. Hamad Mohammed A. Al-Bahar	Chairman
Mr. Isam Jasem A. Al-Sager	Board Vice Chairman and Group Chief Executive Officer
Mr. Yacoub Yousef A. Al-Fulaij.....	Board Member
Mr. Muthana Mohammed A. Al-Hamad.....	Board Member
Mr. Haitham Sulaiman H. Al-Khaled	Board Member
Mr. Emad Mohamed A. Al-Bahar	Board Member
Mrs. Huda Mohammad S. Al-Refaei.....	Board Member
Mr. Abdulwahab Ahmad H. Al-Bader.....	Independent Board Member
Mr. Farouq Ali Akbar A. Bastaki.....	Independent Board Member
Mr. Anas Khaled N. Al-Saleh.....	Independent Board Member
Mr. Yousef Jassim Y. Al-Obaid	Independent Board Member

Set out below is brief biographical information about each member of the Board as at the date of this Offering Circular.

Mr. Hamad Mohammed Abdulrahman Al-Bahar – Chairman

Mr. Al-Bahar has been a Board member since 2005 and Chairman of the Board since March 2022. He is the Chairman of the BCGC and the BCC.

Mr. Al-Bahar sat on the board of the Kuwait Investment Company from 1981 to 1991, where he served as the Chairman and Managing Director. He also served as the Managing Director of the Bank of Bahrain and Kuwait. He has extensive experience in investment banking and asset management, in addition to internal controls.

Mr. Al-Bahar holds a Bachelor of Arts degree in Economics from Alexandria University, Egypt.

Mr. Isam Jasem A. Al-Sager - Board Vice Chairman and Group Chief Executive Officer

Mr. Al-Sager joined the Bank in 1978 and was appointed as GCEO in March 2014. He joined the Board in March 2022 where he was elected as Vice Chairman. He is a member of the BCC. He had previously served as Deputy Group Chief Executive Officer since 2010.

Mr. Al-Sager serves as the Chairman or as a member of several of the Group's management committees. He is Chairman of the board of NBK (International) PLC and serves on the board of directors of Watani Wealth Management (Kingdom of Saudi Arabia). Mr. Al-Sager is a board member of MasterCard. He was the Chairman of National Bank of Kuwait – Egypt until May 2019, a Vice Chairman of the Turkish Bank and a board member of Watani Holding and NBK Trustees (Jersey) Limited.

Mr. Al-Sager holds a Bachelor of Science degree in Business Administration from California State Polytechnic University, United States.

Mr. Yacoub Yousef A. Al-Fulaij – Board Member

Mr. Al-Fulaij has been a Board member since 1998 and was General Manager at the Bank from 1983 to 1998. He is a member of the BCC and the BCGC.

Mr. Al-Fulaij has broad experience of banking activities, including risk management and internal controls.

Mr. Al-Fulaij holds a Bachelor of Arts degree in Business Administration from the University of Miami, United States.

Mr. Muthana Mohammed Ahmed Al-Hamad – Board Member

Mr. Al-Hamad has been a Board member since 2007. He is also a member of the BNRC, BAC and the BRC.

Mr. Al-Hamad is the Vice Chairman of Alwatyah United Real Estate Company and was the Chairman of Future Communication Company International (from 2005 to 2014). He was previously a board member of Arab European Company for Financial Management from 1987 to 1993 and served on the board of Commercial Bank of Kuwait from 1993 to 1997 and United Bank of Kuwait (London) from 1996 to 1997. He has experience in finance and business economics.

Mr. Al-Hamad holds a Bachelor of Arts degree in Economic and Political Science from Kuwait University, Kuwait.

Mr. Haitham Sulaiman Hamoud Al-Khaled – Board Member

Mr. Al-Khaled has been a Board member since 2010. He is also a member of the BAC, the BRCC and the BCGC.

Mr. Al-Khaled has been a board member of Al Shall Investments Holding Co. since 2005 and Al Arjan International Real Estate Company since 2010, where he has been Chairman since 2014. Mr. Al-Khaled is also a Board member of Rasameel Investments Co. (since 2016), Kuwait Insurance Co. (since 2019) and ACICO Industries Co. (since 2021). Mr. Al-Khaled previously held the following positions at the telecom operator, Zain: Chief Business Development Officer, Chief Executive Officer for the Middle East and Chief Strategy and Business Planning Officer. He has experience in strategic planning, investments, mergers and acquisitions, corporate governance and internal controls.

Mr. Al-Khaled holds a Bachelor of Science degree in Electronic Engineering from Kuwait University, Kuwait.

Mr. Emad Mohammed Abdulrahman Al-Bahar – Board Member

Mr. Al-Bahar joined the Bank as a Board member in August 2014, following the death of the former Chairman, Mr. Mohamed Abdul Rahman Al-Bahar. He is also a member of the BCC and the BNRC.

Mr. Al-Bahar is the Chairman of Dar Labit Holding (since 2015) and a member of the executive board of the Al Bahar Group, one of the oldest trading conglomerates in Kuwait and the Middle East. He is also a board member of Al-Ahlia Insurance Company Kuwait (since 1999) and the Vice Chairman (since 2017) and served on the board of Gulf Bank from 1992 to 1994.

Mr. Al-Bahar holds a Bachelor's degree in Management from the American University in Washington DC, United States.

Mrs. Huda Mohammad S. Al-Refaei – Board Member

Mrs. Al-Refaei has been a Board member since March 2022. She is a member of the BRCC and the BCGC.

Mrs. Al-Refaei worked as a risk management officer at the Bank from 1999 to 2003. She served as a board member of Posta Plus Company from 2008 to 2012 and as a senior lawyer at Abdullah Al-Refaei Legal Consultancy & Law Firm from 2009 to 2019.

Mrs. Al-Refaei holds a Bachelor's degree in Industrial and Systems Engineering from Kuwait University, Kuwait and a Bachelor of Law degree from Cairo University, Egypt.

Mr. Abdulwahab Ahmad H. Al-Bader – Independent Board Member

Mr. Al-Bader has been an Independent Board member since March 2022. He is the Chairman of the BNRC and a member of the BCGC.

Mr. Al-Bader held a number of senior positions at Kuwait Fund for Arab Economic Development from 1977 to 2021, with the most recent being the General Manager from 2005 to 2021. He was also the alternate governor for the State of Kuwait to the OPEC Fund for International Development from 1981 to 1986, governor from 1986 to 2014 and Chairman of the governing board from 2014 to 2021. He has also been a director of various entities.

Mr. Al-Bader holds a Bachelor of Arts degree from Whittier College, USA.

Mr. Farouq Ali Akbar A. Bastaki – Independent Board Member

Mr. Bastaki has been an Independent Board member since March 2022. He is the Chairman of the BAC and a member of the BRCC.

Mr. Bastaki held a number of senior positions, including board member and managing director, at Kuwait Investment Authority. He was also Chairman of the board of St. Martins Property Group (London) and Chairman of the board of National Technology Enterprises Company. Mr. Bastaki previously served as a board member of Gulf Bank, an independent board member of Mabanee Co. and board member of the Kuwait Fund for Economic Development in addition to a membership in Fosterlane (United States). He has more than 33 years' experience in finance, alternative investments and real estate investments, locally and internationally. He also has expertise in advisory roles with respect to internal audit, risk management, governance, compliance and anti-money laundering.

Mr. Bastaki holds a Bachelor's degree in Industrial Engineering from University of Miami, USA.

Mr. Anas Khaled N. Al-Saleh – Independent Board Member

Mr. Al-Saleh has been an Independent Board member since March 2025. He is a member of the BAC and the BNRC.

Mr. Al-Saleh currently serves as Chairman at SAK Holding Company and a board member at National Investments Company. Mr. Al-Saleh held several ministerial positions between 2012 and 2021, including Minister of Commerce & Industry, Minister of State for Housing Affairs, Minister of Finance, Minister of Oil, Minister of Interior, Minister of State for Cabinet Affairs and Deputy Prime Minister (some of which he held concurrently). He also served as a board member at Kuwait Chamber of Commerce and as a representative of Kuwait's Chamber of Commerce at the Kuwait Stock Exchange and the Financial Market Committee. He was also Chairman at Kuwait Clearing Company, Chairman at Kuwait Invest Holding, a board member at Kuwait Real Estate Company and a General Manager at SAK Construction Company.

Mr. Al-Saleh holds a Bachelor's degree in Business Administration/Finance and an Honorary Doctorate from Portland University, United States.

Mr. Yousef Jassim Y. Al-Obaid – Independent Board Member

Mr. Al-Obaid has been an Independent Board member since March 2025. He is the Chairman of the BRCC and a member of the BAC and the BNRC.

Mr. Yousef Al-Obaid previously held leadership positions at the Central Bank of Kuwait, including Deputy Governor, Board member and Executive Director of the Supervisory Division. His other positions include member of the Public Debt Management Committee at the Ministry of Finance, member of the National Cyber Security Committee, member of the Market Committee at Kuwait Stock Exchange, Chairman at Credit Information Network Company (Ci-Net) and Boubyan Takaful Insurance Company, and a board member of the Shared Electronic Banking Services Company (Knet), Aloula Real Estate Investment Company, Kuwait Clearing Company and Kuwait Prefabricated Building Company. He was also a General Manager for the Corporate Banking Group at Boubyan Bank and a General Manager for the Credit Division at Commercial Bank of Kuwait.

Mr. Al-Obaid holds a Bachelor's degree in Industrial Engineering from the University of Miami, United States.

