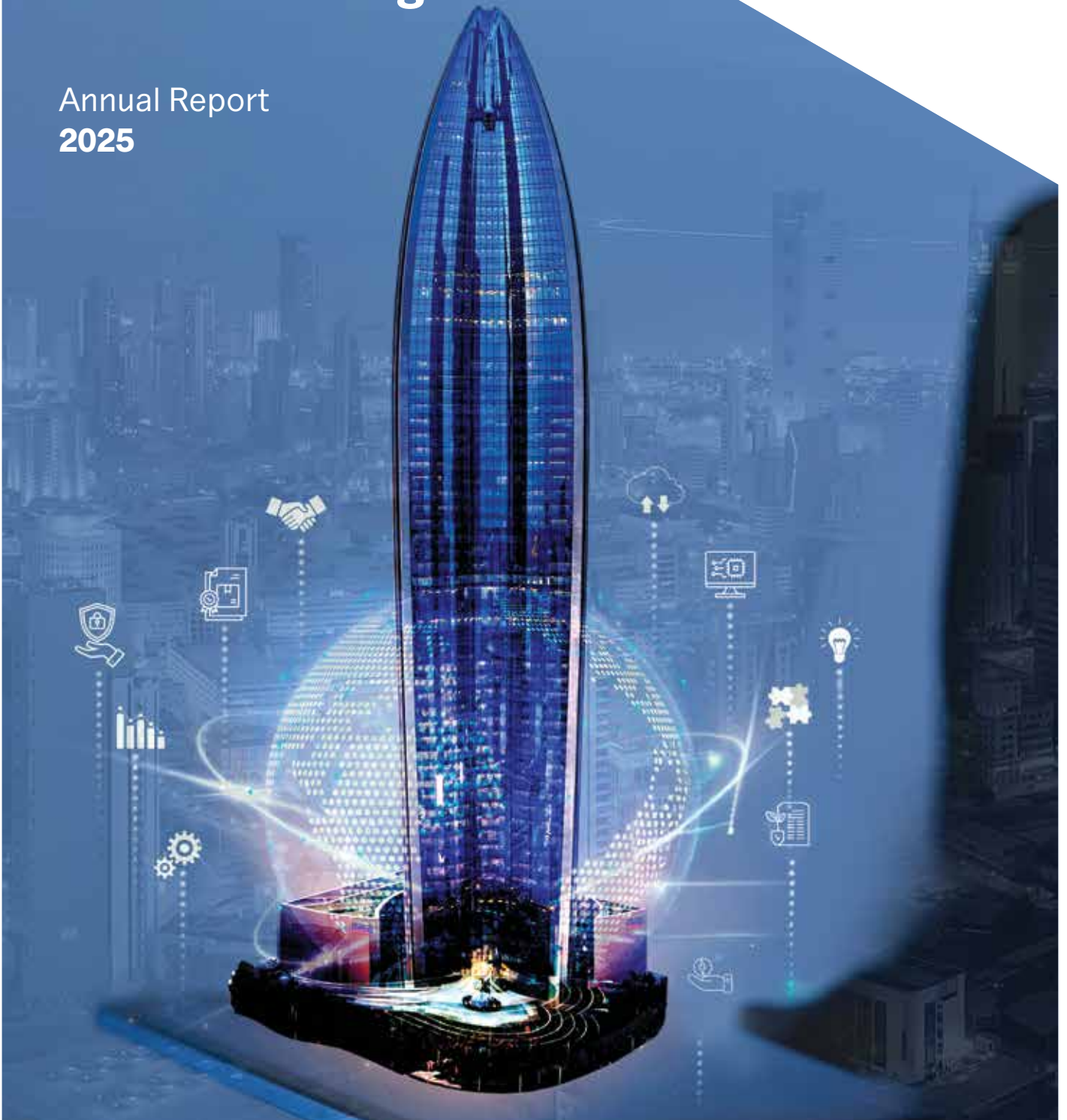


Expanding the Horizons of Modern Banking

Annual Report
2025





HH Sheikh

Mishal Al-Ahmad Al-Jaber Al-Sabah

Emir of the State of Kuwait



HH Sheikh

Sabah Khaled Al-Hamad AL-Sabah

Crown Prince of the State of Kuwait

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How We Performed

Operational Performance and Profitability

4

Continents

8,418

Global Employees

1.36%

NPL Ratio

13.4%

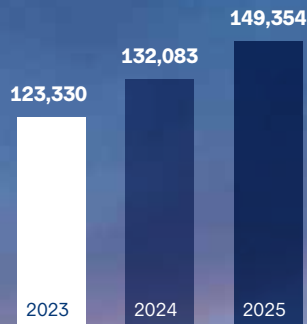
Return on Average Equity

149.4

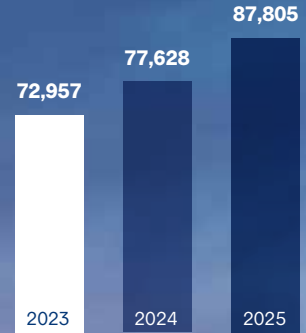
USD Billion Total Assets

17.0%

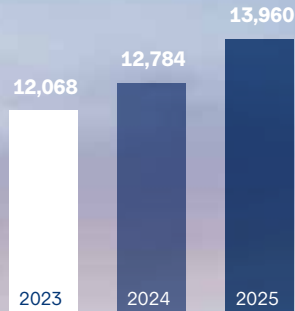
Capital Adequacy Ratio



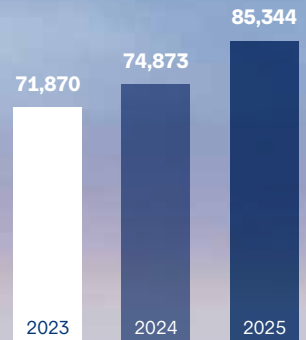
Total Assets (USD million)



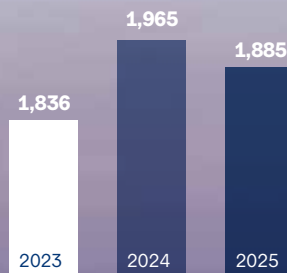
Loans, Advances and Islamic Financing (USD million)



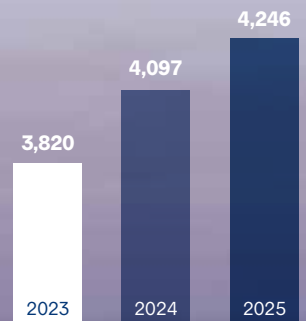
Total Equity Attributable (USD million)



Customer Deposits (USD million)



Net Profit Attributable to Shareholders (USD million)



Net Operating Income (USD million)

Setting New Benchmarks in Future Banking

At NBK, we maintain a strong commitment to innovation by transforming into a new and agile approach of conducting business; changing the way our customers bank with us. By serving our customers' expectations around digital delivery, ease-of-use, social impact, personalization, and financial wellness; we are not only keeping pace with change, we are the force shaping it.

Today, we are not just a financial provider – we are a leading financial partner, best prepared for the future of banking. As Kuwait's banking sector sets itself for a sweeping wave of innovation, we remain at the forefront of being digital to the core – to shape the future of banking. With data-driven experimentation and by leveraging AI to drive growth and maintain leadership in the region's financial sector, we moved beyond the concept of traditional banking to become a digital powerhouse.

Guided by a comprehensive strategy focused on digital transformation, we embedded customer-centric solutions into everyday life, prioritized process improvements, and redefined customer engagement. We created an intuitive, holistic journey that anticipates customer needs, simplifies financial management, and delivers personalized guidance. We advanced our mission to deliver a seamless and efficient banking experience, putting the customer at the center of every interaction.

As part of the broader digital transformation, we ensure end-to-end digitally-enabled experiences that directly cater to the digital-native demographic. We took significant strides to enhance customer experience, introduced a fully-digital customer onboarding journey, launched innovative offerings, and made mobile banking more seamless and intuitive.

This apart, we also reconciled the efficiencies of digital transformation with the need for an empathetic connection, preserving a personal touch and unlocking a future where technology and empathy go hand-in-hand. We also empowered our employees with the right skills and tools to help them deliver an exceptional banking experience that reflects customers' needs of today, while also staying responsive to their evolving needs.

Together, these initiatives strengthened our brand presence and relationships, reinforced our commitment to personalized banking experiences; enhanced engagement; and ensured that our customers enjoy a banking experience that is efficient, empowering, and highly satisfying.

Moving forward, we continue to tread on our promise of setting new industry benchmarks and underscoring our critical role in driving development and innovation across banking. While being deeply rooted in our values, we embrace innovation as a catalyst for sustainable growth. We continue to be excited about the potential of advanced technologies deployed at scale and speed to drive operational efficiency, achieve agility, resilience and scalability, and to carry ourselves into the next era of banking.

In this Annual Report, we showcase our cutting-edge practices, trends and insights, and how we are exploring the potential to build the next generation of banking. It explains how we continue to assess our future-readiness and integrate advanced technologies to stay competitive in a rapidly changing financial landscape.



Strategic Review

Guided by a forward-looking philosophy, NBK continues to elevate the standards of modern banking through innovation, responsibility, and long-term value creation; reinforcing our role as a catalyst for progress and sustainable growth. The Bank approach is rooted in trusted relationships, a deep understanding of clients, and an ability to adapt to evolving expectations across markets, segments, and economic cycles. In parallel, NBK will leverage on maximizing the use of data-driven analytics to enhance efficiency and act on informed decisions; meeting clients' expectations and positioning the Bank at the forefront to adapt future transformations.



Chairman's Statement

Hamad Mohamed Al-Bahar
Chairman



“For more than seven decades, NBK positions itself as a catalyst of change in shaping the future of responsible banking”

“Innovation is pursued as a strategic enabler of long-term competitiveness and institutional relevance”

Dear Shareholders,

It is a privilege to reflect on the continued progress of National Bank of Kuwait (NBK), an institution that has shaped Kuwait's financial landscape for more than seven decades while contributing meaningfully to regional economic advancement. Throughout its 73-year history, NBK has not merely responded to market change, but anticipated and helped shape it, evolving from a pioneering domestic institution into a regional leader with global reach and strategic significance.

Today, NBK continues to serve the evolving needs of customers and society within a complex economic and geopolitical environment. Guided by disciplined governance, strategic prudence, and sustained investment in innovation and human capital, our strength lies in setting direction, reinforcing trust as a foundational asset, and acting as a catalyst for sustainable progress across Kuwait and the wider region. Amid structural transformation across the financial sector, NBK positions itself not as an observer of change, but as an institution actively shaping the future of responsible banking.

Setting New Benchmarks in Future Banking

The banking industry has entered a structurally defining phase shaped by digital intelligence, platform-based client ecosystems, and the deeper integration of sustainability into capital allocation and risk frameworks. Amid this transformation, trust remains the foundational currency of banking and the cornerstone of institutional resilience. It underpins market confidence, strengthens stakeholder relationships, and sustains the legitimacy through which financial institutions operate and grow. NBK approaches this inflection point not as a period of adjustment, but as a strategic opportunity to reinforce

its leadership position by advancing industry standards and generating enduring value through disciplined partnerships, cross-border collaboration, and the continued expansion of digital and fintech capabilities that broaden accessibility, inclusion, and service quality.

Innovation is therefore pursued as a strategic enabler of long-term competitiveness and institutional relevance. By embedding artificial intelligence, advanced analytics, and resilient digital infrastructure across operating models and engagement platforms, NBK enhances decision precision, operational scalability, and client experience while reinforcing the trust placed in the Bank by customers, investors, and regulators alike. NBK continues to reinforce this strategic progress through first-to-market solutions that strengthen regional leadership and client relevance. This deliberate integration of technology, governance discipline, and client insight supports our continued evolution toward a future-ready banking model that is defined by agility, intelligence, and a deep, trust-based understanding of stakeholder needs.

Advancing in Alignment with Kuwait Vision 2035

NBK's strategic direction remains closely aligned with Kuwait Vision 2035, channeling capital, expertise, and institutional capability toward national priorities; encompassing infrastructure development, private sector enablement, and economic diversification. By financing strategic initiatives and facilitating international capital connectivity, the Bank continues to play a meaningful role in supporting Kuwait's structural advancement and long-term economic resilience.

Our diversified business model, capital strength, and regional presence enable the mobilisation of resources for large-scale initiatives while preserving resilience and global integration. Commitment to the energy transition and sustainable infrastructure remains central to this mandate, supported by green financing frameworks and responsible investment practices. The issuance of Kuwait's first green bond marked an important milestone in advancing sustainable capital markets and reinforced NBK's leadership in governance discipline, credit credibility, and corporate responsibility stewardship.

A Year of Resilient Advancement

During the year, NBK advanced strategic priorities and strengthened institutional capability, reinforcing confidence in the Bank's long-term trajectory. Supported by robust governance and oversight from a diverse and experienced Board, organisational discipline and prudent risk stewardship remained central to execution.

Reflecting these achievements and our commitment to shareholders' value, the Board of Directors recommended a total cash dividend of 35 fils per share, representing 53% of profits attributable to shareholders, together with 5% bonus shares for distribution in 2025. These recommendations demonstrate confidence in NBK's outlook while preserving capital flexibility to pursue growth opportunities and maintain sound capital adequacy.

35%

Total recommended cash dividends to be distributed to shareholders in 2025

“NBK's strategic direction remains closely aligned with Kuwait Vision 2035; playing a vital role in supporting long-term economic resilience”

Our competitive strengths continue to underpin differentiation across markets:

- Deep domestic leadership and customer trust
- Regional and international diversification
- Integrated conventional and Islamic banking capabilities
- Strong wealth management franchise
- Rigorous governance and disciplined risk management

These foundations support innovation, client relevance, and sustains long-term value creation.

Propelling Digital Transformation

Digital capability is central to relevance and efficiency in modern banking. NBK continues to invest in advanced infrastructure and foster a pervasive digital culture that enhances decision-making, service delivery, and client engagement across the Group. The ongoing evolution of Weyay - Kuwait's pioneering fully digital bank - reflects a commitment to expanding financial accessibility, strengthening literacy, and nurturing responsible financial behaviour among younger generations.

Execution of our digital strategy integrates intelligent automation, data intelligence, cybersecurity resilience, and ecosystem connectivity. This enhances trust, strengthens client experience, and enables scalable value creation across markets.

“NBK’s ambition is not merely to remain relevant in a transforming financial landscape, but to deepen its influence and in setting benchmarks that define responsible banking for the generations ahead”

Towards an Inclusive Financial Future

Sustainability considerations are embedded within NBK’s strategic framework, reflecting a broader view that long-term value creation must balance financial performance with economic resilience, social progress, and environmental stewardship.

Environmental, Social, and Governance (ESG) principles therefore serve as an institutional lens guiding capital allocation, risk governance, stakeholder engagement, and organisational culture. This integrated approach positions sustainability not as a discrete initiative, but as a discipline shaping how opportunities are evaluated, how risks are managed, and how trust is reinforced across markets and communities.

Recognition from leading global rating agencies underscores the effectiveness of this integration, reflecting the depth with which ESG principles are embedded across strategy and oversight. Execution is structured through four interconnected pillars — Governance for Resilience, Responsible Banking, Capitalizing on Our Capabilities, and Investing in Our Communities — providing a cohesive framework through which the Group advances sustainable finance, develops human capital, and delivers targeted societal impact aligned with national and regional priorities.

Progress across these pillars continues to strengthen NBK’s contribution to economic transition and institutional durability, demonstrating that sustainability increasingly informs balance sheet positioning, opportunity selection, and long-term strategic resilience. In doing so, ESG integration reinforces stakeholder confidence while enhancing the Bank’s capacity to generate enduring value across cycles.

Nurturing Human Capital

Our people remain central to NBK’s continued strength. Developing a capable, adaptable, and values-driven workforce is essential in a rapidly evolving industry. Through specialised academies, leadership development programmes, and global partnerships, we continue building capability, fostering innovation, and aligning talent evolution with strategic priorities. Inclusive leadership and collaboration sustain institutional resilience and reinforce service excellence.

Governance and Strategic Oversight

Governance leadership remains central to how NBK creates and protects long-term value.

The Board’s oversight is not confined to compliance or control; it is focused on ensuring that strategic decisions translate into sustainable returns, disciplined growth, and enduring stakeholder confidence. Through active engagement, balanced judgement, and diverse experience, the Board guides the alignment of opportunity with risk, supporting capital deployment that strengthens the franchise while safeguarding resilience across cycles.

This approach shapes everyday outcomes, from reinforcing operational discipline to maintaining transparency and accountability in how the Group executes its priorities. It ensures that innovation, expansion, and investment are pursued responsibly and with clarity of purpose. By anchoring decision-making in sound governance and thoughtful oversight, the Board helps sustain trust, reinforce credibility, and enable the Bank to deliver consistent value for shareholders, clients, employees, and the communities it serves.

Shaping the Path Forward

As we look to the years ahead, NBK will continue strengthening its core capabilities, broadening its market presence, and advancing digital leadership as defining pillars of competitive distinction. Sustained investment in technology, analytics, and platform innovation will further enhance execution agility, deepen client engagement, and reinforce operational resilience across our footprint. Guided by scale, discipline, and strategic clarity, the Bank remains positioned to capture emerging opportunities while advancing sustainable finance ambitions and expanding integrated conventional and Islamic offerings across high-potential sectors.

Beyond immediate priorities, our focus remains anchored in long-term value creation. By aligning capital deployment with structural growth trends, cultivating institutional talent, and strengthening cross-border connectivity, we are building capacity not only to navigate evolving market dynamics, but to help shape them. This commitment reflects a broader responsibility to contribute meaningfully to economic progress, financial inclusion, and sustainable development across the region.

We therefore approach the future with confidence, conviction, and a clear sense of purpose. NBK’s ambition is not merely to remain relevant in a transforming financial landscape, but to deepen its influence, elevate its contribution, and continue setting benchmarks that define responsible banking leadership for the generations ahead.

Acknowledgments

NBK’s continued progress reflects the collective dedication of many stakeholders. I extend sincere appreciation to management and employees across the Group for their professionalism and commitment, to customers for their trust, and to fellow Board members and committees for their stewardship. We also acknowledge the continued guidance of the Central Bank of Kuwait and the Capital Markets Authority, whose support remains fundamental to the Bank’s stability and responsible advancement. Together, we will continue setting new benchmarks.



Vice Chairman & Group CEO's Statement

Isam J. Al-Sager
Vice Chairman &
Group Chief Executive Officer



“We deployed capital prudently, invested selectively in growth platforms, and reinforced the strength of our franchise.”

Dear Shareholders, Investors, and Partners,

2025 marked a year of disciplined execution and meaningful strategic progress for NBK Group. Guided by our purpose to create lasting value for customers, shareholders, and the communities we serve, we continued advancing long term priorities with clarity and focus. Throughout the year, we strengthened institutional resilience, expanded innovation capabilities, and positioned the Group to capture opportunities across markets and client segments.

Despite a global environment shaped by oil price volatility, geopolitical tension, and evolving trade dynamics, underlying investment flows, technological acceleration, and selective capital market momentum continued to create pockets of opportunity across regions. Kuwait's outlook remained constructive, supported by reform momentum and expanding non-oil activity. Within this context, we deployed capital prudently, invested selectively in growth platforms, and reinforced the strength of our franchise. Our ambition has never been simply to adapt to change, but to influence how banking evolves across the region.

Setting New Benchmarks in Future Banking

The evolution of banking continues to accelerate toward intelligence driven platforms, integrated client ecosystems, and technology enabled financial empowerment. Within this transformation, NBK positions itself not simply as a participant but as a standard setter shaping how banking is experienced across the region.

During the year, the Group introduced first to market solutions and service innovations designed to elevate accessibility,

“During the year, the Group introduced first to market solutions and service innovations designed to elevate accessibility, personalization, and financial inclusion.”

“The strength of NBK’s diversified business model and disciplined risk culture continues to support stability across cycles.”

personalization, and financial inclusion. By combining digital capability, data intelligence, and customer insight, we strengthened our role as a trusted financial partner and expanded engagement beyond transactional relationships. These efforts complement our broader digital transformation, reinforcing our leadership in innovation while sustaining relevance across diverse customer segments.

Our ambition remains clear. We seek to lead the transition toward future ready banking models that blend technological advancement with human understanding, enabling clients to navigate financial decisions with confidence while reinforcing NBK’s reputation for trust, innovation, and long-term relevance.

Sustaining Resilience

The strength of NBK’s diversified business model and disciplined risk culture continues to support stability across cycles. Our geographic reach, balanced sources of income, and the integration of conventional and Islamic banking capabilities give us practical advantages in navigating volatility while sustaining performance. These are not theoretical strengths. They shape how we allocate capital, manage exposure, and respond when conditions shift.

Diversification continued to reinforce earnings resilience during the year, supported by growth in sustainable assets and our active participation in financing national and regional development priorities. This progress was matched by disciplined cost management, ensuring that efficiency gains translated into real operating leverage as we expanded across markets and invested in future capabilities.

Resilience today is not defined solely by capital strength. It is reflected in how quickly we adapt, how constructively we engage with regulatory evolution, and how deliberately we position the balance sheet to capture opportunity across cycles. Our focus remains on aligning capital with sectors that offer durable growth while preserving the flexibility to respond as conditions evolve.

Robust Financial Performance

NBK delivered another year of solid financial outcomes, demonstrating the strength and adaptability of its operating model.

In 2025, the Bank delivered net profit of KD 575.6 million, reflecting the effects of balance sheet mix dynamics and the implementation of the Domestic Minimum Top up Tax, while maintaining strong underlying operating momentum. Profit before tax rose to KD 734.6 million, up 5.4% year-on-year, and net operating income reached KD 1.3 billion, increasing by 3.6%. Balance sheet expansion remained robust, with total assets growing 13.1% to KD 45.6 billion, supported by a year-on-year growth of 13.1% in loans and advances which reached KD 26.8 billion. Likewise, customer deposits grew by 14.0% year-on-year to reach KD 26.1 billion, while shareholders’ equity strengthened to KD 4.3 billion; recording a growth of 9.2% year-on-year.

These outcomes reflect disciplined balance sheet management, sustained funding momentum, and continued market confidence in NBK’s credit standing. Despite the impact of the asset mix dynamics and the introduction of the new tax regime, performance trends reaffirm the resilience of our diversified strategy and prudent capital deployment. Our financial strength delivers stability while enabling the flexibility to accelerate investment in digital capability, regional expansion, and client innovation.

Continuing Operational Momentum

As we set new standards for the future of banking, we remain guided by a fundamental truth: banking is centered on people, trust, and the ability to anticipate and respond to evolving client needs across segments.

Within Corporate Banking, we continued positioning ourselves to capture emerging opportunities while safeguarding market leadership, strengthening structured financing capabilities, and reinforcing our transaction banking franchise. Solid trade finance performance and ongoing digitization and automation enhanced service delivery and operational competitiveness, while continued focus on asset quality and disciplined risk governance supported resilient growth in a margin constrained and highly regulated environment.

“Banking is centered on people, trust, and the ability to anticipate and respond to evolving client needs across segments.”

In Consumer Banking, we expanded digital solutions and loyalty ecosystems to deepen engagement and reinforce relevance across customer segments. We sharpened segmentation and acquisition priorities to protect market leadership, broaden reach across private sector employees, and expand into additional bankable client pools, including SMEs, while introducing targeted propositions for newly addressed lifecycle segments that reflect evolving financial needs. We accelerated customer onboarding and access through enhanced digital journeys, reinforcing our focus on long-term financial wellness and seamless, personalized experiences. This momentum was complemented by continued first-to-market innovation and ecosystem partnerships that strengthened everyday utility and lifestyle relevance, including retail collaboration models with global partners that extend value delivery beyond traditional banking and deepen premium client connectivity.

Across International Banking, we strengthened operations throughout our network, reinforcing revenue diversification and cross-border connectivity while capital access capabilities supported deeper relationships across markets. Progress was supported by targeted execution across funding and asset growth, expansion of our international footprint through new platforms, and continued advancement of trade facilitation and market-access capabilities. We also increased cross-selling across the Group's product platforms and exported our digital capabilities across locations, enabling the replication of scalable service models that improve client engagement, operating efficiency, and value delivery across jurisdictions.

At a Group level, Treasury continued to play an enabling role in optimizing the balance sheet, strengthening liquidity resilience, and delivering client risk management solutions. Active participation in hedging, structured market transactions, and funding diversification initiatives reinforced market positioning, while disciplined management of interest rate and currency exposures supported stability and execution flexibility across operating environments.

NBK Wealth advanced its role as a strategic growth platform by expanding advisory-led engagement and deepening relationships with high net worth and institutional clients across key markets. Enhanced portfolio structuring, broadened investment access, and continued development of differentiated solutions, including multi-asset strategies and expanded alternatives, strengthened the franchise's ability to support evolving client objectives and intergenerational capital dynamics.

Boubyan Bank strengthened its domestic presence and strategic contribution to Group diversification, reinforcing positioning across Islamic banking markets. Likewise, Weyay, Kuwait's first fully digital bank, continued empowering younger customers through a seamless digital-first platform that promotes accessibility and financial literacy, supported by an expanding multi-product ecosystem and partnerships that reinforce stickiness and engagement.

Together, these platforms reflect NBK's continued evolution toward ecosystem banking, where advisory capability, insight, and service converge to create connected, intuitive, and meaningful client experiences.

Advancing in Alignment with Kuwait's Digital Transformation Vision

NBK remains closely aligned with Kuwait's digital transformation agenda, recognizing its role as both a contributor to and beneficiary of the country's broader development priorities. Sustained investment in advanced analytics, intelligent automation, infrastructure modernization, and digital channel expansion continues to reshape customer interaction models while enhancing scalability, resilience, and execution efficiency across the Group.

Digital banking has progressed beyond channel optimization to become the core architecture of service delivery. Weyay illustrates this transition by redefining accessibility, engagement, and financial empowerment for younger segments while advancing national objectives related to financial literacy and inclusion. At a Group level, our digital strategy reflects a deliberate shift toward platform led banking, embedding data intelligence, cybersecurity resilience, and ecosystem connectivity into how value is created and delivered.

A Relentless Focus on Customers

Customer expectations continue to evolve toward immediacy, personalization, and integrated experiences across channels and client interactions. NBK's response has been sustained investment in digital platforms, ecosystem partnerships, and service innovation that simplify access while deepening engagement and relevance.

We broadened product and partnership ecosystems, expanding global card collaborations with leading brands such as Avios, Harrods, and Aura, enhanced mobile functionality, modernized branch formats, and introduced fintech enabled services supporting financial inclusion and digital economy development. Customer centricity extends beyond product breadth. It is measured by trust and enduring relationships built through understanding and service discipline.

Fostering a High Performing Workforce

Institutional transformation is driven by people, and at NBK our workforce remains a foundational driver of long-term value creation. We strengthened capability development, leadership pipelines, and inclusive culture initiatives supported by structured career frameworks and organizational architecture designed for sustained impact. Strategic investment in national talent development, flagship leadership initiatives, and specialized academies continues to expand future skills in digital, risk, and sustainability disciplines while reinforcing alignment between corporate values, culture, and long-term business objectives.

Continued job creation across priority growth areas, combined with structured graduate pipelines and employer brand leadership, reflects our commitment to supporting Kuwait's human capital agenda and cultivating a resilient, innovation-ready workforce. Through institutional platforms such as NBK Academy, NBK Tech Academy, leadership advancement initiatives, and intrapreneurship programs, we are strengthening the depth of technical expertise, strategic thinking, and entrepreneurial capability required for the next phase of banking evolution.

Workforce expansion through new roles, together with sustained investment in digital competencies, leadership excellence, and organizational mobility, ensures agility and competitiveness while reinforcing our contribution to economic opportunity and skills development. Our employees remain aligned with the Group's strategic direction, energized by a purpose-driven culture that fosters accountability, collaboration, and innovation in delivering customer-centric outcomes.

Unleashing Potential and Generating Long-term Value

Kuwait's demographic dynamism and regional connectivity present meaningful long-term opportunity. Similarly, NBK's international footprint and financial capacity position the Group to capture growth potential while mitigating cyclical risks through diversification and disciplined capital deployment.

Strategic focus on innovation and digital transformation continues to harness structural advantages, strengthening client engagement and productivity while reinforcing resilience. Beyond commercial performance, NBK contributes to economic transformation by financing development initiatives, supporting entrepreneurship, and cultivating national talent, reinforcing its role as an economic catalyst across the region.

Strengthening ESG Integration

Sustainability remains embedded within NBK's strategic framework as a defining dimension of long-term value creation and institutional resilience. Environmental, Social, and Governance (ESG) considerations are integrated into capital allocation, portfolio positioning, risk governance, and strategic planning, shaping how opportunities are evaluated and how balance sheet growth is optimized. This integration is guided by a structured sustainability architecture anchored in four interconnected pillars; ensuring alignment between financial performance, societal contribution, and environmental responsibility.

Execution continues to translate strategy into measurable progress. Expansion of the sustainable asset portfolio, advancement of green financing capabilities, and disciplined embedding of ESG screening into lending and investment processes; demonstrates how sustainability informs business development rather than operating as a parallel agenda. At the same time, human capital initiatives, community investment programs, and responsible governance disciplines reinforce NBK's broader contribution to economic inclusion, national development, and institutional trust.

External recognition further validates this trajectory. Rating upgrades from Morningstar Sustainalytics and MSCI reflect strengthened transparency, governance discipline, and risk integration across ESG dimensions. The publication of the allocation and impact report for Kuwait's inaugural green bond underscores measurable capital deployment toward environmental outcomes while reinforcing investor confidence in NBK's stewardship, credibility, and leadership in sustainable finance across the region.

Gratitude and Commitment

Our progress reflects the trust of customers, dedication of employees, and guidance of our Board and stakeholders. I extend sincere appreciation to all who contribute to NBK's continued advancement.

With confidence in our strategy, gratitude for the trust placed in us, and conviction in the opportunities ahead, we remain committed to delivering enduring value for all our stakeholders.

“Institutional transformation is driven by people, and at NBK our workforce remains a foundational driver of long-term value creation.”

Investment Case

Dynamic.
Agile.
Tech-driven.



A leading market position in Kuwait

- Enjoys a dominant market share across various business segments in Kuwait
- One of the largest and most diversified network with leading digital capabilities



Sound and consistent financial performance

- Long history of profitability, even throughout the global financial crisis
- Excellent asset quality with an NPL ratio standing at 1.36% at end-2025
- Strong liquidity serving as a buffer in times of need



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

- Following consolidation of Boubyan Bank in 2012, NBK became the only banking group in Kuwait to offer both conventional and Islamic banking services
- This allowed the Bank to leverage opportunities across both markets, particularly given the growing importance of Islamic Finance in Kuwait



High credit ratings and one of the top brands in the region

- One of the highest rated banks in the MENA region
- Named the most valuable banking brand in Kuwait and has featured among the biggest Middle Eastern brands by Brand Finance



A strong regional and international network

- Operations in 13 countries, 7 of which are in the MENA region
- Focuses on organic growth in selective markets in MENA region
- Maintains an opportunistic posture for inorganic growth seeking synergies and value creation



Stable shareholder base and strong management team

- Established in 1952 by a group of leading Kuwaiti merchants and retained the same core shareholder base since its inception
- Stable shareholder base is complemented by a strong and stable Board of Directors and a long-serving executive team with in-depth experience



Strong wealth management capability

- Established a strong global wealth management platform that builds on client accessibility in the region, offering best-in-class products and services and a seamless client experience throughout its global network



A well-defined sustainability strategy

- NBK's leadership is deeply committed to the Bank's sustainability journey and views sustainability as integral to business performance
- Very ambitious and transformational ESG strategy with full management ownership and board oversight

Who We Are

Built upon a foundation of stability and strength

Established in 1952 by a visionary group of Kuwaiti merchants with a clear mission and strong dedication to drive the nation's economic growth, National Bank of Kuwait (NBK or the Group) was the first local and home-grown GCC bank, and the first shareholding company in Kuwait and the Arabian Gulf region.

NBK is Kuwait's leading banking Group in terms of assets, customer deposits, and customer loans and advances, significantly contributing to the nation's economic prosperity, and pioneering the region's financial development. It is named as the most valuable banking brand in Kuwait and featured among the biggest Middle East brands by Brand Finance.

NBK has established itself as a global financial institution in the MENA region, with a deep-rooted domestic presence and strong client relationships, employing 8,418 dedicated professionals. NBK's perennial success is underpinned by its solid financial performance, robust balance sheet, conservative risk approach, and an experienced and stable management team.

Listed on Boursa Kuwait (previously Kuwait Stock Exchange) since 1984, the Bank has retained its core shareholder base since inception, with only one shareholder – the Public Institution for Social Security – owning more than 5% of the share capital (PIFSS owns 6.19% as of 31st December 2025). As of 31st December 2025, the Bank's market capitalization stood at KD 8.87 billion.

With a commitment to innovation and excelling in digital transformation, NBK delivers integrated banking experiences to its customers across its global network treading towards making banking simpler, seamless, and tailored to customers' evolving needs. With strides to advance the sustainability agenda, the Bank solidified its position as a responsible corporate, while marching its journey towards sustainable future growth.

Vision

We aim to be the trusted bank of choice, building on our core values, people and expertise.


Mission

- To deliver world class products and the highest service quality to our customers
- To attract, develop and retain the best banking talent in the region
- To support the communities in which we operate
- To adhere to our core values of passion, integrity, conservatism and knowledge
- By doing so, we believe that we will be able to achieve consistently superior returns to our shareholders


Values

- Passion
- Integrity
- Conservatism
- Knowledge


Main Business Segments




Consumer Banking




Corporate Banking



NBK Wealth



International Banking



Islamic Banking (through subsidiary Boubyan Bank)

Institutional Strength

Credit Ratings

NBK's credit ratings assigned by global rating agencies indicate its intrinsic financial strength, safety and soundness. It signifies low risk and showcases the Bank's ability to meet its debt obligations.

Rating Agency	Long-term Rating	Standalone Rating	Outlook
MOODY'S RATINGS	A1	a3	Stable
S&P Global	A+	a-	Stable
FitchRatings	A+	a-	Stable

Awards and Accolades

Regional:

- Best Private Bank for Sustainable Investing in the Middle East 2025 - NBK Wealth (Global Finance)
- Best Loan Offering - MENA 2025 (MEED)
- Best Contactless Payment Experience - MENA 2025 (MEED)
- Best Payment Solution for SMEs - MENA 2025 (MEED)
- Most Innovative Product/Service - MENA 2025 - WEYAY (MEED)
- Best for Fund Management - MENA 2025 NBK Wealth (MEED)
- Outstanding Private Bank for HNW Clients - MENA 2025 NBK Wealth (MEED)

Country:

- Safest Bank in Kuwait 2025 (Global Finance)
- Best Digital-Only Bank in Kuwait 2025- WEYAY (Global Finance)
- Best Online Payments Solution in Kuwait 2025 (Global Finance)
- Best Online Product Offerings in Kuwait 2025 (Global Finance)
- Best Bank in Kuwait 2025 (Global Finance)
- Best Bank for Sustainable Finance in Kuwait 2025 (Global Finance)
- Best Trade Finance Providers in Kuwait 2025 (Global Finance)
- Best FX Bank in Kuwait 2025 (Global Finance)
- Best Private Bank in Kuwait 2025 -NBK Wealth (Global Finance)
- Best Bank for Cash Management in Kuwait 2025 (Global Finance)
- Best Bank for Diversity and Inclusion in Kuwait 2025 (Euromoney)
- Best Bank for ESG in Kuwait 2025 (Euromoney)
- Best Bank for large corporates in Kuwait 2025 (Euromoney)
- Best Digital Bank in Kuwait 2025- WEYAY (Euromoney)
- Best private Bank in Kuwait 2025 - NBK Wealth (Euromoney)
- Best for Digital solutions in Kuwait 2025 - NBK Wealth (Euromoney)
- Best for UHNW in Kuwait 2025- NBK Wealth (Euromoney)
- Kuwait's Best FX bank 2025 (Euromoney)
- Kuwait's Best transaction Bank 2025 (Euromoney)
- Best Retail Bank - Kuwait 2025 (MEED)
- Best SME Bank - Kuwait 2025 (MEED)
- Best Bank - Kuwait 2025 (MEED)
- Best Private Bank in Kuwait 2025 NBK Wealth (MEED)
- Best Trade Finance Bank in Kuwait 2025 (GTR)
- Excellence in Diversity & Inclusion - Silver 2025 (SHRM)
- Best Private Bank in Kuwait 2025 - NBK Wealth (The Banker)
- Outstanding Private Bank for HNW Clients in Kuwait 2025 - NBK Wealth (PBI)



NBK's rating at 'A' per the MSCI audit



Score 19.4 (Low risk), significantly improved from 27.1 (Medium risk)



"C" Score for 2025 for the Climate Change category



Constituent of the FTSE4Good Index Series



Number 1 Banking Brand in Kuwait



What We Do

Our Core Business Segments

CORPORATE BANKING

Supporting the growth and financial stability of corporate clients through customized and tailored financial solutions and financial advisory services to help them meet their evolving needs.

Read more on Page 40

CONSUMER BANKING

Serving the evolving needs of customers through a range of innovative products, responding to client needs more effectively through targeted products and services, and driving innovation by implementing digital interfaces to provide an efficient and seamless banking experience.

Read more on Page 42

NBK WEALTH

Empowering clients to achieve financial goals through wealth management, managing portfolios and diversifying every client's exposure across asset classes and capital structures, and offering private banking activities.

Read more on Page 44

INTERNATIONAL BANKING

Managing the Group's regional and overseas operations across 12 countries, and serving clients with a full spectrum of comprehensive banking and financial services offering – from corporate to private banking and wealth management – leveraging the Group's brand while building long-term and mutually beneficial relationships.

Read more on Page 46

ISLAMIC BANKING*

Leveraging opportunities in Islamic banking through providing banking solutions according to Shariah principles.