The business address of each member of the Board is National Bank of Kuwait S.A.K.P., P.O. Box 95, Safat, 13001 Kuwait, Jaber Al-Mubarak and Al-Shuhada Street, NBK Tower, Sharq, State of Kuwait.

Certain members of the Board, their families and companies of which they, or members of their families, are principal owners, or of which they are employees, are customers of the Group in the ordinary course of business. The transactions with these parties are made at arm's length and on substantially the same terms, including interest rates, as those prevailing at the same time for comparable transactions with unrelated parties. See "*Financial Review—Related Party Transactions*".

Except as disclosed in the next paragraph, no member of the Board named in the table above has any actual or potential conflict of interest between his duties to the Group and his private interests and/or other duties.

Each of the directors of the Bank named in the table above has outside interests in entities other than the Group, including employment and/or directorships with third parties (as set out in their respective biographies). Given the wide scope of the Group's operations, such entities have banking and/or other commercial relationships with the Group. Some Board members also have personal banking relationships with the Group. As the directors are involved in the Group's decision-making process and have knowledge of the Group's products and services, including the commercial terms thereof, a potential conflict of interest may arise. However, the Group has established robust internal procedures to deal with any such potential conflict, including the relevant director being excluded from voting at Board meetings on issues which relate to the relevant director's and/or other connected entity's dealings with the Group.

The Group is committed to managing all related party transactions and potential conflicts of interest which may arise and to meet the Group's obligations to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage related party transactions and conflicts of interest.

The Group has adopted a "Related Party Transaction Policy" and a "Conflict of Interest Policy" in line with IFRS 24 and related CBK instructions. The Group's internal policies with respect to related party transactions are designed to ensure that appropriate procedures and measures are in place to identify and effectively manage all related party transactions and any relevant or material conflicts of interest, that the Board appropriately deals with actual, potential and perceived conflicts of interest, and that all decisions are made in the best interests of the Group.

The Group maintains a register for all related party transactions and a separate register for conflict of interest cases.

The table below sets out the number of shares held by each director as at 30 September 2025:

Director	30 September 2025
Mr. Hamad Mohammed A. Al-Bahar	62,396,571
Mr. Isam Jasem A. Al-Sager	17,318,395
Mr. Yacoub Yousef A. Al-Fulajj	6,142,633
Mr. Muthana Mohammed A. Al-Hamad	16,800,000
Mr. Haitham Sulaiman H. Al-Khaled	220,507
Mr. Emad Mohamed A. Al-Bahar	52,500,000
Mrs. Huda Mohammad S. Al-Refaei	2,100,000
Mr. Abdulwahab Ahmad H. Al-Bader	Nil
Mr. Farouq Ali Akbar A. Bastaki	Nil
Mr. Anas Khaled N. Al-Saleh	Nil
Mr. Yousef Jassim Y Al-Obaid	Nil

Board committees

The Board has established five Board committees which are described below. The roles and authorities of each Board committee are defined and delegated by the Board and are described in each committee's charter. Each Board committee reviews its charter annually and submits any recommendations for amendments or updates to the Board for approval. The Board committees also submit reports to the Board's Chairman and the Board each quarter regarding their respective duties.

- **Board Audit Committee.** The BAC is responsible for overseeing the Group's internal control framework and for ensuring the independence of its external auditors. The BAC assesses the effectiveness of the Group's internal control framework on a periodic basis through evaluations carried out by the Group's internal audit function. The BAC reports the results of these assessments to the Board. The BAC is also responsible for the recruitment, dismissal, performance evaluation and remuneration recommendation of the Head of Internal Audit and for monitoring the performance of the Group's external auditors and co-ordinating with them on subjects related to audit and financial statements. The BAC also reviews and oversees the preparation of the Group's annual and interim financial results.

As at the date of this Offering Circular, the members of the BAC are: Mr. Farouq Ali Akbar A. Bastaki, Mr. Muthana Mohamed A. Al-Hamad, Mr. Haitham Sulaiman H. Al-Khaled, Mr. Anas Khaled N. Al-Saleh and Mr. Yousef Jassim Y. Al-Obaid.

A quorum of three is required to convene a meeting of the BAC. Only members of the BAC, the Secretary of the BAC and the Group chief internal auditor are entitled to attend the committee's meetings, although members of management and other specialists or professional advisers may be invited to attend meetings at the request of the committee.

The BAC is required to hold a minimum of four meetings per year (one each quarter) and provides regular reports to the Board. In each of 2022, 2023 and 2024, the BAC sat 10 times, 10 times and nine times.

- **Board Credit Committee.** The BCC is responsible for reviewing the quality and performance of the Group's credit portfolio, overseeing the effectiveness and administration of credit-related policies and reviewing and approving credit limits above certain thresholds. Membership of the BCC does not overlap with membership in either the BAC or the BRCC.

As at the date of this Offering Circular, the members of the BCC are: Mr. Hamad Mohamed A. Al-Bahar, Mr. Yacoub Yousef A. Al-Fulaij, Mr. Emad Mohammed A. Al-Bahar and Mr. Isam Jasem A. Al-Sager.

The quorum for any meeting of the BCC is a minimum of two members, provided they include the Committee Chairman or his delegate. Only members of the BCC (including the Committee Secretary) are entitled to attend committee meetings. However, members of management or representatives, and other specialists may be invited to attend meetings at the request of the BCC.

The BCC meets at least once per month and provides regular reports to the Board. In each of 2022, 2023 and 2024, the BCC sat 21 times, 23 times and 20 times.

- **Board Risk and Compliance Committee.** The BRCC is responsible for ensuring that the Group's enterprise-wide risk management has (1) identified the relevant risks that could affect the ability of the Group to achieve its strategies and preserve its assets, (2) established an enterprise risk management infrastructure—the people, processes and technology—to identify, measure, monitor and report on the risks the Group faces, and (3) established a strong and sustainable compliance culture and compliance management system that seeks to ensure the Group's compliance with applicable laws, rules and regulations governing its businesses.

The Committee also monitors the performance of the GCRO and Group Chief Compliance and Governance Officer, assists management in its efforts to ensure a culture of people at all levels in the Group recognising and managing risk and helps to set the tone for a strong risk management and compliance culture within the Group.

As at the date of this Offering Circular, the members of the BRCC are: Mr. Yousef Jassim Y. Al-Obaid, Mr. Muthana Mohamed A. Al-Hamad, Mr. Haitham Sulaiman H. Al-Khaled, Mrs. Huda Mohammad S. Al-Refaei and Mr. Farouq Ali Akbar A. Bastaki.

A quorum of three is required to convene a meeting of the BRCC. The Secretary of the BRCC, the GCRO and the Group Chief Compliance and Governance Officer are entitled to attend the committee's meetings, although members of management and other specialists or professional advisers may be invited to attend meetings at the request of the committee.

The BRCC is required to hold a minimum of four meetings per year and provides regular reports to the Board. In each of 2022, 2023 and 2024, the BRCC sat seven times, eight times and five times.

- **Board Corporate Governance Committee.** The BCGC supervises the Group's Corporate Governance Office and supports the Board in reviewing the Group's corporate governance principles and practices at regular intervals. The Corporate Governance Office is a centralised and independent function at Group level that is responsible for ensuring effective implementation of the Group's corporate governance framework.

The BCGC is responsible for monitoring the robustness of the governance policies and procedures that the Group has developed. The BCGC is also responsible for the effective implementation of the Bank's disclosure framework, which includes policies, procedures, templates, a disclosure register and a disclosure monitoring dashboard. The committee supervises the monitoring and reporting of conflicts of interest and related party transactions.

As at the date of this Offering Circular, the members of the BCGC are: Mr. Hamad Mohamed A. Al-Bahar, Mr. Yacoub Yousef A. Al-Fulaij, Mrs Huda Mohammad S. Al-Refaei, Mr. Abdulwahab Ahmad H. Al-Bader and Mr. Haitham Sulaimnam H. Al-Khaled.

A quorum of three members of the BCGC is required to convene a meeting. Only members of the BCGC and the Secretary of the committee are entitled to attend the committee meetings, although members of management and other specialists or professional advisers may be invited to attend meetings at the request of the BCGC.

The BCGC is required to hold a minimum of two meetings per year and to provide regular reports to the Board. In each of 2022, 2023 and 2024, the BCGC sat twice.

- **Board Nomination and Remuneration Committee.** The BNRC is responsible for overseeing the Group's succession planning processes, the review of the Group's remuneration framework and suggesting recommendations with respect to executive management remuneration. In addition, the BNRC is responsible for nominating potential Board members, on-boarding and training of new Board

members and training and raising the awareness of the Board. The committee also initiates and oversees the evaluation process of the Board and the Board committees. The committee is also supported by the Group's Corporate Governance Office.

The Group's Board level succession planning is managed by the BNRC, which has responsibility for determining the composition of the Board in line with CBK guidelines. For the purposes of Board-level succession planning, the Group's general assembly has approved the nomination of 'first reserve' and 'second reserve' future Board members, who were initially identified by the BNRC. When a Board vacancy appears, the BNRC will recommend a nominee from the group of 'first reserve' or, if required, 'second reserve' future Board members to fill the vacant post.

As at the date of this Offering Circular, the members of the BNRC are: Mr. Abdulwahab Ahmad H. Al-Bader, Mr. Muthana Mohamed A. Al-Hamad, Mr. Emad Mohammed A. Al-Bahar, Mr. Anas Khaled N. Al-Saleh and Mr. Yousef Jassim Y. Al-Obaid.

The quorum for BNRC meetings is three members. Only members of the BNRC and the Secretary of the BNRC are entitled to attend the committee meetings, although members of management and other specialists may be invited to attend meetings upon request of the BNRC.

The BNRC is required to hold a minimum of two meetings per year and to provide regular reports to the Board. In each of 2022, 2023 and 2024, the BNRC sat three times, three times and four times.

EXECUTIVE MANAGEMENT

The Bank has a long-serving executive management team which is responsible for day-to-day supervision and control of the Group's business, particularly with respect to ensuring functionality of compliance and risk control, independence of functions, and separation of duties. Business policies, accounting policies and operations procedures and controls are documented and communicated through policies and standard operating procedures manuals which cover all areas and activities of the Group. All significant policies are reviewed and approved by the Board.

Members of executive management

Detailed below is brief biographical information about each member of the Group's executive management team, other than Mr. Isam J. Al-Sager – Vice Chairman & Group Chief Executive Officer who is described under "*Board members*" above, as at the date of this Offering Circular.

Ms. Shaikha K. Al-Bahar – Deputy Group Chief Executive Officer

Ms. Al-Bahar joined the Bank in 1977, has been Deputy Group Chief Executive Officer since March 2014 and was previously Chief Executive Officer of the Bank's operations in Kuwait from 2010 onwards.

Ms. Al-Bahar is a member of various management committees. She is the Chairperson of National Bank of Kuwait – Egypt, National Bank of Kuwait – France, National Bank of Kuwait (Lebanon) and serves on the boards of directors of NBK (International) PLC and NBK Global

Asset Management Limited and The Turkish Bank, Turkey. She has been a member of Kuwait's Supreme Council for Planning since August 2017. She has extensive experience in privatisation, project finance, advisory services, bond issues, build/operate/transfer financing, initial public offerings, global deposit receipt programmes and private placements.

Ms. Al-Bahar holds a Bachelor of Science degree in International Marketing from Kuwait University and has attended specialised management and executive programmes at Harvard Business School, Stanford University and Duke University.

Mr. Salah Y. Al-Fulaij – Chief Executive Officer – Kuwait

Mr. Al-Fulaij joined the Bank in 1985 and was appointed as Chief Executive Officer – Kuwait in January 2015. He was previously the Chief Executive Officer of NBK Capital from 2008 to 2014.

Mr. Al-Fulaij a member of various management committees. He is a member of the Board of Watani Financial Brokerage Company K.S.C.C. and serves on the boards of National Bank of Kuwait – France and NBK Capital. He has served at NBK Capital as Vice Chairman since 2015 and as Chief Executive Officer from 2008 to 2014.

Prior to joining NBK Capital, Mr. Al-Fulaij held several key positions at the Bank and his last position was Group General Manager of Treasury and Investment Services.

Mr. Al-Fulaij is a graduate of the University of Miami where he received his Bachelor's degree in Industrial Engineering and his MBA in Business Management. He has participated in a number of executive programmes at Harvard Business School, Stanford Graduate School of Business and Duke University.

Mr. Sulaiman Barrak Al-Marzouq – Deputy Chief Executive Officer - Kuwait

Mr. Al-Marzouq joined the Bank in 2002 and is now the Deputy Chief Executive Officer – Kuwait.

Mr. Al-Marzouq moved to the CBK from 2012 to 2015, where he headed the Department of Foreign Operations, before moving back to the Bank as Group Treasurer. He serves as a board member of NBK Egypt. He is a board member of NBK Capital, Hayat Investment Co. and has served as a board member for several banks and other companies in Kuwait.

Mr. Al-Marzouq has experience in investment and wealth management, in addition to his experience in treasury and banking operations.

Mr. Al-Marzouq holds a Bachelor's degree in Economics from Portland State University, United States.

Mr. Faisal Abdulatif Al-Hamad – CEO - NBK Wealth

Mr. Al-Hamad joined the Bank on 1 April 2021 as CEO of Global Wealth Management and has been part of the Group for 14 years. Mr. Al-Hamad has been the CEO of NBK Wealth since April 2021.

He is the Chairman of NBK Capital and a board member of several other Group entities.

Prior to April 2021, Mr. Al-Hamad was the CEO of NBK Capital and held several positions there since joining in 2007. He has previously held senior positions in leading organisations,

including General Manager at Agility Kuwait and Associate Director at Wellington Management International in the UK.

Mr Al-Hamad holds a Master's degree in Business Administration from Harvard University and a BA from the University of Chicago.

Mr. Omar Bouhadiba – CEO – International Banking Group

Mr. Bouhadiba joined the Bank in November 2020 as Acting CEO of the International Banking Group. Mr Bouhadiba serves on the Board of NBK (International) PLC, UK and NBK France. He has over 40 years' experience in corporate and investment banking, with a major U.S. bank and several banks in the MENA region, including NBK and, most recently, as Chief Executive Officer and Senior Adviser at a bank in the GCC.

Mr. Bouhadiba holds a Master's degree in Business Administration (MBA) in Finance from the Wharton School, University of Pennsylvania (USA).

Mr. Malik Khalife – Head of Global Private Banking

Mr. Khalife joined NBK in 2005 and has been the Head of Global Private Banking for NBK Group since June 2018. He is a board member of NBK Lebanon and Watani Wealth Management Co. (KSA). He is also a member of various management committees.

Mr. Khalife was the General Manager for NBK Private Banking – Kuwait since 2008. Prior to joining NBK, Mr. Khalife was Director of the Private Banking Representative Office at American Express Bank Limited in Lebanon. He has experience in private banking and financial markets in the Middle East and Gulf region.

Mr. Khalife holds a Master's degree in Economic Sciences from Saint Joseph University, Lebanon.

Mr. Mohammed Al Othman – Chief Executive Officer of Consumer & Digital Banking for the Group

Mr. Mohammed Al Othman joined the Bank in 2006 and was appointed Chief Executive Officer of Consumer & Digital Banking for the Group in 2023. Previously he was Head of Consumer Banking Group. He is also a member of various management committees.

Mr. Al Othman has been the Chairman of the Shared Electronic Banking Services Company (K-Net) since 2015 and a member since 2014. He has extensive expertise in retail banking, personal banking payment services and banking products.

Mr. Al Othman holds a Bachelor's degree in Philosophy from Kuwait University and has attended several training programmes at Harvard Business School.

Mr. Ronghe Sujit Anil – Group Chief Financial Officer

Mr. Ronghe joined the Bank in 2002 and has been the Group Chief Financial Officer since June 2022. His former appointments at the Bank include Acting Group Chief Financial Officer and Group Financial Controller. He is also a member of various management-level supervisory committees at the Bank.

Prior to joining the Bank, Mr. Ronghe worked as a Senior Auditor at a big four accounting firm in Kuwait. He has extensive experience in banking and finance.

Mr. Ronghe is a member of the Institute of Chartered Accountants of India and a graduate of the Institute of Cost Accountants of India. He also holds a Bachelor of Commerce degree from the University of Pune, India.

Mr. Emad Al-Ablani – General Manager – Group Human Resources

Mr. Al-Ablani joined the Bank in March 2003 and was appointed as General Manager - Group Human Resources in 2014. He is also member of various management committees.

His former appointments at the bank include Deputy General Manager, Head of Human Resources – Kuwait and Assistant General Manager – Recruitment & HR Operations. He has experience in human resources.

Mr. Al-Ablani holds an Executive Master's degree in Business Administration (EMBA) from the American University of Beirut (Lebanon) and a Bachelor of Arts degree in Educational Psychology from Kuwait University.

Mr. Ahmed Bourisly – General Manger – Corporate Banking Group

Mr. Bourisly joined the Bank in 1998 and was appointed General Manager – Corporate Banking Group in 2019. Previously he was Head of Domestic Corporate Banking Group.

Mr. Bourisly serves on the Board of Boubyan Takaful. He is also a member of various management and credit committees.

Mr. Bourisly has extensive experience in many areas of credit and corporate banking management.

Mr. Bourisly holds a Bachelor's degree in Business Administration with a concentration in Marketing from University of the Pacific, California, United States. He attended numerous training courses and seminars at Harvard University and INSEAD.

Mr. Pradeep Handa – General Manager – Foreign Corporate, Oil & Trade Finance Group

Mr. Handa joined the Bank in 1980 and has been the General Manager of the Foreign Corporate, Oil and Trade Finance Group, since 2012. He is also a member of various management committees.

Mr. Handa's former appointments at the Bank include: Assistant General Manager, Executive Manager and Senior Manager in the Corporate Banking Group of Kuwait. He has experience in handling foreign corporate banking and oil and trade finance matters.

Mr. Handa holds a Master's degree from the University of Delhi, India.

Mr. Mohammed Al Kharafi – Chief Operating Officer – Head of Operations & Information Technology

Mr. Mohammed Al Kharafi joined the Bank in 2001 and has been Chief Operating Officer – Head of Operations and Information Technology for the Group since May 2023. His previous posts include leadership positions in Operations and the Consumer Banking Group. He is a member of various management committees. He has also been a board member of the Credit Information Network Company (Ci-Net) and Kuwait's Credit Bureau.

He has experience in retail banking and operations.

Mr. Mohammed Al Kharafi has a Bachelor's degree in Business Administration from the Arab Open University and is a Harvard Business School alumnus. He has participated in executive education programmes at Harvard Business School, Columbia Business School, Chicago Booth School of Business, INSEAD and American University of Beirut.

Mr. Jad Zakhour – General Manager – Head of Treasury Group

Mr. Zakhour joined the Bank in 2006 and has been General Manager - Head of Treasury Group since January 2020. He was previously the Deputy Group Treasurer since August 2014. He is also a member of various management committees.