*Through NBK subsidiary Boubyan Bank





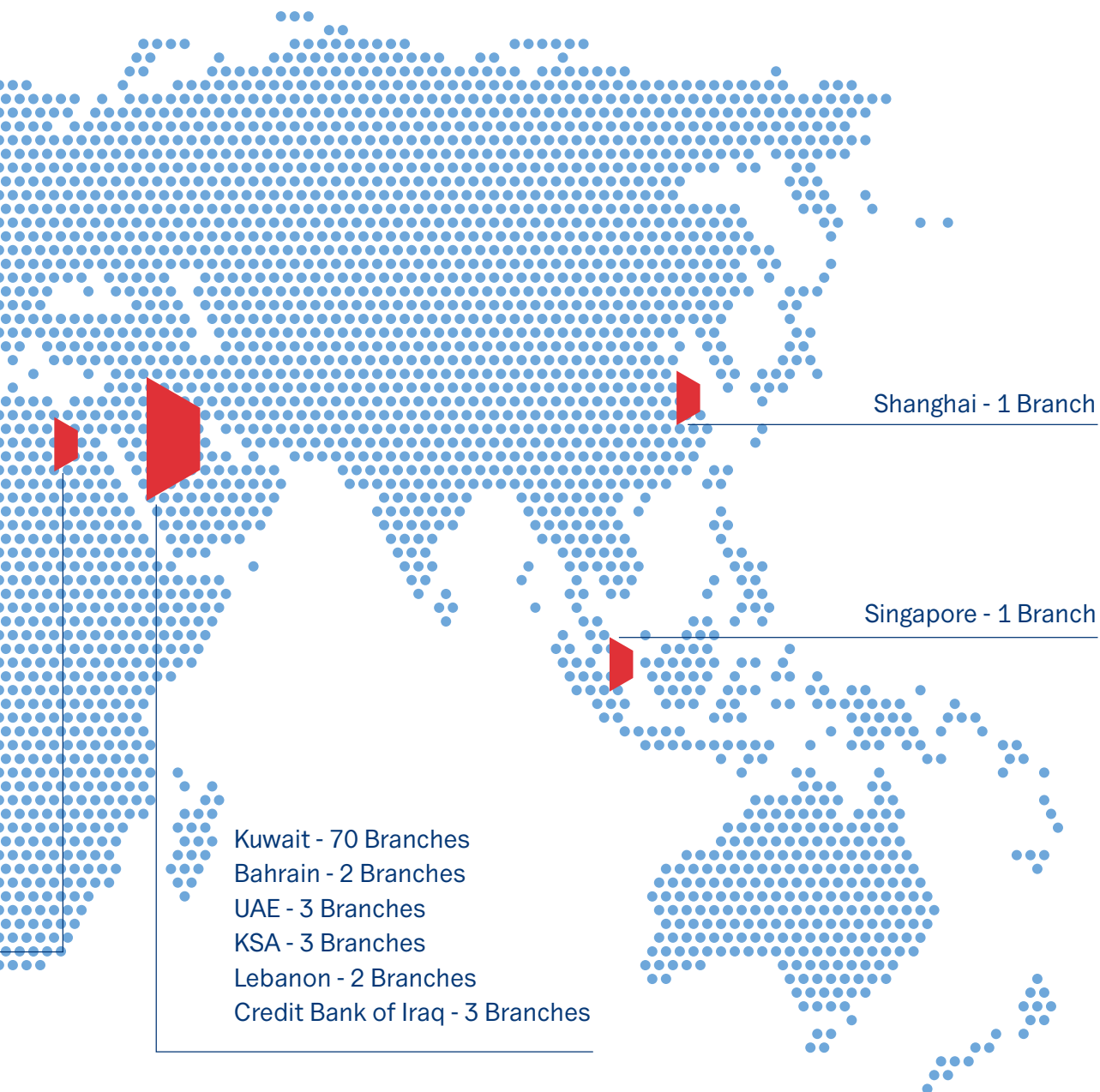
Where We Operate

Global Presence

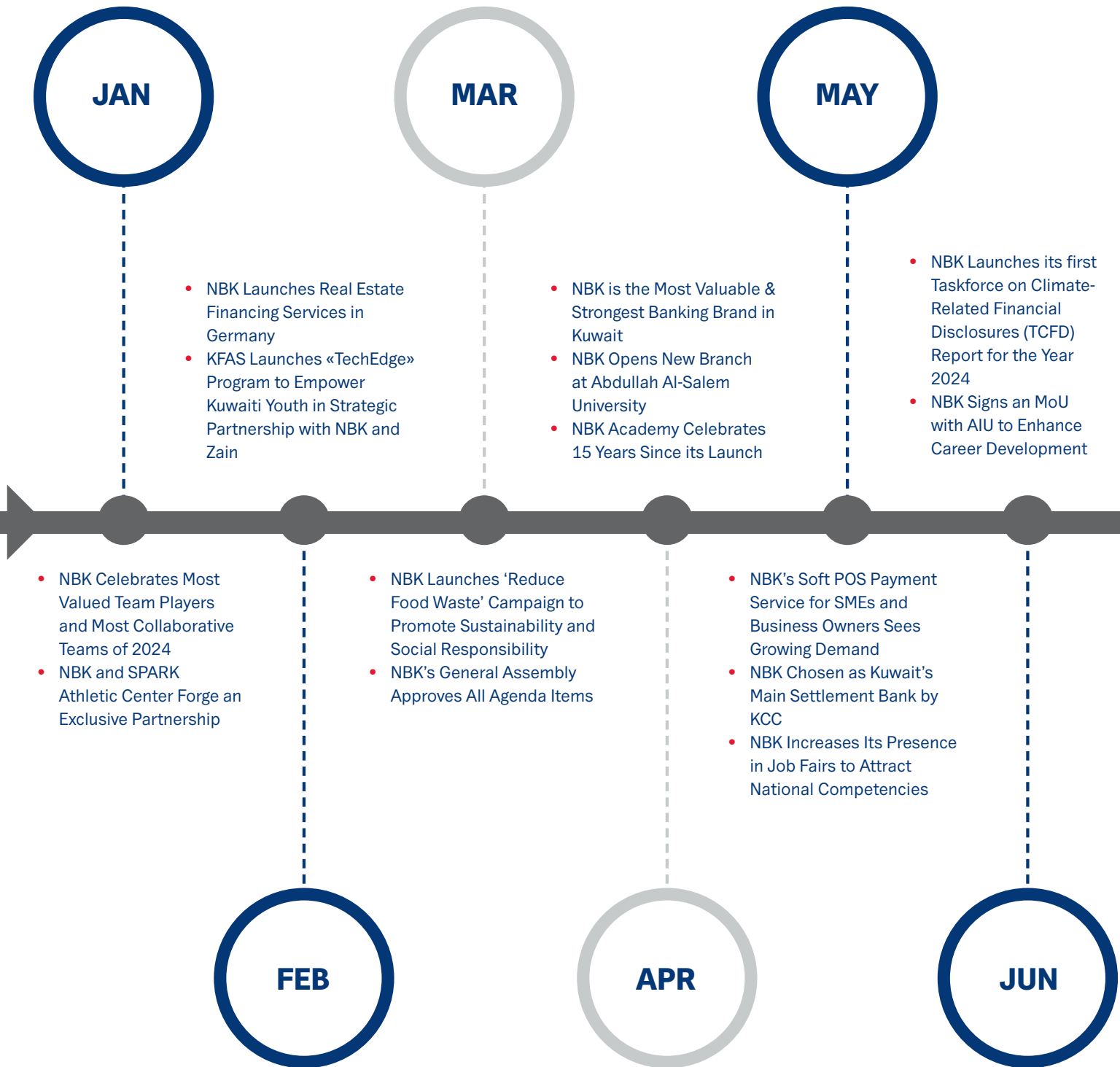


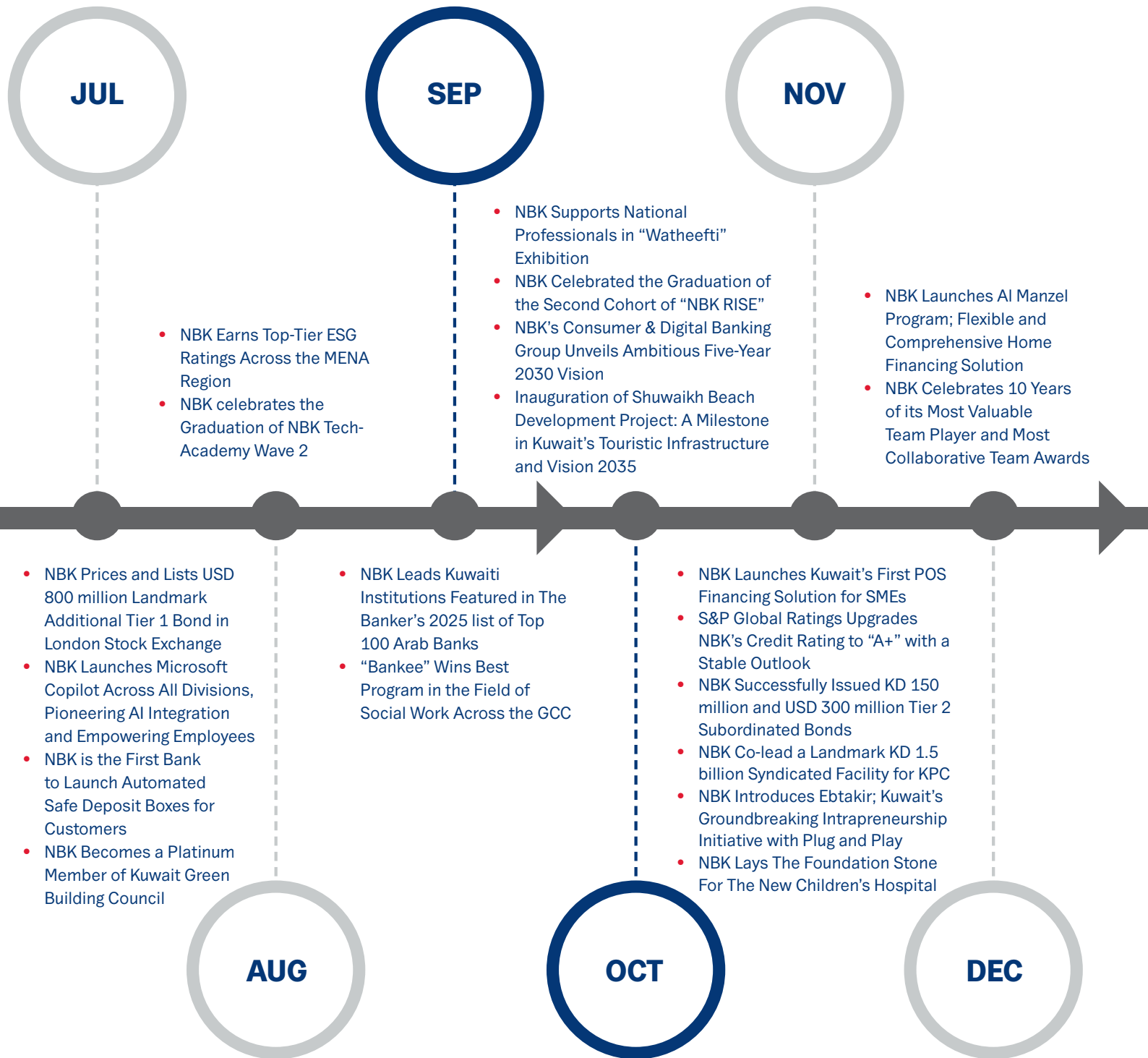
The Bank has a diversified presence across 4 continents and 13 countries, with a predominant focus on the MENA region. Its increasing global presence sets NBK apart in the GCC banking industry and helps the Bank strengthen its client relationships.

Egypt - 53 Branches



Year in Review





Market Outlook

Global Growth Resilient in 2025 Despite Spike in Uncertainty

The year 2025 brought unprecedented uncertainty following the US administration's announcement of steep tariffs on all trading partners. However, global GDP growth held up well, earning successive upgrades by the IMF to an estimated 3.3%. The US sustained its economic outperformance, once again defying predictions of a major slowdown, on the back of resilient consumer spending, solid business investment in AI/technology, ongoing labor productivity gains, and a powerful wealth effect from record-high stock prices. This helped weather the administration's trade and immigration policy storms. Similarly, and despite the heightened trade-related uncertainty, Europe and Japan posted better economic results than had been feared at the start of the year, though these were still lackluster amid ongoing structural challenges. In China, despite anemic domestic demand, GDP growth was on target at 5%, helped by a strong increase in non-US bound exports.

As we enter 2026, the overall mood is cautiously optimistic, with the IMF forecasting global growth at a steady 3.3%. Monetary policy loosening seen in 2024-2025 is approaching its end. The US Federal Reserve will likely cut interest rates further in 2026 but still-resilient economic activity and concerns about above-target inflation will influence the scale of cuts. The US economy should continue to outperform with existing growth

drivers buoyed by fresh fiscal stimulus. In China, with absent forceful policy support, growth is seen slowing markedly versus 2025. Geopolitical risk is likely to remain elevated in 2026 amid the unresolved Russia-Ukraine war, simmering tensions over Iran's nuclear program and the situation in Venezuela post-Maduro. Global central banks, meanwhile, will be keenly watching how the Fed responds to political pressure from the Trump administration to loosen rates. Furthermore, the US's trade partners will be anxiously awaiting the ruling by the US Supreme Court on the legality of President Trump's tariffs and any reaction by the administration to the decision.

Oil Prices Log Third Yearly Decline in a Row, Weighed Down by Supply Overhang

Oil prices were buffeted in 2025 by oversupply concerns and less-than-stellar oil demand, with Brent crude closing the year down almost 20% at \$60.9/bbl (averaging \$68.2/bbl) – a third consecutive year of decline. The year had started fairly brightly, with prices buoyed by the introduction of Biden-era US sanctions on Russian and Iranian oil, but sentiment turned markedly more negative after President Trump imposed a barrage of trade tariffs in April-25, impacting the global economic growth outlook, and after the OPEC-8 group opted to fast-track the unwinding of initially one tranche and eventually two tranches of voluntary supply cuts from 2023-2024. In Jun-25, the outbreak of the “12-day war” between Israel

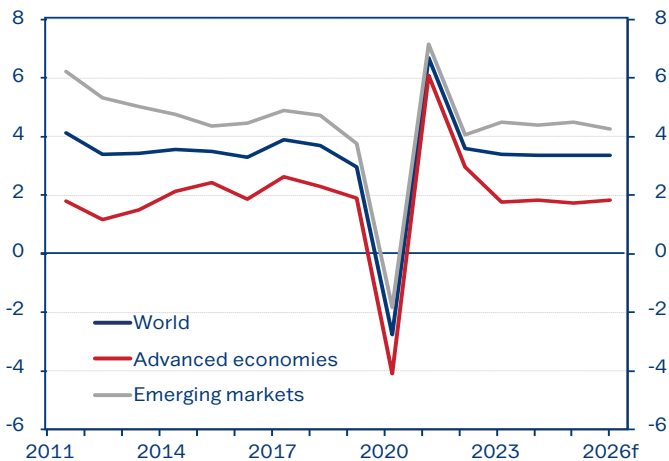
3.3%

Global GDP growth estimated for 2025 (IMF)

USD 68

Average Oil Price in 2025 (ICE Brent/bbl)

Global GDP Growth (IMF) (% y/y)



Source: IMF World Economic Outlook Update (January 2026)

Brent Futures Oil Price (M1,\$/bbl)



Source: Haver, ICE



and Iran raised oil's geopolitical risk premium, lifting prices to the upper \$70s, but this was brief, and prices were largely on the defensive in the second half of the year amid subpar oil demand projections by the international energy agencies and intensifying supply glut concerns. OPEC-8 felt compelled to announce a pause in its supply increase schedule for the first quarter of 2026 to restrain the pace of inventory builds. The price outlook for 2026 remains soft amid expectations of further supply gains, though geopolitical developments, from Venezuela to Iran, could impart some near-term upside pressure.

GCC Outlook Remains Firm as Growth Accelerates Despite Softer Oil Prices

GCC economies performed well in 2025, despite the spike in geopolitical and macroeconomic risk associated with the Israel-Gaza-Iran conflicts, US trade tariffs and the decline in oil prices. Saudi Arabia and the UAE were the standout performers with their reform and investment-led growth models and robust domestic consumption, though even the smaller economies, Oman and Bahrain, are estimated to have posted respectable non-oil growth rates. The outlook for 2026 is similarly positive, with further unwinding of OPEC-8 oil production cuts to boost oil GDP and further traction in diversification plan execution and sectoral developments including tourism to support the non-oil sector. The pace of GCC economic growth in 2026 could be the fastest in four years at 4.7%, up from 4.2% in 2025, while non-oil growth is expected to remain robust at 4%, led by the UAE and Saudi Arabia at 4.5% and 4.0%, respectively. Lower oil prices will reduce government oil revenues, but despite this, the aggregate GCC fiscal deficit is expected to narrow to 1.8% of GDP in 2026 from 2.3% in 2025. Oman and Bahrain, however, are projected to face wider shortfalls despite expenditure consolidation and

additional revenue-boosting measures. Consumer price inflation is expected to stay below 2% on average, underscoring sound macroeconomic fundamentals. Slower global growth, trade frictions, regional geopolitical tensions and lower oil prices present downside risks to an otherwise upbeat economic outlook.

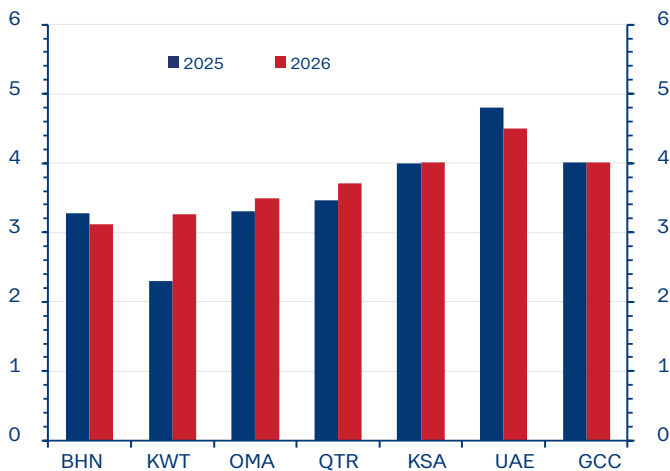
Kuwait's Economic Growth Picked Up Momentum in 2025, and Further Gains Expected in 2026

We estimate that economic growth stood at 2.3% in 2025, turning positive for the first time in two years on the back of higher oil production and improving non-oil sector activity. The accelerated unwinding of OPEC-8 supply cuts allowed Kuwait to raise its crude production up to 2.47 mb/d on average, pushing oil GDP up 2.4% compared to 2024, while the non-oil sector benefitted from increased corporate activity and looser monetary policy. Non-oil GDP growth is expected to have increased to 2.3% in 2025, up from 1.8% the previous year, and is forecast to reach 3.3% in 2026.

The pick-up in non-oil activity was evident across a range of high frequency economic indicators including the purchasing managers' index, which recorded a series high year average of 53.1, bank domestic credit, which had accelerated to a well-above trend 7.6% y/y by Dec-25, and real estate sales, which reached a historic high in 2025. It was also a successful year for projects activity—the best since 2016—with KD4.4 billion in contracts awarded, according to MEED Projects, thanks to the signing of the Al-Zour North IWPP (Phases 2 & 3) and Mubarak Al-Kabeer Port contracts, two key strategic projects.

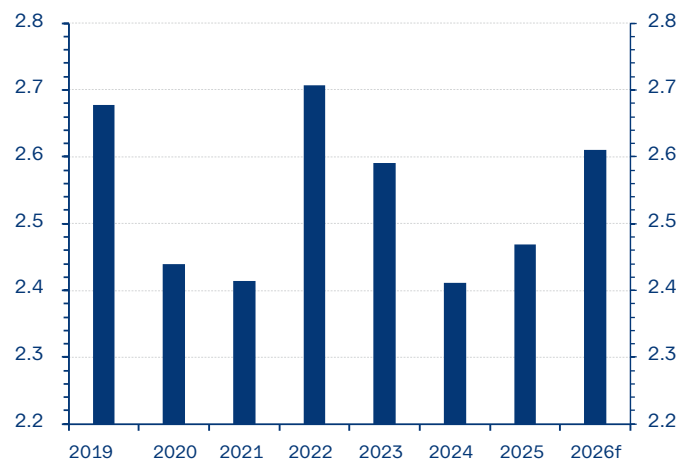
Consumer sector activity, however, remained relatively subdued in 2025, as measured by CBK card spending in Kuwait, which

GCC Real Non-Oil GDP Growth (% y/y)



Source: Official sources, NBK estimates

Kuwait Crude Oil Production (mb/d, annual average)



Source: JODI, OPEC Annual Statistical Bulletin

declined by 4.7% y/y in 2025. Some of this represented normalization after the robust growth seen post-pandemic and some reflected cautiousness on the part of consumers amid income, employment and general global macroeconomic uncertainty.

Consumer price inflation continued on a disinflationary path in 2025 amid unwinding supply chain pressures and downbeat consumer activity and despite stubborn food price inflation especially. Inflation averaged 2.4% in 2025, with a similar rate expected in 2026.

Monetary policy eased in 2025, as the Central Bank of Kuwait (CBK) followed the US Fed in lowering interest rates. By December's close, the key discount rate had been reduced twice, by a total of 50 bps in 2025 (and by 75 bps cumulatively since September 2024) to 3.5%. From the outset, the CBK had adopted a more gradualist approach to rate cuts, taking into consideration local CPI inflation and non-oil activity as well as the spread with US interest rates.

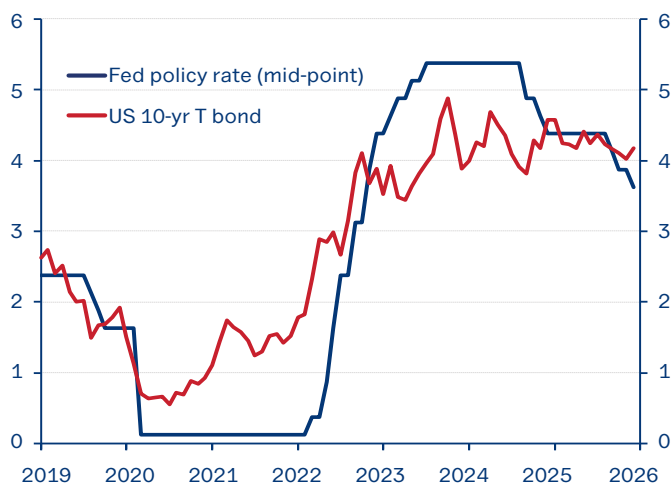
Fiscal policy in 2025 had to operate under the twin constraints of lower oil prices and fairly elevated and rigid public expenditures. We expect figures for FY25/26 (ending March 2026) to show the fiscal deficit widening to 4.9% of GDP from 2.2% of GDP in FY24/25. That said, the government made headway on fiscal reforms including imposing a broadly unchanged spending ceiling from the previous year, repricing fees and services, limiting public sector wage increases, raising non-oil revenues through measures such as the 15% corporate tax on multinationals, and approving the long-awaited public debt law in Mar-25. The authorities have since issued KD5.8 billion in sovereign debt, including one heavily oversubscribed Eurobond (\$11.3 billion) that exceeded expectations. The improved liquidity, still low debt (around 14% of GDP), and the potential for progress on signature reforms, such as the eagerly anticipated mortgage financing law in 2026, earned Kuwait a sovereign rating upgrade to AA-/A-1+ with a stable outlook by S&P in November.

In the banking sector, Kuwaiti banks continued to post good results in 2025. Almost all recorded positive growth in operating income and net profit in the first nine months of the year, a continuation of the trend seen since 2021. Asset quality remained good, with the cost of risk under control and mostly lower than historical levels. Capital adequacy continued to be solid, standing at 18.1% as of September 2025, well above the minimum requirement of 13%.

Egypt Enjoys Stabilization Gains and a Gradual Economic Recovery

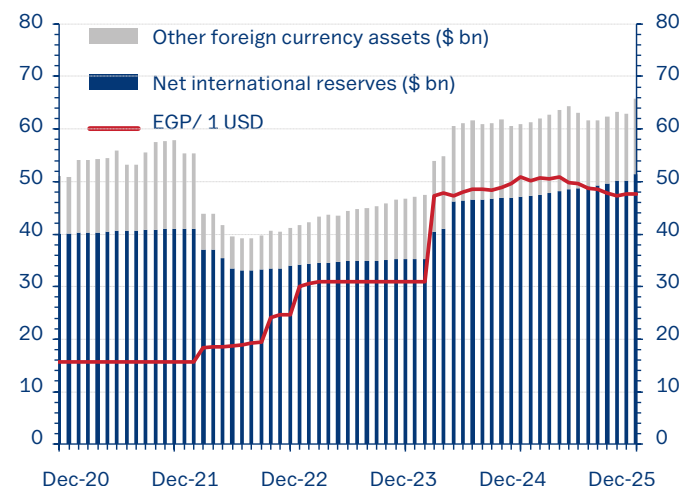
Egypt's economy in 2025 benefited from the authorities' focus on structural reforms and disciplined macro stabilization policies. Agreement on the fifth and sixth reviews of the IMF's Extended Fund Facility was secured in late 2025 in tandem with successful moves in pursuit of the newly unveiled National Economic Development Narrative, which seeks to transition Egypt's economy to a more competitive, private sector-led model. The authorities also began the process of public sector divestment. Private consumption rebounded in 2025, as did tourism, logistics and non-oil manufacturing at the sectoral level, which helped the economy post its best growth performance in three years in the penultimate quarter of the calendar year (5.3% y/y). Inflation, while still elevated above the official target range, showed a clearer downward trend over the year as the impact of earlier exchange rate adjustments faded and as tighter monetary conditions curbed excess demand. Easing regional geopolitical tensions encouraged stronger tourism and Suez Canal receipts, which, along with robust remittances, helped rebuild the state's foreign currency reserves and strengthen the balance of payments. The public finances also improved, amid more concerted fiscal consolidation, including through energy subsidy rationalization, and enhanced revenue collection, which resulted in a higher primary surplus and a more sustainable public debt trajectory. These gains were also reflected in S&P's upgrade of Egypt's sovereign credit rating to B from B-, aligning it with the rating assigned by Fitch since 2024.

US Interest Rates (%)

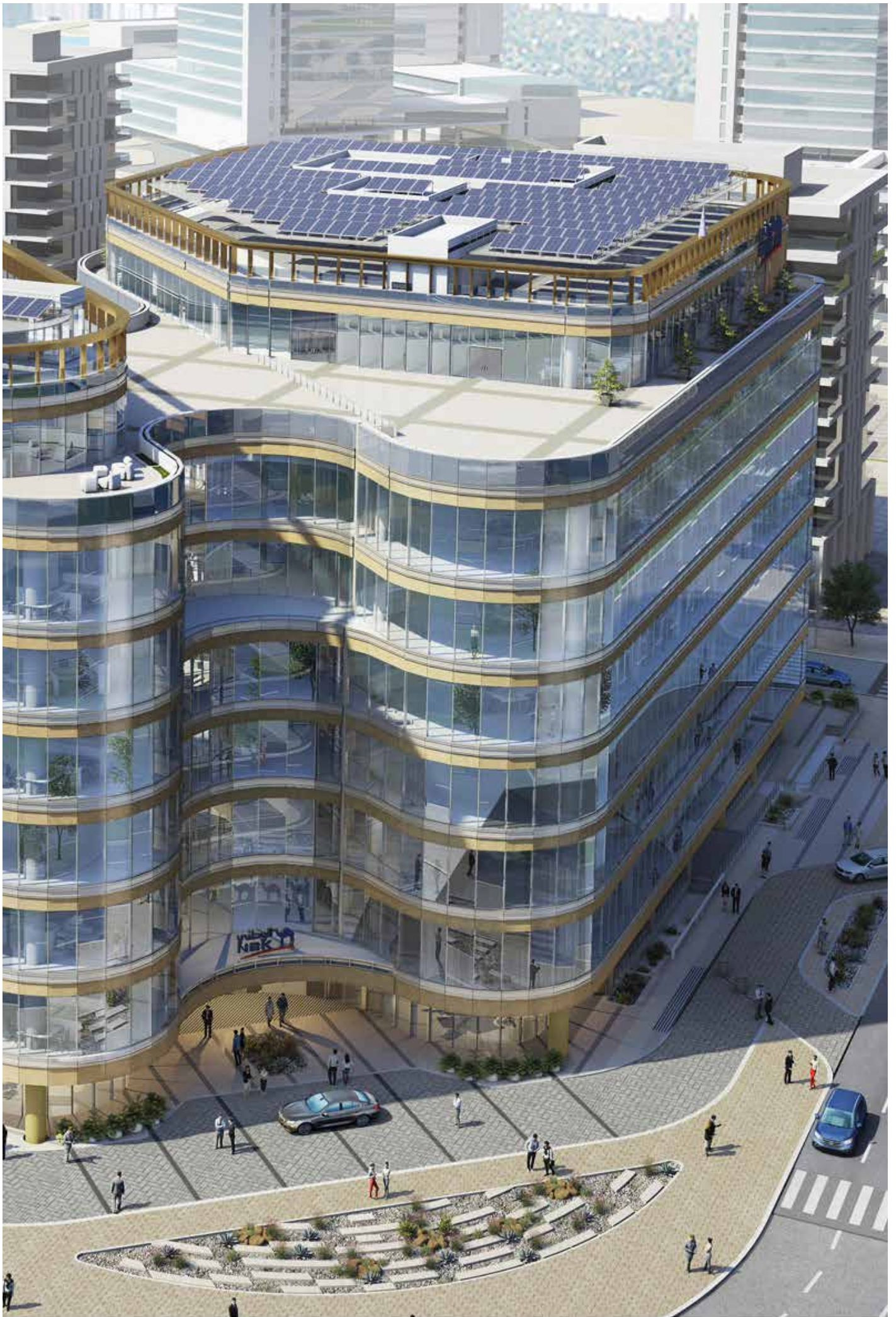


Source: Haver

Egypt Reserves & Exchange Rate (EGP/USD)



Source: Central Bank of Egypt



A Value-Creating Business Model

How we create value and what sets us apart

Our business model is designed to create exceptional and sustainable value for our stakeholders in a dynamic environment and deliver the broader socio-economic benefits to the society.

We are committed to build a legacy of financial excellence and redefine the future of banking through capitalizing on our growing customer franchise, investments towards digital innovation, a skilled value-driven workforce, a proactive sustainability focus, and a disciplined compliance and dynamic risk management approach.



Stable and Growing Base Franchise, catering to customers across 4 continents.

Leveraging Our Strengths to Deliver Sustainable Value

Redefining the banking experience for all our clients, retail, corporate, and high-net-worth individuals, through a strategic commitment to digital transformation.

Key Stakeholder Outcomes



Customers
Delivering innovative financial products and services, and personalized banking solutions.



Employees
Fostering a culture of innovation and transforming our workforce into highly valued assets.

Our Distinctive Competitive Strengths



Dynamic Appetite for Challenge,
driving our growth.



Digital Leadership,
fueling our innovation.



Commitment to Disciplined Compliance,
ensuring proactive risk management.



Committed and Value-Driven Workforce,
forming the backbone of our business.



Proactive Sustainability Focus,
securing a better future.

Establishing a strong global footprint,
cultivating a regional and international clientele within the dynamic and agile banking industry.

Shaping the future of global capital and trade flows,
bridging capital and trade flows between the MENA region and the rest of the world.

Building a leading wealth management franchise,
providing tailored financial solutions to a diverse global clientele.



Shareholders
Delivering consistent returns and ensuring long-term value creation through sustained growth strategies.



Regulatory Bodies and Government
Upholding responsible practices with a commitment to robust governance practices and full compliance with regulatory requirements.



Communities
Enabling positive change within our communities through initiatives supporting social and sustainable economic development.

A Strategy for Growth

The strategic focus areas of the Bank were crafted based on an understanding of the growth dynamics and opportunities across markets, customers and products. NBK Group remained focused in its pursuit of sustainable growth, while navigating a dynamic economic landscape by leveraging a resilient business model, its strategy on diversification and expansion, risk management practices and strong capitalization.



Advancing our Digital Transformation

Defend and Grow Leadership Position in Kuwait



Corporate Banking



Consumer Banking



Build Regional Powerhouse in Wealth Management

Geographical, Product and Service Diversification



Expanding Regional Presence



Expanding Islamic Franchise

Becoming a vital and trusted partner to its customers is at the heart of NBK's strategy. This is driven by its ambition and purpose, and is delivered through its five clear strategic priorities that enable the Bank to succeed with its customers and deliver sustainable shareholder value.

Developing products to match the customers' changing needs, being technology and innovation driven, embedding ESG into the key priorities of the Bank are at the core of NBK's key strategies. Its technology integration strategy is aimed at creating value, improving operational efficiency and enhancing personalized experiences.



ESG Transition

Key Initiatives

- Continuing to be the Primary Banker for leading domestic companies, while also remaining active in mid-market sector
- Enduring to be the "Bank of Choice" for overseas companies operating in Kuwait and serving at least 75% of such companies
- Maintaining current market share in Trade Finance (upwards of 30%)

Priorities for 2026

- Corporate Banking in Kuwait to be propelled up on the back of government investments NBK is working towards expanding its coverage and broadening its diversified range of products and services to achieve the above goals of being the "Bank of Choice" for domestic and overseas companies and maintaining its market share in Trade Finance.

Key Initiatives

- The Bank aims to continue focusing on the lucrative affluent and mass affluent segments and at the same time, to create a future-safe franchise through investing in youth segments (first jobbers and Shabab).

Priorities for 2026

By sustaining the above, the Bank aims to:

- Focus on outstanding customer service experience,
- Maintain its leadership position, and,
- Rank amongst banks with lowest cost of funds

Key Initiatives

- By merging its private banking frontline and asset management arms as a single team, the Bank continued to offering a unique proposition to its high net-worth clients.

Priorities for 2026

- NBK Wealth to grow at a fast pace within Kuwait and in the region
- It is targeting to further its superior customer service standards through a growing investment product portfolio in a holistic and client-centric approach
- By leveraging its trustworthy and reliable brand and a growing geographic reach, the Bank is working towards bridging capital flows between Kuwait and the rest of the world
- By capitalizing on its regional origination and international asset allocation capabilities, the Bank aims to replicate success in wealth management in Kuwait and build a pan-regional franchise

Key Initiatives

The Bank's geographic diversification strategy is aimed at leveraging its fundamental strengths and capabilities, including its international reach and strong regional relationships, to build a regional platform and supporting growth in select markets.

Priorities for 2026

The Bank continues to focus on markets with long-term potential and high-growth economies with sound demographic trends, and offering opportunities that are aligned with NBK's competitive advantages.

Key Initiatives

The Bank's strategy, in relation to its Islamic subsidiary, is to differentiate it from other domestic Islamic banks through a clear focus on affluent clients and large and mid-market corporate customers.

Priorities for 2026

By maintaining a distinctive focus on affluent clients, and on large and mid-market corporate customers, the Bank is differentiating itself from other domestic Islamic banks.

By delivering on our strategic intent and realising our promise to defend and grow our leadership position, and also to enable geographic, product and service diversification, NBK is set to realize its goal of growth, while becoming a key financial services group that is globally respected and that Kuwait can be proud of.



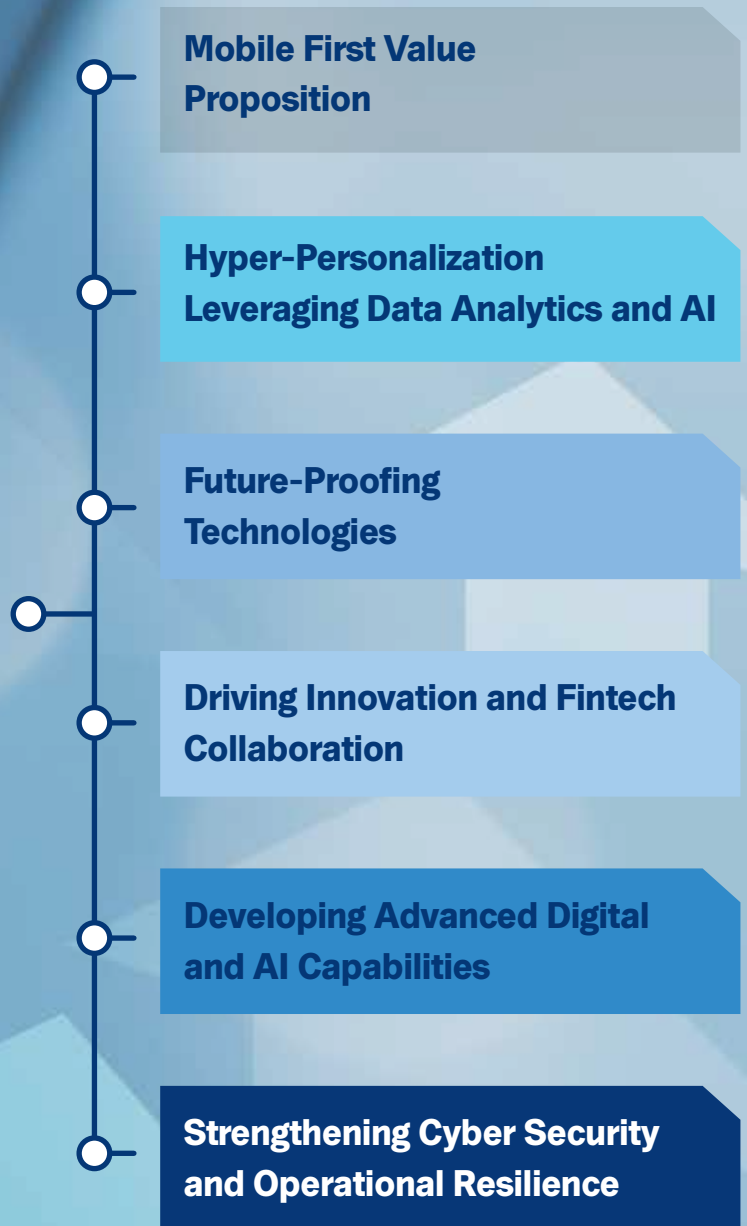
Advancing our Digital Transformation

NBK focuses on bringing about digital transformation across all its segments by:

- Being a digital leader and innovation trendsetter in Kuwait
- Delivering next-generation digital banking experiences to exceed customer expectations
- Fostering a digitally-enabled culture and agile ways of working to improve productivity and collaboration

The digital banking strategy of NBK is built on dual-track approach:

- **Digital transformation of the core:** A comprehensive program to modernize and digitize the existing business, channels and operations.
- **Building native digital businesses through innovation:** Building digital first business models beyond the traditional banking core, leveraging AI and fintech ecosystems.





ESG Transition

Embedding the ESG strategy framework through 4 Key Pillars:



Elevating The Digital Experience

NBK capitalizes on its strong IT capabilities and foundational platforms to drive operational efficiency, optimize technology investments, and accelerate the adoption of modern digital solutions across the Group. Its technology architecture is built on resilient core systems, enterprise integration frameworks, digital platforms, and high-availability infrastructure – all designed to support uninterrupted 24x7 banking services.

The Bank aligns with the national objectives such as Kuwait Vision 2035 and the government's master plan 2040 by continuing to invest in technological and digital developments, and expanding access to financial services. It supports Kuwait in becoming a digital economy by accelerating the fintech ecosystem, enhancing financial inclusion, improving customer experience, investing in robust infrastructure, and engaging in strategic partnerships to accelerate innovation.

Continuous modernization of infrastructure, payment platforms, and digital channels reinforces NBK's resilience, security, and competitiveness in an evolving financial ecosystem. By standardizing its platforms and extending them across NBK's international network, the Bank maximizes reuse, minimizes duplication, and maximizes service quality across Kuwait, GCC markets, and global branches. This unified blueprint enhances cost efficiency while enabling faster deployment of digital and regulatory initiatives with consistent customer experience.

Strengthening Our Position as a Tech-Driven Financial Institution

NBK drives alignment and execution of its digital strategy through a structured, multi-layered operating model that seamlessly integrates business priorities, technology governance, and disciplined delivery. To strengthen resource planning and cost efficiency, Group Technology established Centers of Excellence (CoEs) for integration, data, digital channels and core banking. These CoEs provide shared standards, reusable platforms, and specialized expertise, uplifting all NBK Group entities, improve delivery velocity and ensure consistent technology practices across geographies.

Serving Customer Priorities Using Our Digital Proficiencies



The Bank also leverages an active-active architecture to minimize downtime, enhance system availability, and optimize workload distribution for superior performance. In parallel, NBK focuses on reducing operational IT costs through core platform refreshes, adoption of cloud-native architectures, efficient workforce management, strengthened vendor governance, and leveraging Group-wide enterprise agreements.

Through this balanced approach—combining proven platforms, cost optimization, and transformative technologies, NBK strengthens its position as a technology-driven financial institution, ensuring scalability, resilience, and sustainable growth for the future.

Leveraging Digital Tools to Ensure Operational Efficiency

- Digitizing customers journeys and automating core retail operations leveraging RPA will enhance cost to serve and cost to acquire
- Expanding digital channels adoption and streamlining customers interactions for higher efficiency, lower operations cost
- Using data analytics to understand customers, analyse behaviours, monitor transactions, optimize expenses...
- Leveraging customer engagement platforms to automate marketing campaigns, engage customers, cross sell products and track all interactions

Leveraging The Strategic Benefits of Digitalization

- Strengthened regulatory compliance through standardized controls and Group-wide platforms
- Accelerated time-to-market for new services via shared digital components, middleware, and APIs
- Optimized IT costs by capitalizing on NBK Group's design, infrastructure and experience
- Maintaining competitiveness in a market rapidly transitioning towards end-to-end digital financial services

Being aligned with Kuwait's Vision 2035 in embracing digital transformation through:



Key Benefits from the Digital Shift

Cost Efficiency	Innovation and Speed	Enhanced Customer Engagement	Future-Readiness
Moving to cloud SaaS reduces infrastructure overhead and accelerates deployment cycles	Digital platforms allow faster product launches and integration with fintech ecosystems	Personalized, real-time services improve customer satisfaction and retention	Aligning with Kuwait's vision positions NBK as a leader in digital banking, attracting new segments and partnerships

Building a scalable, digitally-led Bank

A Digital Leader and an Innovation Trendsetter

Today, digital is not just an enabler or a service channel, but a key pillar of NBK's strategy. It works on adding digital products to its key offerings and digitizing customer journeys for its products and services, modernizing technology infrastructure, instilling an agile culture, massively expanding mobile product offerings, and positioning digital channels as key sales and acquisition engines for the consumer bank.