Mr. Zakhour has experience in treasury, investment and wealth management.

Mr. Zakhour holds a Bachelor's degree in Civil Engineering from Homs University and a Master's Degree in Business Administration in Finance from American University of Beirut. He is a Certified Financial Risk Manager (FRM). Mr Zakhour has participated in a number of Executive Programs at Harvard Business School and INSEAD.

Mr. Mohammad Nidal Tebawi –Group Chief Internal Auditor

Mr. Tebawi joined the Bank in December 2011 and was appointed as Group Chief Internal Auditor in June 2022. Mr. Tebawi is an experienced internal audit professional with leadership experience in the areas of banking, governance, internal audit, risk management, compliance, internal controls, cybersecurity and operational resilience.

Mr Tebawi has been a Certified Public Accountant since 2001, a Certified Information Systems Auditor since 2002 and a Certified Internal Auditor since 2004. He holds an MBA and a BS from Indiana University.

Mr. Grant Eric Lowen – Chief Risk Officer

Mr. Grant Lowen joined NBK in 2024 and was appointed Group Chief Risk Officer in June 2024. He has experience in financial services risk management and has held the Chief Risk Officer position over the last 15 years including at Qatar National Bank in Qatar; Bank ABC in Bahrain and Riyadh Bank in Saudi Arabia. In Australia he was the Chief Risk Officer of Bankwest and oversaw the Asia Pacific risk management areas of Commonwealth Bank of Australia.

Mr Lowen has served as a director on the boards of banks in his capacity as a risk officer, including with Qatar National Bank in Egypt, Turkey and Indonesia.

He is a member of the Chartered Accountants Australia & New Zealand and the Australian Institute of Company Directors. A Chartered Accountant from New Zealand, Mr. Lowen has also served as Chairman of the Risk Management Association of Australia and completed the Wharton RMA specialised risk certification.

The business address of each member of the executive management is National Bank of Kuwait S.A.K.P., P.O. Box 95 Safat, 13001 Kuwait, Jaber Al-Mubarak and Al-Shuhada Street, NBK Tower, Sharq, State of Kuwait.

No member of the Bank's executive management has any actual or potential conflict of interest between his or her duties to the Bank and his or her private interests and/or other duties.

The Group has established a formal executive management succession plan which is approved by the BNRC on an annual basis. Under the current executive management succession plan, the nominated successor to the GCEO is the Deputy Group Chief Executive Officer; the successor to the Deputy Group Chief Executive Officer is the Chief Executive Officer – Kuwait; and the successor to the Chief Executive Officer – Kuwait is the Deputy Chief Executive Officer - Kuwait.

Executive management committees

The Group's executive management committees include the credit committees described under "*Risk Management—Credit Risk—Credit risk management strategy—Corporate credit risk management*", the EC and the ALEC.

Group Executive Committee

The EC is the highest management level authority which is responsible for managing and overseeing matters related to all aspects of the Group's business including corporate organisation, finance and operations. All management level committees report to, and are subject to the oversight of, the EC which has authority to determine, for example, the frequency with which other management committees are required to meet.

When taking decisions on behalf of the Group, the EC is required to give consideration to the prevailing risk environment, in addition to adhering to the Group's established corporate governance framework and the Group's overall strategic goals as mandated by the Board.

The EC's key responsibilities and duties include the following:

- preparing and reviewing strategic objectives, financial plans and key policies and procedures of the Group, to be submitted for approval by the Board;
- monitoring and overseeing the financial and operational performance of the Group;
- approving key procedures for individual business units and recommending policies for Board consideration and approval;
- setting annual business plans, financial forecasts, budgets of each subsidiary, capital expenditures, performance targets, and other initiatives to attain the Group's targets, and submitting for Board approval; approving projects with capital expenditure in excess of executive managerial limits;
- reviewing the respective authority for the various operations as specified in the list of approval authority and submitting for Board approval;
- reviewing "high" residual risks identified through risk assessments or internal audit reports that have been accepted by the relevant business unit and/or Group Head and to determine whether to accept those risks or mitigate them in accordance with the Group's risk appetite;
- establishing and dissolving any wholly-owned subsidiary, branch of the subsidiary or associated company or representative office of the Group, and obtaining Board approvals if required; and

- monitoring employee performance at all levels with regard to risk management, including the effectiveness of the internal control system and operations in compliance with related laws, rules and regulations.

As at the date of this Offering Circular, the EC has 14 members, with the GCEO serving as chairman of the committee.

A quorum of at least one half of the committee's members is required to convene a meeting, at least one of whom must be the EC chairman or vice-chairman.

The EC is required to meet at least quarterly and as often as it deems appropriate to carry out its responsibilities. In each of 2022, 2023 and 2024, the EC sat 11 times, 17 times and 14 times.

Group Asset Liability Executive Committee

The ALEC is an executive management committee that determines matters relating to liquidity risk, interest rate risk, balance sheet management and trading activities. The role of the ALEC is to ensure policies and internal guidelines approved by the EC other Group management committees are adhered to.

The ALEC seeks to manage the Group's assets and liabilities in order to enhance profitability and protect the Group from any adverse consequences that may result from extreme changes in market conditions and other financial risks.

In carrying out these key functions, the ALEC:

- reviews and recommends changes to the structure of the Group's balance sheet and management of the Group's assets and liabilities generally;
- oversees the Group's liquidity policies including the setting and monitoring of liquidity margins, liquidity ratios and the management of liquidity risk;
- oversees and manages the Group's exposures to different asset classes, including monitoring the Group's deposit concentration levels;
- reviews management strategies with respect to balance sheet structure including asset allocation strategies; changing liability structure and mix; balance sheet growth, structure and maturity; and hedging, which are consistent with the Group's strategic goals and in compliance with regulatory requirements;
- monitors and reviews the Group's capital position and funding requirements;
- determines current and projected liquidity requirements and monitors the sources and uses of liquidity, including contingency plans for unexpected or volatile market conditions;
- reviews and revises, when necessary, short and medium term projections and other external regulatory and economic factors, which affect the liquidity of the Group;
- identifies, analyses and recommends changes in policies, guidelines and procedures relating to assets and liabilities consistent with the Group's mission and financial goals;

- approves the approach and strategies utilised in the management of treasury products;
- reviews the Group's hedging strategy periodically to ascertain it is in accordance with the overall objectives of the Group and that it considers the market conditions and currency market trends; and
- monitors and reviews the Group's compliance with applicable regulatory ratios and Board policy relating to the management of market risk and interest rate risk.

As at the date of this Offering Circular, the ALEC has 14 voting members, with the GCEO serving as chairman of the committee.

A quorum of five members (including the Chairperson or assigned deputies) is required to convene a meeting.

The ALEC is required to meet at least 10 times a year by its charter and generally convenes monthly or as otherwise required. In each of 2022, 2023 and 2024, the ALEC sat 10 times.

INTERNAL CONTROLS

The Group's internal controls over financial reporting comprise processes designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting principles. The Group's internal controls include policies and procedures that: (i) are designed to ensure the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Group's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the Group; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets.

The Board has assigned the BAC with responsibility for the oversight of the Group's internal control framework along with the selection and rotation of external auditors in compliance with regulatory requirements.

An annual review of the Group's internal control functions is conducted by an external audit firm other than the auditors of the Group in accordance with CBK requirements. This review examines the Group's accounting and other records, and evaluates the internal control systems in place in the following, non-exhaustive areas: corporate governance, consumer banking, corporate and private banking, treasury, financial control, information technology, risk management, human resources and administration, internal audit, legal affairs, customer complaints, financial securities, confidentiality of customer information, anti-fraud and embezzlement systems and anti-money laundering.

None of the external review reports for 2023 and 2022 highlighted any significant issues with the Group's internal control functions.

Notwithstanding the above, internal controls are subject to inherent limitations. Please see *"Risk Factors—Factors that may Affect the Bank's Ability to Fulfil its Obligations in Respect of the Notes—Operational risks—The Group's risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks, which could result in material losses"*.

COMPENSATION

In 2024, the total compensation paid to the executive management amounted to KD 16.7 million, compared to KD 15.1 million in 2023 and KD 13.6 million in 2022. The remuneration paid to directors of the Bank, amounting to KD 770 thousand for 2024 (2023: KD 770 thousand), is in accordance with local regulations and is subject to the approval of shareholders at the Annual General Meeting.

Board members do not receive any compensation in the form of fees, salaries or bonuses for their services rendered to the Group.

OVERVIEW OF KUWAIT

Unless indicated otherwise, information in this section has been derived from Kuwaiti Government publications.

OVERVIEW

Kuwait is located in the north-east of the Arabian Peninsula in Western Asia. It is bordered by Saudi Arabia to the south at Khafji and Iraq to the north at Basra. To the east, Kuwait has approximately 499 kilometres of coastline on the Arabian Gulf.

Kuwait covers an area of approximately 17,818 square kilometres, which is divided into six Governorates (Al-Ahmadi, Al-'Asimah (the capital), Al-Farwaniyah, Al-Jahra', Hawalli and Mubarak Al-Kabir). Each Governorate is headed by a governor, a representative of the Emir, who is supported by a council. Governors are usually members of the ruling family or close allies. Membership of the Governorate councils is by appointment. Each Governorate is divided into districts or areas and each district is headed by a mayor or chief (Mukhtar) who reports to the Ministry of Interior. The capital and administrative centre of Kuwait is Kuwait City, where the Government and most of the other state institutions are located. The official language in Kuwait is Arabic, but the use of English is widespread, especially in business transactions.

Kuwait's economy benefits from some of the largest proven crude oil reserves in the world as well as very low relative oil production costs. According to OPEC's 2025 Annual Statistical Bulletin Kuwait has the sixth largest proven crude oil reserves in the world estimated at around 101.5 billion barrels (accounting for 6.5 per cent. of the world's total proven crude oil reserves). In addition, according to the same source, Kuwait was the world's ninth largest crude oil producer and 11th largest crude oil exporter for the year ended 31 December 2024, accounting for 3.3 per cent. of the world's total crude oil production and 2.7 per cent. of the world's total crude oil exports. As a founding member of OPEC, Kuwait's crude oil production is subject to any agreements that are reached to limit crude oil production.

POPULATION

The latest official Kuwait census for which data has been published was conducted in 2021. Accordingly, all population figures for subsequent years are estimates based on historic data.

The most recent estimate of the population in Kuwait published by the Public Authority for Civil Information estimated the population to be approximately 5.1 million in mid-2025, of which approximately 1.5 million were Kuwaiti nationals (30.4 per cent.) and approximately 3.6 million were non-Kuwaiti nationals (69.6 per cent.).

ECONOMIC OVERVIEW

Since oil was discovered in Kuwait in 1937, Kuwait's economy has grown significantly, principally due to the revenues generated from the export of crude oil and related products. Kuwait's major industries include petroleum, petrochemicals, cement, shipbuilding and repair, water desalination, food processing and construction.

According to data published by the CBK and sourced to the CSB, Kuwait's real GDP decreased by 1.7 per cent. in 2023 after having increased by 6.8 per cent. in 2022 and by 1.7 per cent. in 2021. According to the IMF's World Economic Outlook Database (April 2025), Kuwait's real GDP is expected to increase by 1.9 per cent. in 2025 and by 3.1 per cent. in 2026.

According to data published by the CSB, Kuwait's nominal GDP decreased by 9.6 per cent. in 2023 after having increased by 25.6 per cent. in 2022 and by 31.6 per cent. in 2021. In each case the change was driven by changes in oil-related activities.

According to data published by the Kuwait Ministry of Finance, oil revenues comprised 87.8 per cent. of total Government revenues for the fiscal year ended 31 March 2025, 91.0 per cent. of total Government revenues for the fiscal year ended 31 March 2024 and 92.7 per cent. of total Government revenues for the fiscal year ended 31 March 2023. According to the same source, Kuwait's General budget recorded a deficit of KD 1.1 billion in the fiscal year ended 31 March 2025, KD 1.6 billion in the fiscal year ended 31 March 2024 and a surplus of KD 6.4 billion in the fiscal year ended 31 March 2023. According to data published by the CSB, oil exports represented 93.2 per cent. of total exports for the first six months of 2025, 90.7 per cent. of total exports for the year ended 31 December 2024 and 92.7 per cent. of total exports for the year ended 31 December 2023.

Kuwait's economy is impacted by developments in oil prices. The annual average OPEC Reference Basket prices in each of 2021, 2022, 2023 and 2024 were U.S.\$69.89 per barrel, U.S.\$100.08 per barrel, U.S.\$82.95 per barrel and U.S.\$79.89 per barrel, respectively. In the first half of 2022, the OPEC Reference Basket price per barrel increased significantly against a backdrop of a recovery in global oil demand from its pandemic lows and concerns over the oil supply outlook due to fallout from the Russia-Ukraine conflict. However, prices fell in the second half of 2022, as markets grew increasingly concerned about the health of the global economy amid soaring inflation, tightening monetary policy and the economic damage caused by China's continuing struggle with COVID-19. The lower annual average OPEC Reference Basket price in 2023 principally reflected changes towards the end of 2022 in the sanctions regime imposed on Russia and announcements by OPEC and non-OPEC members towards the end of 2022 and in early 2023 with the aim of stabilising oil prices. The monthly average OPEC Reference Basket prices were U.S.\$79.38 per barrel in January 2025, U.S.\$76.81 per barrel in February 2025, U.S.\$74.00 per barrel in March 2025, U.S.\$68.98 per barrel in April 2025, U.S.\$63.62 per barrel in May 2025, U.S.\$69.73 per barrel in June 2025, U.S.\$70.97 per barrel in July 2025, U.S.\$69.73 per barrel in August 2025 and U.S.\$70.39 per barrel in September 2025.

OPEC Reference Basket price movements are shown solely to illustrate the historic volatility in international crude oil prices and no implication is intended that the Group's revenue from crude oil production is directly linked to the price of the OPEC Reference Basket. The price per barrel of Kuwait Export Crude Oil (which is produced by Kuwait and constitutes part of the OPEC Reference Basket) has also moved in line with these trends.

While the oil industry has historically dominated and continues to be the largest part of, Kuwait's economy with the oil sector (excluding refining) accounting for approximately 47.1 per cent. of nominal GDP in 2023 (according to data published by the CBK and sourced to the CSB), Kuwait continues to focus on the diversification of its economy by encouraging private sector participation and promoting foreign investment in non-oil sectors as articulated in the "**New Kuwait 2035**" plan.

Kuwait's public finances benefit from one of the world's largest sovereign wealth funds. Based on third party public sources, the KIA is ranked as the world's fifth largest sovereign wealth fund with approximately U.S.\$1,029 billion in assets according to the Sovereign Wealth Fund Institute. The KIA is prohibited by law from publicly discussing the exact size of its holdings. The KIA is responsible for the management of Kuwait's General Reserve Fund ("**GRF**") and its

Future Generations Fund ("**FGF**"), as well as other funds entrusted to it by the Minister of Finance for and on behalf of Kuwait. The GRF is available to fund budget deficits in Kuwait and Kuwait has never drawn down on the funds in the FGF since the FGF's inception in 1976, other than for liberation and reconstruction costs related to the Iraqi invasion.

INFLATION

The following table shows the consumer price index ("**CPI**") and annual inflation rate in Kuwait for the years ended 31 December 2023, 2022, 2021, 2020 and 2019, respectively.

	Average for the year ended 31 December				
	2024	2023	2022	2021	2020
Consumer Price Index (base year 2013=100).....	133.7	130.0	125.4	120.6	116.6
Inflation (average annual percentage change).....	2.9	3.6	4.0	3.4	2.1

Source: Data published by the CSB

GOVERNMENT, POLITICAL AND LEGAL SYSTEM

Kuwait is a constitutional monarchy with a parliamentary system of government. Under its Constitution, which entered into force in 1963, the head of the State is the Emir, who is chosen from among the members of the ruling Al-Sabah family and confirmed by the National Assembly. The current Emir is His Highness Sheikh Meshal Al-Ahmed Al-Jaber Al-Sabah, who ascended to the throne in December 2023. The Emir has, among other powers, the power to appoint the Prime Minister, dissolve the National Assembly, suspend certain parts of the Constitution and refer bills to the National Assembly for consideration. The Emir has the right to propose legislation as well as the right to promulgate and sanction laws. Historically, the Emir has been selected by family consensus although the Emir Succession Law provides for National Assembly input under certain circumstances.

Kuwait was the first member of the GCC to establish a directly elected National Assembly in 1963. The National Assembly comprises 50 directly elected members who serve four-year terms. The National Assembly has the power to question and dismiss ministers through a vote of no-confidence, including the Prime Minister, and to propose, enact or block enactment of legislation introduced by the Government.

On 10 May 2024, Kuwait's parliament was suspended by the Emir for up to four years. This suspension also included the sidelining of several articles of the Constitution. A new Cabinet was appointed by the Emir on 12 May 2024 and, during the suspension, the Emir and the newly appointed Cabinet will take over the 50-member Parliament's legislative powers. The Emir has expressed that the transitional period will be used to review the democratic process in Kuwait.

The Council of Ministers forms the executive level of government and advises and assists the Prime Minister, who is appointed by the Emir. The current Prime Minister is His Highness Sheikh Ahmed Al-Abdullah Al-Sabah who was appointed in May 2024.

Kuwait's legal system is primarily modelled on the French civil law system, Egyptian civil code and elements of Islamic Shari'a law. Although Kuwait is a democratic nation where sovereignty rests with the people, its system is based on the principles of justice, liberty and

equality and governed by a Constitution of delegated powers to the legislative, the executive and the judicial authorities. In descending order of importance, the Constitution is followed by laws and their implementing instruments such as regulations and ministerial resolutions.

DEVELOPMENT STRATEGY OF KUWAIT

In 2010, the Government announced its new overall strategy for Kuwait's future development through the year 2035 known as "**Kuwait Vision 2035**", which is based on three main themes:

- recovering the pioneering regional role of Kuwait and transforming it into a financial and trade centre, attractive to investors, where the private sector plays the lead role in economic activity creating competition and promoting efficiency; with supportive national governmental institutions providing the adequate infrastructure, appropriate legislative framework and an inspiring business environment;
- providing a climate for balanced human development, safeguarding social values and national identity and preserving the community's values; and
- strengthening the democratic system, respect for the Constitution, and the promotion of justice, political participation and freedom.

The New Kuwait Vision

On 30 January 2017, the Government updated its long-term development strategy under the slogan "**New Kuwait 2035**". The New Kuwait Vision is based on the following seven thematic pillars and objectives:

- *Public Administration*: Reform administrative and bureaucratic practices to reinforce transparency, accountability and efficiency in the Government.
- *Economy*: Develop a prosperous and diversified economy to reduce Kuwait's dependency on oil revenues.
- *Infrastructure*: Develop and modernise the national infrastructure to improve the quality of life for Kuwait's citizens.
- *Living Environment*: Ensure the availability of accommodation through environmentally sound resources and tactics.
- *Healthcare*: Improve service quality and develop national capabilities in the public healthcare system.
- *Human Capital*: Reform the education system to better prepare Kuwait's youth to become competitive, productive and competent members of the workforce.
- *Global Position*: Enhance Kuwait's regional and global presence in spheres such as diplomacy, trade, culture and philanthropy.