Fostering a Digitally-Enabled Culture to Improve Productivity

To accelerate digital transformation, a governance framework has been implemented that embeds best practices rooted in Agile Ways of Working. This iterative approach enables the Bank to remain closely aligned with evolving customer needs, ensuring rapid delivery of enhancements and continuous value creation. In addition, best-in-class design frameworks have been implemented to guide the full lifecycle of digital initiatives from ideation and user research through prototyping, testing, and final implementation. The approach ensures that every product or feature is grounded in customer insight and value.

Expanding the Digital Active User Base

The Bank's digital banking strategy continued to deliver strong growth in its digital user base across all customer segments. This begins with the youngest base Jeel by Weyay (8-14 years), and extends through their student years, into early professional life, and beyond. As customers progress through different life stages, NBK's evolving digital platforms support their needs and deliver personalized experiences, enhanced mobile capabilities, and a growing suite of digital products and services. This has contributed to increased digital channels adoption, deeper engagement, and rising customer loyalty across the platforms.

Propelling Digital Onboarding

In 2025, NBK launched its fully digital onboarding journey, marking a significant milestone in its customer-centric transformation, reinforcing its commitment to delivering frictionless, future-ready experiences. The seamless, end-to-end experience allows new customers to open accounts securely and conveniently without visiting a branch, a shift that has gained strong momentum across segments. Users embrace the intuitive interface, real-time verification, and instant access to banking services.

Mobile First Value Proposition

The Mobile-First Value Proposition is an anchor of digital strategy, positioning the mobile app as the core channel for the customer and main engines for their acquisition and products sales. The Bank leverages mobile to empower its customers with seamless end-to-end digital banking experiences from basic services such as account opening and prepaid cards issuance to more advanced offerings. This approach enhances accessibility and accelerates digital adoption for the customer, and focuses on fostering sustainable growth through innovation.

Leading Innovation Through Fintech Collaborations

In 2025, NBK continued to advance its digital transformation by deepening strategic partnerships with FinTechs to accelerate innovation and expand access to financial services. Through these targeted collaborations, the Bank is delivering inclusive, technology-driven solutions that promote the adoption of cashless payments and extend financial access to the underbanked segments, and act as the trusted backbone for financial technology. These efforts support Kuwait's national financial inclusion agenda, while ensuring that all services facilitated through NBK's platforms adhere to the Central Bank of Kuwait's regulatory, cybersecurity and consumer protection frameworks emphasizing transparency, fairness, and accessibility.

Developing Advanced Digital And AI Capabilities

As part of its strategic ambition to become Kuwait's leading AI-driven bank, NBK made significant progress in embedding artificial intelligence across its operations in a responsible and forward-looking manner.

With strong executive sponsorship, NBK partnered with Microsoft to accelerate enterprise-wide adoption of AI-powered productivity tools. Co-pilot empowers employees with intelligent assistance that streamlines workflows, enhances decision-making, and unlocks new levels of efficiency. In parallel, the Bank has developed a roadmap with leading consultants for scaling up AI capabilities across priority domains to adopt traditional and generative AI in internal processes and customer facing activities.

These initiatives have positioned the Bank at the forefront of AI adoption in the region, earning the prestigious AI Excellence Award at the Microsoft AI Summit in recognition of its leadership and innovation. Machine learning models are being leveraged to enhance lead targeting, to personalize engagement, to improve customer satisfaction, and to optimize call center operations. In parallel, NBK is advancing AI use cases in fraud detection and

anti-money laundering, with a focus on real-time controls that protect customers and further elevate trust.

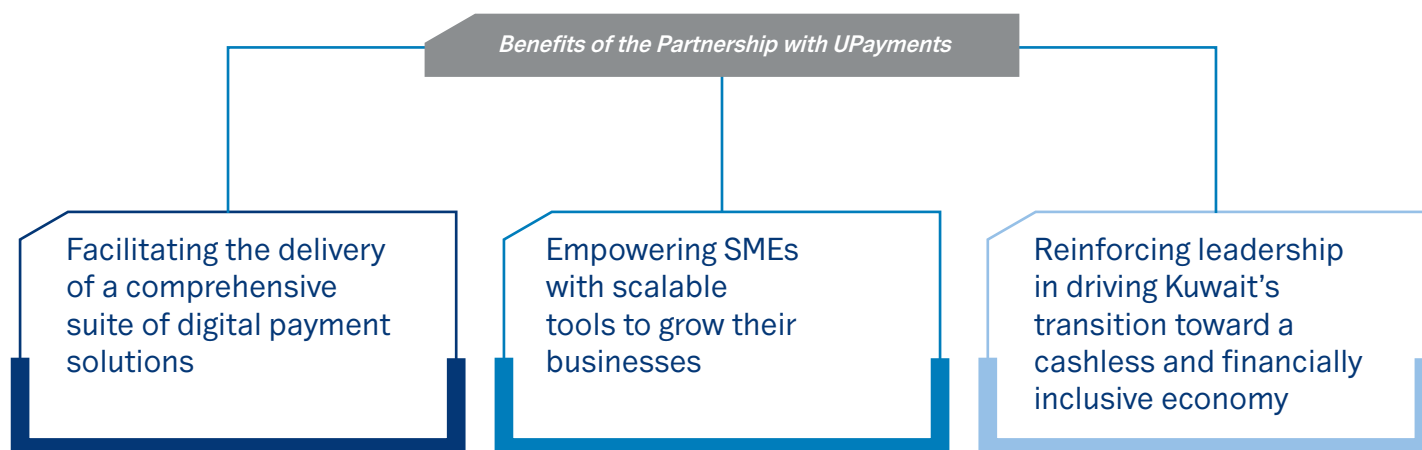
Together, these efforts reflect NBK's commitment to harnessing AI responsibly to drive innovation, operational excellence, and superior customer experiences.

Strengthening Cyber-Security and Operational Resilience

NBK continued to enhance its cybersecurity and operational resilience frameworks in alignment with evolving regulatory expectations. Rigorous testing is continuously conducted across critical systems to validate resilience. These efforts, combined with continuous employee awareness programs, contribute to a robust security, reliability, and trust across all digital channels.

Acquisition of UPayments

A key milestone of the year in NBK's digital journey was the acquisition of a majority shareholding stake in UPayments, one of Kuwait's leading payment service providers. This was aimed towards enhancing the Bank's role as an enabler of digital financial services by combining banking offerings with UPayments' innovative, merchant-centric capabilities.



Initiatives under NBK's Digital Transformation

Initiative	Key Benefit	Impact
Enterprise Integration & Platform Modernization	<p>The heart of NBK's connectivity and service capabilities is provisioned through the Integration and Service bus platform. This has been extended to Egypt, London, KSA and UAE as it unifies and standardizes integration capabilities, enabling faster integration between channels and core systems:</p> <ul style="list-style-type: none"> • A rich, reusable API catalogue for digital product launches • Seamless compliance with Open Banking mandates • Consistent architecture across all markets 	Accelerates delivery, reduces integration complexity, build once-deploy many strategy
Containerization and Cloud-Ready Architecture	<p>NBK is deploying Red Hat OpenShift for on-premises container orchestration, enabling:</p> <ul style="list-style-type: none"> • Cloud-ready, microservices-based applications • Automated deployments and improved scalability • Enhanced resiliency and reduced infrastructure footprint • Faster modernization of digital channels and back-end services 	Positions NBK for modern DevOps practices and rapid feature delivery
Advanced Digital Identity and Onboarding	<p>NBK is implementing Face Tech-based solutions for secure digital onboarding:</p> <ul style="list-style-type: none"> • Liveness detection • Facial recognition • Automated identity verification 	Seamless, secure, and compliant onboarding for retail and corporate customers
Omni-Channel Customer Communication	<p>NBK launched a next-generation Notification Engine supporting:</p> <ul style="list-style-type: none"> • Push notifications • SMS • WhatsApp messaging • Apple Business Chat 	Real-time, multi-channel communication with full regulatory compliance
ATM Fleet Modernization	<p>Upgrading ATMs to NCR CX Banking, offering:</p> <ul style="list-style-type: none"> • Enhanced UI/UX • Support for cardless journeys and new services 	Improved customer experience at self-service touchpoints
Card Switching Enhancements	<p>Modernizing BASE24 card switch to:</p> <ul style="list-style-type: none"> • Improve resilience and fault tolerance • Ensure PCI compliance • Support scheme mandates and high transaction throughput 	Mitigating financial, operational and reputational risks associated with legacy infrastructure
Core Banking Enhancements	<p>Upgrades to TCS BaNCS to enable:</p> <ul style="list-style-type: none"> • Mortgage loans • New e-Saver and digital deposit products 	Greater product agility and responsiveness to customer needs
Mobile Banking - Features Vs Modernization	<p>Over 100 new features and capabilities made "customer ready" on Digital Channels in 2025. In parallel, transitioning from legacy AIX WebSphere cluster infrastructure to Spring Boot 3.0 on latest Intel platforms:</p> <ul style="list-style-type: none"> • Improved performance and scalability • Faster deployment cycles • Cost efficiency • Compatibility with containerized architectures 	Foundation for next-generation NBK Mobile Banking

NBK's Ongoing Technology Projects

- **Core Banking Transformation across the Group:** Embarked on comprehensive modernization of its core infrastructure platforms across multiple geographies, maintaining diversity tailored to local market needs, whilst aligning to a unified Group architecture.
- **Payments Transformation and ISO 20022 Readiness:** Executing a major modernization program across its payments ecosystem to comply with global standards and enable richer messaging capabilities:
 - Upgraded cross border payment processors in Kuwait and across international locations
 - Roll-out of AFAQ GCC instant payment
 - Enhancement of cards system to support tokenization, 3D Secure and new wallet capabilities
- **Enterprise Fraud Management & Cybersecurity:** Deployed a next-generation real-time fraud detection platform offering:
 - Cross-channel correlation of customer activity
 - Instant scoring and decisioning
 - Real-time blocking to prevent fraudulent transactions
- **Data, Analytics & Regulatory Reporting:** Continuing to enhance Operational Data Store (ODS) and Enterprise Data Warehouse (EDW) to support:
 - IFRS 9 financial impairment models
 - Customer 360 (C-360) analytics for personalization, risk modeling, and segmentation
 - High-quality regulatory reporting across markets
- **Digital Identity, e-KYC & Customer Lifecycle:** Rolled out e-KYC capabilities across retail and corporate digital channels, enabling customers to:
 - Update KYC information digitally
 - Upload documents via mobile and online banking
 - Complete verification without visiting branches
- **Ministry of Justice (MOJ) Integration – Kuwait:** Integrated with the MOJ to:
 - Automate collections mandated by court orders
 - Track accounts with insufficient funds
 - Improve compliance and reduce manual intervention
- **Middleware, API Platform & Open Banking:** Continuing to invest in Integration Service Bus and API management layer, creating a robust integration backbone:
 - Mature catalogue of reusable services supporting all digital channels
 - Faster, consistent delivery of mobile and online banking features
 - Compliance with Open Banking regulations across Kuwait, GCC, and international markets
 - Foundation for API monetization and future digital ecosystems

Winning Recognition

<p>Best Online Payments Solution in Kuwait 2025</p>	
<p>Best Online Product Offerings in Kuwait 2025</p>	

Enhancing Digital Customer Enablement

Delivering next-generation digital banking experiences

- Making banking intuitive and embedded in customer daily life
- Providing seamless omni channel experiences
- Leveraging data, AI, and analytics to understand customer behaviour and provide recommendations
- Making mobile the primary gateway to everyday Banking
- Building strong fintech and ecosystem collaboration

Leveraging digital tools to ensure operational efficiency and adherence to evolving standards

- Digitizing customer's journey and automating core retail operations leveraging RPA will enhance the cost to serve and cost to acquire
- Expanding the adoption of digital channels and streamlining customers' interactions for higher efficiency and lower operational cost
- Utilizing data analytics to understand customers, analyzing behaviors, monitor transactions and optimize expenses
- Leveraging customer engagement platforms to automate marketing campaigns, engage customers, cross-sell products, and track all interactions

Delivering Engaging Customer Journeys

Moving forward, NBK is set to further scale its digital capabilities by launching additional products and features that enable streamlined and elevated customer experiences. The Bank is working on delivering further engaging journeys that reflect the fast-evolving expectations of its customers.

Leveraging Data Analytics

By integrating new data sources into the existing analytics framework, NBK continues to strengthen its ability to generate deeper customer insights and deliver more impactful communications. Leveraging predictive models, scoring, and Next Best Action (NBA) capabilities, the decisioning process identifies the right customer to engage with, the optimal timing, and the most effective channel, ensuring every interaction is both personalized and impactful.

The synergy between data, analytics and decisioning empowers NBK to consistently deliver on the Five Rights of customer communication of reaching:

- The right customer
- At the right time
- With the right offer
- Through the right channel, and,
- At the right location

These are the short-term actions helping the Bank move towards hyper-personalization.

Driving Digital Banking Innovation Through Weyay

Weyay Bank, Kuwait's first digital bank, is pioneering the evolution of banking by engaging the youth from the age of 8 years old. Its mission is to redefine the future of banking through seamless, secure, and sustainable solutions that meet the needs of the next generation in Kuwait. Weyay is well aligned with the vision of the Central Bank of Kuwait to enhance digital transformation in the banking sector and develop the financial system in Kuwait to keep pace with the latest global technologies.

As the leader in Kuwait's digital banking space, Weyay continues to expand its user base, enhance mobile banking capabilities, and guide customers towards digital channels to enhance operational efficiency. Weyay continues its leading role in providing innovative banking solutions, offering access to banking services easily and securely through its mobile app.

In February 2025, Weyay further cemented its leadership by introducing Kuwait's first fully digital loan experience, transforming the way customers borrow money and setting a new benchmark for innovation in the market.

Operational Review

Corporate Banking

How We Serve Our Customers

The Corporate Banking segment plays a key role in enabling NBK drive growth and ensure financial stability for its corporate customers. The segment drives strategic initiatives to enhance corporate banking services, strengthen business intelligence, and reinforce operational excellence to create meaningful improvements across its offerings for its corporate clients and to support their long-term business growth.

The segment remained focused on executing its strategic objectives, with a commitment to:

- Continue to support corporate clients' growth and financial stability by providing customized banking solutions
- Reinforce NBK's position as the "leading and preferred bank" for corporations operating in Kuwait.
- Maintain a strong focus on project finance, leveraging NBK's deep expertise, strong capital base and syndication capabilities.
- Deepen trade finance business through enhanced capabilities and client engagement.
- Progress towards supporting mid-sized corporates.
- Preserve the high level of asset quality through disciplined risk management.
- Drive a customer centric value proposition that delivers better customer experiences through strategic and targeted digital transformation programs.

Key Achievements in 2025

In 2025, Corporate Banking advanced several initiatives aimed at strengthening its market position, deepening client connectivity, and enhancing overall portfolio performance. Key actions included:

Strengthening Client Relationships & Market Position

- Elevated its client service and engagement through insight driven relationship management, ensuring a deeper understanding of evolving client needs while expanding business with existing corporates. These efforts were complemented by disciplined risk practices that supported the preservation of a high quality asset portfolio.
- Enhancing portfolio diversification by strategically targeting priority client segments and expanding into underpenetrated sectors, resulting in new client acquisitions supported by NBK's strong financial standing and superior service delivery.

Digital Transformation & Process Enhancement

- During the year, NBK leveraged the opportunity to accelerate its digital agenda and reinforce its position as a trusted banking partner in a margin-constrained and highly regulated environment.
- The Bank continued its commitment to elevate its corporate online channel services (WOLC). Notably, it introduced electronic Know Your Customer (KYC) services—an end-to-end digital solution for WOLC clients. This advancement not only elevated the overall client experience but also reinforced the Bank's commitment to delivering seamless, secure, and efficient digital banking services for corporates.
- Furthermore, simplifying customer journeys and improving the online experience led to a notable increase in platform utilization and the volume of online transactions.
- This substantial progress was propelled by a transformative internal restructuring and the formation of a dedicated team, wholly committed to accelerating the corporate Bank's digital transformation ambitions and delivering superior, seamless experiences to clients.

Sustainable Finance

- Maintained strong focus on sustainable finance initiative, with its specialized teams working closely with corporate clients to advance the sustainability agendas. Financed a sustainable finance project in the local real estate sector, underscoring its commitment to responsible banking and positioning itself as a future leader in ESG space.

Enhancing Credit Quality Through Rigorous Risk Management Practices

The Corporate Banking segment remains committed to preserving a high-quality asset portfolio through disciplined credit practices and forward-looking risk management. In line with the Bank's prudent approach, key areas of focus include:

- Ongoing monitoring of clients' financial performance and creditworthiness to ensure early identification of potential risks.
- Leveraging market intelligence to gain forward-looking insights, enabling informed decision-making and proactive portfolio management.
- Investing in talent development through specialized credit assessment training, enhancing analytical capabilities of the Bank's employees.

Strategic Priorities for 2026

With an expectation of sustained oil prices, stabilized local political conditions, and renewed momentum in mega-governmental projects, NBK maintains its positive outlook for 2026. Anticipating improvements in the corporate banking landscape, the segments strategic priorities includes:

1. Capturing Growth Opportunities

- To expand and diversify client base by attracting high-potential corporates and mid-sized businesses
- To deepen sectoral penetration, capturing mega-deals and strengthen relationships with existing clients through tailored financial solutions, aligned with their strategic objectives
- NBK is well positioned to finance or syndicate cross-border deals through its broader regional and international presence extending beyond Kuwait.
- To accelerate ESG initiatives, finance more ESG-related projects, provide advisory to clients on sustainability agendas, positioning NBK as a leading partner in sustainable finance

2. Reinforcing a Customer-Centric Approach

- To deliver superior client experiences and adapt to evolving market needs
- To enhance service delivery through digital channels, building on success of WOLC upgrades, and drive adoption of online platforms for convenience and efficiency
- To provide proactive advisory and cash flow management solutions that ensures clients are well-positioned to capitalize on emerging opportunities

3. Driving Operational Efficiency and Resilience

- To advance digital transformation, ensure faster project execution of and seamlessly integrate innovative solutions
- To maximize returns from digital investments by prioritizing impactful projects and ensure measurable improvements in client experience and operational performance
- To maintain rigorous compliance and risk management standards, while ensuring operational agility in a highly regulated environment
- To preserve portfolio quality by keeping a close eye on non-performing loans, returns, and deploying capital wisely to optimize profitability



Operational Review

Consumer and Digital Banking Group

Enabling Long-Term Financial Wellness and Customer-Centric Innovation

How We Serve Our Customers

With its large customer base, Consumer and Digital Banking segment is NBK's digitally-focused arm that maintains its dominance in Kuwait's retail banking. It redefines customer experience and accelerates digital innovation through its tailored and high-value offerings that address the evolving lifestyle and financial needs of its customers. The Bank is committed to stay ahead of its customers' expectations, while continuing to deliver innovative, seamless and personalized banking experience.

The Bank recalibrated its acquisition strategy to maintain market share, focused on diversified income sources and expanded its reach across private sector employees. The segment's innovative offerings, including the Retiree Package, combines competitive deposit rates, lifestyle benefits, and exclusive concierge services. It also enhanced the digital onboarding journey, enabling seamless account opening and product access, reflecting its commitment to long-term financial wellness and customer-centric innovation.

Key Highlights of 2025

One of the key highlights of this segment was the launch of The Bicester Collection partnership, an exclusive offer designed for premium customers, providing them with elevated shopping experiences across nine international destinations. During the year, the Bank continued to meet the evolving banking needs, maintained its leadership with the largest market share and highest customer penetration, maintained a strong focus on customer service, attracted new bankable clients (such as SMEs), pioneered innovative products and services by utilizing the latest digital tools and technologies, and ensured proactive attrition management.

Further Highlights of NBK:

- Premium segment continued to expand, driven by the success of NBK Wealth and tailored offerings for high-net-worth individuals.
- Shabab (Youth) segment maintained strong engagement and stability, supported by digital-first experiences and lifestyle partnerships.
- The Plus segment received increased strategic focus, with enhanced value propositions and targeted campaigns that drove acquisition and deepened customer relationships.
- Balanced growth across segments contributed to overall portfolio expansion, reinforcing its position as a market leader in consumer banking.

New products launched

- Weyay Aura co-brand prepaid card with Alshaya Group integrated banking with over 50 retail brands. The fully digital card delivers enhanced cashback at Aura brands, rewards at The Avenues, and cashback on all other purchases locally and internationally, with points accumulating automatically through seamless app integration with Aura.
- NBK-Harrods Visa Infinite Credit Card launched in collaboration with Harrods, one of UK's leading departmental stores.
- Kuwait's first-ever Point-of-Sale (POS) Financing solution, exclusively tailored for small and medium enterprises (SMEs).

Mobile Banking

In 2025, over 100 new features and capabilities were made "customer ready" on digital channels. In parallel, transitioning from legacy AIX WebSphere cluster infrastructure to Spring Boot 3.0 on latest Intel platforms helped:

- Improve performance and scalability
- Faster deployment cycles
- Cost efficiency
- Compatibility with containerized architectures

Highlights of Weyay:

- Delivered impressive growth, achieving year-on-year rise in customer base, growth in core youth segment, translating into healthy increase in deposits and spending volumes.
- Active customer rate improved, reflecting the success of a multi-product ecosystem, from SELECT and Aura Cards to Saving Pots and digital services.
- Aura partnership experienced rapid card adoption and transaction activation rates, demonstrating customers understood and valued seamless banking-retail integration.
- Building on SELECT card launch in 2024, Weyay expanded its proposition with strategic partnerships delivering cashbacks and other benefits including offers and discounts on purchases made.

Technological Advancements

NBK:

NBK's Digital Transformation division advanced the digital banking experience in 2025 through a series of innovative product launches and digital enhancements that significantly elevated convenience, personalization, and financial control for customers. It made significant strides in its mobile efforts, such as the launch of a groundbreaking, fully digital customer onboarding experience. This empowers new customers to open accounts entirely via the app, leveraging Kuwait Mobile ID for instant, secure verification without needing to visit a branch.

NBK is the first-ever bank to launch automated Safe Deposit Boxes for its customers. Further, its digital transformation journey scaled new heights with the introduction of a fully integrated omnichannel experience across all self-service channels. This

experience seamlessly connects mobile, online and ATMs, and empowers its customers to bank their own way.

As part of this broader digital transformation, NBK also completed a comprehensive redesign of its online banking platform which offers a faster, more intuitive, and responsive experience across devices, with modernized dashboards, smoother transfer journeys, and enhanced personalization. This revamp not only aligns NBK Online Banking with the NBK Mobile App experience, it also ensures a unified, frictionless banking experience for customers who seamlessly bank across channels.

Weyay Bank:

Weyay Bank strengthened its position as Kuwait's digital banking pioneer, earning recognition as the Best Digital Bank in Kuwait by Global Finance Magazine and Euromoney Awards for Excellence. As the first and only bank in Kuwait offering fully end-to-end digital consumer loans, it launched a loan journey meeting international standards for Weyay customers without salary transfer requirements. This fastest-in-market solution is accessible anytime, anywhere, eliminating traditional barriers.

Consumer and Digital Banking: 2030 Vision & Strategy

To sustain the ongoing momentum, the Bank is preparing itself for a future that demands agility, continuous innovation, and an unwavering commitment to excellence. During the year, the Bank unveiled its five-year strategy, thus marking a pivotal milestone in its journey, and creating new opportunities, while reinforcing its leadership in the banking sector.

The new strategy embodies NBK's innovation-driven identity, serving as an engine of progress and placing customers firmly at its core, while anticipating their future needs. Building on more than a decade of success, the new strategy underscores NBK's commitment to deliver innovative and seamless banking experience and serve the evolving customer expectations. It is designed to unlock new capabilities and invest in the future of banking, by empowering our people, accelerating digital adoption, and engaging with customers in innovative ways that suit their diverse lifestyles.

The strategy is anchored on four key pillars:

1. Training employees and developing competencies to ensure they are fully prepared to deliver the most advanced and innovative banking services.
2. Modernization of digital infrastructure over recent years to support the next generation of digital services.
3. Enhancing and developing the Bank's payment systems to meet international standards.
4. Strengthening Consumer Banking Group's role in payments sector and supporting the vision of accelerating digital growth.

Through this integrated vision, NBK's Consumer and Digital Banking Group aims not only to accelerate its digital

transformation, but also to establish unparalleled leadership grounded in data-driven innovation and cultivation of proactive, long-term partnerships with customers, ensuring that NBK remains the first choice for those seeking a financial partner who not only meets their current needs but also helps shape their financial future.

Key Strategic Priorities for 2026

NBK will continue focusing primarily on enhancing its existing segmentation strategy with the key objective of redefining the structure and value proposition of each consumer segment. This initiative enables the Bank to better understand the unique needs of its clients, enhance customer experience, and tailor its customer value proposition as market demand evolves. Its key focus remains to increase cross-selling opportunities across the portfolio, introduce Retail Wealth management, deepen relationships, and provide holistic financial solutions to its customers. The key objective behind this focus is to better align with the evolving needs of customers, while reinforcing the Bank's leadership position in the premium and affluent banking space.

Priorities for NBK	Priorities for Weyay
<ul style="list-style-type: none"> • To maintain leadership with largest market share and highest customer penetration. • To maintain focus on customer service. • To attract new bankable clients such as SMEs. • To pioneer innovative products and services utilizing latest tools and technologies. • To enable proactive attrition management. • To evolving banking demands. 	<ul style="list-style-type: none"> • Bridging gaps as customers transition through life stages. • Building deeper loyalty through expanded value, and Continuous innovation.

As its customer base matures from students to professionals, the Bank is developing products that support their evolving financial journeys and ensure it remains relevant regardless of the customers' life-stage. It explores the opportunity of providing sophisticated products to young professionals with speed and user experience. Continuous innovation also remains a central strategy, addressing customers' emerging needs through its enhanced lending capabilities, financial wellness tools, and personalized experiences powered by data insights.

Operational Review

NBK Wealth

Offering a holistic approach and developing deep understanding of investment needs and beyond

How We Serve Our Clients

NBK Wealth's offering consists of private banking and asset management services. Building on decades-long trusted relationships with clients and aiming to meet their ever-changing needs, the segment offers HNWI/SHNWI/UHNWI and institutional customers a holistic and client-centric approach by developing a deep understanding of their evolving needs extending beyond financial in nature.

The segment broadened and refined its offerings to become holistic, client-centric, and solution-based. It continued to recommend a diversified and balanced approach to investments, which resulted in a marked increase in the new opening of regional and global multi-asset portfolios. It takes a long-term investment perspective, and targets to diversify client wealth across asset classes, including alternative assets.

Innovative Products and Services

Advisory	Products	Booking Centers	Banking Services
Tailor-made wealth, investment portfolio, real estate planning and advisory services	Wide array of investment vehicles across liquid/ illiquid solutions	Expanded booking centers with optionality of a unified relationship management coverage model	Differentiated propositions to high networth individuals for core banking products such as loans, deposits and credit cards

A Proactive and Client-centric Approach

The Bank follows a proactive approach for clients to rebalance their investments and make recommendation to re-allocate from short-term money market investments to longer duration yield-focused investment solutions that help lock rates for longer periods and capitalize on anticipated reversal in interest rates direction. It continues to adopt a proactive and client-centric approach to investment strategies and portfolio management, focusing on delivering sustainable value and achieving diverse client objectives amid evolving market conditions in the form of:

- Structuring mandates
- Introducing and expanding Alternative Discretionary Portfolio Management (DPM)
- Launched NBK Wealth (KSA)'s first Saudi-based Real Estate Fund

The segment also widened the scope of outcome-based multi-asset solutions for ultra-high net-worth segment to assist them meet their sophisticated short- and long-term needs.

Key Achievements in 2025

NBK continued to focus on providing clients with access to investment opportunities/strategies enhancing diversification further that is not easily accessible. Specifically, two value-add funds were introduced as well as a private equity secondaries fund where in capital was drawn in a single bullet reducing client pain points of adhering to capital calls, while simultaneously boosting potential returns through minimizing drag. In addition, we sustained efforts in maintaining an active approach to managing existing investments to avoid potential negative returns, while preserving client capital.

The Bank served clients under the holistic and client-centric approach which requires developing a deep understanding of client's needs that span beyond strictly financial needs and offering holistic solutions that meet the ever-changing requirements. It provides clients with innovative solutions, including advisory/booking centers, in addition to banking and investment products.

Advisory	Products
Client-specific, customized/ tailor-made wealth, portfolio investment, real estate planning, and advisory services, including using holistic multi-asset strategies.	Providing access to a unique platform covering a wide array of investment products across assets classes (in-house or with partnerships with renowned global providers).

Tailored Wealth Solutions

During the year, NBK Wealth provided a wide range of conventional and alternative investment products, ensuring clients have access to both traditional market instruments and sophisticated solutions.

Portfolios were actively managed to navigate market volatility, while maintaining a strong focus on outperforming relevant markets and benchmarks, supported by disciplined asset allocation and tactical positioning.

Strategic Priorities for 2026

- Focusing on diversifying client portfolios
- Availing NBK Suisse for ultra-high networth clients
- Working with families to assist in proper wealth transformation
- Focusing on regional institutions and corporations
- Unlocking opportunities among the affluent
- Focusing on expanding and enhancing the regional presence

Group Treasury

Securing a stable funding base and fostering a more diversified customer mix

How We Serve Our Customers

Group Treasury offers competitive deposit rates to clients in Kuwait and overseas locations across all major currencies. Assisted by its strong relationships with the largest institutions in the world and a strategically positioned network of branches and subsidiaries regionally and internationally, Group Treasury provides its customers with the best foreign exchange rates for their cross-currency businesses.

Group Treasury delivers best-in-class hedging solutions to help its corporate clients reduce their exposures to market risks. It also offers NBK's high-net-worth individual clients with innovative structured deposits that allow them to have exposures to any asset class they want.

Key Achievements in 2025

Liquidity management remained on the top of NBK's priority list in 2025, especially owing to the switch in monetary policy stance and geopolitical tensions in the region. Group Treasury continued its efforts to improve the stability of its funding base and support diversification of its customer base. During the year, the Bank managed to onboard several new clients from various sectors and industries, both regionally and internationally, which helped reduce funding concentration ratios.

Group Treasury remained focused on expanding its product offerings and services to clients in Kuwait and overseas, increasing trading income, reducing funding costs, securing long-term funding, and maintaining a liquid position.

On the products and services front, the Bank leveraged its knowledge, expertise, and infrastructure built in Kuwait over the past few years to expand its hedging solution offerings to international clients across overseas locations. With the demand for hedging solutions from UAE increasing significantly, NBK focused on expanding its business to other regional and international locations.

In 2025, Group Treasury executed three landmark refinancing transactions of capital instruments totaling USD 1.5+ billion, structured to comply with CBK Basel III requirements and to enhance its capital adequacy ratios. These issuances achieved exceptional outcomes—delivering solid investor demand for NBK's paper, with record-breaking international participation and pricing.

Key Outcomes:

- Group Treasury has taken the necessary actions to position NBK based on the latest interest rate outlook, while maintaining its strategy to hedge long-term interest rates exposures resulting from fixed income investments portfolio.

Strategic Priorities for 2026

- To maintain solid liquidity positions, while keeping funding costs at the lowest possible.
- To continue expanding the sale of hedging solutions to regional and international clients.
- To expand the structured deposit business to high-net-worth individual clients outside Kuwait.

Operational Review

International Banking Group

The Bank for a Changing World

How We Serve Our Customers

NBK is a key player and a leading bank with a strong international presence. The Bank's International Banking Group (IBG) serves its clients with a comprehensive range of financial services - from private banking to corporate and investment solutions - tailored to meet the diverse needs of individuals, businesses, and institutions at 12 countries (other than Kuwait) across four continents.

With customer relationship being one of the core pillars of the segment's key strategic priorities, it works towards building long-term and mutually beneficial relationships with all its cross-border clients.

Key Achievements in 2025

During the year, IBG achieved significant milestones that strengthened its regional presence, enhanced the Group's strategic positioning across key markets and deepened client relationships, reflecting its continued focus on innovation, collaboration, disciplined growth, and sustainability. Some key initiatives undertaken in 2025 were:

- Conducted the first pre-export finance and receivable purchase deal supporting trade finance diversification;
- Executed its longest tenor client-facing Interest Rate Swap (IRS) and FX forward;
- Participated as a Joint Lead Manager and Book-Runner for a debut AED bond issuance for a large UAE-based GRE;
- Consolidated the European hub as a "Bank of Choice" for deposit gathering from large European corporate institutions;
- Obtained an RMB licence to augment the growing China business;
- Expanded the regional franchise with the opening of the DIFC branch in the UAE; and,
- Contributing significantly to NBK Group's ESG asset portfolio.

The Bank continues to remain focused on growing its business in existing and new markets. Across its international locations, the segment focus remained on increasing market share and transforming the retail business in Egypt with enhanced digital

capabilities. It also emphasised growing its market share in Europe by expanding the Commercial Real Estate (CRE) and Corporate businesses across Europe as well as undertaking a residential mortgage offering in Spain, Germany, and Portugal through NBK France.

Furthermore, NBK's IBG locations continued servicing its GCC-based corporate and private banking customers who are active internationally and expanded business with international corporates active in the MENA region and across NBK's global network. IBG is also pursuing opportunities to expand digitalization in other markets.

New Collaborations

During the year, NBK formally joined the China Arab Countries Inter-Bank Association (CACIA), which presents a unique opportunity to foster regional cooperation and empowers all member banks to co-finance strategic projects, strengthen cross-border banking networks, advance sustainable finance, align with national development goals, and drive innovation through knowledge sharing.

Launch of New Products

United Kingdom	Egypt
<ul style="list-style-type: none"> • Concierge services were launched for High-Net-Worth Individuals. • Fixed interest rate mortgages. • Apple and Google Pay services 	<ul style="list-style-type: none"> • Operational enhancements in customer onboarding

Digital Innovation

One of the key focus areas on improvement has been on investing in digitization and automation across locations to improve customer self-service capabilities, which has resulted in the reduction of turnaround time for processes and the enhancement of customer experience and satisfaction. IBG is evaluating enhancement of corporate digital channels across locations. The Group is working on enhancing its mobile and online banking in locations where Consumer Banking services are offered, while a new Mobile Application is in progress to be launched in the UK and Egypt in 2026.

Expanding Presence

IBG adopted several targeted strategies to expand its presence across new markets. Its main approach encompassed undertaking country-specific initiatives aimed at broadening its offerings in existing markets, enhancing funding capability, and expanding into new markets through NBK's hubs in Asia and Europe.

- NBK DIFC branch commenced operations in June 2025, providing new opportunities for funding and asset growth for the Group;
- NBK received its license to establish an Arranging and Advising Branch at the Qatar Financial Centre in Q4-2025, with the expectation to commence operations in 2026;
- NBK Singapore is overseeing the Group's growth in the Australian Market which presents a stable economic environment, robust financial regulatory framework, and a market with high demand for corporate and real estate financing;
- Across its international network, NBK diversified CRE financing across different CRE sub-sectors and into new locations such as Australia and the Far East; and,
- Continued growth of NBK France's coverage of the European market, with the expansion of residential mortgages, corporate and CRE business across the European Union.

Strategic Priorities for 2026

As aligned with NBK's international growth strategy, key priorities to strengthen market presence, optimize operations, and capture emerging opportunities within the evolving banking landscape include:

- Expanding the RMB business in China, enhancing local market capabilities and cross border transaction support;
- Enhancing relationship management and customer service excellence;
- Continuing to foster a strong relationship driven culture across all international branches and subsidiaries;
- Increasing IBG's contribution to sustainable finance through focused initiatives supporting the achievement of its ESG targets;
- Maintaining cost discipline and efficiency to maintain cost-to-income ratio at targeted levels; and,
- Promoting cross-selling opportunities across the Bank's global network to strengthen client relationships, increase revenue generation, and optimize resource utilization and operational efficiency across its key markets.



Group CFO Review

While the global economy demonstrated moderate growth owing to geopolitical tensions, fluctuating oil prices and uncertain trade dynamics that continued to shape the macroeconomic landscape, GCC navigated key economic shifts during the year and witnessed positive economic developments with continued investments in economic diversification, offsetting the impact of OPEC+ oil production cuts, and with a strong focus on fiscal prudence, tax reforms, AI innovation and urban transformation. Business sentiment in Kuwait also reflected optimism driven by legislative reform and an increase in project awards.

Building Financial Resilience

2025 was yet another successful year for the NBK Group as strong balance sheet growth, diversified revenue streams and prudent risk management helped the Group navigate volatility by turning challenges into opportunities. NBK Group demonstrated resilience and sustained its market leadership amid the current dynamic economic landscape and continued to navigate efficiently through global economic uncertainties, underscoring its resilience and robustness of its business model. NBK's healthy capitalization and liquidity position ensured sustained volume growth and profitability.

During the year, NBK Group continued to make solid progress on its digital transformation journey and gained further momentum in efforts to drive sustainability as a core feature of its way of doing business.

A major focus on innovation and customer centricity solidified future prospect for growth. The Group's key achievements and milestones demonstrated the sustained resilience of NBK amid the evolving market dynamics, while a prudent risk management approach empowered the Bank to maintain a healthy balance sheet and accomplish a strong financial performance.

Maintaining a High-performance Trajectory

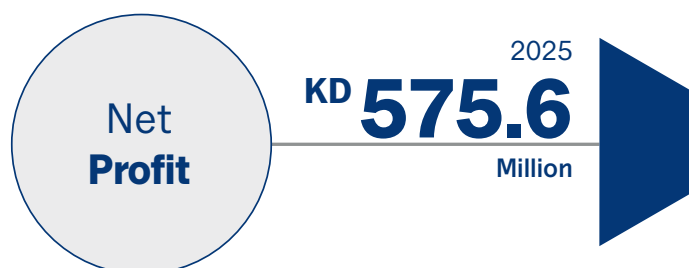
The Bank's operating profit before taxation grew by 5.4% year-on-year during 2025, reaching KD 734.6 million. This solid

performance was driven by higher business volumes, continued growth in core non-interest income, stable operating costs, and a notable decline in credit loss provisions and impairment charges.

OECD Pillar Two tax reforms were introduced in certain jurisdictions where the Group operates. For example, Governments of Kuwait, Bahrain and United Arab Emirates enacted a Domestic Minimum Top-up Tax (DMTT) law effective for financial years beginning on or after 1 January 2025 ensuring a minimum effective tax rate of 15%. The Group's effective tax rate thus increased to 16.0% in 2025 compared to 8.2% in 2024.

Group net profit at KD 575.6 million reflected a strong operating performance but dropped by 4.1% from KD 600.1 million in 2024.

Net operating income increased by 3.6% year-on-year to reach KD 1.3 billion in 2025. This was largely driven by higher net interest income which increased by 2.0% year-on-year despite lower benchmark interest rates to reach KD 999.5 million in 2025, benefitting from the robust growth in loans and investment securities. Non-interest income at KD 297.3 million, grew by 9.6%, contributing 23% of the Group's net operating income, driven by well-diversified income across different lines of business and operating locations.



International Banking contributed 27% of the Group net operating income in 2025, while NBK Wealth contributed 10%. Likewise, Consumer Banking and Corporate Banking respectively contributed 20% and 12%. Islamic Banking continues to be an important growth and diversification pillar for the Group and contributed 21% of the Group's net operating income.

Group operating expenses increased by 6.4% year-on-year to KD 497.7 million, reflecting NBK's commitment to expanding activity levels across the Group's network and continuing strategic investments in key business lines and processes, digital technologies and human capital. Group cost to income ratio was 38.4%, reflecting NBK's commitment to operational efficiency. Group operating surplus reached KD 799.1 million, representing a 2.0% year-on-year growth.

Group profitability ratios, although adversely affected by increased taxation, remained robust with a return on average assets of 1.33% and a return on average equity of 13.4%.

A Healthy and Growing Balance Sheet

The Group balance sheet reflected healthy business growth, supported by stable credit quality and a solid capital base. As of end of December 2025, total assets grew by 13.1% year-on-year to KD 45.6 billion, while loans and advances reached KD 26.8 billion, up 13.1% year-on-year. The robust loan growth is attributed to conventional and Islamic banking in Kuwait and NBK's overseas network. Strong growth was also reported in investment securities, which increased by 20.0% year-on-year to KD 9.2 billion. At KD 26.1 billion, customer deposits reflected a year-on-year growth of 14.0%. Business volume growth across segments reflects the trust and confidence placed by customers in the NBK brand. With NPL to gross loans ratio at 1.36% and

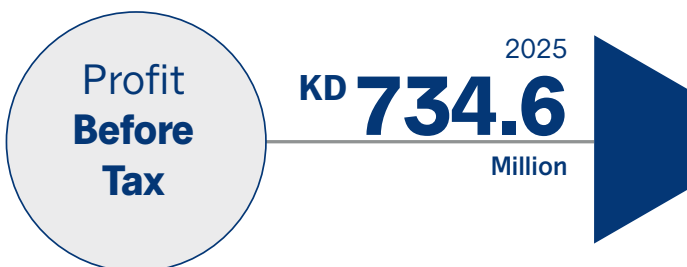
NPL coverage ratio being 240% by the end of 2025, credit quality remained stable, underscoring NBK's proactive and conservative risk management approach.

Future Outlook

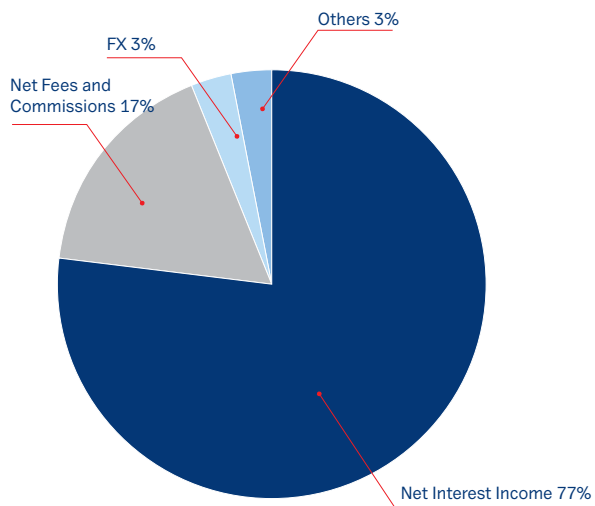
Moving forward, the Group continues to have a stable outlook for the future, focusing on diversified growth in Kuwait and international markets, well supported by healthy capital levels, leading market position, steady profitability and increasing digital initiatives. NBK Group harnesses vast growth potential presented by Kuwait's young and dynamic population, with a strategic focus on innovation and digital transformation. The Bank underscores its enduring commitment to a sustainable financial future, aligned with the advancement of Kuwait Vision 2035.

Going ahead, NBK aims at capitalizing on the improving business sentiment and maintaining its solid growth momentum across the Group network, supported by a resilient business model, a well-diversified portfolio, continued strategic investments and prudent risk management practices. Building on a deep-rooted domestic presence and excellent client relationships, the Bank remains well-positioned to drive sustainable growth.

By optimizing capital and resources, ensuring long-term financial stability and maintaining a vigilant focus on risk management, NBK shall continue to proactively address potential challenges, including geopolitical and macroeconomic uncertainties. At the cornerstone of its future growth strategies will be continued investments in technology and sustainability, as the Bank remains committed to further developing its digital infrastructure and innovative banking solutions designed to meet the needs of corporates and individuals and tailored to evolving market dynamics

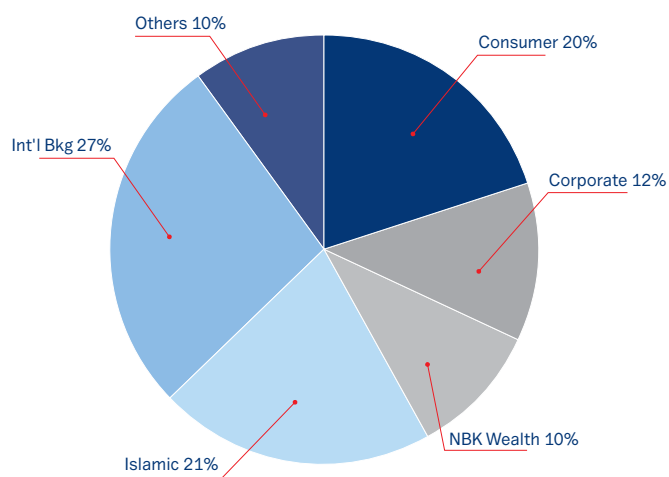


2025 Operating Income by Type (%)

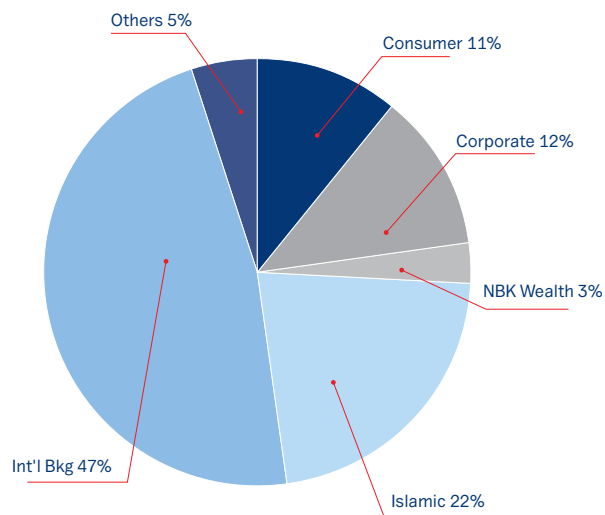


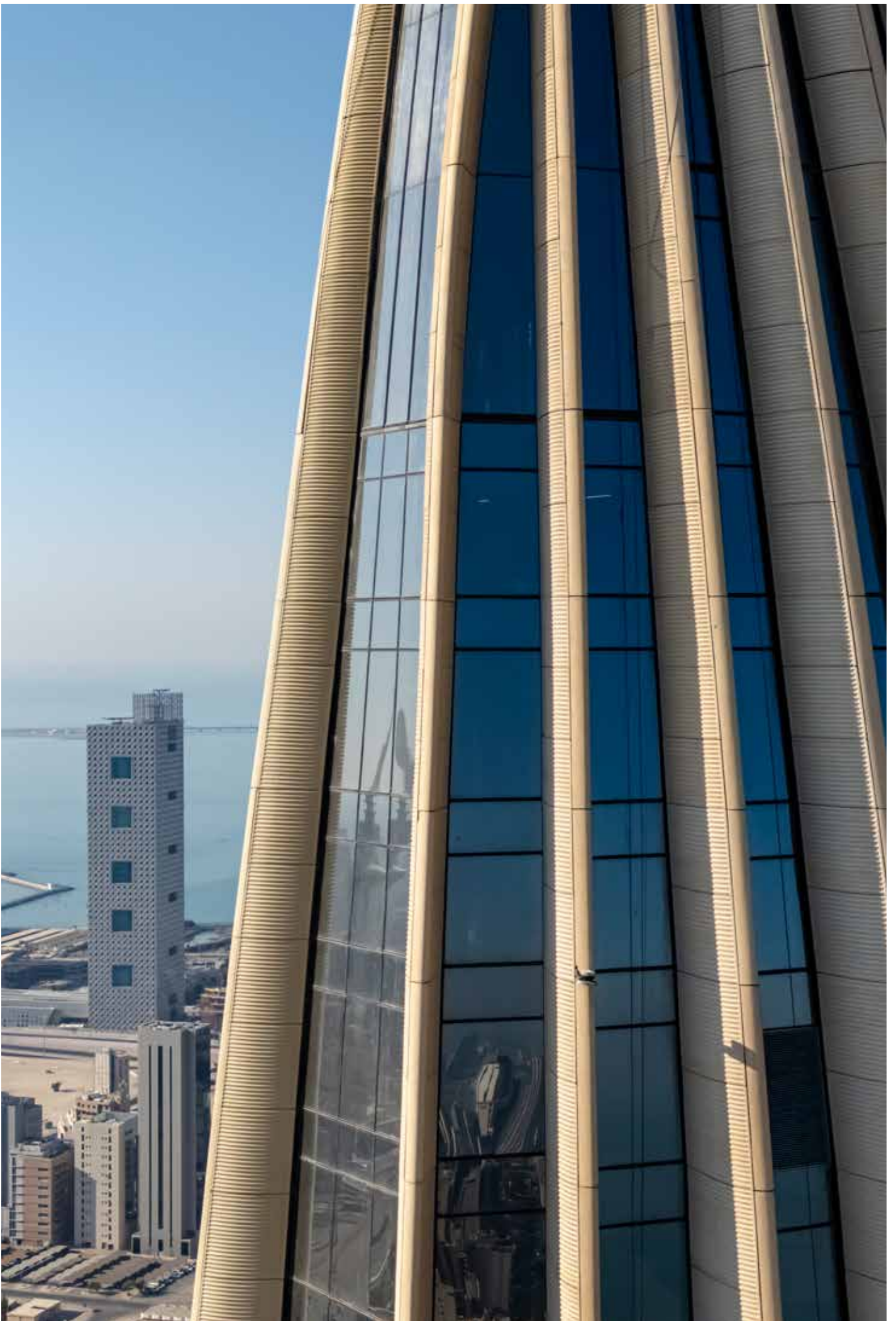
Key Ratios (%)	2025	2024	2023
Return on Average Assets	1.33%	1.55%	1.53%
Return on Average Equity	13.4%	15.1%	15.0%
Net Interest Margin	2.41%	2.66%	2.59%
Non-Interest Income as % of Total Income	22.9%	21.7%	22.4%
Cost to Income	38.4%	37.4%	36.6%
NPL Ratio	1.36%	1.34%	1.38%
Loan Loss Coverage Ratio	240%	263%	271%
Common Equity Tier I Capital Adequacy Ratio	13.1%	13.2%	13.0%
Tier I Ratio	14.9%	15.1%	15.0%
Capital Adequacy Ratio	17.0%	17.3%	17.3%

2025 Operating Income by Business Line (%)



2025 Total Assets by Business Line (%)





Key Performance Indicators

The delivery of NBK's strategy is measured against Key Performance Indicators (KPIs), which enable management and the Board to monitor progress towards strategic goals.

The KPIs are categorized as 'financial' and 'non-financial'. The table summarizes our overarching KPIs and provides an overview of performance against them in 2025.

	Dimension	KPIs	Objectives	Performance 2025
Financial	Profitability	Return on Assets	• Maintain 1.35-1.45% over the 2024-2028 period	
		Return on Equity	• Maintain 13-14% over the 2024-2028 period	
		Cost-to-Income Ratio	• Maintain and manage closely below 40%	
	Growth	Core Asset Growth	• Achieve mid/high single digit growth rate	
	Resilience	% of FX, fees and commissions to total income	• Improve from 20% to 23%	
Non-financial*	Customer Perception	Brand Awareness	• Maintain NBK's image as the leading bank in Kuwait	
		Brand Power among youth	• Maintain NBK's Brand Power in Kuwait and among Kuwaiti Youth	
	Market Perception	Ratings assigned by credit agencies	• Maintain NBK's high LT credit rating	
		Ratings and scores assigned by external ESG raters	• Gradually improve ESG ratings and scores	
	Maintaining Leadership in Kuwait	Market share in salaried Kuwaitis of NBK Kuwait	• Defend market share	
		Market share in corporate assets of NBK Kuwait	• Defend existing assets and gradually recover market share	
	Employee Perception	Employee Engagement Survey	• Maintain NBK's status as a preferred employer in Kuwait	

Note: The objectives for the Bank's KPIs assume the execution of the Government of Kuwait's development plans towards the long-term goals defined in Kuwait Vision 2035. They also depend

on gradual improvements in the political and economic stability of the MENA region over time, provisions returning to pre-financial crisis levels and no major acquisitions.

*Non financial Indicators progress is based on third Party assessments and Data.



KPI



Risk Management

Risk is at the very heart of what we do and how we do it, and managing risk is the core of our business. Our ability to manage the risks inherent in our businesses and to ensure that our conduct reflects the highest standards of ethical and responsible business practice, underpin that trust.

In 2025, NBK's Group Risk Management (GRM) operated in a dynamic regulatory and risk landscape influenced by both local and global developments. The Bank proactively adjusted to increasing expectations related to governance, data management, and the integration of sustainability considerations. Within Kuwait, the Central Bank of Kuwait continued to enhance regulatory frameworks aimed at reinforcing operational resilience, Third party risk management and strengthening cybersecurity standards.

To address these developments, GRM strengthened its governance frameworks, enhanced automation initiatives, enhanced risk modelling capabilities, and embedded ESG factors across risk management practices. These actions support regulatory compliance, strengthen resilience, and prepare the Bank for emerging regulatory expectations, including capital adequacy standards and global best practices aligned with BASEL frameworks.

Risk Management Framework

NBK's risk management governance framework is anchored on strong leadership, strict regulatory adherence, effective compliance and internal controls, a strong risk culture and accountability to stakeholders. The Board and the Board Risk and Compliance Committee (BRCC) play a key role in setting risk management and governance standards to meet the Bank's stakeholders' expectations, and it's leadership ensures an appropriate balance of accountability and independence in decision-making across various functional areas. The Board and the BRCC provide overall risk management direction and oversight. Furthermore, the Board Credit Committee (BCC) is responsible for reviewing the quality and performance of credit portfolio, overseeing the effectiveness and administration of credit related policies and the review and approval of credit limits above certain thresholds.

To reinforce risk management and internal controls, the Group embraced the industry-standard three-line-of-defense model, ensuring a comprehensive approach to risk mitigation and regulatory compliance through key activities across the entire organization.

During the year, GRM strengthened its risk management framework by automating processes, comprehensive and integrated stress testing supported by scenario analysis and contingency planning, and integrating ESG factors into risk assessments. The Bank also reinforced fraud controls with advanced detection tools and embedded an IT-based risk framework certified under ISO 27001, ISO 22301, and ISO 31000.

Three Lines of Defense

First Line of Defense: Business Owners

Identifying and capturing key risk indicators, spanning credit, market, liquidity, I.T. and Operational, and emerging risks like ESG and Climate risks. The Group Risk Management (GRM) and the first line of defense collaboratively set policies, including risk appetites, defining individual and portfolio-level risk thresholds.

Second Line of Defense: The Group Risk Management

Setting up Risk Appetites (RA) and risk adjusted profitability measures for the business at transaction and portfolio level to control the quality of the portfolio and evaluating decisions relating to new and existing deals, impairments and provisioning and other relevant credit, market, operational, I.T. and other emerging risks (i.e. ESG and Climate risk) of the Group. GRM also collaborates with the Bank's businesses through various governance committees, including different levels of Credit Committees, ALCO, IT, and Business Continuity.

Third Line of Defense: Internal Audit

Internal Audit as the third line of defense, is independent of the first line, second line and enterprise support functions of the Group. The Internal Audit provides independent, objective, reliable, and timely assurance to the Board, its respective audit committee, NBK Group senior management and regulators over the effectiveness of governance, risk management and controls that mitigate current along with evolving risks. The Internal Audit essentially ensures risk controls within the Group are effective.

Key Risks And Their Management

Key Risk	Understanding the Risk	How does NBK mitigate the Risk
FINANCIAL RISKS		
Credit Risk	Credit risk is the most significant measurable risk NBK Group faces, this risk arises from the Bank's daily business activities that include lending to retail, corporate, institutional customers and include sovereigns and SMEs. It includes the risk of lending, and pre-settlement and settlement risk of foreign exchange, derivatives, and investment securities.	Credit risk is managed by thoroughly analysing and understanding our corporate and individual customers' risk profile and assigning appropriate 'credit risk ratings' to reflect the financials, the businesses they are in, as well as the economies in which they operate. The assignment of such internal credit risk ratings (also supported by the use of ratings by external rating agencies where available) and setting of lending limits are integral parts of the Group credit risk management process. In this assessment, the bank observes prudent lending principles widely applicable by prime global banks. The Group has adopted a rigorous credit risk appetite framework addressing various risk metrics and concentrations and constantly invests in systems to support risk monitoring and reporting for Corporate Banking, IBG, Consumer Banking and Private Banking businesses.
Market Risk	Market risk focuses on identifying key developments impacting NBK, including interest rate movements, price volatility, and foreign exchange (FX) risk. In parallel, economic and geopolitical considerations involve assessing macro-economic trends and regulatory changes that may materially affect the Bank's market risk profile.	<p>The Bank considers continuous monitoring and reporting as essential components of effective market risk management. This framework comprises both monitoring and reporting mechanisms executed at agreed frequencies. Monitoring activities are aligned with the Board-approved Risk Appetite, ensuring that exposure remains within defined thresholds. NBK maintains regular reporting to stakeholders to promote transparency and support informed decision-making. Any changes to the approach are primarily driven by regulatory requirements and internal directives issued by the Board Risk Committee (BRCC) and the Board.</p> <p>NBK's market risk strategy centers on key priorities, including the automation of market risk processes to enhance efficiency, comprehensive stress testing and scenario analysis with liquidity linkages, and robust contingency planning for adverse market conditions, while strengthening interest rate and foreign exchange (FX) risk management in response to global market volatility. Market Risk review and feedback are obtained through relevant committees before new derivatives products are offered for the client.</p>
Liquidity Risk	Liquidity risk is the risk that the Bank may not be able to access funds at a reasonable cost or within the required timeframe to meet its financial obligations. It affects the Bank's ability to cover withdrawals, loan repayments, and maturing liabilities. Liquidity risk also relates to how quickly the Bank can convert assets into cash without significant loss, even under adverse market conditions. Effective management of this risk is essential to maintain the Bank's financial stability.	The Bank monitors and reports various internal and regulatory liquidity metrics to manage and comply with liquidity risk requirements on an on-going basis. NBK Group continuously work on strengthening its balance sheet via long-term liabilities, stable deposits and healthy liquidity buffers. The Group's liquidity management is guided by its liquidity management framework policy, which is reviewed annually and approved by the Board. The Bank's liquidity risk strategy focuses on maintaining an adequate Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).
NON-FINANCIAL RISKS		

<p>Digital Transformation and Cyber Security</p>	<p>Digital Transformation and Cybersecurity framework integrates management of Operational and Technology Risks, along with Cyber Security considerations, ensuring a holistic approach to risk oversight. It facilitates structured engagement from stakeholders across all three independent lines of defense—first line (business) and second line (risk management) to promote accountability and transparency.</p>	<p>The Operational and Technology Risk Management function works in close collaboration with the First Line of Defense under the bank’s agile methodology. This partnership ensures that operational and technology risks are identified early stage, starting from the pre-design phase through to the delivery phase of transformation projects.</p> <p>Accordingly, risk mitigation or transfer strategies are incorporated into project planning and execution, enhancing overall delivery outcomes. In respect of Information Security, proactive security assessments and reviews are conducted to detect potential cyber risks and ensure timely remediation. To strengthen cyber defense posture (defense in depth), NBK continuously introduces additional security controls, creating layered protection against emerging cyber threats.</p>
<p>Operational and Technology Risk</p>	<p>Technology Risk refers to risks from developing, implementing, and operating technology systems, while Operational Risk is the loss from system, process, or person failures, occurring due to the Bank’s reliance on information technology.</p> <p>Managing these risks properly can help the Bank reduce costs and provide improved customer service. However, risks remain from factors such as system failures, employee errors, and security issues.</p>	<p>NBK Group adheres to Basel principles for Operational Risk Governance, supported by a robust Three Lines of Defense model. The First Line conducts periodic Risk and Control Self-Assessments, independently reviewed by the Operational and Technology Risk Management team.</p> <p>Key risk indicators are monitored and reported to the BRCC in alignment with the Group Risk Appetite Policy of the Bank. In 2025, enhancements included improved loss event management, integration of project risk reviews with agile delivery practices, and strengthened risk mitigation through continuous engagement with risk owners and maintains a structured risk acceptance process. The Group achieved ISO 22301 certification in 2025, reinforcing its commitment to business continuity and resilience.</p>
<p>Emerging & Geopolitical Risks</p>	<p>Emerging Risks aim to detect, assess and monitor risks that may have a significant impact on NBK Group profitability, solvency, liquidity and a challenge to the business model of the Bank.</p> <p>Geopolitical Risk is the threat, realization, and escalation of adverse events associated with wars, terrorism, and any tensions among states and political factors that affect the peaceful course of international relations. It can thus severely impact economic growth and development across one or many regions of the world, such that Bank’s health could be distinctly vulnerable to profound changes in the global geopolitical landscape.</p>	<p>The Bank integrates end-to-end risk management across credit, market and operational risk processes to proactively identify and address emerging & geopolitical risks. The Bank maintains vigilant oversight on geopolitical developments, continuously monitoring exposures and assessing their potential impact on the portfolios and operations.</p> <p>The Bank will continue to apply stringent risk management practices to capture emerging and geopolitical risks in the market. These challenges stem from the dynamic business environment in the MENA region, with its associated geopolitical complexities as well as shift in industry characteristics, such as changes in trade policies and tariffs that can alter risk profiles.</p>

<p>ESG and Climate Related Risk</p>	<p>ESG and climate risk management is guided by a dedicated framework for identifying, assessing, and mitigating these risks. ESG risk is embedded in key governance documents, including the Group Risk Management Framework, Stress Testing Policy, ICAAP Policy, and Credit Policy Manual, ensuring consistency across the Group.</p>	<p>ESG and climate-related risks are assessed through a structured impact process that maps potential transmission channels affecting NBK’s operations and financial position. To address emerging ESG risks, NBK leverages its PCAF alliance, a global initiative offering standardized methodologies for measuring and disclosing financed emissions. This partnership accelerates learning, provides practical tools and peer insights, and positions NBK to meet evolving regulatory expectations while enhancing credibility in sustainable finance; establishing NBK as a regional leader in the transition to sustainable finance.</p> <p>A core element of our climate risk approach is the ESG scorecard, designed to evaluate corporate clients’ exposure to physical and transition risks. Clients are segmented by industry carbon intensity, enabling targeted assessments. Relationship Managers and credit teams use a questionnaire covering governance, climate strategies, emission reduction plans, mitigation measures, carbon footprint, and sustainability initiatives. Responses generate an ESG score that informs client risk profiles and supports internal capital adequacy, and risk monitoring.</p> <p>Going forward, our strategic priority is to fully embed ESG and climate risk into NBK Group’s overall risk assessment framework. This approach strengthens client engagement while building internal expertise to manage emerging risks. Opportunities lie in expanding sustainable finance offerings, enhancing stakeholder trust, and leveraging ESG data for better risk-adjusted returns. The key challenge is balancing growth ambitions with operational resilience amid evolving regulations and data limitations requiring disciplined, forward-looking risk management.</p>
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Strategic Goals of NBK’s Group Risk Management

- Incorporating ESG, operational resilience, and enhancing credit risk analysis within NBK’s unified risk management framework
- Proactive management of risks evolving from digital activities of the Bank to control digital vulnerabilities
- Implement automation and business process excellence initiatives to minimize operational risk and enhance the effectiveness of the risk management framework
- Emphasis on scenario-based stress testing and dynamic risk assessment
- Supporting decision makers with enhanced risk reporting to enable risk-based decisions
- Enhancing the Risk Management processes to integrate risk and profitability into periodic analysis to support strategic planning and capital allocation
- Enhancing the forecasting models and capital assessment processes to align with best practices

Moving ahead, NBK Group envisions risk management evolving and shifting from a compliance-focused function to a strategic enabler. That said, the Bank is agile and enabled by the risk management function to adapt to emerging risks such as cyber threats, climate-related financial risks, and geopolitical volatility. Nonetheless, challenges persist, particularly regulatory complexity and divergence across markets. These are effectively managed through NBK’s robust risk governance framework, which not only mitigates risks but also positions the Group to capture emerging opportunities.

Maximizing Our Capabilities and Instilling a Strong Corporate Culture

At NBK, human capital plays a foundational role in driving long-term growth and shaping the Bank’s growth trajectory. The Bank fosters a fair, inclusive, motivated, values-driven, and a collaborative work culture that is fully aligned to its corporate strategy and business goals, thus solidifying its status as a leading financial institution and driving it towards its ever-rising goals.

NBK is committed to holistic well-being of its employees, and to unleash the full potential of its workforce, as reflected in its key initiatives; prioritizing employee health, safety, and financial stability. The strategy of the Bank strongly aligns with its corporate values of passion, integrity, conservatism and knowledge. The Bank rings in a multiplier effect by investing in its

human capital and aspires to create talent that not only delivers against objectives, but also remains in alignment with the ethos of the Group.

Over the past years, NBK has significantly advanced Kuwaiti talent through record-breaking training programs, leadership development initiatives such as NBK RISE, tech-focused academies, inclusive policies that promote diversity and inclusivity. Aligned with its commitment to societal contribution and ethical standards, the Bank encourages its employees to embody integrity and accountability, and also engage in CSR activities. It has created a corporate culture that offers abundant opportunities for growth, a learning-rich environment, collaborative work practices built on trust, and a competitive compensation framework.

Our corporate values are embedded in Our HR strategy and policies through several key principles.

Integrity & Ethics	A strict Code of Conduct is enforced, promoting transparency, confidentiality, and whistleblowing and employee grievances to uphold ethical standards across all levels of the organization.
Professionalism	HR policies ensure fair and competitive compensation, diversity and inclusion, and a workplace free from harassment, aligning with global best practices and human rights standards.
Learning & Development	Prioritizing continuous learning and career development through structured training programs, leadership development initiatives, and partnerships with top global institutions.
Passion for People	Emphasizing employee engagement, well-being, and empowerment, creating a culture that values creativity and innovation while supporting long-term careers.

Talent Acquisition and Employer Brand

NBK continues to solidify its position as a leading talent and employer brand; supported by a Kuwaitization rate of 77.4%, a strong internal mobility agenda and an inclusive development pathway for youth, women and future leaders.

As part of its employer brand strategy, NBK reinforced its reputation as an employer of choice through:

- High-visibility participation in national and regional career fairs
- Strategic partnerships with leading academic institutions
- Market recognition, including being named a Top Employer in the Banking Sector in Kuwait by LinkedIn MENA
- Personalized coaching and mentoring
- A clearly mapped career progression

These efforts contributed to a significant increase in brand engagement and candidate interest, further positioning the Bank as the private-sector employer of choice for Kuwaiti nationals and high-calibre international talent.

Focus on technology talent

The high market demand for specialized technology talent, driven by rapid digital transformation across the financial sector, continued to remain a key challenge during the year. To address this challenge, the Bank undertook the below initiatives:

- Introduced competitive career tracks and retention incentives for critical digital roles
- Strengthened collaboration with global learning partners to offer advanced technical certifications
- Expanded internal mobility programs, enabling employees to transition into high-demand roles through structured reskilling

These initiatives not only reduced the hiring gaps, but also accelerated the workforce development, positioning NBK to capitalize on future opportunities in technology and innovation.

Inclusive, Fair, and High-Quality Recruitment Practices

NBK's Talent Acquisition function upholds the highest standards of fairness and transparency through:

- Competency-based interviews aligned with global HR best practices
- Structured assessments including ability tests and personality measures to ensure optimal job fit
- Standardized evaluation frameworks to reduce bias and promote equal opportunity
- Recruitment communications that reinforce NBK's commitment to accessibility, diversity, and social responsibility

These recruitment practices support the Bank's sustainability goals and strengthen workforce quality, ensuring that NBK continues to attract talent with the capabilities required for a rapidly transforming financial sector.

Key achievements in Talent Acquisition and Employer Brand

- Implemented advanced recruitment dashboards and KPIs enabling better forecasting, improved time-to-fill, and sharper quality-of-hire decisions.
- Enhanced analytics integration allowed NBK to make more predictive hiring decisions and identify talent gaps proactively.
- Vocational structured internship initiatives that collectively supported the upskilling of over 124 students and new graduates; providing over 11,766 training hours across 30 departments, focused on banking services, digital transformation, marketing, finance, IT, Risk Management, and Cyber Security.
- **NBKConnect:** a flagship outreach initiative, expanded its impact by bringing business leaders and HR teams directly to universities to engage with students from diverse academic backgrounds. Through interactive discussions, students learn how their fields of study can contribute to NBK's work, while gaining a clearer view of the career pathways the Bank offers, strengthening NBK's employer brand and building deeper connections with future talent.

Performance Management and Career Progression

National Bank of Kuwait continued with the mid-year and employee self review as a formal checkpoint to align goals, provide feedback and ensure a clear direction for the rest of the performance year.

Mid-year performance and employee self-review	
85% participation rate	87% satisfaction rate

Performance review, salary increase, and promotion cycles have been merged into a single, integrated reward process to ensure stronger alignment between performance outcomes and reward decisions. This enhancement enables more effective decision-making by directly linking performance rankings with reward outcomes, while strengthening communication between managers and employees around career progression, recognition, and development.

Modernisation of HR Job Architecture through Project Career Leap

Career Leap was one of the most successful undertakings of Group Human Resources in 2025. Through this project, NBK changed its Grading Structure and Titling framework across all countries. This ensured that all employees in NBK now follow the same grades and the grade profile. The themes used for titles are also similar across the world. This brings in consistency across the The Group for NBK to successfully function as a multi-national company.

Change Management

The implementation of Career Leap was supported by a structured change management plan designed to ensure full organizational alignment. The program began with 8 executive leadership alignment sessions including the CEOs and Chiefs, followed by 60 senior leadership cascading briefings to Group Heads, Unit Heads, and line managers across all business areas and geographies. In total, multiple leadership workshops and employee sessions were conducted, reaching 7,000 employees across the Group. Supporting materials, FAQs, dedicated business group champions, and communication channels were provided to address employee inquiries and maintain transparency throughout the transition. This structured cascade reduced uncertainty, strengthened understanding, and enabled smooth adoption of the new job architecture across the organization.

Grading Structure

Grading structure adopted by NBK aligns with some of the best global frameworks followed by banking industry. With the introduction of the new grading structure, NBK also introduced some of the global best practices. One of them being the introduction of a professional career stream along with the management stream. With this change, NBK can now show career growth for professionals in a much better way than earlier. This helps NBK attract skilled talent and can retain them with stronger career prospects.

Titling Framework

NBK's new titling framework was finalized after looking at some of the global practices, banking industry practices, Fintech industry and practices followed in GCC countries. This helped NBK adapt to a structure that is workable and are respected by employees and businesses together. By introducing some functional titles, it further connected some of the jobs to generic or industry specific titles too.

Job Evaluation

In 2025 NBK moved to a new way of job evaluation that is connected to the job and also connected to the hierarchy it falls in. This new way of job evaluation measures each job under various factors including the impact of the job, knowledge level expected for the job, innovation levels, communication elements, complexities associated with it and the supervision level required in doing the job. The outcome also considers the hierarchy of the role, span of the job, scope of the job etc to arrive at a result that is derived from a strong technical way of evaluation. This helps units plan their organizational structures in a much efficient way with clear job differentiation between each grade.

Job Family

In 2025 NBK introduced job family, sub family and specialization for each of the Bank's jobs. This helps NBK capture the essence of the job and compare it to similar jobs in the market. This approach helps NBK connect the jobs to global job frameworks and further specific to industries. We are now, more than earlier, in a position to identify jobs in different groups with similar characteristics. This also helps identify the niche jobs separately and identify jobs that are connected to other industries. This kind of study helps in building stronger career paths for jobs across the group and not just within their job.

Talent Management and Learning

NBK promotes a culture of innovation and continuous learning among its employees. In 2025, the Bank reinforced its commitment to building a future-ready and innovative workforce

by advancing a robust portfolio of talent development initiatives across all career levels and international locations. 2025 was truly an extraordinary year whereby we achieved:

More than 147,000 learning hours completed

More than 5,320 participation in development programs

91% satisfaction score for training programs

Key Learning & Development Programs

At NBK, our commitment to developing exceptional talent across Kuwait and all international locations is central to sustaining the Bank's long-term performance and competitive strength. NBK's learning philosophy is built on a structured, data-driven approach that ensures every development initiative is directly aligned with

business priorities and the evolving needs of our people. NBK also maintains a strong focus on experiential learning and practical application, ensuring that employees can translate knowledge into performance.

Program	Objective
NBK Academy and NBK Tech Academy	Central to these efforts were the NBK Academy and NBK Tech Academy, which continue to serve as the foundation for attracting and developing emerging national talent. The academies offer youth entering the workforce structured learning journeys that blend technical, business, and behavioral skills with hands-on rotations across business units, mentorship from experienced leaders, and industry-aligned certifications. With a strong focus on digital and banking capabilities, these academies ensure a sustainable pipeline of qualified Kuwaiti professionals that are equipped to grow and excel within the organization, while embedding ESG principles into their curricula to ensure responsible and sustainable growth.
Middle Management Programs	NBK's commitment to developing strong managerial talent is reflected in its comprehensive suite of middle-management programs designed to build future-ready leaders. Through flagship initiatives such as NBK High Fliers, Prime Leadership, NBK Pioneers, and the Middle Management Program, the Bank equips emerging and experienced managers with the competencies needed to lead high-performing teams, drive operational excellence, and champion innovation across the organization. These programs blend strategic learning, practical application, and leadership development, ensuring that managers at all levels are empowered with the mindset and tools required to navigate evolving business demands and contribute to NBK's long-term growth and success.
Leadership Development Programs	Exclusive tailored leadership development programs were designed specifically for our leaders, aligned with the organization's strategic direction and leadership framework. These programs focus on strengthening strategic thinking, leadership mindset, and decision-making capabilities to enable leaders to effectively navigate business challenges and drive sustainable organizational success. Through a blended learning approach, the programs enhance the leaders' ability to translate strategy into action, lead high-performing teams, foster accountability, and create measurable impact across the organization.
Transcendence Leader Coach	In further support of leadership capability building, the Transcendence Leader Coach (TLC) Program continued strengthening NBK's coaching culture by equipping leaders with practical tools to develop, motivate, and empower their teams. Through structured coaching methodologies and real-world application, leaders enhanced their ability to unlock employee performance, improve workplace dynamics, and foster environments that encourage continuous growth and accountability.
NBK RISE Program	NBK RISE is a pioneering initiative designed to empower women leaders and prepare them for senior leadership roles. The program covers various modules focusing on essential competencies, confidence building, strategic initiative development, reconstructive leadership, and effective decision making. Participants benefit from mentorship, coaching by industry leaders, and collaborative projects that turn ideas into impactful outcomes, while collaborating with renowned institutions for world-class training.
Credit Certification Program	NBK collaborated with Moody's Analytics to introduce a Credit Certification Program aimed at enhancing advanced technical knowledge in credit assessment and risk management. This program supports stronger governance, decision quality, and portfolio resilience by equipping employees with globally recognized credit and risk expertise deeply aligned with regulatory requirements and sound banking practices.
NBK Ebtakir	Further embedding innovation at the heart of NBK's culture, the Bank launched its first intrapreneurship initiative, NBK Ebtakir. The program empowers employees across various functions to design innovative business solutions using agile methodologies and design thinking frameworks, fostering cross-functional collaboration and entrepreneurial problem-solving. By transforming internal ideas into value-creating prototypes, NBK Ebtakir reinforces NBK's commitment to digital transformation and unlocking internal talent potential.
Network of Bright Knowledge: Peer-to-Peer Learning Program	In addition to formal training programs, NBK strengthened its peer learning ecosystem through the Network of Bright Knowledge, which is a unique platform that promotes internal knowledge sharing across functions and expertise levels. This initiative engages subject-matter experts and high-performing employees to facilitate interactive learning circles and practical workshops, enabling colleagues to exchange insights, best practices, and success stories directly from internal experiences. By empowering employees to learn from each other and celebrate internal expertise, the Network of Bright Knowledge fosters collaboration, strengthens organizational learning culture, and reinforces NBK's values of Knowledge sharing and teamwork.
The Future Ready - AI in Banking	In parallel with leadership programs, NBK significantly invested in technical upskilling to support digital transformation and future banking priorities. The Future Ready — AI in Banking learning journey was introduced to senior leaders to promote a proactive understanding of artificial intelligence, emerging technologies, and the evolving expectations of customers in the digital economy. This initiative played a key role in expanding AI literacy, shifting mindsets, and strengthening readiness to lead transformation efforts across the Bank.
NBK Learning Hub	The NBK Learning Hub represents a cornerstone of the Bank's e-learning strategy, offering an advanced, user-friendly platform that delivers a comprehensive and engaging eLearning experience for employees across all NBK locations. It features a rich digital library of over 120 specialized courses tailored to diverse career paths, supports continuous learning through blended formats, and provides each employee with a personalized page to track their development journey, including a specialized financial library and mandatory compliance training.

Employee Engagement and Well-being

NBK places strong emphasis on building a supportive and motivating workplace that focused on well-being and employee engagement initiatives and creates an environment where employees can thrive both professionally and personally.

The Bank's latest well-being initiatives are designed to support employees across multiple dimensions:

- **Work-Life Balance:** Well-Being Leave (3 day dedicated leave), Reduced Working Hours (shorter working hours on Thursday) and Annual Leave Calculation (excluding Saturdays from leave deduction).
- **Financial Well-Being:** Employee Loan (included a second free of interest loan), Al Jawhara Staff Account (a dedicated account with exclusive benefits and automatic prize draw eligibility), Employee Fund (provides financial relief to employees facing qualifying emergencies or hardships), NBK Staff Term Deposit (staff special rates) and Digital Loan (fully digital loan requests).

<p>High participation rate of 81% in Employee Engagement Survey, higher than global averages, reflecting our belief in developing the work environment</p>	<p>Over 5,000 employees participated in Employee Engagement Survey</p>	<p>Foundations of our Success:</p> <ul style="list-style-type: none"> • Image & Reputation • Well-being • Job Satisfaction & Empowerment
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Likewise, employee engagement at NBK is driven by open communication and genuine recognition where employees feel valued and heard.

- **Employee Engagement Survey “Your Voice Matters”:** A tool that enables employees to share their feedback directly with leadership where insights are reviewed and translated into clear actionable initiatives that aim to enhance the employee experience and to continue making NBK an even better place to work at.
- **‘I AM NBK’ Recognition Program:** A program based on success stories that celebrates outstanding achievements aligned with the NBK values, fostering a culture of appreciation and motivating employees to excel.

Diversity, Equity & Inclusion (DEI)

In 2025, NBK reaffirmed its commitment to fostering a diverse, equitable, and inclusive workplace, guided by the Bank's core values of passion, integrity, conservatism, and knowledge. The DEI strategy focuses on providing equal opportunities for all employees, strengthening gender balance, and promoting inclusive hiring practices that reflect Kuwait's evolving workforce demographics.

As part of its commitment, the Bank published the NBK Diversity, Equity & Inclusion commitment on its sustainability page. As we align with the DEI strategy, we launched the Diversity & Inclusion (DEI) Council responsible for translating high-level DEI strategies into actionable initiatives across the Group. The council is

consisted of 11 members that are appointed from and within the Group's international locations and will serve as a catalyst for a trans-formative organizational change.

Key DEI Initiatives in 2025

NBK RISE

Supporting the Bank's agenda, the NBK RISE Women in Leadership Program continued to build momentum as a flagship initiative enabling high-potential female talent to transition into senior leadership roles. The program offers an immersive development experience combining advanced learning, executive mentorship, strategic project delivery, and opportunities for broader professional visibility. Beyond skill development, the program strengthens a thriving community of women leaders who support one another and contribute to shaping a more inclusive culture within the Bank.