FOREIGN RELATIONS AND INTERNATIONAL ORGANISATIONS

Kuwait, together with Bahrain, Oman, Qatar, Saudi Arabia and the UAE, form the GCC. Kuwait is also a member of OPEC and the United Nations. It is also a member of numerous international and multilateral organisations, including the IMF, the International Bank for Reconstruction and Development, the WTO, the League of Arab States, the Organisation of the Islamic Conference, the Multilateral Investment Guarantee Agency and the United Nations Educational, Scientific and Cultural Organisation (UNESCO).

BANKING INDUSTRY AND REGULATION IN KUWAIT

CENTRAL BANK OF KUWAIT

Kuwait's monetary, banking and financial system is regulated and supervised by the CBK, which was formed by Law No. 32 of 1968 (as amended) (the "**CBK Law**"). The CBK commenced operations on 1 April 1969. According to Article 15 of the CBK Law, its objectives are to:

- issue currency on behalf of Kuwait;
- secure the stability of the Kuwaiti dinar and its free convertibility into other currencies;
- direct credit policy in order to contribute to Kuwait's social and economic progress and the growth of national income;
- supervise the banking system in Kuwait;
- serve as the Government's bank; and
- render financial advice to the Government.

The CBK is largely independent of Kuwait's executive and legislative branches and is managed by a Board of Directors, consisting of the Governor of the CBK, who also acts as the Chairman, the Deputy Governor of the CBK, a representative from each of the Kuwait Ministry of Finance and the Kuwait Ministry of Commerce and Industry (the "**MOCI**") and four additional members, each of whom must be a Kuwaiti national and must be nominated by the Minister of Finance (after obtaining the approval of the Council of Ministers). The four additional Board members are drawn from expert practitioners in the fields of economics, finance or banking and are appointed by an Emiri Decree for a three-year renewable term. The Governor and the Deputy Governor of the CBK are each appointed by an Emiri Decree for a five-year renewable term, pursuant to a recommendation from the Minister of Finance (which is conditional on them having experience in the banking sector).

The CBK's total assets as at 31 August 2025 were approximately KD 11.7 billion.

BANK REGULATION AND SUPERVISION

All banks operating within Kuwait are subject to the supervision of the CBK, which is the primary regulator of banks and financial institutions in Kuwait whilst the Kuwait Capital Markets Authority (the "**CMA**") exercises supervisory authority over all Kuwaiti entities (including banks and financial institutions) which are listed on Boursa Kuwait (previously known as the Kuwait Stock Exchange) or engage in securities activities as discussed further below.

Off-site and on-site supervision department

The CBK's off-site supervision department receives periodic financial reports from institutions under its supervision, issues supervisory regulations, resolutions and instructions to such institutions, examines ongoing banking and financial trends and monitors their impact on the soundness and stability of these institutions. The department also conducts studies to assess applications to establish new banking and financial institutions or for new

branches, articles of association, banking services and by-laws; and organises and maintains registers of the institutions subject to CBK supervision. The off-site supervision department also prepares CBK recommendations on issues concerning banking and supervisory conditions, and develops a dialogue with worldwide supervisory bodies and concerned international institutions, to stay informed and updated on the latest global trends and developments in the area of supervision of banking and financial activities.

The CBK also has an on-site supervision department that is responsible for monitoring the activities of institutions under its supervision to ensure their compliance with the provisions of relevant laws and supervisory regulations and instructions, including through periodic inspections. In addition, the on-site supervision department is responsible for the combat of money laundering and financing of terrorism (through an Anti-Money Laundering section within the on-site supervision department), following up on complaints and appeals submitted to CBK by those dealing with CBK-regulated entities, and proposing related supervisory regulations and instructions.

Financial Stability Office

The CBK has also established a Financial Stability Office (the "**FSO**"), which aims to contribute to a sound financial system in Kuwait capable of withstanding financial and economic shocks by identifying key vulnerabilities in the financial system and suggesting appropriate corrective measures. The FSO annually publishes its flagship Financial Stability Report (the "**FSR**"), covering key developments in the banking sector (making an assessment of financial intermediation, analysing key risks in the banking sector and examining the trends in banks' profitability, solvency and resilience against major shocks), domestic markets (money, foreign exchange, equity and real estate markets) and the payment and settlement systems. The aim of publishing the annual FSR is to identify risks to the stability of the financial system and to promote transparency and encourage informed public discourse on various developments in the financial system.

The FSO also prepares other analytical reports, for internal use on major developments and key risks in the banking sector and financial markets, making use of appropriate tools and techniques, such as stress testing, in early identification of vulnerabilities in the financial system.

BANKING REGULATION

Liquidity regulations

The CBK requires banks to maintain 18 per cent. of their Kuwaiti dinar customer deposits in the form of balances with the CBK and Kuwaiti Government treasury bonds, although this ratio was reduced between April 2020 and 31 December 2022 during the COVID-19 pandemic.

Bank liquidity in Kuwait is monitored using the "Maturity Ladder Approach" under which future cash inflows are compared with future cash outflows. The resulting liquidity mismatches are then examined in time bands against approved limits for each band. The relevant instruction relating to liquidity establishes the elements to be included when calculating assets and liabilities for the purpose of determining liquidity.

Banks are required to submit, along with existing liquidity reports, their LCR reports on a daily and monthly basis for monitoring purposes as well as LCRs by major currency. Both the

minimum required LCR and NSFR were also temporarily reduced between April 2020 and 31 December 2022.

Capital adequacy regulations

Over the past few years, the CBK has refined its existing regulations to reflect global best practices. The CBK has implemented the full set of Basel III regulations, covering capital adequacy, leverage, and liquidity. The CBK has enhanced its capital adequacy regime by setting out higher and better quality capital for Kuwaiti banks to further strengthen their loss absorbing capacity. The CBK has also put up additional capital requirements for systemically important banks, such as the Bank, and introduced the Leverage Ratio (which is defined as the "capital" measure – made up of Tier 1 capital – divided by the "exposure" measure – being the sum of on-balance sheet assets, derivative exposures and off-balance sheet exposures) as a supplementary measure to ensure that Kuwaiti banks do not become overly leveraged.

The CBK's Instructions relating to Basel III require that the terms and conditions of Tier 1 or Tier 2 instruments issued by a licensed bank in Kuwait must contain a provision that permits such instruments to either be written-off or converted into common equity, as determined by the CBK, should a Trigger Event (as defined below) occur. Pursuant to the Instructions, a "**Trigger Event**" will have occurred if either of the following events occurs:

- the issuing bank is instructed by its regulator to write-off or convert such instruments, on the grounds of non-viability; or
- an immediate injection of capital is required, by way of an emergency intervention, without which the issuing bank would become non-viable.

Notwithstanding the definition of Trigger Event set out above, the conditions of the Tier 1 and Tier 2 capital securities issued by the Bank only allow for a write-down (as defined in the Conditions), and not a conversion into ordinary shares, to take place following the occurrence of a Trigger Event.

Credit risk regulations

- *Loan/financings to deposit ratio* - Kuwaiti banks are restricted by the CBK from lending amounts in excess of a prescribed percentage of qualifying deposits. With effect from October 2016 to April 2020, the prescribed percentage was 90 per cent., irrespective of the maturity profile of such deposits. The prescribed percentage was increased to 100 per cent. in April 2020 following the outbreak of the COVID-19 pandemic. As at 1 January 2022, the limit was decreased to 95 per cent. and returned to the pre-COVID-19 prescribed percentage of 90 per cent. on 1 January 2023.
- *Credit facility classifications*: The CBK requires banks operating in Kuwait to evaluate and classify their credit facilities into two categories (regular and irregular) on a periodic basis. The relevant CBK instructions specify the cases when a credit facility must be classified as 'irregular' and include where payment of an instalment is not made, interest is not paid on the maturity date or the debit balance exceeds the drawing limits determined for the customer.

- *Consumer and instalment loans:* Consumer credit facilities are granted in compliance with the CBK's regulatory framework, lending limits and the Bank's internal credit policy. In November 2018, the CBK amended the regulations on granting personal loans/financing. Taking into consideration changes in macroeconomic conditions and the changes in customer demographics, these amendments increased the ceiling for both consumer loans and Islamic financing. In general, the maximum eligible limit for a consumer loan is 25 times the net monthly salary (or continuous monthly income) of the consumer, or KD 25,000, whichever is lower, with a maximum repayment tenor of five years. An "instalment" loan is a long-term personal loan intended for non-commercial purposes, in particular for renovation or purchase of a private residence. The maximum limit on instalment loans is KD 70,000 (which is in addition to the maximum limit on any "consumer" loan advanced to the same customer). The maximum repayment tenor for an instalment loan is 15 years. A customer's total monthly repayment liability (consumer and instalment loans) must not exceed 40 per cent. of that customer's net monthly salary (or continuous monthly income).
- *Extension of facilities for non-residents:* Local banks are permitted to extend credit facilities in KD to non-residents without the need for prior consent from the CBK only in connection with financing contracts awarded by government bodies in Kuwait whose value does not exceed KD 40 million and where the loan does not exceed 70 per cent. of the total value of the contract. In all other cases, CBK consent is required for loans to non-residents.
- *Foreign exchange transactions* - Local banks may deal with foreign banks for foreign exchange transactions, may deposit Kuwaiti dinar with foreign banks and may enter into foreign exchange swap and other derivative transactions, including options, futures and forward contracts.