Future Goals and Priorities

Moving forward, NBK plans to focus on building a sustainable, high-performing, and future-ready workforce that supports the Bank's growth, innovation, and ESG objectives. These initiatives will strengthen NBK's position as an employer of choice and a key contributor to Kuwait's human capital development and economic sustainability.

NBK anticipates a continued evolution of its workforce landscape shaped by digital transformation, emerging technologies, evolving skill requirements, and changing employee expectations. Its future workplace will increasingly emphasize agility, continuous learning, and purpose-driven employment, with a growing demand for specialized capabilities in technology, data, sustainability, and customer experience.

The Bank will continue to invest in learning, reskilling, and leadership excellence, ensuring that employees are equipped to thrive in a dynamic financial environment. By combining data-driven insights with its core values, NBK aims to proactively address emerging challenges, leverage new opportunities, and ensure the organization remains resilient, competitive, and aligned with Kuwait's long-term human capital vision.

Key Priorities of 2026

- Advancing Kuwaitization through structured career pathways and leadership development programs
- Expanding graduate academies and technical programs to nurture emerging talent
- Accelerating digital capability building across all functions
- Reinforcing its diversity, equity, and inclusion (DEI) agenda and Launch DEI Council
- Enhancing employee experience through data-driven insights
- Continuing to embed innovation and well-being into people agenda
- Focusing on future-proofing its talent base through sustained investment in learning, reskilling, and leadership development
- Integration of advanced analytics to enable precise workforce planning
- Digital platforms to continue enhancing employee experience and engagement
- Ensuring equitable access to growth opportunities
- Fostering a culture that values innovation and collaboration



Environmental, Social & Governance

Sharing an Equitable and Sustainable Future

A clear sense of purpose flows into everything NBK does, from the services it provides and the way it delivers them to the customers, to how it engages with its people. As part of its environmental, social, and governance (ESG) philosophy, NBK has consciously incorporated sustainability aspects in its core policies and practices. Sustainability is central to how it approaches, owns and operates the value chain. The Bank is proud of its achievements dedicated to responsible business practices, ensuring our actions deliver tangible benefits for the environment and society.

Leading with a Purpose

In alignment with NBK’s vision: To be the trusted bank of choice, building on our core values, people, and expertise,

ESG is a defining lens through which businesses are evaluated; maintaining stakeholder trust requires a proactive, transparent, and value-driven approach. We recognize that trust is not static, and must be continuously earned through responsible action, clear communication, and long-term commitment.

NBK’s ESG Philosophy

NBK has implemented a comprehensive three-year ESG strategy designed to drive a sustainable transition toward a low-carbon economy, promote inclusivity, and deliver meaningful social impact. This strategy reflects ambitious sustainability objectives, supported by a transparent, measurable, and robust framework. It ensures continuous progress while safeguarding the interests of all stakeholders.

ESG Strategy Framework

Key Pillar	Mid/Long-term Targets	Strategic Initiatives
Responsible Banking Ambition: To support the transition to a sustainable economy and become a role model in our own transformation.	<ul style="list-style-type: none"> To establish science-based targets (SBTi) for scope I, II, & III emissions To develop scientifically aligned strategy to lower financed emissions To develop sectoral transition policies for key sectors 	<ul style="list-style-type: none"> Support transition to a low-carbon economy by delivering on net zero ambitions Capitalize on sustainable business opportunities and develop a best-in-class sustainable finance proposition Engage with clients to accelerate their transition plans and support them in achieving net zero ambitions Embed ESG across the value chain
Governance for Resilience Ambition: To commit to the highest standards of governance by embedding ESG across the Group.	<ul style="list-style-type: none"> To link ESG to executives’ balance scorecard To establish ESRM framework and related policies To prepare for alignment with the IFRS S1 and S2 standards To implement Task Force on Climate-related Financial Disclosures (TCFD) recommendations 	<ul style="list-style-type: none"> Build and implement the highest standards of ESG governance and accountability Enhance stakeholder engagement, emphasizing ESG narrative and commitments Develop economic, environmental and social risk resilience
Capitalizing on our Capabilities Ambition: To drive sustainable business growth achieved through organizational resilience.	<ul style="list-style-type: none"> To establish ESG-driven performance KPIs for key business and support functions To deliver Group-wide ESG capacity building and training To increase investment in digitalization to improve the responsible use of ESG data 	<ul style="list-style-type: none"> Promote diversity, equity and inclusion in the workplace Promote group-wide ESG transformation through enhanced employee engagement and development programs Cultivate and retain local talent by providing rewarding career development opportunities Establish a digital and agile work environment
Investing in our Communities Ambition: To drive a positive impact on the communities we serve.	<ul style="list-style-type: none"> To develop strategic initiatives on financial inclusion and financial literacy To increase corporate philanthropic and social responsibility spending in line with the SDGs To incorporate ESG in consumers’ journey, advise, and offerings 	<ul style="list-style-type: none"> Empower communities to achieve financial independence, confidence and security Continued and enhanced focus to provide optimal customer experience and service excellence Support national development plans to promote and nurture local talent Expand community investment efforts for optimal impact Support equitable community and economic development



Aligned with National and Global Frameworks

NBK is aligned with globally recognized reporting frameworks and adheres to established guidelines on ESG, demonstrating its commitment to sustainability and long-term value creation. Below are the global and national frameworks that we adhere to:

- Bursa Kuwait ESG Reporting Guidelines
- New Kuwait Vision 2035
- Global Reporting Initiative (GRI) Standards
- United Nations' Sustainable Development Goals (UN SDGs)
- Greenhouse Gas (GHG) Protocol
- Partnership for Carbon Accounting Financials (PCAF)
- United Nations Global Compact (UNGC)
- Sustainability Accounting Standards Board (SASB)
- Task Force for Climate-related Financial Disclosures (TCFD)

NBK's ESG Ratings for 2025

MSCI	Recently upgraded from 'BBB' to 'A' in June 2025, a notable leap that places the Bank firmly among the top five regional banks in ESG ratings.
Morningstar Sustainalytics	Upgraded from medium risk (27.1) to low risk (19.4) as of April 2025, reflecting its enhanced ability to manage material ESG risks.
CDP	Received score 'C' in 2025 for the Climate Change category.
S&P	40/100
LSEG	66/100 (Listed on Refinitiv AFE Low Carbon Select Index in the MENA)
FTSE4Good	3.5/5 (Constituent of the FTSE4Good Index Series)
ISS Corporate	D+

ESG Strategy Pillars



1. Responsible Banking

NBK's strategic focus remains that of contributing to economic, social and environmental development, whether through its operations or engaging with clients to adopt sustainable practices by financing their transitions. Responsible banking outlines NBK's approach to the transition to a lower carbon economy by channelling capital toward sustainable finance and green investments while reducing the environmental impact from its operations.

Sustainable Finance

NBK recognizes the pivotal role played by financial institutions in channeling capital towards projects that drive the transition to a more resilient and inclusive economy. It operates in a region where economies are largely driven by fossil fuels, presenting both challenges and opportunities in addressing sustainability and climate-related risks.

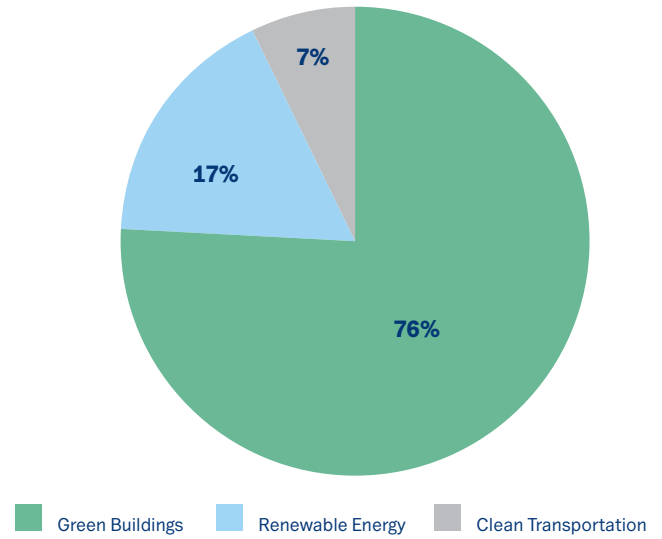
In this context, the Bank developed a strategic, multi-pronged approach to actively facilitate green financing and sustainable infrastructure projects, by embedding ESG considerations into its financing solutions. At the core of this

strategy is the Sustainable Financing Framework. It governs the issuance of sustainable debt and sets clear criteria for developing green financing instruments, such as those for renewable energy and green buildings.

The framework also includes social financing instruments that support healthcare, education, affordable housing, and employment generation, as well as integrated sustainable financing instruments that address both environmental and social objectives.

In 2024, NBK successfully issued its inaugural green bond, the first by any bank in Kuwait, with proceeds allocated to eligible green projects under the Sustainable Financing Framework. To ensure transparency and accountability, the Bank published its first Green Bond Allocation and Impact Report in 2025, detailing how proceeds were utilized and highlighting associated environmental impact, including reductions in greenhouse gas emissions and improvements in energy efficiency.

NBK's Inaugural Green Bond Issuance: Key Highlights
Breakdown of Total Green Assets Portfolio as of 31 March 2025:
USD 625.44 Million



NBK's Sustainable Finance Portfolio: Current and Projected

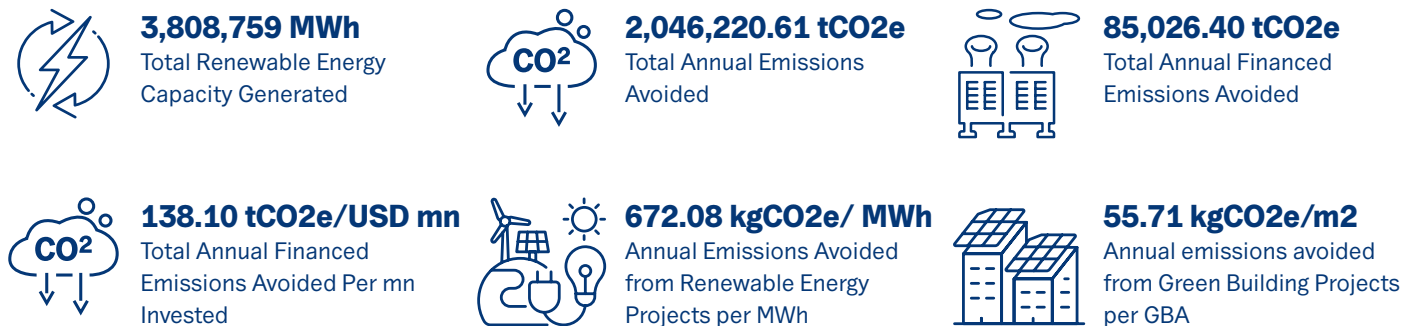
USD 6.11 Billion Current Portfolio as of 31 December 2025	USD 10 Billion Projected Portfolio by 2030
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Key Highlights of 2025 on Sustainable Financing

- Continued to offer reduced rates to eco-friendly auto loans and housing loans for consumers.
- Published first Green Bond Allocation and Impact Report following inaugural green bond issuance.

Eligible Green Assets Portfolio Impact Metrics

During the period 1 April 2024 to 31 March 2025



For more information on the allocation of NBK's green bond proceeds and associated impact, refer to the Green Bond Allocation and Impact Report: www.nbk.com/gbr

To further reinforce its leadership position, NBK is committed to grow its sustainable assets to USD 10 billion by 2030. The Bank continues to channel capital towards projects that drive climate action, enhance resource efficiency, and foster inclusive development. These efforts strengthen NBK's role in mobilizing capital for climate-aligned and socially inclusive initiatives.

As of 31 December 2025, NBK's portfolio of sustainable assets reached USD 6.11 billion, reflecting a 23% YoY growth, supported by a diverse range of ESG-themed products.

This progress was enabled through targeted training programs aimed at strengthening staff expertise in ESG principles, alongside internal collaboration and awareness initiatives to embed sustainable finance across the organization. NBK's international branches and subsidiaries are also actively engaged in sustainable financing, ensuring alignment with evolving market dynamics, macroeconomic conditions and regulations.

Awards & Recognition

- Received 'Best Bank for Sustainable Finance – 2025' by Global Finance 2025 Annual Sustainable Finance Awards.

Carbon Neutrality Commitment

To advance its commitment to carbon neutrality by 2060, NBK is pursuing a comprehensive approach that combines operational decarbonization with financed emissions management. On the operational side, the Bank has installed solar panels across 18 local branches and integrated Building Energy Management System (BEMS) in 43 branches to optimize energy efficiency. These initiatives have enabled NBK to exceed its interim target of reducing gross operational emissions by 25% by 2025, achieving a 28.3% reduction compared to 2021 baseline.

NBK is actively reviewing its operational footprint across the Group to set new interim reduction targets that reflect its commitment to climate action and resource efficiency. This includes evaluating energy use, emissions, water consumption, and waste generation, in addition to identifying opportunities to reduce environmental impact across its offices, branches, and data centers.

In tandem, NBK is aligning with PCAF to measure, disclose, and manage financed emissions, reinforcing its dedication to transparent and science-based climate action. In 2025, in a significant step ahead, NBK began measuring its financed emissions as part of its commitment to PCAF. It has taken measures to reduce the intensity of its portfolio through its commitment to allocate USD 10 billion to sustainable assets by 2030.

Decarbonizing NBK's Portfolio By:

- Undertaking financed emissions calculations associated with its lending portfolio to establish a baseline measurement
- Aligning with global trajectories and identifying high-impact sectors
- Unlocking potential opportunities to further support clients through proprietary ESG risk scoring
- Supporting engagement with clients and providing fit-for-purpose sustainable finance solutions to decarbonize

Awards & Recognition

- NBK's LEED Gold Certified Headquarter building won the award of Best Financial Building as part of the GCC Excellence Awards for Energy Efficiency in Buildings for the year 2025.

Responsible Procurement

With a commitment to prioritize sustainable and responsible procurement, NBK aims to reduce its environmental impact, promote social responsibility, and ensure ethical business practices. The Bank drives sustainable practices throughout its supply chain, with a Group-level Sustainable Procurement Strategy Framework to ensure a unified approach to sustainable procurement practices. It has incorporated ESG principles into NBK Kuwait's Procurement Policy and its Supplier Code of Conduct to promote high ethical standards among suppliers and to mitigate third-party ESG-related risks.

2. Governance for Resilience

NBK upholds strong ethical principles, seamlessly integrated with comprehensive strategic planning and supported by transparent, reliable governance and risk management frameworks, policies, and processes.

We are committed to:

- Supporting the transition to a sustainable economy as an integrated core of our business strategy
- Developing formal systems to assess and manage climate and ESG-related risks and opportunities
- Developing and integrating the highest standards of ESG governance and accountability across the Group

The Board has the ultimate responsibility to implement the Group's ESG direction and strategy. The Board of Directors' charter and responsibilities were updated in 2022 to include ESG-specific mandates. During 2025, these mandates were also extended to other relevant Board-level Committees, including the Board Risk and Compliance Committee, the Board Credit Committee and the Board Audit Committee. In conjunction with strategy oversight, the Board of Directors approved the establishment of Sustainability and Climate Change (S&CC) Committee and its five sub-committees to formalize and implement the mandate.

The S&CC Committee has the highest authority at management-level for decisions on ESG-related matters across the Group. The S&CC Committee is chaired by the Vice Chairman and Group CEO with direct Board oversight. The S&CC Committee has been assigned with ESG-specific KPIs to establish alignment and steer decision-making in line with the Group's ESG strategy.

The five sub-committees comprise of members of the Executive Management, assigning them with ESG roles within their relevant areas. The committees operate under the delegated authority of the Sustainability & Climate Change Committee and convene at least quarterly. ESG-specific KPIs were developed and formalized for the Executive Management.

The committees are responsible for monitoring the progress of our transition pathways, establishing ESG governance and risk management controls across operations and portfolios, cultivating an ESG culture across the Bank, maximizing social impact and community engagement, as well as evaluating and endorsing all new proposed use of proceeds of green bonds and other sustainable finance transactions.

Climate Risk Management

The Bank recognizes ESG and climate risks as key drivers that influence the likelihood and severity of existing risk types, including both financial and non-financial risks. To address climate-related risks, the Bank integrates them into its existing risk management processes. This ensures that potential impacts on the business model, operations, and client base are carefully considered.

NBK has established an Environmental and Social Risk Management (ESRM) Framework to systematically assess and address environmental and social impacts as both risks and opportunities. As part of this approach, NBK developed an ESG scorecard to evaluate corporate clients' exposure to physical and transition climate risks. Relationship Managers and credit teams use a structured questionnaire to review clients' climate governance, strategies, emission reduction plans, and sustainability initiatives. To embed ESG considerations into credit processes, a dedicated ESG section has been added to the Credit Policy Manual, and ESG rating scores now guide credit decision-making for both existing and prospective clients.

The ESG score feeds directly into the client's climate risk profile and supports ICAAP, risk monitoring, and stress testing. NBK is conducting climate stress tests on its non-retail loan portfolio to quantify climate-related risks within ICAAP, including calculating a climate risk capital charge that incorporates climate-adjusted credit, operational, and liquidity risks. To enable this, NBK developed a scenario-based model that estimates potential expected credit losses (ECL) using climate-adjusted macroeconomic variables sourced from the Network for Greening the Financial System (NGFS).

Driving Change Through the ESG Risk Management Framework

Through the development of a comprehensive ESRM framework, NBK can systematically assess and address ESG and climate-related risks or opportunities. The framework is aligned to international standards, including the TCFD and IFRS S2, and enables the Bank to embed climate-related considerations into both strategic planning and day-to-day decision-making.

- Conducted a climate risk materiality assessment on the Bank's non-retail loan portfolio to identify high-impact and carbon-intensive sectors.
- Developed a scenario-based model for climate stress testing which estimates potential ECL.
- Developed an ESG scorecard to assess and mitigate climate and ESG risks at the obligor level. The scorecard is being rolled out across the Group and will be incorporated into credit analysis and decision-making processes, including the assessment of potential climate-related impacts on Pillar II capital.

- Added a dedicated ESG section to the Credit Policy Manual, which mandates the inclusion of ESG scorecard ratings to guide credit decision-making for existing and prospective clients.
- Enabled the capture of potential green financing opportunities at the loan origination stage through the ESG scorecard, which also serves as an indicator for supporting clients in their transition to a low-carbon economy.
- NBK Egypt joined Chapter Zero Egypt, part of Climate Governance Initiative developed in collaboration with the World Economic Forum.

NBK details its efforts to institutionalize climate-related risks and opportunities in its inaugural TCFD Report, which was published in early 2025.

For more information on NBK's climate risk management framework, refer to the TCFD report: www.nbk.com/tcfd

3. Capitalizing on Our Capabilities

At NBK, sustainability is deeply integrated into our human capital agenda, reinforcing our commitment to responsible growth and long-term value creation. By aligning workforce development with ESG principles, we ensure that our people strategy contributes to both organizational success and societal progress.

Employee Engagement and Well-being

Sustainability begins with the well-being of our employees. To achieve this, NBK invested in holistic health programs and financial literacy initiatives, resulting in an 87% employee satisfaction rate and 85% participation in mid-year performance reviews. These efforts align with global best practices and contribute to the UN SDGs, particularly those related to good health and decent work.

Beyond workplace wellness, NBK fosters a culture of social responsibility. Employees are encouraged to actively participate in CSR initiatives, volunteer programs, and sustainability campaigns. In 2025, NBK employees contributed thousands of volunteer hours to community projects, reinforcing our commitment to ethical leadership and societal impact. By embedding sustainability into everyday practices, we create a multiplier effect that extends beyond the Bank, supporting Kuwait's Vision 2035 and global sustainability goals.

Leadership and Talent Development Programs

In 2025, NBK continued to advance national talent development through NBK Academy – Wave 30 and the second wave of NBK Tech Academy, enrolling a total of 29 trainees in the main program and nine Kuwaiti talents in the tech track. Both programs offered comprehensive training across technical, behavioral, and experiential modules, including specialized instruction in cybersecurity, software development, AI, and data analytics to support the Bank's digital transformation. The Bank also celebrated a milestone, 15 years and 30 waves of NBK Academy, through an alumni event featuring a leadership masterclass and panel discussion, highlighting its long-standing role in shaping future banking leaders. Additionally, NBK provided practical training opportunities to 124 students from leading educational institutions, investing over 11,766 training hours to further strengthen youth capabilities and skill development.

Diversity, Equity & Inclusion (DEI)

Complementing our talent development efforts, NBK strengthened its DEI agenda in 2025, guided by core values of passion, integrity, conservatism, and knowledge. The Bank established the Group's DEI Council to translate strategy into actionable initiatives and published its DEI commitment on NBK's sustainability page. Our HR policies further prioritize diversity, equity, and inclusion (DEI), creating a workplace that reflects our values of integrity and accountability. In 2025, NBK achieved a Kuwaitization rate of 77.4%, supported by structured development pathways for youth and women. Notably, 40% of leadership development program participants were women, reinforcing our commitment to gender diversity and inclusive growth.

Key initiatives included NBK RISE, which enabled high-potential female talent to advance into senior roles, with Cohorts 1 and 2 training a total of 46 participants. NBK also implemented inclusive hiring practices, programs for persons with disabilities, and awareness campaigns promoting respect and collaboration across the organization.

By embedding sustainability into our human capital strategy, through employee well-being, future-ready skills, and inclusive leadership, NBK is building a resilient, high-performing workforce that advances Kuwait's Vision 2035 and global sustainability goals.

Awards & Recognition

- Euromoney Excellence Award for 'Best Bank in Diversity & Inclusion'
- NBK's High Fliers Program wins Bronze Award in the Best High-Potential Development Program category from Brandon Hall Group
- NBK's Most Valuable Team Player (MVP) earns Silver Award in the Best Employee Recognition Program category from Brandon Hall Group
- Earned the 'Most Distinctive Learning and Development of the Year in the Private Sector' and 'Excellence in Digital Learning Innovation' awards as part of the GCC Government Human Resources and Youth Awards 2025

4. Investing in Our Communities

The Bank continues to implement initiatives that create positive, measurable change for society and the environment. In 2025, NBK reinforced its commitment to social responsibility through programs and partnerships that support Kuwait Vision 2035 and align with the UN SDGs. Our efforts span four key pillars, Youth Empowerment, Financial Literacy, Community Health, and Environmental Stewardship, creating a holistic approach to sustainability.

Empowering Youth for the Future

NBK invests in building the next generation of leaders through programs such as Tamakan, which delivered intensive training and mentorship to graduates, and partnerships with LOYAC to promote youth development and sustainable farming. Additionally, specialized banking and leadership programs under Aspire prepared young professionals for future careers, equipping them with practical skills and confidence.

Promoting Financial Literacy and Awareness

Through the award-winning Bankee program, NBK expanded financial literacy initiatives and surpassed targets in reaching more than 100 schools for the academic year 2025/2026, earning recognition as the Best Program in Social Work across the GCC. Complementing this, fraud awareness sessions and support for the Central Bank of Kuwait's "Let's Be Aware" campaign strengthened financial resilience among clients and communities.

Advancing Community Health and Well-being

NBK continues to champion health initiatives by supporting advanced medical research at NBK Hospital, including stem cell therapies, and promoting active lifestyles through events like NBK RUN, which encourage fitness and wellness across Kuwait. The latest edition of the NBK RUN attracted more than 7,000 participants, reflecting the growing community commitment to health and wellbeing.

Driving Environmental Responsibility

Our environmental campaigns reflect NBK's commitment to sustainability, including the Shuwaikh Waterfront beautification project aligned with green building principles and a recycling initiative with KISWA to reduce textile waste and promote reuse.

Awards & Recognition

- 'The Social work Pioneer Project Award' For it's First of a kind Kuwaiti youth program "Bankee" from the GCC Council of Ministers of Social Affairs and Labor 2025
- NBK has been awarded Gold in the Brandon Hall Group Excellence in Action Awards for Corporate Social Responsibility 2025

Evolving the ESG Strategy Further

Moving Towards a Better World and a Sustainable Future

As ESG continues to rapidly advance across global and regional markets, NBK recognizes and understands the need to elevate and further evolve its ESG strategy with an aim to remain at the forefront of sustainable finance and responsible banking. NBK's evolved ESG strategy will serve as a comprehensive roadmap to guide its sustainability journey over the years, ensuring alignment with stakeholder expectations, regulatory developments, and global best practices.

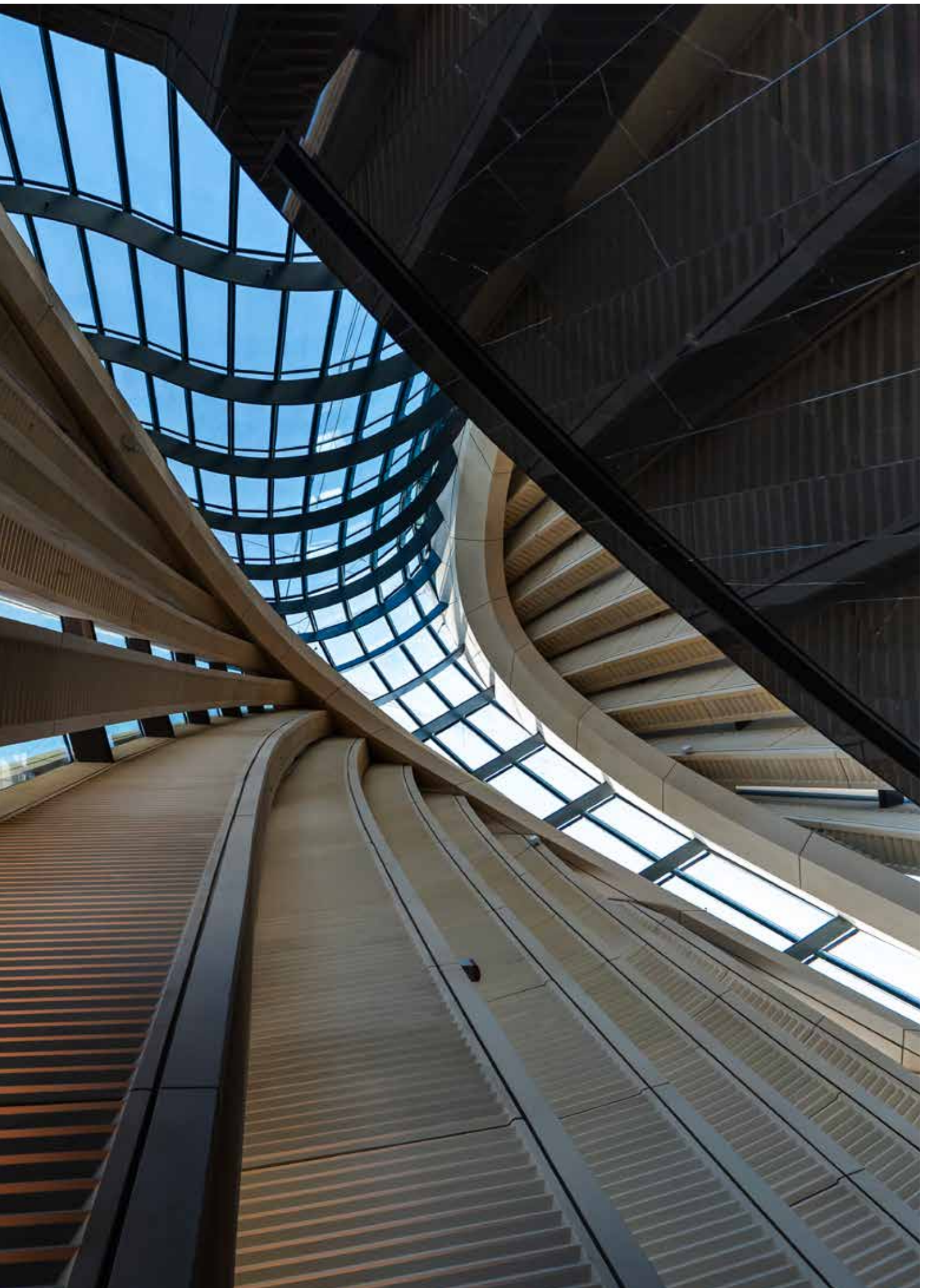
Goals for 2026 and Beyond

- To accelerate sustainable finance efforts in line with NBK's 2030 USD 10 billion target and USD 500 million green bond.
- To increase engagements with corporate clients on the management of their ESG and climate risks
- To develop a baseline measurement of the Bank's portfolio emissions.
- To establish new interim reduction targets.
- To achieve higher capacity building rate by increasing training hours on ESG, climate risk management, sustainable finance.



Governance

NBK is aligned with international best practice in Corporate Governance. It is the responsibility of the Board of Directors and its Committees to ensure that regulatory, compliance and ethical standards are upheld across the Bank and its subsidiaries.



Board of Directors



Mr. Hamad Mohamed Al-Bahar
Chairman

Leadership Role & Responsibilities

Board Member since January 2005; elected Chairman in March 2022. Chairs the Board Corporate Governance Committee and the Board Credit Committee, overseeing governance, risk and strategic direction.

Professional Profile

Mr. Al-Bahar brings extensive senior-level experience in investment banking, asset management and institutional governance, with a strong focus on value creation and prudent risk management. He previously served as Managing Director of the Bank of Bahrain and Kuwait and held senior leadership roles at Kuwait Investment Company, including Chairman and Managing Director. He played a key role in strengthening governance and investment oversight.

Education

Bachelor of Arts in Economics, Alexandria University, Egypt.



Mr. Isam Jassim Al-Sager
Vice Chairman and Group Chief Executive Officer

Leadership Role & Responsibilities

Joined the bank in 1978; Group Chief Executive Officer since March 2014 and elected Vice-Chairman in March 2022. Member of the Board Credit Committee and chairs various management committees within the group, overseeing the Group's decision-making and strategic direction.

Professional Profile

Mr. Al-Sager brings extensive leadership experience in banking and executive management. He currently serves as Chairman of the Board of NBK (International) PLC and sits on the Board of Watani Wealth Management (Kingdom of Saudi Arabia). Additionally, he is a Board Member of MasterCard, Watani Holding and NBK Trustees (Jersey) Limited. He was also Chairman of NBK Egypt and Vice-Chairman of Turkish Bank. Prior to his current role, he served as Deputy Group Chief Executive Officer from 2010 to 2014. He played a key role in transforming the bank into a leading regional institution with a wide international presence.

Education

Bachelor of Science in Business Administration, California State Polytechnic University, USA.



Mr. Yacoub Yousef Al-Fulaij
Non-Executive Board Member

Leadership Role & Responsibilities

Board Member since May 1998. Member of the Board Corporate Governance Committee and the Board Credit Committee, contributing to the bank's corporate governance standards and credit portfolio quality.

Professional Profile

Mr. Al-Fulaij possesses broad experience in banking activities, risk management, and internal controls. He previously served as Board Member of the Bank of Bahrain and Kuwait, Kuwait Cinema Company and the Shared Electronic Banking Services Company (KNET). He also served as General Manager of Domestic Affairs at NBK from 1983 to 1998. He played a key role in developing the bank's operational frameworks and internal control systems.

Education

Bachelor of Arts in Business Administration, University of Miami, USA.



**Mr. Muthana Mohamed
Ahmed Al-Hamad**
Non-Executive Board Member

Leadership Role & Responsibilities

Board Member since February 2007. Member of the Board Audit Committee, the Board Risk and Compliance Committee and the Board Nomination and Remuneration Committee, contributing to the bank's financial reporting, internal control systems, risk management frameworks, regulatory compliance and remuneration policies.

Professional Profile

Mr. Al-Hamad brings extensive experience in finance and business economics. He currently serves as Vice-Chairman of Alwatyah United Real Estate Company. He previously served as Chairman of Future Communication Company International and held Board memberships at the Commercial Bank of Kuwait and the Arab European Company for Financial Management (AREF). He also served on the board of the United Bank of Kuwait (London). He has extensive expertise in banking and financial strategy.

Education

Bachelor of Arts in Economics and Political Science, Kuwait University.



**Mr. Haitham Sulaiman
Hamoud Al-Khaled**
Non-Executive Board Member

Leadership Role & Responsibilities

Board Member since March 2010. Member of the Board Audit Committee, the Board Risk and Compliance Committee and the Board Corporate Governance Committee, contributing to the bank's financial reporting, internal control systems, risk management frameworks, regulatory compliance and corporate governance standards.

Professional Profile

Mr. Al-Khaled brings extensive experience in strategic planning, investments, mergers and acquisitions, and corporate governance. He serves as Chairman of Al-Arjan International Real Estate Company and sits on the boards of Al-Shall Investments Holding Company, Kuwait Insurance Company and Rasameel Investments Company. He previously served as Board Member of ACICO Industries Company and held senior leadership positions at Zain Group, including Chief Strategy Officer and Business Planning Officer and CEO for the Middle East. He played a key role in driving regional expansion and strategic business development for Zain Group.

Education

Bachelor of Science in Electrical Engineering, Kuwait University.



**Mr. Emad Mohamed
Al-Bahar**
Non-Executive Board Member

Leadership Role & Responsibilities

Board Member since August 2014. Member of the Board Nomination and Remuneration Committee, and the Board Credit Committee, contributing to the bank's remuneration policies and credit portfolio quality.

Professional Profile

Mr. Al-Bahar brings extensive experience in general management, commercial trading and corporate governance. He currently serves as the Chairman of Dar Labit Holding Company and a member of the Executive Board of Al-Bahar Group, one of the oldest trading conglomerates in Kuwait and the Middle East. Additionally, he serves as a Board Member of Al-Ahliya Insurance Company and has been the Vice-Chairman since 2017. He previously served on the Board of Gulf Bank. He has valuable experience within the local banking sector.

Education

Bachelor of Science in Business Administration, American University, Washington DC, USA.

Board of Directors (continued)



**Mrs. Huda Mohammad
S. Al-Refaei**

Non-Executive Board Member

Leadership Role & Responsibilities

Board Member since March 2022. Member of the Board Risk and Compliance Committee and the Board Corporate Governance Committee, contributing to the bank's risk management frameworks, regulatory compliance and corporate governance standards.

Professional Profile

Mrs. Al-Refaei brings experience in risk management and legal consultancy. She previously served a Senior Lawyer at Abdullah Al-Refaei Legal Consultancy & Law Firm and was a Board Member of Posta Plus Company. She began her career at the bank as a Risk Management Officer, where she developed foundations in risk management and mitigation strategies.

Education

Bachelor of Science in Industrial and Systems Engineering, Kuwait University.
Bachelor of Law, Cairo University, Egypt.



**Mr. Abdulwahab
Ahmad Al-Bader**

Independent Board Member

Leadership Role & Responsibilities

Board Member since March 2022. Chairman of the Board Nomination and Remuneration Committee and Member of the Board Corporate Governance Committee, overseeing remuneration policies and contributing to the bank's corporate governance standards.

Professional Profile

Mr. Al-Bader brings extensive experience in economic development and international finance. He previously served as General Manager of the Kuwait Fund for Arab Economic Development, having held various senior positions since joining in 1977. Additionally, he served as the Governor for the State of Kuwait to the OPEC Fund for International Development and subsequently as Chairman of the Governing Board. He played a role in steering international development and economic programs.

Education

Bachelor of Arts in Economics, Whittier College, USA.



**Mr. Farouk Ali Akbar
Bastaki**

Independent Board Member

Leadership Role & Responsibilities

Board Member since March 2022. Chairman of the Board Audit Committee and Member of the Board Risk and Compliance Committee, overseeing financial reporting, internal control and contributing to the bank's risk management frameworks and regulatory compliance.

Professional Profile

Mr. Bastaki brings extensive experience in finance, alternative investments, and internal audit. He previously served as Managing Director and Board Member of the Kuwait Investment Authority. He also served as Chairman of St. Martins Property Group (London) and Chairman of the National Technology Enterprises Company. His past board memberships include Gulf Bank, Mabane Company, the Kuwait Fund for Arab Economic Development and Fosterlane (USA). He played a key role in managing sovereign assets and directing global investment strategies.

Education

Bachelor of Science in Industrial Engineering, University of Miami, USA.



**Mr. Anas Khaled
Al-Saleh**

Independent Board Member

Leadership Role & Responsibilities

Board Member since March 2025. Member of the Board Audit Committee and Member of the Board Nomination and Remuneration Committee, contributing to the bank's financial reporting, internal control systems and remuneration frameworks.

Professional Profile

Mr. Al-Saleh brings extensive experience in public sector and private sector leadership. He currently serves as Chairman of SAK Holding Company and a Board Member at National Investments Company. He previously held the position of Deputy Prime Minister and Minister of State for Cabinet Affairs. Between 2012 and 2021, he held multiple ministerial portfolios including Minister of Interior, Minister of Finance, Minister of Oil, Minister of Commerce and Industry, and Minister of State for Housing Affairs. In addition to his ministerial roles, he served as Chairman of Kuwait Clearing Company and was a Board Member of the Kuwait Chamber of Commerce and Industry and the Kuwait Stock Exchange. He played a key role in shaping national economic policies and financial regulations.

Education

Honorary Doctorate, Portland State University, USA.
Bachelor of Business Administration (Finance), Portland State University, USA.



**Mr. Yousef Jassim
Al-Obaid**

Independent Board Member

Leadership Role & Responsibilities

Board Member since March 2025. Chairman of the Board Risk and Compliance Committee and Member of the Board Audit Committee and Board Nomination and Remuneration Committee, overseeing risk management frameworks and regulatory compliance and contributing to the bank's financial reporting, internal control systems, and remuneration policies.

Professional Profile

Mr. Al-Obaid brings extensive regulatory and banking leadership experience. He previously held several senior positions at the Central Bank of Kuwait, most notably as Deputy Governor, Board Member and Executive Director of the Supervision Sector. He also served as Member of the Public Debt Management Committee at the Ministry of Finance and Representative of the Central Bank of Kuwait on the National Cyber Security Committee. His past leadership roles include Chairman of the Credit Information Network Company (Ci-Net) and Boubyan Takaful Insurance Company. Additionally, he served as General Manager of the Corporate Banking Group at Boubyan Bank and General Manager of the Credit Division at the Commercial Bank of Kuwait. He played a key role in shaping banking supervision and financial stability policies.

Education

Bachelor of Science in Industrial Engineering, University of Miami, USA.

Executive Management



Mr. Isam Jassim Al-Sager
Vice Chairman & Group Chief Executive Officer

Appointed

Joined NBK in 1978. Appointed Group Chief Executive Officer in 2014 and Vice-Chairman & Group Chief Executive Officer in March 2022.

Background & Career

Mr. Al-Sager has progressed through senior leadership roles across NBK's core businesses and is one of the institution's longest-serving executives. As Vice-Chairman and Group CEO, he oversees the Group's strategic direction and operations across domestic and international markets. During his tenure, NBK has strengthened its regional presence, enhanced syndication capabilities, accelerated digital transformation, expanded wealth management integration, and embedded sustainability within its governance and risk frameworks, supporting both institutional resilience and Kuwait's broader development priorities.

Areas of Expertise and Contribution

Mr. Al-Sager has extensive experience in strategic banking leadership, driving regional and international expansion, institutional transformation, digital innovation, ESG integration, and governance across multi-market operations.

Material External Positions

Chairman — NBK (International) PLC, United Kingdom
Director — Watani Wealth Management (KSA)
Board Member — Mastercard

Education

Bachelor of Science in Business Administration,
California State Polytechnic University, USA



Mrs. Shaikha Khaled Al-Bahar
Deputy Group Chief Executive Officer

Appointed

Appointed Deputy Group Chief Executive Officer in March 2014.

Background & Career

Mrs. Al-Bahar joined NBK and advanced through senior leadership roles spanning commercial banking, corporate finance, and capital markets. She previously served as Chief Executive Officer of NBK Kuwait and now contributes to strategic execution and governance alignment across the Group's international operations as well as Group Operation and Technology. In parallel, she has championed initiatives that enhance organisational capability, foster leadership inclusion, and broaden community engagement, supporting NBK's sustainability ambitions and stakeholder-focused institutional development.