Concentration risk regulations

- *Investment limits:* The total ratio of the securities portfolio held by a Kuwaiti bank should not exceed 50 per cent. of the bank's capital in its comprehensive concept, as defined under the CBK's instructions to the local banks in respect of the capital adequacy ratio and the CBK instruction no. BS/101/1995 (as amended) in respect of the credit concentration limits. Further, the ratio of the investment in the securities of any one issuer should be the lower of 10 per cent. of the bank's capital in its comprehensive concept or 10 per cent. of the issuer's capital.
- *Maximum limit for credit concentration:* Subject to certain exceptions or where prior CBK approval has been obtained, the total credit liabilities of any single customer (including its legally or economically associated entities) to a bank may not exceed 15 per cent. of the bank's regulatory capital.
- *Clustering limit – total limit for large concentrations:* The aggregate of large credit concentrations (being concentrations which exceed 10 per cent. of a bank's regulatory capital), including any exceptions approved by the CBK, may not exceed four times a bank's regulatory capital.

Interest rate cap regulations

The CBK's resolutions issued in respect of interest rate ceilings provide that the maximum limits for interest rates on KD loans to corporates should not exceed:

- 2.5 per cent. over the CBK's discount rate in the case of commercial loans with a maturity of one year or less; and
- 4 per cent. over the CBK's discount rate in the case of commercial loans exceeding one year.

Interest rates for consumer and instalment loans denominated in Kuwaiti dinar are currently capped at the CBK discount rate plus 3 per cent. for each block of five years. Such interest rates may be adjusted by no more than plus or minus 2 per cent. for each subsequent block of five years.

Interest rates for loans in currencies other than the Kuwaiti dinar are not regulated by the CBK.

Corporate governance

On 10 September 2019, the CBK issued a revised version of the "Rules and Standards of Corporate Governance" (the "**Corporate Governance Rules**") which apply to all banks in Kuwait and were required to be implemented with effect from 30 June 2020. The Corporate Governance Rules provide principles that should be applied by Kuwaiti banks in order to ensure proper governance. They comprise nine pillars that cover, amongst other things, board composition, independent board members, senior management, risk management governance, compliance governance, cyber security, disclosure and transparency, remuneration policies and systems, and overall protection of shareholder and stakeholder's rights. The Corporate Governance Rules require each bank to adopt a corporate governance manual and establish a corporate governance committee, tasked with devising an overall framework for the adherence to the governance manual.

The Corporate Governance Rules require the existence of independent directors in the composition of a banks' board of directors and the board committees. A bank's board must comprise no less than 11 board members, four of whom must be deemed "independent" but in no circumstance should the independent board members occupy more than half of the board seats.

The Corporate Governance Rules define the role of a bank's board of directors and executive management (including the chief executive officer and other members of senior management), the executive committee, the risk committee, the audit committee, and any other committees that have an active role in the business of the Bank.

The Board adopts and implements internationally recognised corporate governance practices and adheres to the CBK's requirements under the Corporate Governance Rules. See "*Management and Employees–Management–Corporate governance framework*" for further detail.

Third party portfolio management

Instructions apply to portfolios managed by banks and investment companies for the account of third parties and invested in foreign securities and other financial instruments.

Other Instructions

The CBK has also issued Instructions containing guidelines relating to, among other matters: (i) post-dated cheques; (ii) banks' credit policy ratios; (iii) verification of the purpose of credit facilities granted to customers; (iv) collateral to be granted by customers against credit facilities; (v) the provision of facilities for trading in shares listed on the Boursa Kuwait; (vi) the protection of customers; (vii) customers' special needs and (viii) anti-money laundering and combating the financing of terrorism.

APPLICATION OF CBK REGULATIONS TO THE BANK

The Bank is incorporated as a public shareholding company in Kuwait. The Bank is licensed by the CBK to conduct banking activities and operates under its supervision. The Bank is also listed on Boursa Kuwait. As a company incorporated in the State of Kuwait under the applicable companies' laws, for the Bank to perform any commercial activities, it must have a valid commercial license issued by the Ministry of Commerce and Industry ("**MOCI**"). The MOCI issued commercial license is renewable every four years. The Bank has a valid commercial license which expires on 21 December 2026. The Bank has no reason to believe that its commercial licence will not be renewed by MOCI.

The CBK is tasked with maintaining the stability of Kuwait's banking system. As an entity subject to the CBK's oversight, the Bank is required to submit various periodic and one-off reports to the CBK. The CBK also conducts inspections of banking and financial institutions (banks, investment companies and money exchange companies) which are subject to its supervision in order to ascertain their financial sustainability and their adherence to their constitutive documents. These inspections may be in the form of a specific inspection or a full audit of all activities. The CBK routinely and periodically inspects all entities subject to its oversight. The CBK's most recent comprehensive inspection of the Bank was conducted from the period of September 2024 to February 2025. The final inspection reports have not yet been published.

Alongside the CBK, the Bank is also regulated by the CMA due to it being a publicly traded company with shares listed on Boursa Kuwait, and conducts some of the "Securities Activities" listed in Module 5 article 1-2 of the CMA Bylaws.

BANKING SYSTEM

The Kuwait banking sector has experienced increased competition and diversification from the entry of international banks establishing branches in Kuwait, following the promulgation of Law No. 28 of 2004 amending certain provisions of the CBK Law. As at 31 August 2025, total local bank assets in the Kuwaiti banking sector amounted to KD 99.9 billion and total credit facilities to Kuwaiti residents advanced by local banks amounted to KD 47.3 billion (compared to KD 91.7 billion and KD 45.1 billion, respectively, as at 31 December 2024) (source: CBK).

The key performance indicators of the conventional Kuwaiti banks as at 30 June 2025 are set out below (source: financial statements and investor publications published on the company website of each bank listed below).

	Cost to income ratio	Return on assets	Return on equity	Earnings per share
		<i>(per cent.)</i>		<i>(fils*)</i>
National Bank of Kuwait S.A.K.P.....	38.0	1.52	15.1	35
Burgan Bank.....	61.0	— ⁽¹⁾	— ⁽¹⁾	4.0
Gulf Bank.....	51.1	0.7	5.9	6
Commercial Bank of Kuwait.....	34.1	2.8	16.4	30.6
Al-Ahli Bank of Kuwait K.S.C.P.....	42.2	— ⁽¹⁾	9.2	11

* 1000 fils equals one Kuwaiti dinar.

⁽¹⁾ Figure not publicly available as at the date of this Offering Circular.

In addition, according to the CBK's website, 11 foreign bank branches also operate in Kuwait. These are the Bank of Bahrain and Kuwait, BNP Paribas, HSBC Bank Middle East Limited, First Abu Dhabi Bank, Citibank, Qatar National Bank, Doha Bank, Mashreq Bank, Al-Rajhi Banking & Investment Corporation, Bank Muscat and Industrial and Commercial Bank of China Limited.

DEPOSIT GUARANTEE LAW

In response to the global financial crisis in 2008, the Government took a number of measures, including the passing of Law No. 30 of 2008 regarding the guarantee of deposits held with local banks (the "**Deposit Guarantee Law**"). Under the Deposit Guarantee Law, the Government of Kuwait has undertaken to guarantee the principal (but not interest) of all deposits held with local banks in Kuwait, including savings accounts and current accounts.

TAXATION

The following is a general description of certain Kuwait and European Union tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the countries of their respective citizenship, residence or domicile of acquiring, holding and disposing of Notes and receiving payments under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Kuwait

*In general income taxation in Kuwait is based on the Kuwait Income Tax Decree No. 3 of 1955, as amended by Law No. 2 of 2008 "Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955" and its Executive Bylaws (the "**Regulations**"), and various administrative resolutions and circulars relating thereto issued by the Ministry of Finance (together, the "**Corporate Taxation Rules**") and Decree Law No. 157 of 2024 Concerning the Taxation of Multinational Enterprises (the "**MNE Law**") and the executive regulations thereto issued under Resolution No. 55 of 2025 (the "**MNE Executive Regulations**" and together with the MNE Law, the "**MNE Rules**").*

Tax exemptions relevant to payments under the Notes

Pursuant to Law No. 22 of 2015 (the "**CMA Amendment**") amending Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and the Regulating of Securities Activities (the "**CMA Law**"), yields of bonds and other similar securities regardless of the issuer thereof shall be exempted from taxation. This should include taxation under the Corporate Taxation Rules and taxation under the MNE Rules. Additionally, the tax exemptions provided under the CMA Amendment were acknowledged by the recent Administrative Resolution No. 2028 of 2015, issued by the Minister of Finance (the "**Administrative Resolution**" and together with the CMA Amendment, the "**Tax Exemptions**"). Although the Tax Exemptions are yet to be tested, they appear to provide for a tax exemption to the Noteholders.

However, given the lack of precedent in this regard, it is not possible to state definitively how the DIT and/or the Kuwait Courts may implement or enforce the Tax Exemptions.

Individuals are not subject to any Kuwaiti income tax on their income or capital gains.