Areas of Expertise and Contribution

Mrs. Al-Bahar has extensive experience in capital markets and structured finance, BOT financing, IPOs, governance across international operations, leadership and talent development, and advancing inclusion and stakeholder engagement in support of responsible banking priorities.

Material External Positions

Chairperson - NBK Egypt
Chairperson - NBK France
Board Member - NBK (International) PLC
Board Member - NBK Global Asset Management Limited

Education

Bachelor of Science degree in International
Marketing, Kuwait University
Executive programs at Harvard
Business School, Stanford University,
Wharton School and Duke University (USA).



Mr. Salah Yousef Al-Fulaij
Chief Executive Officer - Kuwait

Appointed

Joined NBK in 1985. Appointed Chief Executive Officer — Kuwait in 2015.

Background & Career

Mr. Al-Fulaij has held senior leadership roles across NBK's treasury, investment, and capital markets activities. He previously served as Chief Executive Officer of NBK Capital from 2008 to 2014 and earlier as Group General Manager of Treasury and Investment Services. In his current role, he oversees the Bank's domestic franchise, contributing to business growth, operational alignment, and client-focused product development across Kuwait's core market while supporting integration between local operations and the Group's broader strategic priorities.

Areas of Expertise and Contribution

Mr. Al-Fulaij has experience in leadership across banking operations, financial markets oversight, and strategic execution supporting institutional growth and market positioning.

Material External Positions

Board Member - NBK France
Vice Chairperson - Watani Investment Company
Board Member – National Investors Group (NIG) Holdings Limited

Education:

MBA in Business Management - The University of Miami, USA
Bachelor's degree in Industrial Engineering - The University of Miami, USA
Executive programs at Harvard Business School, Stanford School of Business, and Duke University, USA.



Mr. Sulaiman Barrak Al-Marzouq
Deputy Chief Executive Officer - Kuwait

Appointed

Joined NBK in 2002. Appointed Deputy Chief Executive Officer - Kuwait in 2017.

Background & Career

Mr. Al-Marzouq has held leadership roles across treasury, investment, and banking operations within the Group. Between 2012 and 2015, he served at the Central Bank of Kuwait as Head of the Department of Foreign Operations before returning to NBK as Group Treasurer. In his current role, he contributes to the oversight of domestic operations and strategic execution across Kuwait, supporting business continuity and institutional coordination across core banking functions.

Areas of Expertise and Contribution

Mr. Al-Marzouq has experience in investment and wealth management, treasury and banking operations, financial market execution, and governance across institutional banking activities.

Material External Positions

Board Member - NBK Egypt
Board Member - Watani Investment Company
Board Member - Hayat Investment Company

Education

Bachelor's degree in Economics -
Portland State University, USA

Executive Management (continued)



Mr. Faisal Abdulatif Al-Hamad
CEO of NBK Wealth Group

Appointed

Joined NBK Group in 2007. Appointed Chief Executive Officer of NBK Wealth Group in 2021.

Background & Career

Mr. Al-Hamad has held senior leadership roles across NBK's wealth and asset management platform, previously serving as Chief Executive Officer of Watani Investment Company and contributing to the development and expansion of the Group's investment and advisory capabilities. In his current role, he leads NBK's wealth management activities, supporting strategic growth and client engagement across the franchise. Prior to joining NBK, he held several senior positions in leading organisations, including General Manager at Agility Kuwait and Wellington Management International in the United Kingdom.

Areas of Expertise and Contribution

Mr. Al-Hamad has experience in wealth management leadership, investment and asset management, strategic business development, and institutional advisory services supporting the advancement of NBK's financial services platform.

Material External Positions

Chairman - Watani Investment Company
Chairman - NBK Wealth Limited
Board Member - NBK France
Board Member - NBK Banque Privee (Suisse) S.A.

Education

MBA, Harvard Business School
Bachelor's degree, University of Chicago, USA



Mr. Omar Bouhadiba
CEO International Banking Group

Appointed

Joined NBK in November 2020 as Chief Executive Officer of the International Banking Group.

Background & Career

Mr. Bouhadiba brings extensive leadership experience in corporate and investment banking across regional and international financial institutions. Prior to joining NBK, he held senior roles with Bank of America, Mashreq Bank, Arab Bank plc, and most recently served as Senior Advisor to the Board at Barwa Bank and Chief Executive Officer of the International Bank of Qatar. In his current role, he oversees NBK's international banking platform, supporting cross-border growth, institutional connectivity, and strategic alignment across the Group's overseas network.

Areas of Expertise and Contribution

Mr. Bouhadiba has experience in corporate and investment banking, international business leadership, cross-border institutional development, and strategic execution supporting NBK's global expansion and client engagement.

Material External Positions

Board Member - NBK (International) PLC
Board Member - NBK Egypt
Board Member - NBK France

Education

Masters degree in Business Administration (MBA) in Finance, Wharton School of Finance, University of Pennsylvania, USA



Mr. Mohammed Al Othman
CEO of Consumer & Digital Banking

Appointed

Joined NBK Group in 2006. Appointed Chief Executive Officer of Consumer & Digital Banking in May 2023.

Background & Career

Mr. Al-Othman has held leadership roles across NBK's retail and digital banking platform, previously serving as Head of the Consumer Banking Group from 2018. In his current role, he leads the strategy and execution of the Group's consumer and digital banking activities, overseeing product portfolios, customer channels, and service delivery across the franchise. His leadership supports the Bank's strategic priorities of market leadership, segment expansion, and profitability enhancement. He has contributed to accelerating digital transformation through customer-centric initiatives and innovation-led service development.

Areas of Expertise and Contribution

Mr. Al-Othman has experience in retail and digital banking leadership, payments and product development, customer experience enhancement, and digital transformation supporting the advancement of NBK's consumer banking platform. He has led multiple first in market initiatives and accelerated NBK's digital transformation, including the launch of the Kuwait's first digital bank "Weyay" and the largest Mobile banking application revamp.

Material External Positions

Chairman - Shared Electronic Banking Services Company (K-Net)

Education

Bachelor's degree in Philosophy, Kuwait University.
Executive Program at Harvard Business School, Columbia Business School, Insead.



Mr. Mohammed Al Kharafi
Group Chief Operating Officer

Appointed

Joined NBK Group in 2001. Appointed Group Chief Operating Officer - Head of Operations Technology and Data in January 2025

Background & Career

Mr. Al-Kharafi has held leadership roles across operations and consumer banking within the Group, contributing to the development and execution of NBK's operational and technology initiatives. In his current role, he oversees operational infrastructure and information technology activities supporting service delivery, efficiency, and digital capability across the organisation. His experience spans the integration of technology-driven solutions and process enhancement supporting the evolution of the Group's operational platform.

Areas of Expertise and Contribution

Mr. Al-Kharafi has experience in retail and digital banking operations, intelligent automation, technology enablement, and operational transformation supporting the advancement of NBK's service and delivery capabilities. He brings deep expertise in leveraging data driven approaches to enhance performance and strategic outcomes.

Material External Positions

Board Member – NBK Egypt
Vice Chairman (Non-Executive Board Member- Credit Information Network Company (Ci-Net)

Education

Bachelor's degree in Business Administration - the Arab Open University
Executive Programs at Harvard Business School, Chicago Booth School of Business, Stanford University, Columbia Business School, INSEAD, and the American University of Beirut.

Executive Management (continued)



Mr. Sujit Ronghe
Group Chief Financial Officer

Appointed

Joined NBK in 2002. Appointed Group Chief Financial Officer in June 2022.

Background & Career

Mr. Ronghe has held senior leadership roles across the Bank's finance function, including serving as Group Financial Controller from 2012. In his current role, he oversees the Group's financial management and reporting activities, supporting financial governance, planning, and performance oversight across the organisation. Prior to joining NBK, he worked as a Senior Auditor at a Big Four accounting firm in Kuwait. His experience spans accounting, financial control, and banking finance, contributing to institutional oversight and the strengthening of financial discipline within the Group.

Areas of Expertise and Contribution

Mr. Ronghe has experience in financial management and reporting, accounting and financial control, audit and regulatory compliance, and governance support across institutional banking operations.

Education

Bachelor of Commerce – University of Pune, India
Member of the Institute of Chartered Accountants of India
Graduate of the Institute of Cost Accountants of India



Mr. Grant Lowen
Group Chief Risk Officer

Appointed

Appointed Group Chief Risk Officer in June 2024.

Background & Career

Mr. Lowen brings extensive leadership experience in financial services risk management across multiple international banking institutions. He has held Chief Risk Officer roles over the past fifteen years, including Group Chief Risk Officer positions at QNB in Qatar and Bank ABC Bahrain, as well as Chief Risk Officer at Riyad Bank in Saudi Arabia. Earlier in his career, he served as Chief Risk Officer at Bankwest in Australia and held regional risk oversight responsibilities for Asia Pacific at Commonwealth Bank of Australia. In his current role, he contributes to the oversight and development of NBK's enterprise risk management framework, supporting institutional resilience and governance across the Group's operations.

Areas of Expertise and Contribution

Mr. Lowen has experience in enterprise risk management, financial services risk governance, regulatory engagement, and institutional oversight supporting risk discipline across multi-jurisdictional banking environments.

Material External Positions

Former Director — Board roles held in risk governance capacity with QNB banking entities in Egypt, Turkey, and Indonesia

Education

A Chartered Accountant qualified in New Zealand
Member of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors
Former Chairman of the Risk Management Association of Australia, executive programs including RMA/Wharton Advanced Risk Management Program.



Mr. Emad Al-Ablani
Group Chief Human Resources Officer

Appointed

Joined NBK in March 2003. Appointed General Manager - Group Human Resources in 2014.

Background & Career

Mr. Al-Ablani has held senior leadership roles across the Bank's human resources function, contributing to workforce development and organisational capability initiatives within the Group. His previous appointments at NBK include Deputy General Manager, Head of Human Resources - Kuwait, and Assistant General Manager - Recruitment and HR Operations. In his current role, he contributes to the development and execution of human capital strategies supporting organisational alignment and employee engagement across the Group.

Areas of Expertise and Contribution

Mr. Al-Ablani has experience in human resources leadership, talent acquisition and development, organisational capability building, and workforce planning supporting institutional effectiveness.

Education

Executive Master's degree in Business Administration (EMBA), American University of Beirut - Lebanon
Bachelor of Arts Degree in Educational Psychology from Kuwait University.



Mr. Ahmed Bourisly
CEO - Corporate & Transactional Banking

Appointed

Joined NBK in 1998. Appointed General Manager - Domestic Corporate Banking in June 2019.

Background & Career

Mr. Bourisly has held senior leadership roles within NBK's corporate banking activities, contributing to the development and oversight of corporate credit and relationship management across the Bank's domestic franchise.

Areas of Expertise and Contribution

Mr. Bourisly has experience in corporate banking leadership, credit management, institutional client engagement, and transactional banking activities supporting NBK's corporate banking platform. In his current capacity, he contributes to executing initiatives aligned with the Group's institutional banking priorities and sustaining client relationships across key sectors.

Education

Bachelor's degree in Business Administration with a concentration in Marketing from University of the Pacific, CA. USA
Executive Programs at Harvard University (USA) and INSEAD, France

Executive Management (continued)



Mr. Pradeep Handa
Chief, Foreign Corporate Banking

Appointed

Joined NBK in 1980. Appointed General Manager — Foreign Corporate, Oil and Trade Finance Group in 2012.

Background & Career

Mr. Handa has held senior leadership roles within NBK's corporate banking function, contributing to the management and development of foreign corporate relationships and specialised financing activities. His previous appointments include Assistant General Manager, Executive Manager, and Senior Manager within the Corporate Banking Group in Kuwait. In his current role, he supports the execution of financing solutions and relationship management across foreign corporate, oil, and trade finance portfolios aligned with the Bank's foreign corporate and institutional banking activities.

Areas of Expertise and Contribution

Mr. Handa has experience in foreign corporate banking, oil and trade finance, institutional relationship management, and corporate banking execution supporting NBK's specialised financing capabilities. His background includes structuring financing solutions for international corporate clients and supporting sector-focused trade, project finance and energy banking activities aligned with the Group's institutional priorities.

Education

Master's degree - University of Delhi, India



Mr. Jad Zakhour
Group Treasurer

Appointed

Joined NBK Group in 2006. Appointed Group Treasurer in January 2020.

Background & Career

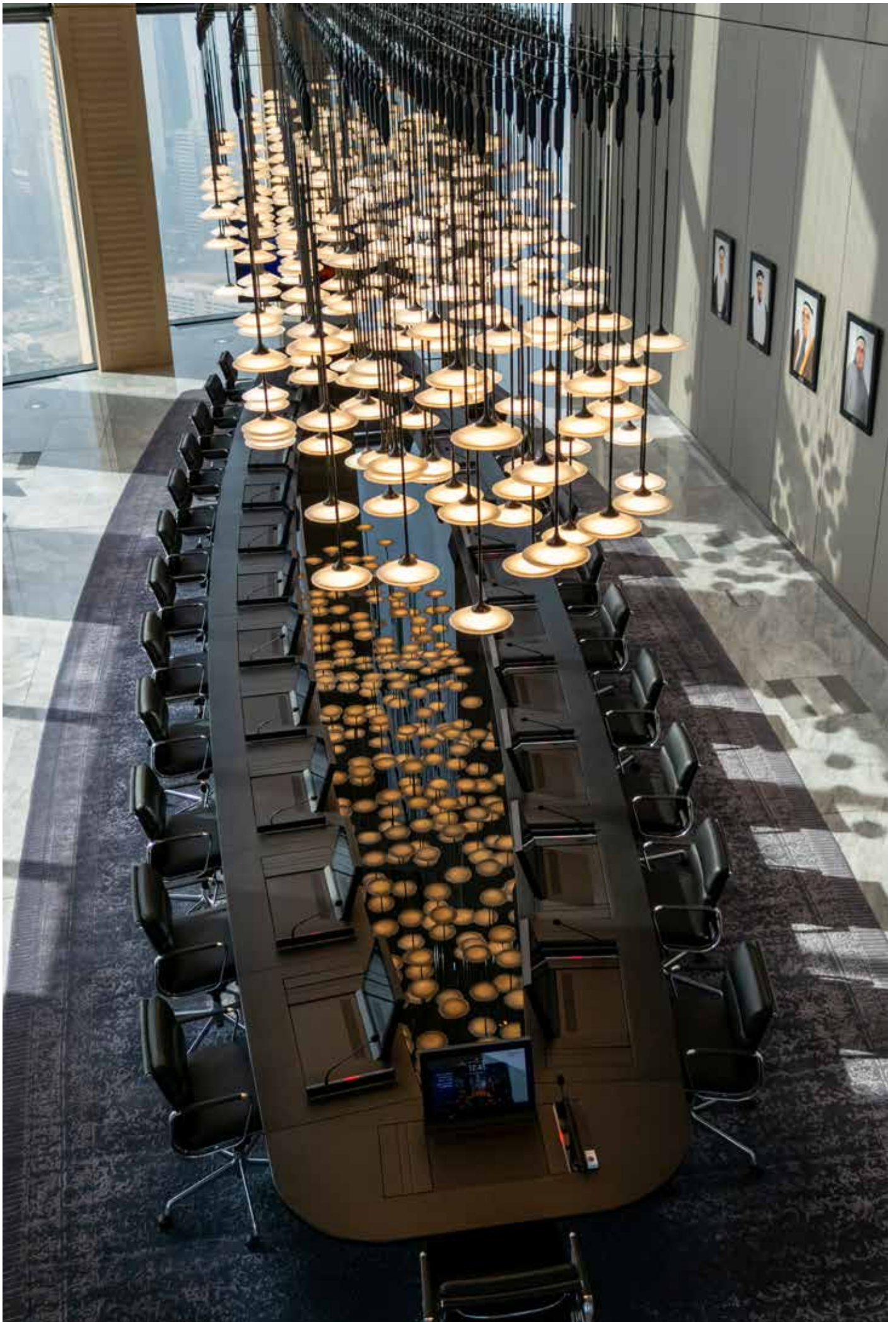
Mr. Zakhour is a seasoned banking executive with over two decades of experience in Treasury, financial markets, investments and balance sheet management. He has held senior roles across the Group's treasury function, previously serving as Deputy Group Treasurer from 2014. In his current role, he is responsible for overseeing funding and liquidity, balance sheet management, hedging solutions and investment products and the debt capital market function across multiple jurisdictions.

Areas of Expertise and Contribution

Mr. Zakhour has experience in treasury management, financial market activities, investment and wealth management, debt capital markets and market risk management. Throughout his career, he played a key role in strengthening Treasury governance, optimizing funding and cost of funds, and navigating complex market and regulatory environments. His background combines deep technical expertise with a strategic business-oriented approach.

Education

Master's degree in Business Administration in Finance – American University of Beirut
Bachelor's degree in Civil Engineering – Homs University
Certified Financial Risk Manager (FRM)
Executive programs at Harvard Business School and INSEAD



Corporate Governance Framework

National Bank of Kuwait Group is aligned with the best international Corporate Governance practices and risk management, to protect stakeholders' rights. During 2025, the Group adhered to all the provisions and determinants of CBK instructions regarding the Corporate Governance rules and standards for Kuwaiti banks, issued in September 2019, as well as the regulatory instructions related to governance in Kuwait and those issued by other countries in which the Group's entities operate.

Represented by the effective supervisory role of the Board of Directors and the Executive Management, the Group focused on improving the Corporate Governance and compliance culture across all of its entities, where the Corporate Governance Framework is constantly developed to establish sound and effective corporate values. This is achieved through a set of policies, procedures and standards adopted by the Group, which are periodically updated to be in line with the best applicable and relevant international practices.

The Group recognizes the importance of applying the principles and standards of good governance; It follows professional and ethical standards in all kinds of deals, and ensures disclosure and transparency of information that is accurate and timely. This contributes to the development of the Group's working efficiency and enhances the confidence of shareholders, related parties and stakeholders in the Group's performance, as well as the banking sector in Kuwait.

During 2025, the Group achieved a number of key accomplishments in the effective implementation of the Corporate Governance Framework. These are as follows:

- Reviewed and updated the governance policies and charters according to the regulatory instructions in Kuwait and the instructions issued by the regulatory authorities in countries where the Group operates.
- Developed and implemented best practices in Governance compliance, regulatory risks, Foreign Account Tax Compliance Act (FATCA), Anti Money Laundering / Combating Financing of Terrorism, Anti-financial crimes, Information Technology and Cybersecurity Risks.
- Conducted an independent review and assessed the efficiency of implementing Corporate Governance at NBK subsidiaries, by monitoring and supporting the governance units at these subsidiaries, which manage the affairs of the Board of Directors and their Committees.

- Developed and continually improved the Corporate Governance reporting systems between entities of the Group.
- Developed and enhanced frameworks and policies related to Environmental, Social and Economic standards.

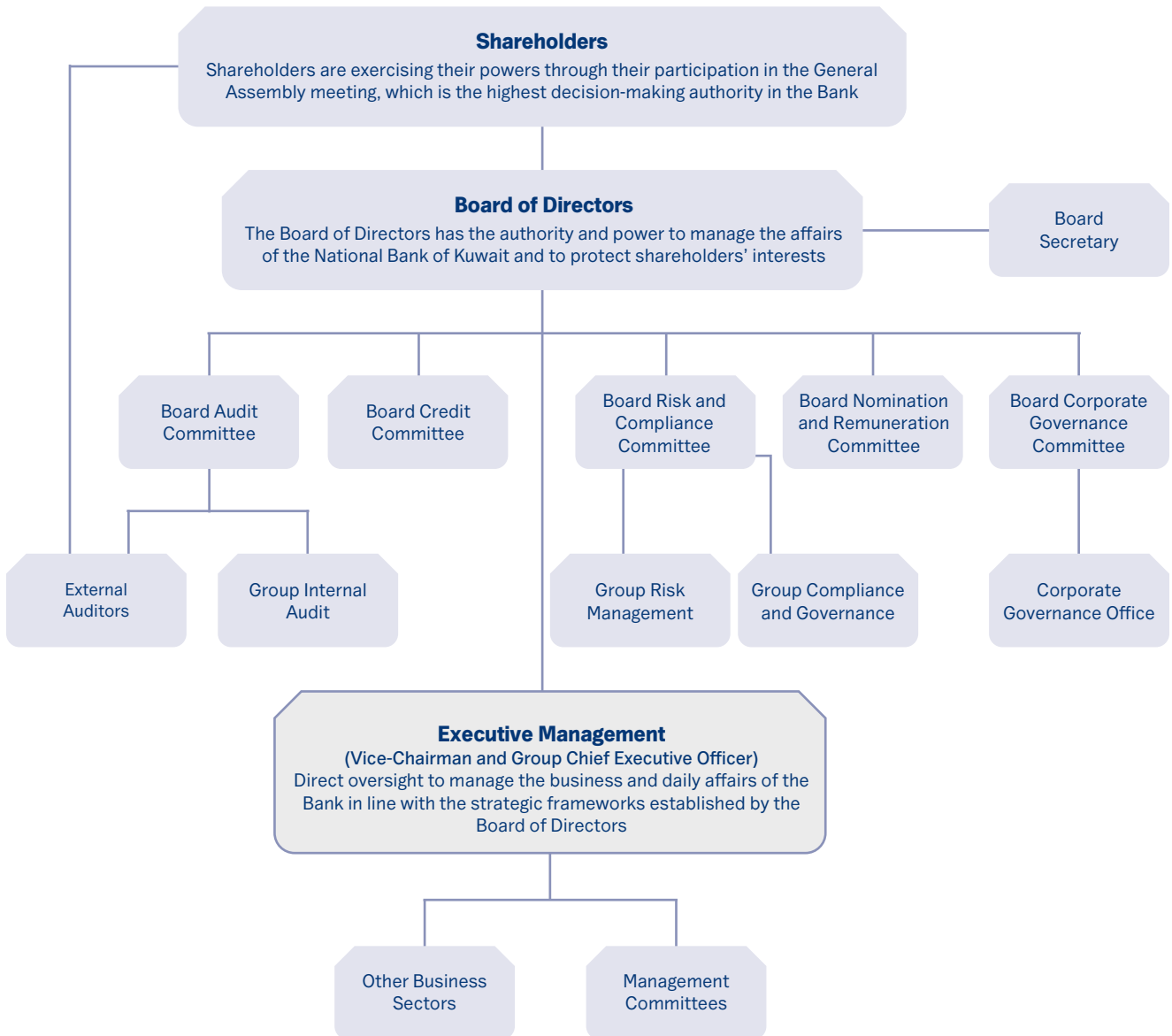
The Board and Committees' composition and duties

At Ordinary General Assembly meeting convened on Saturday 15th of March 2025, eleven (11) members were elected and selected for the upcoming three years term of National Bank of Kuwait Board of Directors membership. NBK Group's Board of Directors is composed of eleven (11) members (one (1) executive member, six (6) non-executive members and four (4) independent members) representing the shareholders. The Board aims to strengthen the long-term success of the Group and to deliver sustainable value to shareholders.

The Board's structure is generally characterized by having the appropriate number of members, diversity of professional experience, educational qualifications and broad knowledge of the financial, banking and business sectors. Board members collectively hold experience and knowledge in the areas of accounting, finance, economics, strategic planning, corporate governance, compliance, internal control, Cyber Security and risk management, in addition to outstanding experience in the local and regional business environment.

The Group's balanced and non-complex Board structure facilitates the process of exchange of information on an accurate and timely basis between different Group entities. This has been accomplished by establishing direct communication channels across the Group, which promote the principle of disclosure and transparency regarding Group operations. Moreover, the structure maintains the supervisory role assigned to the Board, and effectively contributes to fulfilling the Board's responsibilities. To comply with the supervisory regulations issued by CBK, in addition to the Group's effort to effectively implement the Corporate Governance Framework, the Group formed an appropriate number of Committees that are aligned with the size of the Group, the nature and complexity of its activities, and the geographical distribution of the Group's entities. The Board of Directors formed five sub-committees to enhance the Board's effectiveness in overseeing important Group operations. In addition to specialized management level committees.

The Corporate Governance Framework of the Group is illustrated as follows:



Group's Board of directors Sub-Committee*

Corporate Governance Committee	Nomination and Remuneration Committee	Risk and Compliance Committee	Audit Committee	Credit Committee
<ol style="list-style-type: none"> 1. Mr. Hamad Mohamed Al-Bahar (Board and Committee Chairman) 2. Mr. Yacoub Yousef Al-Fulaij 3. Mr. Haitham Sulaiman Al-Khaled 4. Mrs. Huda Mohammad S. Al-Refaei 5. Mr. Abdulwahab Ahmad H. Al-Bader 	<ol style="list-style-type: none"> 1. Mr. Abdulwahab Ahmad H. Al-Bader (Independent Board member and Committee chairman) 2. Mr. Muthana Mohamed Al-Hamad 3. Mr. Emad Mohammad Al Bahar 4. Mr. Anas Khaled N. Al-Saleh 5. Mr. Yousef Jassim Y. Al-Obaid 	<ol style="list-style-type: none"> 1. Mr. Yousef Jassim Y. Al-Obaid (Independent Board member and Committee Chairman) 2. Mr. Muthana Mohamed Al-Hamad 3. Mr. Haitham Sulaiman Al-Khaled 4. Mrs. Huda Mohammad S. Al-Refaei 5. Mr. Farouq Ali Akbar A. Bastaki 	<ol style="list-style-type: none"> 1. Mr. Farouq Ali Akbar A. Bastaki (Independent Board member and Committee Chairman) 2. Mr. Muthana Mohamed Al-Hamad 3. Mr. Haitham Sulaiman Al-Khaled 4. Mr. Anas Khaled N. Al-Saleh 5. Mr. Yousef Jassim Y. Al-Obaid 	<ol style="list-style-type: none"> 1. Mr. Hamad Mohamed Al-Bahar (Board and Committee Chairman) 2. Mr. Yacoub Yousef Al-Fulaij 3. Mr. Emad Mohammad Al Bahar 4. Mr. Isam Jasem A. Al-Sager (Vice - Chairman and Group Chief Executive Officer)
<p>Committee's mission:</p> <p>Assist the Board in overseeing the implementation of the Group's Corporate Governance. The Committee is also responsible for monitoring the implementation progress of the policies and procedures pertaining to governance.</p>	<p>Committee's mission:</p> <p>Assist the Board in carrying out the Nomination and Remuneration responsibilities pertaining to the Board of Directors and Executive Management. The Committee also supports the Board in reviewing and enhancing Board structure and development of the caliber of the Board Members. It also assists the Board in setting up the Group's remuneration framework and ensures effective implementation in accordance with Group remuneration policy.</p>	<p>Committee's mission:</p> <p>Assists the Board in carrying out its responsibilities with respect to the Group's risk management and Group Compliance & Governance functions by evaluating and monitoring the risk governance framework, risk appetite, risk strategy and capital planning. In addition to its role of overseeing the adequacy of regulatory compliance and enhancing compliance culture across the Group.</p>	<p>Committee's mission:</p> <p>Assists the Board in a supervisory role regarding the efficiency and independence of the internal and external audit operations for the Group. Also oversees the preparation of the periodic financial statements and other regulatory reports.</p>	<p>Committee's mission:</p> <p>Responsible for reviewing the quality and performance of the Group's credit portfolio. The Board has authorized the Committee to approve credit facilities that exceed the authorization granted to Senior Management, in accordance with the Credit Policy and the approved authority matrix of the Group in accordance with the related regulatory instruction</p>

* At Bank's Ordinary General Assembly meeting convened on 15th of March 2025, Mr. Anas Khaled N. Al-Saleh and Mr. Yousef Jassim Y. Al-Obaid were elected as independent members replacing Dr. Robert Maroun Eid and Dr. Nasser Amin Saidi . Board sub-committees has been reformed at the Board of Directors meeting held on 15/3/2025 .

Board of Directors and Committee Meetings

The Board of Directors held eleven (11) meetings during 2025. Minutes of all meetings have been documented and are included in the Bank's records.

The below table shows names of the Board of Directors, their memberships in Board Sub-Committees and number of meetings that reached fifty eight (58) meetings, in addition to the number of meetings attended by each member during the year.

Board of Directors Members	Committee Membership	Board of Directors	Corporate Governance	Nomination & Remuneration	Risk & Compliance	Audit	Credit
Mr. Hamad Mohammed Al-Bahar (Non-Executive member)	<ul style="list-style-type: none"> Chairman of Corporate Governance Committee Chairman of Credit Committee 	10	2				18
Mr. Isam Jasem A. Al-Sager (Executive member)	<ul style="list-style-type: none"> Member of Credit Committee 	11					25
Mr. Yacoub Yousef Al-Fulaij (Non-Executive member)	<ul style="list-style-type: none"> Member of Corporate Governance Committee Member of Credit Committee 	9	2				21
Mr. Muthana Mohamed Al-Hamad (Non-Executive member)	<ul style="list-style-type: none"> Member of Corporate Governance Committee (till 15/3/2025) Member of Nomination and Remuneration Committee Member of Audit Committee Member of Risk and Compliance Committee 	11	1	3	8	8	
Mr. Haitham Sulaiman Al-Khaled (Non-Executive member)	<ul style="list-style-type: none"> Member of Risk and Compliance Committee Member of Audit Committee Member of Nomination and Remuneration Committee (till 15/3/2025) Member of Corporate Governance Committee (effective from 15/3/2025) 	11	1	1	7	9	
Mr. Emad Mohamed Al Bahar (Non-Executive member)	<ul style="list-style-type: none"> Member of Nomination and Remuneration Committee Member of Credit Committee 	11		2			25
Mrs. Huda Mohammad S. Al-Refaei (Non-Executive member)	<ul style="list-style-type: none"> Member of Risk and Compliance Committee Member of Corporate Governance Committee 	11	2		8		
Dr. Robert Maroun Eid (Independent member) (till 15/3/2025)	<ul style="list-style-type: none"> Chairman of Risk & Compliance Committee (till 15/3/2025) Member of Audit Committee (till 15/3/2025) 	2			1	2	
Dr. Nasser Amin Saidi (Independent member) (till 15/3/2025)	<ul style="list-style-type: none"> Member of Audit Committee (till 15/3/2025) 	2				2	
Mr. Abdulwahab Ahmad H. Al-Bader (Independent member)	<ul style="list-style-type: none"> Chairman of Nomination and Remuneration Committee Member of Corporate Governance Committee 	11	2	3			
Mr. Farouq Ali Akbar A. Bastaki (Independent member)	<ul style="list-style-type: none"> Chairman of Audit Committee Member of Risk and Compliance Committee 	11			8	9	
Mr. Anas Khaled N. Al-Saleh (Independent member) (effective from 15/3/2025)	<ul style="list-style-type: none"> Member of Audit Committee (effective from 15/3/2025) Member of Nomination and Remuneration Committee (effective from 15/3/2025) 	9		2		7	
Mr. Yousef Jassim Y. Al-Obaid (Independent member) (effective from 15/3/2025)	<ul style="list-style-type: none"> Chairman of Risk & Compliance Committee (effective from 15/3/2025) Member of Audit Committee (effective from 15/3/2025) Member of Nomination and Remuneration Committee (effective from 15/3/2025) 	9		2	7	7	
Total number of meetings		11	2	3	8	9	25

Meetings held by the Board of Directors and its Committees during 2025 were in compliance with Central Bank of Kuwait governance rules and standards, and the Board and Committees' charters in terms of the number of meetings, periodicity, the quorum, and the topics reviewed and discussed by members.



Effective Implementation of the Corporate Governance Framework

General Overview:

The Group Board of Directors permanently and continuously strives to achieve the best interest of the Bank's shareholders through effective oversight and monitoring of the work of the Executive Management, ensuring the implementation of the Bank's strategy and objectives, and confirming that performance is in accordance with the Bank's plans. During the year, the Board of Directors reviewed and developed the Group's strategy and risk appetite, including all future plans of subsidiaries and overseas branches. The Board of Directors gives particular importance to the implementation of governance at Group level, by creating

a culture of corporate values among the Bank's entire staff. This is achieved through constant efforts to achieve the Bank's strategic objectives, improving Key Performance Indicators, and compliance with laws and regulations, especially the rules of Corporate Governance. In addition, the Board adopts a set of policies, charters, systems, mechanisms, reports and procedures which the Group has effectively and integrally applied, relying on the philosophy of the Group in the implementation of Corporate Governance as a culture and working principle, and not only as supervisory instructions and legislative regulations. The followings are the most important achievements of the Board of Directors and its Committees during 2025:

Board of Directors' Key Achievements

The Board of Directors met eleven (11) times during the year and the followings key duties were accomplished:

- Approved the Budget for the year 2025, the Interim Financial Information, the audited balance sheet, profit & loss account of the Bank and dividends for the financial year ended on 31/12/2024.
- Discussed the risk appetite and its impact on the Group's strategy.
- Reviewed the results of the Internal Capital Adequacy Assessment Process ("ICAAP"), financial stress testing as per the regulatory requirement of Basel (3).
- Discussed and approved general and specific provisions for the local and international loan portfolio.
- Approved the update of financial authority matrix for the GCEO, the DGCEO, the CEO-Kuwait, his Deputy and Head of wealth management.
- Reviewed the Board of Directors' structures within subsidiaries, on an ongoing basis, ensuring their compliance with the regulatory requirements and the general policy of the Group's governance framework.
- Followed the progress of the Group's operations, through regular meetings with Executive Management and discussed the results of the Group's business through periodic reports prepared by the Financial Group, which clarifies the most important financial indicators of the Bank's budget and profits according to geographical distribution of branches and foreign subsidiaries.
- Reviewed and evaluated the effectiveness of the Board and its Committees, in addition to conducting individual self-assessments of the Board and Committee members.
- Reviewed the remuneration framework, the mechanism of linking rewards to performance the level of risk exposure and updated the remuneration policy at Group level.
- Oversaw the implementation of the Corporate Governance Framework at Group level and ensured compliance with local regulations in the countries the Group operates in, which are in line with the Group's Corporate Governance Framework.
- Reviewed, developed and approved the policies related to Corporate Governance and charters of the Board of Directors and its committees at the Group level in order to be commensurate with regulations issued from Supervisory Authorities, the Group's organizational structure, and to keep up with applicable international and leading Corporate Governance practices.
- Conducted self-assessment on Corporate Governance implementation at Group level and identified the areas that need to be developed.

- Reviewed the results of the annual independent evaluation of the Corporate Governance Framework conducted by Group Internal Audit, which highlighted the areas of the Framework that require improvement.
- Reviewed the results of the annual independent evaluation of the Internal Control Review for the Corporate Governance Framework, conducted by the external auditors
- Supervised the Corporate Governance offices and units in the Bank's subsidiaries, followed up their progress through periodic reports presented to the Board Corporate Governance Committee for review and discussion, and subsequently to the Board of Directors.
- Approved Bank's representatives in Subsidiaries, Associate Companies, External Committees and others
- Reviewed two annual reports on the results of assessing bank's compliance with Capital Markets Authority instructions concerning the Custodian's adherence to the provisions of Module Seven (Clients' Funds and Clients' Assets) as well as their compliance with the availability of information technology systems which were prepared by an independent external auditor.
- Reviewed the updated regulations, legislations and provisions related to Bank's activities issued by Central Bank of Kuwait, Capital Markets Authority and other regulatory authorities in the countries in which Bank's subsidiaries and branches operates.
- Approved the remaining cash dividends distribution of 25% (twenty five per cent) of the nominal value of the share (twenty five fils per share)
- Approved the increase of NBK issued and paid-up capital by 5% (five per cent) as bonus shares.
- Periodically reviewed and updated Bank's organizational structure.
- Approved the nomination of 11 members for the three years term of National Bank of Kuwait Board of Directors membership.
- Electing the Chairman and Vice-Chairman of the Board of Directors and approving the restructuring of Board sub-committees in line with Central Bank of Kuwait instructions in this regard.
- the issuance of notice of redemption of the securities previously issued by National Bank of Kuwait (S.A.K.P.) due 24 November 2030.

Board Committees' Key Achievements

Corporate Governance Committee

The Committee met twice during the year and the following key duties were performed:

- Reviewed the implementation of Corporate Governance of NBK Group and its subsidiaries and overseas branches, while providing continuous support to subsidiaries.
- Reviewed the Board and its sub-Committee's charters according to supervisory regulations issued in this regard and made recommendations to the Board of Directors.
- Reviewed and discussed the results of the internal audit report on the annual evaluation of the Corporate Governance Framework, and the level of compliance with regulators.
- Reviewed and discussed the report and the results of the evaluation of internal control systems, and the adequacy of implementing the rules of corporate governance at Group level.
- Reviewed and updated Corporate Governance policies and related charters, in line with regulatory instructions, leading practices, and made recommendations to the Board for approval.
- Reviewed the related parties' transactions report, the conflict of interest report, the whistleblowing cases, and discussed the effectiveness of the existing mechanisms.
- Supervised the progress of Corporate Governance implementation at Group level.
- Reviewed and discussed the annual compliance report on the adequacy of the Corporate Governance implementation at Group level.
- Reviewed the disclosures related to Corporate Governance, which are presented in the Group annual report.
- Reviewed the new instructions issued by the regulatory authorities in the countries where our subsidiaries are located and the procedures taken to comply with these instructions.
- Reviewed Semi-annual Assessment of the risks associated with the group's structure.

Nomination and Remuneration Committee

The Committee met three (3) times during the year and the following key duties were performed:

- Supervised the process of the annual assessment of the Board of Directors' performance for the Board, its committees, and the self-assessment of each member of the Board of Directors for the year 2024.
- Reviewed and approved the training plan for years 2026 and 2027 for the Board members, which covered special topics regarding Capital Planning, Anti-Financial Crime, ESG and Sustainability, Corporate Governance and Code of Conduct, Information Security and Strategy and Innovation and made recommendations to the Board of Directors.
- Reviewed the Internal Audit report on Corporate Governance and the independent evaluation conducted on the Bank's Remuneration framework.
- Reviewed the updated remuneration policy and presented it for approval to the Board of Directors.
- Reviewed and approved the rewards and incentives for 2025 based on the key performance indicators and key risk indicators, and discussed claw back cases for 2025 and made recommendations to the Board.
- Reviewed the links between remuneration and the Group's long-term objectives.
- Reviewed and discussed the updated succession plan prepared by Group Human Resources and recommended it to the Board for approval.
- Reviewed and discussed the phantom shares plan for key personnel, and made recommendations to the Board of Directors.
- Reviewed and discussed the latest developments in the banking industry, the related reports in this regard, and the latest related regulatory requirements.
- Reviewed the disclosures related to Remunerations presented in the Group annual report of 2025.
- Reviewed the updated committee's charter and made recommendations to Board of Directors.
- Reviewed last updates regarding BOD membership in Bank's subsidiaries
- Assured the independency of Group Risk Management, Group Compliance & Governance and Group Internal Audit.
- Reviewed nominations for Board of Directors membership for three years and made recommendations to the Board of Directors.

Audit Committee

The Committee met nine (9) times during the year and the following key duties were performed:

- Reviewed and approved the Group's internal audit annual plan for 2025 based on the risk assessment and audit priorities. Also reviewed the updated internal audit policy and procedures and presented them to the Board for approval.
- Co-ordinated with external auditors and reviewed the interim and annual financial statements of the Group, and dividends distribution and submitted recommendations to the Board of Directors.
- Reviewed and discussed the periodical Internal Audit reports and the attached reports.
- Reviewed and discussed Group internal audit summary and considered what has been achieved in the internal audit plan, in comparison to performance during the previous year
- Reviewed and approved the scope of the external auditor's plan related to Internal Control Review and discussed the results of the report.
- Reviewed the Committee charter and submitted recommendations to the Board of Directors.
- Reviewed the efficiency and independence of the internal audit function, infrastructure and the overall annual assessment of the function's performance with the Group Chief Internal Audit Officer.
- Discussed internal control aspects related to information technology systems and information security.
- Provided recommendations related to reappointing the external auditors and approving their fees, with respect to the services provided.
- Discussed external audit results related to Group internal audit.
- Reviewed and discussed the internal audit reports for Kuwait, overseas branches and subsidiaries.
- Approved Key performance indicators for Group Chief Internal Audit Officer
- Reviewed the revised Organizational Structure of the Group Internal Audit and submitted recommendations to the Board of Directors.
- Approved Group Internal Audit's budget for the year 2025.