Retention

Under the Regulations, a Kuwaiti-based party (including, but not limited to, ministries, authorities and other public juristic persons) making a payment (being referred to in this section as the payer) to any other party (being referred to in this section as the payee), wherever incorporated, is obliged to deduct 5 per cent. of the amount of each such payment (the "**Retention**") until such time as the DIT issues a tax clearance certificate approving the release of such amount. Unlike the position relating to withholding tax, the payer is not required to directly transfer the Retention amount to the DIT immediately, but instead retains such amount and releases it: (i) to the payee upon presentation to the payer by such payee of a tax clearance certificate from the DIT confirming that the payee is not subject to or is exempt from income tax, or has realised a loss, or has paid or guaranteed the payment of its income tax; or (ii) in the absence of such a tax clearance certificate, to the DIT, on demand.

According to a literal interpretation of the Regulations, payments which are subject to a deduction as described above would include principal and interest payments.

The Tax Exemptions do not address the issue of whether or not there remains an obligation to effect a Retention as specified above. Similarly, under the MNE Rules it is not clear whether or not the Retention is required.

Although payments made by the Issuer would likely not be subject to the Retention because of the Tax Exemptions, there is a lack of guidance on this issue currently from the DIT, and as such, there is a possibility that retention could apply. Accordingly, the Issuer could be required to deduct 5 per cent. from every payment made by it to a Noteholder under the Notes, which amount would be released by the Issuer upon presentation to it of a tax clearance certificate from the DIT.

Gross up

Regardless of the above, in the event of the imposition of withholding, deduction or retention, the Issuer is required pursuant to Condition 8 (*Taxation*) to gross up any payments to Noteholders under the Notes, subject to certain limited exceptions, irrespective of whether a tax clearance certificate is presented or not.

Other taxes

Save as described above, all payments in respect of the Notes may be made without withholding, deduction or retention for, or on account of, present taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Kuwait.

No stamp, registration or similar duties or taxes will be payable in Kuwait by holders of Notes in connection with the issue or any transfer of the Notes.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to sections 1471 to 1474 (inclusive) of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification,

reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction, such as Kuwait and the United Arab Emirates, would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 6 November 2025 between the Issuer and the Sole Global Coordinator, the Issuer has agreed to issue U.S.\$300,000,000 in aggregate principal amount of the Notes and, subject to certain conditions, the Sole Global Coordinator has agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of Notes.

The Sole Global Coordinator will be paid certain commissions in respect of its services for managing the issue and the offering of the Notes. To the extent permitted by law, the Issuer and the Sole Global Coordinator may agree that commissions or fees may be paid to certain brokers, financial advisors and other intermediaries based upon the amount of investment in the Notes purchased by such intermediary and/or its customers. Any disclosure and other obligations in relation to the payment of such commission to such intermediary are solely the responsibility of the relevant intermediary and none of the Issuer, the Sole Global Coordinator or any of their affiliates, nor any person who controls or is a director, officer, employee or agent of any such person accepts any liability or responsibility whatsoever for compliance with such obligations. Each customer of any such intermediary is responsible for determining for itself whether an investment in the Notes is consistent with its investment objectives.

The Sole Global Coordinator will also be reimbursed for certain of its expenses incurred by it in connection with the issue of Notes and the Issuer has agreed to indemnify the Sole Global Coordinator against certain liabilities incurred by it in connection therewith.

The Sole Global Coordinator and its respective affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer and its affiliates in the ordinary course of their respective businesses (see further "*General Information*").

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Sole Global Coordinator has represented and agreed that it has not offered, sold or delivered any Notes, and will not offer, sell or deliver any Notes: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution of all Notes, other than in accordance with Rule 903 of Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer/manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to Retail Investors in the EEA

The Sole Global Coordinator has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

United Kingdom

Prohibition of Sales to Retail Investors in the UK

The Sole Global Coordinator has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For these purposes, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other Regulatory Restrictions

The Sole Global Coordinator has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Hong Kong

The Sole Global Coordinator has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or

which do not constitute an offer to the public within the meaning of the C(WUMP)O;
and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, the Sole Global Coordinator has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

The Sole Global Coordinator has acknowledged that this Offering Circular has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Global Coordinator has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)

The Sole Global Coordinator has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates (the "**UAE**") other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Abu Dhabi Global Market

The Sole Global Coordinator has represented and agreed that it has not offered and will not offer the Notes to any person in the ADGM unless such offer is:

- (a) an "Exempt Offer" in accordance with the Market Rulebook of the Financial Services Regulatory Authority (the "**FSRA**");
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the Conduct of Business Rulebook of the FSRA; and
- (c) made only in circumstances in which the "Financial Promotion Restriction" set out in section 18(1) of the Financial Services and Markets Regulations 2015 does not apply.

Dubai International Financial Centre

The Sole Global Coordinator has represented and agreed that it has not offered and will not offer the Notes to any person in the DIFC unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA Rulebook**"); and
- (b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

State of Kuwait

The Sole Global Coordinator has represented and agreed that no Notes will be offered, marketed and/or sold by it in Kuwait except through a licensed person duly authorised to undertake such activity pursuant to the CML Rules, unless all necessary approvals from the CMA pursuant to the CML Rules, together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing and/or sale of the Notes.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to the offering should note that the offer of Notes is a private placement under Article 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017) as amended by its resolution number 1-94-2025 dated 09/03/1447H (corresponding to 1 September 2025) and as further amended from time to time (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the Capital Market Authority and following a notification to the Capital Market Authority under Article 10 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of, or as otherwise required or permitted by, the KSA Regulations. The Sole Global Coordinator has represented and agreed

that any offer of Notes to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

The offer of the Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Kingdom of Bahrain

The Sole Global Coordinator has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Kingdom of Bahrain except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual who has a minimum net worth (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000;
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund); or
- (d) any other entity which is an "accredited investor" as defined in the Central Bank of Bahrain Rulebook.

State of Qatar

The Sole Global Coordinator has represented and agreed that it has not offered, delivered or sold, and will not offer, deliver or sell, at any time, directly or indirectly, any Notes in Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar (including the Qatar Financial Centre).

This Offering Circular: (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

General

The Sole Global Coordinator has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it offers or sells any Notes or possesses or distributes this Offering Circular and neither the Issuer nor the Sole Global Coordinator shall have any responsibility therefor.

Neither the Issuer nor the Sole Global Coordinator represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Offering Circular or the Notes may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Offering Circular and the offering and sale of Notes.

In connection with the offering of the Notes, the Sole Global Coordinator and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Sole Global Coordinator and/or its affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

GENERAL INFORMATION

Authorisation

The issue of the Notes by the Issuer and its entry into the Agency Agreement and the Subscription Agreement was duly authorised by resolutions of the Board of Directors of the Issuer on 17 September 2025.

Admission to Trading and Listing of Notes

Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the ISM. The ISM is not a United Kingdom regulated market for the purposes of Article 2(1)(13A) of UK MiFIR. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Circular. It is expected that the admission of the Notes to trading on the ISM will be granted on or around 11 November 2025.

Documents Available

For so long as the Notes are outstanding, physical copies of the following documents will, when published, be available for inspection from the specified offices of the Fiscal Agent for the time being in London:

- (a) the Memorandum and Articles of Association (with an English translation thereof if applicable) of the Issuer;
- (b) the Agency Agreement (which contains the form of the Global Certificate and the Individual Certificates);
- (c) a copy of this Offering Circular; and
- (d) the Interim Financial Information, the 2024 Financial Statements and the 2023 Financial Statements.

This Offering Circular will be published on the website of the London Stock Exchange at <https://www.londonstockexchange.com>.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS3223314017 and the Common Code is 322331401. The Financial Instrument Short Name (FISN) and the Classification of Financial Instruments (CFI) Code in respect of the Notes are as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the relevant ISIN, in each case as may be updated.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Legal Entity Identifier (LEI)

The LEI code of the Issuer is 549300NB7FE83IH6BW96.

Significant or Material Change

There has been no significant change in the financial performance or position of the Group since 30 September 2025 and there has been no material adverse change in the prospects of the Issuer or the Group, in each case, since 31 December 2024.

Litigation

Neither the Issuer nor any member of the Group has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

Yield

The yield of the Notes is 5.250 per cent. on an annual basis. The yield is calculated as at the Issue Date of the Notes on the basis of the issue price. It is not an indication of future yield.

Auditors

The Group's appointed auditors are Ernst & Young Al Aiban, Al Osaimi & Partners ("**E&Y**") whose business address is P.O. Box 74, Burj Alshaya, 16th & 17th Floor, Al Soor Street, Mirqab, Safat 13001, Kuwait and Deloitte & Touche Al-Wazzan & Co. ("**Deloitte**") whose business address is Ahmed Al-Jaber Street, Sharq, Dar Al-Awadi Complex, Floors 7 & 9, P.O. Box 20174, Safat 13062, Kuwait. Each of E&Y and Deloitte is regulated in Kuwait by the CMA and is a registered auditor licensed to act as an auditor in Kuwait by the Kuwaiti Ministry of Commerce and Industry.

The consolidated financial statements of the Group as at and for the years ended 31 December 2024 and 31 December 2023 have been jointly audited by E&Y and Deloitte in accordance with International Standards on Auditing, as stated in their reports incorporated by reference herein.

Websites

The contents of any website referred to in this Offering Circular do not form part of this Offering Circular.

Sole Global Coordinator Transacting with the Issuer

In the ordinary course of its business activities, the Sole Global Coordinator and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The Sole Global Coordinator or certain of its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Global Coordinator and such affiliates would hedge

such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Sole Global Coordinator and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

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REGISTRAR

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To the Issuer as to Kuwaiti law

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To the Sole Global Coordinator as to Kuwaiti law

International Counsel Bureau

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To the Issuer

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SOLE GLOBAL COORDINATOR

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