Risk and Compliance Committee

The Committee met eight (8) times during the year and following key duties were performed:

- Reviewed and discussed the strategy and challenges of Risk Management, the set of periodic risk management reports at Group level and the key risk indicators
 - Reviewed a report on the most important activities and achievements of the Group Risk Management of 2025 and the planned work in 2026.
 - Reviewed and discussed the periodic market risk report, Internal Capital Adequacy Assessment Process ("ICAAP"), liquidity ratios, the stress testing scenarios and the methods with which they dealt at Group level.
 - Reviewed and discussed the risk limit ratios, compared the ratios to the Group's approved risk appetite and the exposure levels of countries in which the Group operates, and discussed those ratios and the changes compared to previous periods and credit concentrations for companies, countries and sectors.
 - Reviewed updates on overall economic situations and their impact at the Group level
 - Reviewed the reports of operational risk, market risk and compliance risk and compliance plan at Group level.
 - Reviewed updates regarding AML awareness training to NBK staff.
 - Reviewed periodic reports on the information security governance, information systems risks, the results of the internal control systems report on regulatory compliance, anti-fraud, anti-money laundering and financing of terrorism, anti-Financial Crime and compliance with regulatory requirements of the Foreign Account Tax Compliance Act -FATCA, at Group level.
 - Reviewed and approved Anti-Financial Crime (AFC) Policies and Procedures, AML/CFT Policy, AML Risk Assessment and Anti-Fraud Policy & Procedures, Group outsourcing policy and presented them to the Board for approval.
 - Reviewed regulatory compliance remarks at Group and subsidiaries level, through self-evaluation results as well as field visits and review processes.
 - Evaluated the Group Chief Risk Officer and Group Chief Compliance Officer annual performance and determined their remunerations.
 - Reviewed and approved the amended Organizational Structures of Group Compliance & Governance and made recommendations to Board for approval.
 - Reviewed Compliance Plan for the year 2025 for NBK-Kuwait,
 - Reviewed Board Risk & Compliance Committee Charter to be presented to the Board for approval.
 - Reviewed Group Cybersecurity progress report and its Key Performance Indicators (KPI) for NBK Kuwait and its overseas Branches and subsidiaries, Bank's procedures regarding Cybersecurity Risk of Virtual Private Networks (VPN).
 - Reviewed a report on the most important activities and achievements of the Group Compliance and Governance for 2025 and the planned work in 2026.
 - Reviewed Group Compliance & Governance reports regarding regulatory parties' instructions, local and international regulatory compliance, importance correspondences with Central bank of Kuwait, disclosures to Capital Markets Authority and Boursa Kuwait Company and updates regarding compliance and governance for local and overseas subsidiaries and overseas branches.
 - Reviewed and approved policies and procedures of Group Risk Management and Group Compliance and Governance and submitted recommendations to the Board for approval.
-

Credit Committee

The Committee met twenty five (25) times during the year and the following key duties were performed:

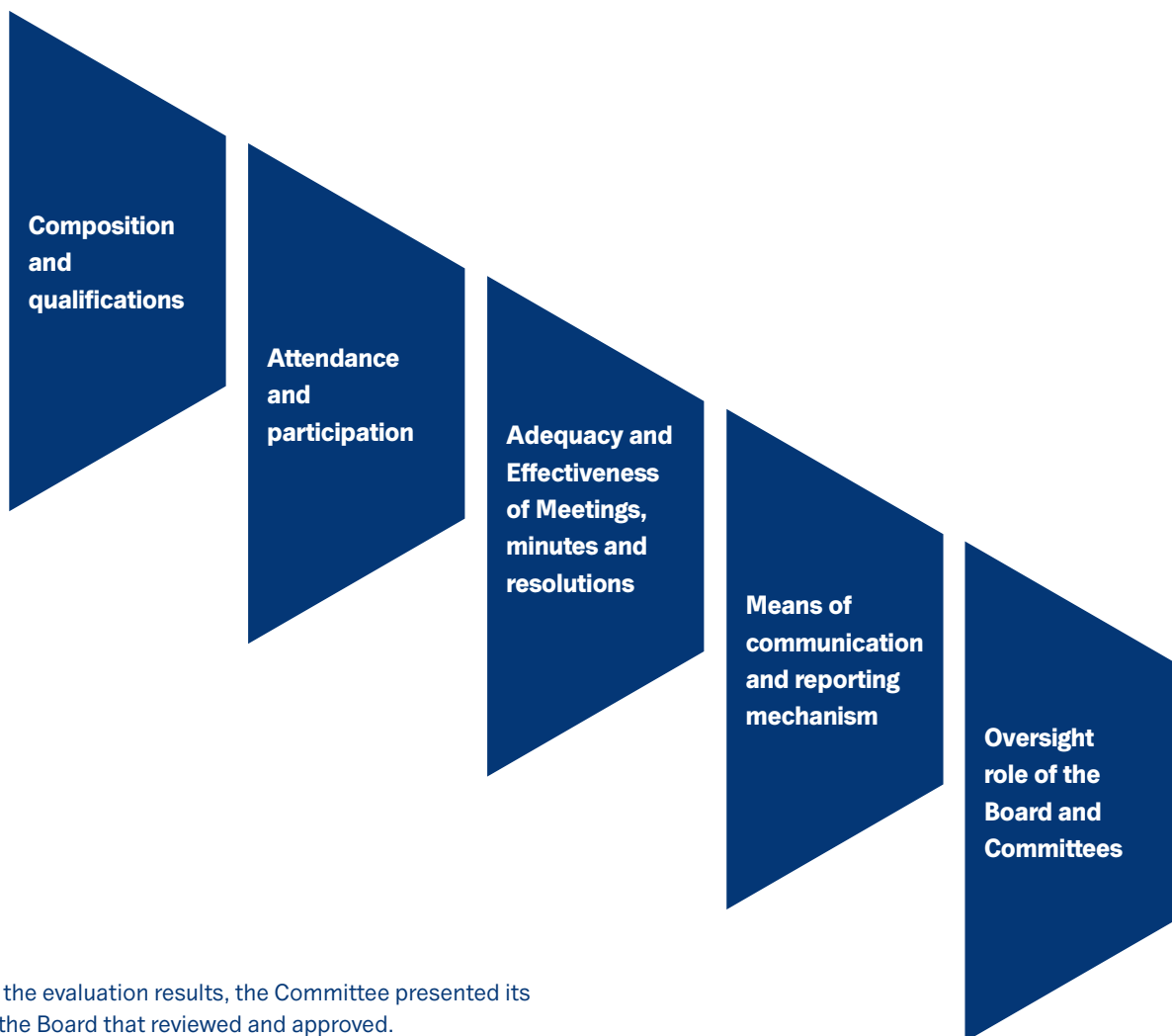
- Reviewed and approved credit proposals within the authority matrix delegated by the Board of Directors.
 - Coordinated with the Board Risk Committee to discuss credit risk limits.
-

Board of Directors Self-Assessment Framework

Annually and under the supervision of the Board of Directors, Board Nomination and Remuneration Committee evaluates the effectiveness of Board members and their participation, whether individually or collectively. This includes an assessment of the

Board Committees through the self-assessment methodology, which has been designed and developed to evaluate the effectiveness of each Board member, and determine the aspects of development required, and the necessary training for members.

The following table illustrates the criteria on which the evaluation is based and that are included in the self-evaluation forms:



Based on the evaluation results, the Committee presented its report to the Board that reviewed and approved.

Remuneration Policy and Framework

NBK's remuneration policy is in line with the strategic objectives of the Group, and in particular is designed to attract, retain and motivate high-caliber, professional, skilled and knowledgeable employees, at the same time as promoting sound and sustained profitability and effective risk management.

The Group's financial remuneration framework has been linked with its long-term and short-term performance objectives. The Board-approved Group strategy is transformed into Key Performance Indicators (KPIs) and remuneration is determined based on the achievement of these KPIs towards the overall Group strategy; these include financial and non-financial criteria and (where appropriate) Key Risk Indicators (KRIs).

For the purpose of granting remuneration, the Group has differentiated its staff categories, between "material risk-takers," and Financial and Risk Control functions.

Remuneration for material risk-takers has been linked with the risk limits, which were cascaded as per the approved risk appetite. The Key Performance Indicators for the Financial and Risk Control functions are based on the objectives of the control function itself. Any claw-back to be applied is based on the performance standard of the function.

The Group operates a "total reward" philosophy, considering all components of financial remuneration. The key components are:

- Fixed remuneration (salaries, benefits, etc.)
- Variable remuneration (performance-based remuneration) which includes cash bonus and equity shares (as per Phantom Shares Plan)

The Group ensures there is a suitable balance between fixed and variable remuneration to allow for the possibility of reducing remuneration in the case of adverse financial performance.

The Group remuneration deferral policy ensures an appropriate portion of the variable remuneration of senior employees (including those deemed to have a material impact on the risk profile of the organization) is deferred. The deferral of variable remuneration applies to the Deferred Cash Bonus and Phantom Shares Plan.

The Group applies a deferral approach of up to three years and final vesting of these variable components is subject to continuing employment and the absence of risk materialization. Claw-back applies on the non-vested portions in case risk materializes. The claw-back mechanism is applicable on the Deferred Cash Bonus and Phantom Shares Plan.

The Group's remuneration process is governed by the Board Nomination and Remuneration Committee with the ultimate decisions and responsibilities falling to the Board of Directors.

Remuneration disclosures

Board of Directors' members (Executive member, Non-Executive members and Independent members) receive remuneration amounting to KD 90,000 (ninety thousand Kuwaiti Dinar) each total KD 990,000 (nine hundred ninety thousand Kuwaiti Dinar) for their services in Bank's Board membership. Board of Director's remuneration is subject to approval of shareholders at the Annual General meeting.

The five senior Executives who received the highest remuneration packages in addition to the Group Chief Financial Officer (GCFO), Group Chief Internal Audit Officer (GCIAO) and Group Chief Risk Officer (GCRO) received a compensation aggregating KD 13,005 thousand for the year ended December 2025

The following table details the remuneration paid (KD) to staff categories:

Employee Categories	Number of Employees	Fixed Remuneration	Variable Remuneration				Total
			Cash	Phantom Shares Plan	Deferred	Other Performance Incentives	
Senior Management	52	8,227	15,104	2,395		387	26,113
Material Risk Takers	44	6,815	13,586	1,911		1,034	23,346
Financial and Risk Control	20	1,905	1,297	543	9	-	3,754

For disclosure purposes

- Senior Management: includes all staff above and equivalent to the position of Deputy General Manager for all business units, excluding Financial and Risk Control functions
- Material Risk-Takers: includes Group Chief Executive Officer and his deputy, Chief Executive Officer (Kuwait) and his

deputy, and the heads of business functions and their deputies

- Financial & Risk Control Functions: includes heads of Control functions (Financial Control, Risk Management, Compliance and Governance, Internal Audit and Anti-Money Laundering and Combating Financing Terrorism Unit), and their deputies.

Internal Control Adequacy Report

Board statement on adequacy of internal control systems

The Board strives consistently to ensure the adequacy and efficiency of the control systems required to protect the Group's operations, whilst ensuring compliance with such internal controls and establishing that those controls provide the necessary protection for the Group against risks from within or outside the Group. The Board ensures an effective internal control systems and Risk Management and Compliance functions are in place with sufficient authority, independence, resources and access to the business lines. The Board regards the Internal Audit function and external audit activities as integral parts of key control tools for independent review of information reported by Executive Management to the Board.

The Board Audit Committee is responsible for the oversight of the Group's internal control framework along with the selection and rotation of external auditors in compliance with regulatory requirements.

The Board has been provided with the results of assessments on the existing internal control systems from Risk Management and Compliance, Internal Audit and an independent external party. The Board believes that the existing internal control systems adopted and used at NBK Group are satisfactory and adequate.

Review of the internal control systems by an independent third party

An Internal Control Review (ICR) of NBK is conducted annually by an external audit firm in accordance with CBK requirements. The ICR examines accounting and other records, and evaluates the internal control systems with regard, but not limited, to Corporate Governance, Financial Control, Consumer Banking, Corporate and Private Banking, International Banking Group, Treasury, Regulatory Compliance, Operations and Information Technology, Risk Management, Human Resources, Administration, Internal Audit, Anti-Money Laundering and Counter terrorism Financing, Legal Affairs Engineering, impairment Compliance and Regulatory Reporting. .

A summary of the ICR report for the year ended 31 December 2024 was presented to the Board of Directors during 2025. The report did not highlight any significant issues.

Internal Control Review by External Party

Private and confidential
The Board of Directors
National Bank of Kuwait S.A.K.
State of Kuwait
29 June 2025

Report on Accounting and Other Records and Internal Control Systems

In accordance with our letter of engagement dated 2 February 2025, we have examined the accounting and other records and internal control systems of National Bank of Kuwait S.A.K.P ("the Bank" or "NBK"), its branches in Kingdom of Bahrain, Kingdom of Saudi Arabia and United Arab Emirates ("UAE") and its subsidiaries National Bank of Kuwait (Lebanon) SAL., National Bank of Kuwait France SA, Watani Wealth Management Company – Kingdom of Saudi Arabia and National Bank of Kuwait (International) PLC (together referred to as "the Group"), which were in existence during the year ended 31 December 2024. We covered the following areas of the Group

- Corporate Governance;
- Risk Management;
- Anti-Money Laundering
- Consumer Banking
- Corporate and Private Banking
- Treasury;
- Group Investment
- Human Resources;
- Central Processing and Fund Transfer;
- Financial Control;
- Regulatory Compliance;
- Administration;
- Internal Audit;
- Operations & Information Technology;
- Legal;
- Complaint and Customer protection Unit;
- Financial Securities (limited to Kuwait only);
- Investor Relations and Corporate Communications;
- Confidentiality of Customer Information;
- Anti-Fraud, Bribery and Corruption;
- Engineering
- International Banking; and
- Impairment Compliance and Regulatory Reporting.

Our examination has been carried out with regard to the requirements contained in the manual of general directives concerning Internal Control reviews issued by the Central Bank of Kuwait ("the CBK") on 14 November 1996, CBK instructions dated 10 September 2019 concerning Corporate Governance rules and systems at Kuwaiti Banks, CBK instructions dated 16 February 2023 concerning Combating Money Laundering Operations and Financing of Terrorism, CBK instruction dated 9 February 2012 on maintenance of confidential information and data related to customer information.

The New York, Singapore and Shanghai branches of National Bank of Kuwait SAKP, NBK Banque Privée (Suisse) S.A., National Bank of Kuwait-Egypt S.A.E ("NBK-Egypt"), Watani Investment Company K.S.C.C. and Watani Financial Brokerage Company K.S.C.C are

subject to evaluation of internal controls and annual supervision by the respective local regulators. A summary of the respective internal control reports is provided in Appendix IV of this report.

As Board of Directors of National Bank of Kuwait SAKP, you are responsible for establishing and maintaining adequate accounting and other records and internal control systems, taking into consideration the expected benefits and relative costs of establishing such systems. The objective is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that banking risks are properly monitored and evaluated, that transactions are executed in accordance with established authorization procedures and are recorded properly, and to enable you to conduct the business in a prudent manner.

Because of inherent limitations in any accounting and internal control system, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that management information and control procedures may become inadequate because of changes in conditions or that the degree of compliance with those procedures may deteriorate.

In our opinion, having regard to the nature and size of the group's operations, during the year ended 31 December 2024, the accounting and other records and internal controls systems, in the areas examined by us, were established and maintained satisfactorily in accordance with the requirements of the Manual of General Directives concerning Internal Control Reviews issued by the Central Bank of Kuwait on 14 November 1996, CBK instructions dated 10 September 2019 concerning Corporate Governance Rules and Systems at Kuwaiti Banks and the CBK instructions dated 16 February 2023 concerning Combating Money Laundering Operations and Financing of Terrorism, and CBK instruction dated 9 February 2012 on maintenance of confidential information and data related to the customer information with the exception of the matters set out in the report.

Furthermore, the Bank has established a process of regular follow-up on reported exceptions to ensure that corrective actions are being taken to rectify the control weaknesses and gaps identified during the course of the Internal Control Review.

R. Rasheed M. Al-Qenae
License No. 130
Of KPMG Al-Qenae & Partners
Member firm of KPMG International

Ethics and Professional Conduct

Values and ethics

NBK Group continues to apply Corporate Governance values as fundamental principles and an integral part of the culture of the Group. During the year, the Group worked on a number of initiatives that will strengthen the commitment to the values of Corporate Governance and raise the level of awareness of those values at all levels of the Group and related bodies.

NBK Group is committed to achieving the highest levels of governance and has established those values within a number of pillars, which emerged through a set of policies and procedures set forth as follows:

Ethics code

The ethics code is considered one of the most important components of the Corporate Governance framework and is promoted through the code of conduct, which is adopted by the Board of Directors and Executive Management in daily interactions with employees, customers and all of the Group's stakeholders.

This code is subject to periodic review, to keep it up to date with all the latest developments and enhancements in the areas of governance and control of professional conduct. The Board of Directors also oversees the efficient implementation of the charter through the audit and internal control functions, to identify and remedy any gaps.

Conflict of interest

The Group ensures that in all stages of banking procedures for its customers, it treats all customers fairly, equally and honestly, to achieve the maximum level of transparency and objectivity, through applying a conflict of interest policy. The Group, under the supervision of the Board, has reviewed the Related Parties Transactions Policy, which is compatible with the nature of the

Group's business regulatory updates in the markets in which it operates. In addition, it has adopted a set of organized procedural models for cases of disclosure of potential conflicts of interest and a mechanism to deal with them.

Potential cases of conflicts of interests and related parties transactions are subject to independent review by Group Internal Audit.

Confidentiality

The Board, Executive Management and employees ensure that the Group maintains the confidentiality of information relating to its stakeholders, in accordance with the rules and regulations issued by the Central Bank of Kuwait and other regulatory bodies. During 2025, the Group continued to apply measures to maintain the confidentiality of information in accordance with policies and procedures and internal control systems, which require the preservation of confidentiality.

Whistleblowing policy

The Group has adopted a whistleblowing policy that encourages openness and trust among its employees. This helps employees report any complaint, whether relating to bad behavior or illegal or unprofessional actions. The complaint is directly made to the Chairman of the Board and the information received remains confidential and, if necessary, saved anonymously, to provide protection to the employee. This mechanism is subject to review by Group Internal Audit.

Stakeholder's Rights

The Group has continued to implement a well-defined process in managing transparency, communication and open dialogue with its stakeholders. These measures include the protocols, which will be followed in communicating with stakeholders and the degree of information which can be disclosed.

Shareholders

NBK Group promotes and maintains an open and transparent channel of communication with its shareholders, which enables them to understand Group business, its financial condition, and operating performance and trends. The Group has also developed a section on its website that provides detailed reports to shareholders on Corporate Governance and other important information relating to the disclosure of financial and non-financial information.

The Public Institution for Social Security owns 6.19% of NBK Capital as of 31st December 2025.

Investor Relations

NBK Group promotes open and transparent dialogue with both its institutional and private investors. The Investor Relations function serves as the primary contact with shareholders, investors and financial analysts. The Group also publishes information for investors and stakeholders on a regular basis, through its website as well as other media.

Customers

The Group has ensured, since inception that it has established professional and behavioral rules, and provides qualified staff

who can optimally serve customers. In addition, the Group continuously ensures that it follows regulatory instructions and is a pioneer in international practices in customer service and protection. NBK has taken the necessary steps to implement the terms of the consumer protection instructions recently issued by the Central Bank of Kuwait, by reviewing and updating a policy approved by the Board to enhance the understanding of transparency and disclosure in banking transactions provided by the Bank.

Employees

The Group protects and abides by the rights provided to employees, which include, but are not limited to, the following:

- Transparent remuneration and compensation structure
- A transparent working environment
- Contributing to employee talent-management schemes
- Access to the whistleblowing policy

Community (Corporate Social Responsibility)

The Group has maintained its progress in projects relating to Corporate Social Responsibility, to foster a sustainable economic and social environment in the community, and regards this as a priority for the Group. The Group discloses its relevant social activities on its website and in the form of a separate "Sustainability Report 2025", published as an independent report.



Group Risk Management and Group Compliance and Governance

Group risk Management and Group Compliance and Governance are a key component of banks' second line of defense, for monitoring and reporting risks-related practices and managing compliance risks. They function with direct reporting to Board Risk and Compliance Committee, that responsible for identifying and assessing key risks, measuring the levels of Bank's risk exposure, monitoring exposure levels in light of the risk appetite, non-compliance risk with applicable laws and regulations, determining capital requirements on a regular basis following up and evaluating decisions relating to certain risks.

Group Risk Management

NBK 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 organizational 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 risks in a coordinated manner within the organization; and
- The Group internal audit provides independent validation of the adequacy and effectiveness of the risk management framework on a Group level.

Group Risk Management structure

The structure of the Risk Management function consists of the following departments:



The Group Risk Management, which headed by the Group Chief Risk Officer (“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 risk management function assists senior management in controlling and actively managing the Group’s overall risks and risk profile. The function also ensures that:

- The Group’s overall business strategy is consistent with the 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.

NBK Group and Group Risk Management regularly assess the adequacy and effectiveness of the risk management framework in light of the changing risk environment.

Group Compliance and Governance

The Group Compliance and Governance is a part of NBK Group’s culture of complying and operating in accordance to regulatory and legislative frameworks, where Group Compliance and Governance attempts to enhance sound practices and ensure that Bank does not violate any requirements set by legislators and regulatory Bodies in either Kuwait or other countries where Group operates.

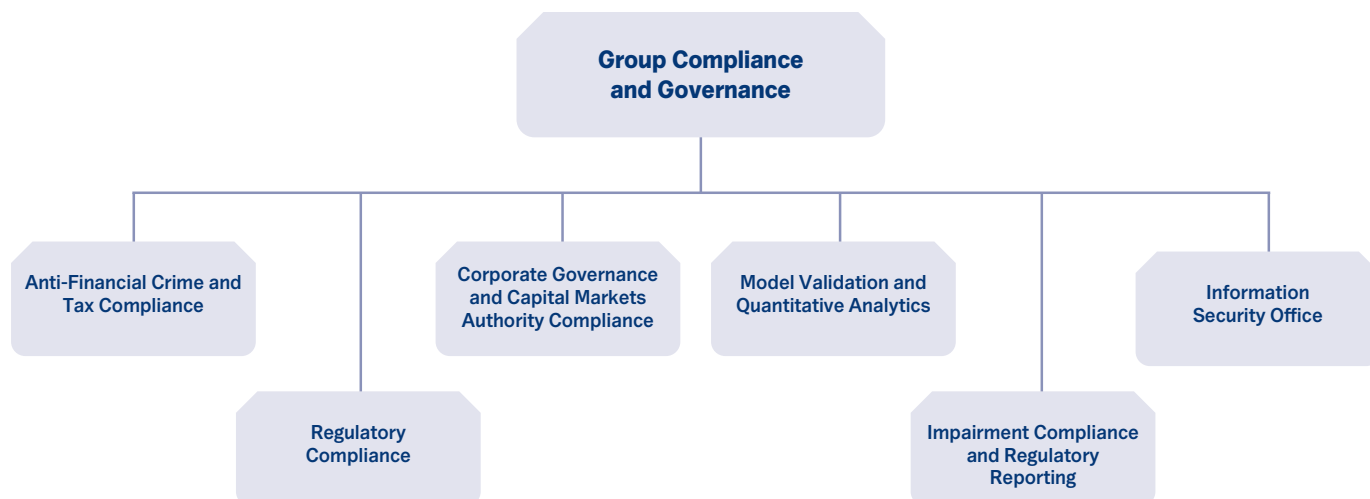
The Compliance and Governance function is a key component of the Bank’s second line of defense for managing compliance risks, the Group supervises and participates in placing internal procedures in conformity with regulations. Its main role is to support the Bank and its Management in managing the compliance 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 Board Risk and Compliance Committee and ultimately approved by the Board;
- Comprehensive reports concerning level of compliance and associated risks are presented to Board and Board Risk and Compliance committee;
- The Group coordinated and work with Bank’s Management under the supervision of Board of directors.; and
- The Group internal audit provides independent validation of the adequacy and effectiveness of the Group Compliance and Governance framework on a Group-wide basis.

Group Compliance and Governance Structure

The structure of the Group Compliance & Governance consists of the following departments:



Group Compliance and Governance headed by Group Chief Compliance Officer ("GCCO") and reports directly to the Board Risk and Compliance Committee ("BRCC").

Group Compliance and Governance has the following objectives and responsibilities:

- Identify, assess, monitor and report on the compliance risks faced by NBK Group.
- Review the compliance risk processes that are in place to anticipate and effectively manage the impact of regulatory change on the Group's operations.
- Ensure NBK Group and each subsidiary and branch in every jurisdiction of operation abides by all relevant laws and regulations applicable to each of them.
- Assess/Review the implementation of compliance procedures needed to verify compliance with the laws, regulations, procedures and directives issued by Central Bank of Kuwait, Capital Markets Authority and relevant Regulatory Bodies.
- Ensure the Bank's compliance with the regulations related to Anti-Financial Crime and the Foreign Account Tax Compliance Act (FATCA), Common Reporting Standard (CRS) and other similar applicable regulations.
- Ensure sound Corporate Governance implementation across the Group.

I. Capital Adequacy

Capital adequacy, financial leverage and the use of various levels of Regulatory Capital are monitored regularly by the Group's Management and are also governed by guidelines of the Basel Committee on Banking Supervision as adopted by the Central Bank of Kuwait (CBK) for licensed banks in Kuwait.

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

- Pillar 1 provides a framework for measuring capital requirements for credit, operational and market risk under the "Standardised Approach".
- Supervisory Review and Evaluation Process (SREP) and Pillar 2 – While the Pillar 2 process enhance the link between Bank's risk profile (internal capital commensurate to its risk profile), risk management and risk mitigation systems, and its capital planning; whereas SREP relates to review 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 enabling market participants to assess key pieces of information about the Bank's exposure to risks and provide them with a consistent and understandable disclosure framework that enhances comparability and enhancing the safety and soundness of the banking environment 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 National Bank of Kuwait S.A.K.P. (the "Bank") and its subsidiaries (collectively 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 internally set limits and regulatory imposed capital requirements.

1. Regulatory Scope of Consolidation

The core activities of the Group are Consumer Banking, Corporate Banking, NBK Wealth, Islamic Banking, Group Centre and International Banking for further details on the Group's activities, please refer to note 3 of the Group's consolidated financial statements.

The consolidated financial statements and capital adequacy regulatory reports of the Group have been prepared and consolidated on a consistent basis, save as otherwise disclosed.

For additional information on the basis of preparation and basis of consolidation please refer to notes 2.1 and 2.3 of the Group's consolidated financial statement for the year ended 31st December 2025.

The principal operating subsidiaries of the Group are presented in note 24 of the Group's consolidated financial statements. All subsidiaries have been fully consolidated under the regulatory scope of consolidation for Regulatory Capital calculations (refer note 29 of the Group's consolidated financial statements for consolidation treatment for the Islamic Banking subsidiaries of the Group).

Significant investments (as defined) in Banking, Financial and Insurance entities which are outside the scope of regulatory consolidation are required to be subject to the threshold treatment prescribed under the CBK Basel III rules and are risk-weighted and/or deducted against equity.

- All the significant investments in Banking and Financial entities classified as Associates of the Group's consolidated financial statements have been subject to the applicable threshold treatment and risk weighted as prescribed.
- Other significant investments in Banking and Financial entities classified as equities have been subject to the applicable threshold treatment and risk weighted as prescribed.

'Minority' Investments in Banking, Financial and Insurance entities classified as equities have been subject to the applicable threshold treatment and risk weighted as required.

2. Capital structure

The Group's Regulatory Capital comprises:

- a) Common Equity Tier 1 (CET1) capital which is considered as the core measure of the Group's financial strength and includes share capital, share premium, eligible reserves, retained earnings and eligible non-controlling interests (net of Regulatory adjustments),
- b) Additional Tier 1 (AT1) capital which consists of Perpetual Tier 1 Capital Securities classified as Equity (note 21 of the Group's consolidated financial statements), eligible portion of AT1 instruments issued by subsidiaries and held by third parties and certain additional eligible portion of non-controlling interests, and
- c) Tier 2 (T2) capital which consists of Subordinated Tier 2 Bonds classified as Debt (note 17 of the Group's consolidated financial statements), the allowed portions of general provisions and certain additional eligible non-controlling interests.

The Bank's share capital as at 31 December 2025 comprised 8,742,765,046 issued and fully-paid-up equity shares (2024: 8,326,442,901)

The Regulatory Capital in KD Thousands for the Group is detailed below:

Regulatory Capital	31 December 2025	31 December 2024
Common Equity Tier 1	4,031,205	3,639,713
Additional Tier 1 Capital	557,159	534,221
Tier 1 Capital	4,588,364	4,173,934
Tier 2 Capital	653,959	611,765
Total Regulatory Capital	5,242,323	4,785,699
Total Risk Weighted Assets		
	31 December 2025	31 December 2024
Credit risk-weighted assets	28,049,601	25,027,430
Operational risk-weighted assets	2,248,490	2,095,213
Market risk-weighted assets	487,454	479,080
Total Risk weighted exposures	30,785,545	27,601,723

3. Capital Adequacy Ratio

The Group ensures adherence to CBK's requirements on Group-wide and stand-alone Capital Adequacy by regular monitoring. The Group's capital forecasting process ensures pro-active actions and plans to ensure a sufficient capital buffer above minimum levels are in place 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. These views then cascade into considerations on what capital level is required.

In addition, each banking subsidiary of the Group is directly regulated by its local banking supervisor which sets and monitors its capital adequacy requirements as per the jurisdiction's requirements and ensures its compliance therewith.

The Minimum Capital requirements (MCR) and associated levels of Regulatory Capital expressed as a percentage of risk-weighted assets for NBK Group are:

Regulatory Capital Levels	31 December 2025	31 December 2024
Common Equity Tier 1	7.0%	7.0%
Capital Conservation Buffer	2.5%	2.5%
Domestic Systemically Important Bank (D-SIB) Buffer	2.0%	2.0%
Common Equity Tier 1 (including Buffers)	11.5%	11.5%
Additional Tier 1 Capital	1.5%	1.5%
Tier 1 Capital	13.0%	13.0%
Tier 2 Capital	2.0%	2.0%
Total Regulatory Capital	15.0%	15.0%

The Group, having been designated as a Domestic Systemically Important Bank (D-SIB), is required to maintain an additional minimum capital of 2%. Countercyclical Capital Buffer has not been required for the period ended 31 December 2025 in the MCR (nor in 2024).

The Capital Adequacy Ratios for the Group at consolidated level are as follows:

Table 3

	CET1	Tier1	Total
Group for 31st December 2025	13.1%	14.9%	17.0%
Group for 31st December 2024	13.2%	15.1%	17.3%

The Capital Ratios of the banking subsidiaries based on their latest submissions (filed or approved, as applicable, under their respective jurisdictions and regimes) were as follows:

Table 4

	Latest Filed or Approved		
	CET1	Tier1	Total
NBK (International) plc [United Kingdom]	19.32%	19.32%	19.32%
NBK France SA [France]	17.93%	17.93%	17.93%
NBK (Lebanon) S.A.L. [Lebanon]	23.37%	23.37%	23.46%
NBK Banque Privee (Suisse) S.A. [Switzerland]	29.27%	39.25%	39.25%
Boubyan Bank K.S.C.P. [Kuwait]	13.85%	15.93%	17.16%
Credit Bank of Iraq S.A. [Iraq]	77.64%	77.64%	77.67%
NBK Egypt S.A.E. [Egypt]	21.43%	21.43%	22.72%

	31 December 2024		
	CET1	Tier1	Total
NBK (International) plc [United Kingdom]	18.97%	18.97%	18.97%
National Bank of Kuwait France SA [France]	18.82%	18.82%	18.82%
NBK (Lebanon) S.A.L. [Lebanon]	25.79%	25.79%	25.96%
NBK Banque Privee (Suisse) S.A. [Switzerland]	36.00%	48.90%	48.90%
Boubyan Bank K.S.C.P. [Kuwait]	14.43%	16.77%	18.01%
Credit Bank of Iraq S.A. [Iraq]	80.85%	80.85%	80.88%
NBK Egypt S.A.E. [Egypt]	18.81%	18.81%	20.80%

All the banking subsidiaries within the Group are in compliance with the minimum capital requirements as applicable under their respective jurisdictions and have not reported any capital deficiencies. In general, the restrictions on transfer of funds or Regulatory Capital within the Group are related to constraints that are imposed on entities by local regulators or tax constraints.

4. Profile of risk-weighted assets and capital charge

The Group's risk-weighted capital requirements for credit, market and operational risks are shown below. The calculations include Boubyan Bank K.S.C.P., an Islamic Banking subsidiary. For purposes of determining risk-weighted assets and capital required, exposures and assets at Boubyan Bank K.S.C.P. and its consolidated banking subsidiary are risk-weighted, and capital charge is calculated, in accordance with CBK regulations applicable to banks providing banking services compliant with Codes of Islamic Sharia'a. Those figures are then added to corresponding figures pertaining to all the rest of the Group,

identical with the treatment in relevant reports submitted to CBK. The Capital charge in section 4.1, 4.2 and 4.3 below represent the minimum requirement for Kuwait Banking sector at 13 % excluding D-SIB Buffer of 2% (2024: 13% and excluding D-SIB Buffer of 2% for NBK Group).

4.1. Credit risk:

The total capital charge in respect of credit risk as at 31 December 2025 was KD 3,646,448 thousand (2024: KD 3,253,566 thousand) as detailed below:

	31 December 2025			31 December 2024		
	Gross credit exposure	Risk-weighted assets	Capital charge	Gross credit exposure	Risk-weighted assets	Capital charge
Cash	178,358	-	-	189,144	-	-
Claims on sovereigns	8,836,203	790,325	102,742	8,284,469	728,782	94,742
Claims on International Organisations	183,296	-	-	184,963	-	-
Claims on public sector entities	2,517,105	584,835	76,029	2,070,558	488,194	63,465
Claims on multilateral development banks	330,187	35,638	4,633	280,048	37,705	4,902
Claims on banks	7,037,180	1,875,720	243,844	5,877,210	1,581,033	205,534
Claims on corporates	23,751,013	16,558,102	2,152,553	19,995,151	14,394,834	1,871,328
Regulatory retail exposure	8,176,872	6,978,086	907,151	7,788,205	6,690,567	869,774
Qualifying residential housing loans	9,322	3,263	424	-	-	-
Past due exposures	241,552	195,024	25,353	161,729	134,286	17,457
Other exposures	1,677,777	1,028,608	133,719	1,506,281	972,029	126,364
Total	52,938,865	28,049,601	3,646,448	46,337,758	25,027,430	3,253,566

"Other exposures" above includes an amount of KD 409,648 thousand negative (2024: KD 393,745 thousand negative) representing that amount of general provision in excess of a maximum of 1.25% of Credit risk-weighted assets which is allowed in arriving at Tier 2 capital.

The Group's figures relating to exposures and risk-weighted assets have been classified to provide a meaningful representation of the standard portfolio asset classes.

4.2. Market risk:

The total capital charge at 13% (2024: 13%) in respect of market risk was KD 63,369 thousand (2024: KD 62,280 thousand) as detailed below:

Table 6	KD 000's	
	31 December 2025	31st December 2024
Interest rate risk	1,510	1,460
Foreign exchange risk	61,859	60,820
Total	63,369	62,280

4.3. Operational risk:

The total capital charge at 13% (2024: 13%) in respect of operational risk was KD 292,304 thousand (2024: KD 272,378 thousand). This capital charge was computed by categorising the Group's activities into 8 business lines (as defined in the CBK Basel III framework) and multiplying the business line's three-year average gross income by a pre-defined beta factor.

4.4. Domestic Systemically-Important Bank (D-SIB):

The additional capital requirement in respect of the Group having been designated as a Domestic Systemically Important Bank (D-SIB) of 2% as at 31 December 2025 amounts to KD 615,711 thousand (2024: KD 552,034 thousand)

"BRCC") and the Group Executive Committee (the "EC"), which ensure that risk-taking authority and policies are effectively communicated from the Board to the appropriate business units. The Group risk management (GRM), Group compliance and Governance (GCG), and Group internal audit (GIA) 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 is embedded in the Group as an intrinsic process and is a core competency of all its employees.
- the Group manages its credit, market, liquidity, non-financial risks (including IT, Cyber, model and Information Technology (IT), operational risks), ESG and Climate risk in a co-ordinated manner within the organisation; and
- the GIA 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.

The GRM function also ensures that:

- The Group's overall business strategy is consistent with its risk appetite approved by the Board and allocated by the Executive Committee.
- 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 considering the changing risk environment.

II. Risk management

In common with other financial institutions, risk, including credit risk, market risk, liquidity risk, Non-Financial risks (including IT, Cyber, model and operational risks), environmental, social and governance (ESG) risks and emerging risks are inherent in the Group's activities. The Group's complex operations and diverse geographical presence demand efficient and timely risk identification, measurement, aggregation and management along with optimal capital allocation. These efforts aim to safeguard asset values and income streams, protect the interests of shareholders and external fund providers, enhance shareholder value and deliver a return on equity that reflects the risks undertaken. Effectively managing these inherent risks is essential to maintaining the Group's financial stability and sustaining 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 of Directors. This is managed through the Board Risk & Compliance Committee (the

1. 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.
- effective risk planning through an appropriate risk appetite;
- maintaining effective risk control environment and risk financing strategies; and perform stress tests consistently to assess the impact on the Group's key risk positions.

2. Risk Appetite

The Group's risk appetite defines the maximum limit of risk that the Group is willing to accept in relevant business categories 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 at least annually and presented by the BRCC to the Board for approval, ensuring alignment with Group's strategy and operating environment. Through the risk appetite statements, the Board communicates to Management the acceptable level of risk for the Group, in line with the objectives of shareholders, depositors and regulators. This process ensures that the Risk Appetite remains consistent with the Group's strategic objectives, regulatory expectations and stakeholder interests- including clients, investors, and financial markets- while remaining fit for purpose.
- The GRM and GC&G functions are tasked with detecting early warnings of potential breaches in risk limits and risk appetite and promptly reporting these to the BRCC and the Board.

3. Scope and nature of risk reporting tools

The Group's risk management framework enables the Group to identify, assess, limit and monitor risks using a comprehensive range of quantitative and qualitative tools. Some of these tools are common to a number of risk categories, while others are tailored to the 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, past-due alerts, etc.
- 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 Group regularly assesses the adequacy and effectiveness of its reporting tools and metrics considering the changing risk environment.

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. Amongst the key objectives of the ICAAP is to quantify potential inherent risks which the Group faces not covered under Pillar 1. In line with the guidelines from the Basel Committee and 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, e.g., Credit (sector, name, and geographic concentration), residual credit risk, residual market risk, Interest Rate Risk in Banking Book (IRRBB), Liquidity, Legal, Reputational, Strategic Risk, Climate Risk, Cyber Risk, Fraud Risk, emerging risks and other specific risks which are not covered in Pillar I, etc.
- Monitoring and reporting.
- Control and review of risk assessment process.

4. Risk management processes

Through the Group's risk management framework, transactions and outstanding risk exposures are quantified and compared against authorised limits, whereas non-quantifiable risks are monitored against policy guidelines and key risk and control indicators. Any discrepancies, excesses or deviations are escalated to Management for appropriate action.

The key risks assumed by the Group in its daily operations are outlined below:

4.1. Credit risk

Credit risk is defined as the likelihood that a customer or counterparty is unable to meet the contracted financial obligations resulting in a default situation and/or financial loss. These risks arise in the Group's normal course of business.

4.1.1. Credit risk management strategy

The approach to credit risk management is based on the foundation to preserve the independence and integrity of the credit risk assessment, management and reporting processes, combined with clear policies, limits and approval structures which guide the day-to-day initiation and management of the Group's credit risk exposure. This approach comprises credit limits which are established for all customers after a careful assessment of their creditworthiness. In addition, the Group integrates ESG and climate risk insights from its ESG scorecard into the credit risk assessment process, ensuring that environmental and transition risks are factored into obligor's evaluations.

Standing procedures, outlined in the Group's Credit Policies and Manuals, require that all credit proposals be subjected to detailed screening by the domestic or international credit risk management divisions prior to submission to the appropriate credit committee. Whenever necessary, credit facilities are secured by acceptable forms of collateral to mitigate the related credit risks. The Board of Directors defines the Group's credit risk management strategy and ratifies significant credit risk policies approved by the Group's Executive Committee to ensure alignment of the Group's exposure with its risk appetite.

4.1.2. Credit risk management structure

Senior management implements the Board of Directors' credit risk strategy and develops policies and procedures for identifying, assessing, monitoring, and controlling credit risk.

The Group's Executive Committee, chaired by the Group Chief Executive Officer (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 the Executive 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 (BCC). Furthermore, facilities granted to them 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 of Directors in line with the relative authorities from the Shareholders' General Assembly.

Country limits are determined based on the outlook of economic and political factors, along with the review of reports from recognised and creditable market sources and application of local business and market knowledge. Significant country-limit exposures are subject to periodic approval by the Board of Directors or the Board Credit Committee.

4.1.3. Key features of corporate credit risk management

- Corporate credit facilities are granted based on detailed credit risk assessments which consider the purpose of the facility and source of repayment, prevailing and potential macro-economic factors, industry trends, the customer's positioning within its industry peer-group, and ESG and climate risk considerations.
- Internal credit-rating models are regularly reviewed by the independent Model validation team (under GCG) in co-ordination with GRM, line management and the Executive Committee and continually enhanced in line with industry credit risk management "best practices".

All new proposals, along with reviews of material changes to existing credit facilities, are reviewed and approved by the appropriate credit committee.

The Group has the following hierarchy of credit committees at the Head Office Level:

- Board Credit Committee (BCC), which consists of four Board Members and approves all facilities exceeding the mandate of the other committees.
- Senior Credit Committee (SCC), which consists of the, GCEO, the Deputy GCEO, the 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 (MCC), 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 (SICC), which consists of the, GCEO, the Deputy GCEO and the Group Chief Risk Officer (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 (MICC), which consists of the Head of Group Risk Management, the Chief Credit Officer, the CEO International Banking Group and certain Senior members of the International Banking Group and International Credit Risk Management 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 Watch List and 'Criticized' 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.

4.1.4 Key features of consumer portfolio credit risk management

The Group's consumer portfolio credit risks are managed through an independent unit, which is part of the GRM function and works with the consumer banking business. The consumer risk strategy aims to support portfolio growth within acceptable risk appetite thresholds and advises the Consumer Banking Group with prudent lending policies based on portfolio performance. Consumer Credit Risk Management assesses the external environment and focuses on growth for selected segments and

proactively monitors the portfolio. They are aligned with key concepts of risk management, namely governance, control and measurement and reporting.

Consumer Credit Risk is managed through a framework which 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 Executive Committee and significant policies are ratified by the Board. Credit loss recognition process/quantification is handled by Consumer Risk Management Unit, within GRM, independent of the business.

4.1.5 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 obligors 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 Group has implemented risk-rating models for corporate, SME, commercial real estate, high-net-worth individuals and project finance facilities. 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 Bank 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 allows the Group to classify its portfolio into sub-segments which facilitate analysis and improve the management of concentrations.

Credit facilities to Corporates and SMEs are structured across various products and maturities and are subject to review at least

annually. Semi-annual "short form" reviews are also performed subject to certain additional criteria.

Financial institutions

The Group's policy is to assess the credit risk in facilities granted to financial institutions by utilizing data from external credit agencies. Such data is further complemented by the bilateral transaction history with the relevant financial institution and existing and potential relationship with the Group. The resulting credit facilities are structured across various products and maturities and are subject to review at least annually.

Consumer lending

The independence of the risk management function helps to balance appropriate near-term and longer-term objectives. 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 utilized 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 Management proactively monitors portfolios considering the external environment, analyzing growth in selected segments and, as per risk strategy, aims to support portfolio growth within acceptable risk appetite thresholds.

Consumer credit risk is monitored with three lines of defense.

First Line -	The Business owns and manages risks and controls (including the identification and assessment of risk and controls) in adherence to credit policies governing the business and across the value chain in line with risk appetite.
Second Line -	The Consumer Credit Risk Management function develops and maintains the risk management framework which enables the business to manage the risk and control environment within the Board-approved risk appetite.
Third Line -	Group Internal Audit independently tests, verifies and evaluates controls for effective credit risk management and the implementation of policies and procedures.

4.1.6 Group credit risk monitoring and portfolio management

The Group has a portfolio risk-rating process through which the overall portfolio quality is assessed at regular intervals and analyzed for 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 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 utilization 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 limits set for this purpose.

Consumer credit risk reporting also includes a detailed dashboard for consumer and small-business lending, covering the entire credit life cycle, including delinquency monitoring such as ageing and migration and loss recognition.

4.1.7. Group credit risk mitigation strategy

Portfolio diversification is a 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 Bank'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 and subject to CBK approval, or 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 effective mitigating factors 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 sale of loans are common practices to manage the Group's exposures.

4.1.8 Management of credit collateral and valuation

The main types of collateral accepted by the Group include:

- 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).

The custody and daily "mark to market" (revaluation) of financial collateral, inclusive of shares, are performed independent of the business units. Real estate collateral except private residences is valued on an annual basis.

In accordance with the Group's credit policies, banks and creditworthy companies and individuals with 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, guarantees from banks with defined high credit-quality ratings, quoted shares, eligible debt instruments and units in collective investment schemes are recognised as risk mitigation for capital adequacy purposes.

The Group's credit exposures were covered by the following eligible financial collateral and guarantees:

	31 December 2025			31 December 2024		
	Gross credit exposure	Eligible Credit Risk Mitigation	Eligible guarantees	Gross credit exposure	Eligible Credit Risk Mitigation	Eligible guarantees
Cash	178,358	-	-	189,144	-	-
Claims on sovereigns	8,836,203	43,413	-	8,284,469	69,486	-
Claims on International Organisations	183,296	-	-	184,963	-	-
Claims on public sector entities	2,517,105	-	-	2,070,558	-	-
Claims on multilateral development banks	330,187	-	-	280,048	-	-
Claims on banks	7,037,180	11,018	1,374,125*	5,877,210	51,215	1,437,826*
Claims on corporates	23,751,013	1,736,007	-	19,995,151	1,267,547	-
Regulatory retail exposure	8,176,872	199,792	-	7,788,205	162,713	-
Qualifying residential housing loans	9,322	-	-	-	-	-
Past due exposures	241,552	7,994	-	161,729	5,256	-
Other exposures	1,677,777	-	-	1,506,281	-	-
Total	52,938,865	1,998,224	1,374,125	46,337,758	1,556,217	1,437,826

* "Memorandum" item where banks act as "guarantors"

4.1.9. Gross, average and net credit exposures

The Group's gross credit exposures, average credit exposures and the former adjusted for credit conversion and credit risk mitigation factors, respectively, are detailed below:

	31 December 2025			31 December 2024		
	Gross credit exposure	Funded exposure	Unfunded exposure	Gross credit exposure	Funded exposure	Unfunded exposure
Cash	178,358	178,358	-	189,144	189,144	-
Claims on sovereigns	8,836,203	8,832,818	3,385	8,284,469	8,281,239	3,230
Claims on International Organisations	183,296	183,296	-	184,963	184,963	-
Claims on public sector entities	2,517,105	2,325,464	191,641	2,070,558	1,961,816	108,742
Claims on multilateral development banks	330,187	330,187	-	280,048	280,048	-
Claims on banks	7,037,180	5,143,038	1,894,142	5,877,210	3,961,132	1,916,078
Claims on corporates	23,751,013	18,726,382	5,024,631	19,995,151	16,005,551	3,989,600
Regulatory retail exposure	8,176,872	8,110,512	66,360	7,788,205	7,722,805	65,400
Qualifying residential housing loans	9,322	9,322	-	-	-	-
Past due exposures	241,552	226,129	15,423	161,729	161,290	439
Other exposures	1,677,777	1,677,777	-	1,506,281	1,506,281	-
Total	52,938,865	45,743,283	7,195,582	46,337,758	40,254,269	6,083,489

Average Credit Exposures*	31 December 2025			31 December 2024		
	Average credit exposure	Funded exposure	Unfunded exposure	Average credit exposure	Funded exposure	Unfunded exposure
Cash	196,634	196,634	-	200,641	200,641	-
Claims on sovereigns	8,684,657	8,679,761	4,896	7,443,939	7,439,543	4,396
Claims on International Organisations	183,646	183,646	-	176,332	176,332	-
Claims on public sector entities	2,251,094	2,121,011	130,084	1,828,170	1,711,132	117,038
Claims on multilateral development banks	324,425	324,425	-	395,354	395,354	-
Claims on banks	6,246,255	4,354,607	1,891,649	6,111,253	4,295,889	1,815,364
Claims on corporates	21,641,419	17,281,534	4,359,886	19,265,342	15,375,582	3,889,760
Regulatory retail exposure	7,963,589	7,898,350	65,239	7,679,732	7,618,489	61,243
Qualifying residential housing loans	2,331	2,331	-	-	-	-
Past due exposures	202,542	195,266	7,276	184,112	183,601	512
Other exposures	1,636,276	1,636,276	-	1,449,388	1,449,388	-
Total	49,332,868	42,873,841	6,459,030	44,734,263	38,845,951	5,888,313

*Based on average of four quarter-end balances

Table 10:**KD 000s**

Net Credit Exposures	31 December 2025			31 December 2024		
	Net credit exposure	Funded exposure	Unfunded exposure	Net credit exposure	Funded exposure	Unfunded exposure
Cash	178,358	178,358	-	189,144	189,144	-
Claims on sovereigns	8,791,644	8,790,459	1,185	8,213,770	8,212,841	929
Claims on International Organisations	183,296	183,296	-	184,963	184,963	-
Claims on public sector entities	2,501,212	2,325,464	175,748	2,046,360	1,961,816	84,544
Claims on multilateral development banks	330,187	330,187	-	280,048	280,048	-
Claims on banks	6,086,750	5,180,131	906,619	4,920,151	4,026,670	893,481
Claims on corporates	19,809,264	17,018,010	2,791,254	16,836,990	14,761,566	2,075,424
Regulatory retail exposure	7,943,226	7,928,535	14,691	7,591,611	7,576,651	14,960
Qualifying residential housing loans	9,322	9,322	-	-	-	-
Past due exposures	225,846	218,135	7,711	156,254	156,034	220
Other exposures	1,677,777	1,677,777	-	1,506,281	1,506,281	-
Total	47,736,882	43,839,674	3,897,208	41,925,572	38,856,014	3,069,558

As at 31 December 2025, 44 % (2024: 42%) of the Group's net credit risk exposure was rated by External Credit Assessment Institutions (ECAIs) recognised for the purpose, as detailed below:

Table 11:**KD 000s**

Net Credit Exposures	31 December 2025			31 December 2024		
	Net credit exposure	Rated exposure	Unrated exposure	Net credit exposure	Rated exposure	Unrated exposure
Cash	178,358	-	178,358	189,144	-	189,144
Claims on sovereigns	8,791,644	8,791,644	-	8,213,770	8,213,770	-
Claims on International Organisations	183,296	-	183,296	184,963	-	184,963
Claims on public sector entities	2,501,212	551,095	1,950,117	2,046,360	362,903	1,683,457
Claims on multilateral development banks	330,187	330,187	-	280,048	280,048	-
Claims on banks	6,086,750	5,882,178	204,572	4,920,151	4,870,108	50,043
Claims on corporates	19,809,264	5,293,690	14,515,574	16,836,990	4,076,063	12,760,927
Regulatory retail exposure	7,943,226	-	7,943,226	7,591,611	-	7,591,611
Qualifying residential housing loans	9,322	-	9,322	-	-	-
Past due exposures	225,846	-	225,846	156,254	-	156,254
Other exposures	1,677,777	-	1,677,777	1,506,281	-	1,506,281
Total	47,736,882	20,848,794	26,888,088	41,925,572	17,802,892	24,122,680

The Group uses external ratings (where available) from recognised and creditable market sources to supplement internal ratings during the process of determining credit limits. Public issue instruments without external ratings are risk-weighted at 100% for capital adequacy purposes.

The geographical distribution of the gross credit exposure before taking into consideration credit enhancements is as detailed below:

31 December 2025	Middle East and North Africa	North America	UK & Europe	Asia	Others	Total
Cash	155,058	621	22,679	-	-	178,358
Claims on sovereigns	7,323,087	863,766	427,056	222,294	-	8,836,203
Claims on International Organizations	-	-	-	183,296	-	183,296
Claims on public sector entities	2,479,599	5,873	31,081	552	-	2,517,105
Claims on multilateral development banks	309,706	-	20,481	-	-	330,187
Claims on banks	4,055,766	322,657	1,487,227	1,143,327	28,203	7,037,180
Claims on corporates	16,362,350	1,198,358	3,414,754	2,128,316	647,235	23,751,013
Regulatory retail exposure	8,151,156	796	15,122	3,213	6,585	8,176,872
Qualifying residential housing loans	7,426	-	1,815	81	-	9,322
Past due exposures	146,200	65,458	29,894	-	-	241,552
Other exposures	976,906	204,096	397,466	11,410	87,899	1,677,777
Total	39,967,254	2,661,625	5,847,575	3,692,489	769,922	52,938,865

31 December 2024	Middle East and North Africa	North America	UK & Europe	Asia	Others	Total
Cash	174,078	1,021	14,045	-	-	189,144
Claims on sovereigns	5,960,374	1,776,850	396,259	150,986	-	8,284,469
Claims on International Organizations	-	-	-	184,963	-	184,963
Claims on public sector entities	1,735,170	5,670	329,193	525	-	2,070,558
Claims on multilateral development banks	272,332	7,716	-	-	-	280,048
Claims on banks	3,285,514	293,300	1,273,848	1,010,848	13,700	5,877,210
Claims on corporates	13,715,163	984,582	2,762,816	2,001,354	531,236	19,995,151
Regulatory retail exposure	7,769,464	601	9,442	2,812	5,886	7,788,205
Qualifying residential housing loans	-	-	-	-	-	-
Past due exposures	103,690	38,020	20,019	-	-	161,729
Other exposures	887,317	184,415	313,655	40,146	80,748	1,506,281
Total	33,903,102	3,292,175	5,119,277	3,391,634	631,570	46,337,758

The Group's gross credit exposure by residual contractual maturity is as detailed below:

Table 13		KD 000's		
31 December 2025	Up to 3 months	3 to 12 months	Over 1 year	Total
Cash	178,358	-	-	178,358
Claims on sovereigns	4,463,407	744,618	3,628,178	8,836,203
Claims on International Organisations	131,331	51,965	-	183,296
Claims on public sector entities	751,500	509,314	1,256,291	2,517,105
Claims on multilateral development banks	63,096	3,075	264,016	330,187
Claims on banks	3,496,117	1,143,589	2,397,474	7,037,180
Claims on corporates	7,937,097	2,832,746	12,981,170	23,751,013
Regulatory retail exposure	301,589	508,016	7,367,267	8,176,872
Qualifying residential housing loans	81	-	9,241	9,322
Past due exposures	152,856	-	88,696	241,552
Other exposures	322,593	116,068	1,239,116	1,677,777
Total	17,798,025	5,909,391	29,231,449	52,938,865

		KD 000's		
31 December 2024	Up to 3 months	3 to 12 months	Over 1 year	Total
Cash	189,144	-	-	189,144
Claims on sovereigns	5,382,784	461,235	2,440,450	8,284,469
Claims on International Organisations	134,074	50,889	-	184,963
Claims on public sector entities	714,759	166,762	1,189,037	2,070,558
Claims on multilateral development banks	60,054	10,135	209,859	280,048
Claims on banks	2,820,500	1,013,050	2,043,660	5,877,210
Claims on corporates	6,916,329	3,158,374	9,920,448	19,995,151
Regulatory retail exposure	212,572	522,547	7,053,086	7,788,205
Qualifying residential housing loans	-	-	-	-
Past due exposures	110,971	-	50,758	161,729
Other exposures	283,540	96,642	1,126,099	1,506,281
Total	16,824,727	5,479,634	24,033,397	46,337,758

4.1.10. Impairment Expected Credit Loss and/or Provisions

Policy since 1 January 2018

Impairment of financial assets other than credit facilities

The Group recognises Expected Credit Losses (ECL) under IFRS 9 on:

- 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 Expected Credit Losses. The ECL on financial assets other than credit facilities as at 31 December 2025 amounted to KD 61,665 thousand. (2024: KD 68,084 thousand)

Impairment of credit facilities

Credit facilities granted by the Group consist of:

- loans and advances, Islamic financing to customers including credit commitments.
- letters of credit and financial guarantee contracts including credit commitments

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 dated 25th December 2018,

The Group in estimating ECL on credit facilities has taken into consideration the following key parameters based on input from CBK:

- a floor for estimating probability of default (“PD”) for specific portfolios.
- eligible collateral with haircuts for determining loss given default (“LGD”) and a floor LGD.
- deemed maturity for exposures in Stage 2.
- a credit conversion factor (“CCF”) on utilised and un-utilised portions for cash and non-cash facilities.
- a days-past-due backstop, and a rating notch downgrade for stage movement for specific portfolios; and
- a stage 2 observation period prior to curing.

Refer Notes of the Group's consolidated financial statement for further details on ECL.

and

- (ii) the provisions required by the CBK instructions of December 1996 since amended in 2007.

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 past-due and impaired if the interest or profit or a principal instalment is past due for more than 90 days, and as impaired 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.

The Group impaired loan portfolio as of 31 December 2025 was KD 375,959 thousand (2024: KD 329,120 thousand) against which its related specific provision of KD 152,179 thousand (2024: KD175,926 thousand) has been made, as detailed below:

Table 14		KD 000's		
31 December 2025	Past due and impaired financing	Related Specific provision	Specific provision recovered (written off), net of exchange rate movement	
Claims on corporates	239,774	70,356	52,087	
Regulatory retail exposure	136,185	81,823	(71,665)	
Total	375,959	152,179	(19,578)	

		KD 000's		
31 December 2024	Past due and impaired financing	Related Specific provision	Specific provision recovered (written off), net of exchange rate movement	
Claims on corporates	182,652	69,950	(53,992)	
Regulatory retail exposure	146,468	105,976	(26,176)	
Total	329,120	175,926	(80,168)	

The geographical distribution of "past-due and impaired" financing and the related specific provision are as follows:

Table 15		KD 000's				
31 December 2025	Middle East and North Africa	North America	UK & Europe	Asia	Others	Total
Past due and impaired financing	257,062	91,240	27,657	-	-	375,959
Specific provision	125,650	25,782	747	-	-	152,179

		KD 000's				
31 December 2024	Middle East and North Africa	North America	UK & Europe	Asia	Others	Total
Past due and impaired financing	263,511	45,185	20,424	-	-	329,120
Specific provision	163,256	12,267	403	-	-	175,926

In accordance with CBK regulations, minimum general provisions of 1% for cash facilities and 0.5% for non-cash facilities, respectively, are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning.

The adequacy of provisions is regularly evaluated and monitored by the Provision Committee.

The Group's total provision as at 31 December 2025 was KD 954,095 thousand (2024: KD 910,214 thousand) inclusive of a general provision of KD 764,584 thousand (2024: KD 710,635 thousand) as detailed below:

Table 16	KD 000's	
	31 December 2025	31 December 2024
Claims on sovereigns	3,898	3,211
Claims on public sector entities	12,890	11,595
Claims on banks	6,319	5,745
Claims on corporates	651,988	604,001
Regulatory retail exposure	89,489	86,083
Total	764,584	710,635

The total general provision above includes KD 38,739 thousand (2024: KD 35,786 thousand) relating to "non-cash" facilities in accordance with CBK regulations.

The geographical distribution of the general provision on "cash" facilities is as follows:

Table 17	KD 000's					
	Middle East and North Africa	North America	UK & Europe	Asia	Others	Total
31 December 2025	670,250	8,366	36,765	8,145	2,319	725,845
31 December 2024	621,902	7,735	35,040	6,979	3,193	674,849

The analysis of specific and general provisions is further detailed in note 13 of the Group's consolidated financial statements.

The provisions for credit facilities as at 31 December 2025 was KD 954,095 thousand (2024: KD 910,214 thousand) computed pursuant to the CBK instructions of December 1996 since amended, are higher than the IFRS 9 ECL for credit facilities as at 31 December 2025 which was KD 698,446 thousand (2024 : KD 634,365 thousand).

4.2. Market risk

Market risk is defined as the potential loss in value of financial instruments or contracts or portfolio of instruments caused by adverse movements in market variables such as interest rates, foreign exchange rates, equity prices, volatility, spreads etc.

The Group identifies market risk inherent in its financial claims and loans, FX exposure, trading and investment activities, and defines market risk management strategy through the following:

- Implementation of Market Risk Management Framework
- Well-defined processes and strong and effective controls
- Recognition of Market Risk as inherent to Bank's Business Model and Macro-Economic Environment.
- Clear segregation of "front", "back" and 'middle' office duties.

- Bank's approach to accept, limit and increase Market Risks
- Regular and effective monitoring and reporting of exposures and risk measures
- Regular monitoring of market prices and valuation of financial instruments
- Defined set of internal limits and regular reporting on the adherence to those limits
- Regular independent review of internal controls and limits
- Implementation of adequate infrastructure

4.2.1. Market-risk management framework

The Bank's Market Risk Management Framework consists of Governance, Identification & Measurement, Management & Limit Setting as well as Reporting/ Management information.

The Board of Directors (BoD) is ultimately responsible for determining and setting the amount of Market Risk that the Bank is exposed to as a result of executing its business strategy through Bank's Risk Appetite. The market risk management framework governs the Group's trading and non-trading related market risk activities. The General Manager of the Treasury Group and General

Managers in Overseas locations are responsible for managing trading activities. The management of market risk inherent within the Group's non-trading activities is the primary responsibility of the Group Asset and Liability Executive Committee (ALEC), supported by the regional Asset and Liability Committees.

Group Asset and Liability Management (ALM) Unit is responsible for supervising the management of Market Risk exposure. 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 exposures.

4.2.2. Monitoring of 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.

The interest rate risk in the "Banking Book" is managed through amongst others a "re-pricing gap" limit structure which is supplemented by periodic analysis of scenarios (instantaneous parallel shift of +/-5 bps and +/-10bps in the yield curve) to capture the sensitivity of the exposure to interest rate changes.

The analysis of scenarios shows the impact in the banking book as follows:

	KD 000's			
	+ 5bp	-5bp	+10bp	-10bp
31 December 2025	3,029	(3,029)	6,085	(6,085)
31 December 2024	2,866	(2,866)	5,732	(5,732)

Included in the assumptions above are 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.

4.2.3. Monitoring of "market" risk from "trading" activities

The Bank has established the Interest Rate Trading Desk (IRTD), which operates under a defined policy framework. Its activities are primarily limited to trading local currency bonds and bills issued by G-10 governments or entities explicitly authorized and guaranteed by them. IRTD may utilise derivative instruments solely for hedging interest rate exposures arising from trading in approved securities.

The IRTD operates under strict governance and risk limits aligned with the Bank's risk appetite and regulatory requirements, ensuring that all activities remain within the approved scope and contribute to effective interest rate risk management. The Group maintains a clear and well-defined separation between the **banking book** and the **trading book** in accordance with CBK regulations and Basel III standards.

The Group actively redeploys its commercial surplus into the trading book, with related revenues recognized under "Net gains from investments carried at fair value through Profit and Loss". As of 31 December 2025, the Group had no exposure on the Interest Rate Trading Desk (IRTD), resulting in a NIL VaR and NIL Credit Valuation Adjustment - (CVA).

The Group's Risk Management function independently monitors market risk exposure using Value-at-Risk ("**VaR**") methodology. VaR provides a consistent and uniform measure across all trading activities, enabling comparisons over time against daily trading results.

VaR is supplemented by stress-testing (including stressed VaR) to quantify market risk under extreme scenarios based on historical worst-case and internally developed stressed conditions. VaR computation incorporates diversification at Group Level.

In addition to VaR, the Group applies a structure of foreign exchange and interest rate limits, dv01, maturity, position aging, stop loss limits etc to manage and control its market risk associated with trading activities. Market risk is also assessed under stressed conditions using the same framework, with computations based on stressed historical data.

4.2.4 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.

CBK has set a maximum limit of 50 per cent. of a bank's Regulatory Capital for investment in funds and equities, excluding in subsidiaries.

The analysis of the Group's total equity investment portfolio is as follows:

Table 19	KD 000's	
	31 December 2025	31 December 2024
Total Equity Investment	79,806	75,115
Of which Quoted Investments (%)	50%	54%
Net gains or (loss) of FVPL classified instruments recognised in Profit & Loss Statement during the period	531	993
Net gains or (loss) of FVOCI classified instruments recognised in Balance-sheet as at period-end	6,297	(2,093)
Capital requirement of Equity investment portfolio categorized as:		
Fair value through Other Comprehensive Income (FVOCI)	6,733	6,112
Fair value through P&L (FVPL)	5,238	5,159

All revaluation gains or losses during the year relating to equity investments were recorded in the consolidated statement of financial position. For additional details of the accounting policies related to the valuation of equity holdings, refer to notes 2.15 and 2.16 of the Group's consolidated financial statements.

4.2.5 Currency Risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the respective functional currency of the Group companies and ultimately upon translation to the Base Currency of the Group.

The currency exposures are monitored on a regular basis and compared against approved risk appetite.

4.2.6 Counterparty Credit Risk

The Group enters into financial instruments that are traded over the counter mainly for hedging purpose with various counterparties. In most cases, industry-standard documentation such as ISDA master agreement is used to ensure robust legal protection in the event of Counterparty default. Additionally, the Group engages in exchange cleared Interest Rate Swaps, which require daily variation margin in cash, thereby reducing Counterparty Credit Risk.

Counterparty Credit Exposure arises from the risk that counterparties may fail to meet their payment obligations under derivative contract with the exception of Islamic derivative products. To manage this risk GRM independently monitors exposures using Potential Future Exposure (PFE). The PFE

represents the maximum expected credit exposure over a specified time horizon at a given confidence level. It serves as an upper bound of potential exposure under the normal market condition, not the absolute maximum risk exposure possible.

In response to the various regulations, including the European Market Infrastructure Regulations (EMIR), the Bank has, with the approval of the CBK, established NBK GDM (Caymans) Limited to transact in. This structure enables the Group to continue dealing with highly rated counterparties under enforceable netting arrangements and mitigates the risk of posting collateral on an asymmetric basis. Furthermore, the Group has implemented policies and procedures to ensure adherence to EMIR obligations

Wrong-Way Risk (WWR)

WWR arises when there is an adverse (positive) correlation between a counterparties creditworthiness (probability of default) and the Group's credit exposure to that counterparty. In other words, WWR occurs when exposure increases and at the same time the counterparty's credit quality deteriorates.

The Group does not enter into derivative transactions whose valuations are directly depended on the credit quality of the counterparty. As a result, WWR is not considered a material risk for the Group. The Group's risk management framework ensures that counterparties are highly rated and transactions are subject to enforceable netting and collateral arrangements wherever possible, further mitigating WWR

4.2.6.1 Assignment of credit limits for Counterparty Credit Exposures

The allocation of credit limits for derivatives market counterparties is provided by the Bank's Institutional Banking Division (IBD) 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.

4.2.6.2 Policies for securing collateral and credit reserves

The Group mitigates credit risk from derivatives through enforceable netting agreements, allowing derivative assets and liabilities with the same counterparty to be offset. The Group uses the ISDA master agreement as the preferred agreement for documenting OTC derivatives and selectively enters into ISDA Credit Support Annex (CSA) agreements to secure collateral. In line with these standards, the Group generally accepts only cash as collateral.

Policies and procedures are in place to ensure legal enforceability of credit support documents under applicable rules. Credit risk is further reduced through daily margining with relevant market-counterparties performed both in-house and via collateral service agents. Daily valuations of qualified derivatives are reconciled against counterparties reports and any discrepancies agreements are promptly resolved. The Group uses an internal model to estimate PFE, incorporating the mitigating effects of netting and collateral when valuing OTC contracts.

Additional collateral requirements due to credit rating downgrade
The Group's agreement with market counterparties do not contain provisions that would require additional collateral posting in the event of a downgrade in the Groups credit rating.

4.2.6.3 General Disclosure for Counterparty Credit Risk

Table 20	KD 000s	
	31 December 2025	31 December 2024
Derivative Contracts		
Gross Positive fair value	199,772	309,043
Counterparty netting benefit	(21,815)	(7,345)
Netted current credit exposure	177,957	301,698
Cash collateral (held by NBK)	113,202	286,662
Net exposure (after netting and collateral)	64,755	15,035

4.2.6.4 Exposure-at-Default Methodology

As per the regulatory requirements, the Bank calculates counterparty credit exposure as per the Current Exposure Method (CEM) for its exposure to derivatives counterparties.

In addition, the Bank calculates counterparty credit exposure

using the Potential Future Exposure (PFE) measure. The Bank applies 'historical' simulation approach (at 99% confidence level) by projecting the potential values of relevant risk factors across the transactions' horizon, and then re-valuing derivatives transactions and counterparty credit exposures according to the projected risk factor.

Both the CEM and PFE methods incorporate the effects of legally enforceable netting and collateral agreements when estimating counterparty exposure with the exception of Islamic derivative products.

Table 21

	KD 000s	
	31 December 2025	31 December 2024
Counterparty Credit Risk (CEM method) for derivatives' counterparties	98,416	114,175
Counterparty Credit Risk (PFE method) for derivatives' counterparties	208,371	334,105

4.2.7 Notional value of credit derivatives transactions

NBK has no exposure to credit derivatives.

4.3 Operational risk

Operational risks are governed at Group level through a Board-approved Group Operational Risk Management policy and framework which defines the roles and responsibilities of the Board & BRCC, the EC, Business and Operational Teams, Group Operational & Technology Risk Management function [ORM] and the Group Internal Audit function [GIA] for managing, monitoring and reporting operational risks. 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.
- risk and control self-assessments conducted by business line management in coordination with and supported by ORM.
- quarterly key risk indicator submission and validation to identify risk trends and develop mitigating actions.
- operational incident, loss reporting and investigation of causes and failed controls.

ORM has implemented an Integrated Risk Management system that facilitates the maintenance of a comprehensive Risk Register, approval framework for plans to deal with residual risk treatment plans, reporting of risk indicators and operational incidents and maintenance of business continuity impact assessments and plans.

ORM works closely with all 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 program developed and delivered by the operational risk management function to the various business units. The aim of this training program 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 regularly conducted by the Business and Operational teams to identify the residual risks, control gaps and take relevant risk treatment measures in consultation with ORM.

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 are established as a firm process across all business and support units. Close co-ordination with business units and the GIA enables ORM to track operational incidents and losses and to propose mitigating actions for business units to follow to address control weaknesses.

In addition, a comprehensive Business Continuity, Crisis Management and Disaster Recovery management program designed to cope with business disruptions and major disasters has been implemented and is regularly tested.

Material Operational risks are periodically reviewed with relevant members of Executive Management and reported to the EC and BRCC to ensure comprehensive oversight.

4.4 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 are 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 Bank's liquidity risk strategy is centered on always maintaining an adequate liquidity position, primarily by means of an acceptable maturity mismatch profile, relying on more 'stable' deposits and maintaining an adequate stock of High-Quality

Liquid Assets (HQLAs) at all times. Further, the Bank's liquidity objectives are:

- to ensure 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 Bank's ability to generate or obtain cash or its equivalent in a timely and cost-efficient manner so that the Bank 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 to avoid undue reliance on individual large 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.

The Bank monitors and reports various internal and regulatory liquidity metrics to manage and comply with liquidity risk on an on-going basis. Specifically, since 1st Jan 2016, the Bank is monitoring and reporting Liquidity Coverage Ratio (LCR) in line with CBK instructions. Refer to the Liquidity Coverage Ratio disclosures available on the Bank's website of the Bank for Governance framework, Funding Strategy and LCR ratio results and analysis.

In accordance with the Basel III framework, as implemented by the CBK, the Group also manages its liquidity through compliance with the Net Stable Funding Ratio (NSFR). Starting from 1 January 2018, the Bank has been monitoring and reporting its NSFR in line with CBK instructions. Refer to the NSFR related disclosures available on the Bank's website on a quarterly basis.

4.5 Reputation and fiduciary risk

Reputation risk is defined as the current and prospective impact on earnings and capital arising from negative public opinion which will affect the ability to establish new relationships or services or to continue servicing existing relationships.

Management of reputation risk is an inherent feature of the Group's corporate culture which is embedded as an integral part of the internal control systems. Besides identification and management of risks, the internal control system also incorporates as an ethos the maintenance of business practices of the highest quality towards its customers, shareholders, regulators, general public and fiduciary and non-fiduciary clients.

Through its policies and practices, NBK ensures proper screening of clients' risk profiles and performance expectations is conducted prior to making investment products or services available to them. Furthermore, once a product or service is sold, appropriate risk and performance projections are clearly communicated, and funds placed under management are treated with due care and professionalism.

During the year, Assets under Management at the Group increased by 13.6 % (2024: 16.2 %) to reach KD 8,693 million on 31 December 2025 (2024: KD 7,654 million).

III Composition of Capital

1. Composition of Regulatory Capital

For regulatory purposes, the capital base is divided into:

- i. Common Equity Tier 1
- ii. Tier 1 Capital
- iii. Tier 2 Capital

Common Equity Tier 1 Capital comprises shareholders' equity, retained earnings, eligible reserves and related eligible non-controlling interests. The book values of Goodwill and Intangibles are deducted along with other regulatory adjustments.

Tier 1 Capital consists of Common Equity Tier 1 Capital and Additional Tier 1 Capital which includes eligible portions of non-controlling interests.

Total Regulatory Capital includes Tier 1 Capital and Tier 2 Capital which consists of the allowed portions of general provisions and certain additional eligible non-controlling interests.

The below table summarises the composition of capital and ratios:

Table 22	KD 000's	
	31 December 2025	31 December 2024
Common Equity Tier 1 capital	4,031,205	3,639,713
Tier 1 capital	4,588,364	4,173,934
Total capital	5,242,323	4,785,699
Total risk-weighted assets	30,785,545	27,601,723
Capital ratios and buffers		
Common Equity Tier 1 (as percentage of risk-weighted assets)	13.1%	13.2%
Tier 1 (as percentage of risk-weighted assets)	14.9%	15.1%
Total capital (as percentage of risk-weighted assets)	17.0%	17.3%
National minima		
Common Equity Tier 1 minimum ratio including Capital Conservation Buffer	9.5%	9.5%
Tier 1 minimum ratio	11.0%	11.0%
Total capital minimum ratio excluding Countercyclical and D-SIB buffers	13.0%	13.0%
NBK Group minima		
Common Equity Tier 1 minimum ratio including Capital Conservation Buffer and Domestic Systemically Important Bank Buffer	11.5%	11.5%
Tier 1 minimum ratio	13.0%	13.0%
Total capital minimum ratio excluding Countercyclical Buffer	15.0%	15.0%

A detailed breakdown of the Group's Regulatory Capital position under the Common Disclosures templates as stipulated under the Pillar 3 section of the CBK Basel III Capital Adequacy framework is presented in Table 32 available in the Appendices Section.

2. Reconciliation requirements

The basis for the scope of consolidation for accounting and regulatory purposes is consistent for the Group. In order to provide a full reconciliation of all Regulatory Capital elements to

the balance sheet in the audited financial statements, a three-step approach has been mandated under the Pillar 3 disclosures section of the CBK Basel III framework.

Table 23 provides the comparison (Step1) of the balance sheet published in the consolidated financial statement and the balance sheet under the regulatory scope of consolidation. Lines have been expanded and referenced with letters (Step 2) to display the relevant items of the Regulatory Capital.

Table 23: Steps 1 and 2 of Reconciliation requirements
KD 000s

Item	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31-Dec-25	31-Dec-25	
Assets			
Cash and short-term funds	4,878,491	4,878,491	
Central Bank of Kuwait bonds	30,605	30,605	
Kuwait Government treasury bonds	847,019	847,019	
Deposits with banks	2,106,526	2,106,526	
Loans, advances and Islamic financing to customers	26,815,568	26,815,568	
<i>of which General Provisions(netted above) capped for Tier 2 inclusion</i>	354,936	354,936	a
Investment securities	9,151,443	9,151,443	
Land, premises and equipment	543,691	543,691	
Goodwill and other intangible assets	507,103	507,103	
<i>of which goodwill deducted from CET1 Capital</i>	339,163	339,163	b
<i>of which other intangibles deducted from CET1 Capital</i>	167,940	167,940	c
Other assets	732,398	732,398	
Total assets	45,612,844	45,612,844	
Liabilities			
Due to banks and other financial institutions	9,126,530	9,126,530	
Customers deposits	26,064,003	26,064,003	
Certificates of deposit issued	2,131,284	2,131,284	
Other borrowed funds	1,559,614	1,559,614	
<i>Amount recognized in Tier 2 capital</i>	240,803	240,803	d
Other liabilities	1,081,166	1,081,166	
Total liabilities	39,962,597	39,962,597	

Table 23: Steps 1 and 2 of Reconciliation requirements (continued)		KD 000s	
Item	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31-Dec-25	31-Dec-25	
Shareholders' Equity			
Share capital	874,277	874,277	e
Proposed bonus shares	43,713	43,713	p
Statutory reserve	437,140	437,140	f
Share premium account	803,028	803,028	g
Treasury shares reserve	34,961	34,961	h
Other Reserves	2,376,411	2,376,411	
<i>of which Retained Earnings eligible as CET1 Capital</i>	2,171,979	2,171,979	i
<i>of which Proposed Dividend</i>	305,997	305,997	
<i>of which Others eligible as CET1 Capital</i>	204,432	204,432	k
Equity attributable to shareholders of the Bank	4,569,530	4,569,530	
Perpetual Tier 1 Capital Securities	455,335	455,335	
of which used for Regulatory Capital	455,335	455,335	l
Non-controlling interests	625,382	625,382	
<i>of which Limited Recognition eligible as CET1 Capital</i>	274,775	274,775	m
<i>of which Limited Recognition eligible as AT1 Capital</i>	101,824	101,824	n
<i>of which Limited Recognition eligible as Tier 2 Capital</i>	58,220	58,220	o
Total equity	5,650,247	5,650,247	
Total liabilities and equity	45,612,844	45,612,844	

Table 24 provides the relevant lines under 'Table 32: Composition of Regulatory Capital' with cross references to the letters in Table 23, thereby reconciling (Step 3) the components of Regulatory Capital to the published balance sheet.

Table 24: Step 3 of Reconciliation requirements		KD 000s	
Relevant Row Number in Common Disclosure Template	Common Equity Tier 1 capital: instruments and reserves	Component of Regulatory Capital	Source based on reference letters of the balance sheet from step 2
1	Directly issued qualifying common share capital plus related stock surplus	874,277	e
2	Retained earnings	2,171,979	i
3	Accumulated other comprehensive income (and other reserves)	1,217,277	f+g+h+k+j+p
5	Common share capital issued by subsidiaries and held by third parties (minority interest)	274,775	m
6	Common Equity Tier 1 capital before regulatory adjustments	4,538,308	
Common Equity Tier 1 capital : regulatory adjustments			
8	Goodwill	(339,163)	b
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(167,940)	c
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
28	Total regulatory adjustments to Common Equity Tier 1	(507,103)	
29	Common Equity Tier 1 capital (CET1)	4,031,205	
Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	455,335	l
31	of which: classified as equity under applicable accounting standards	455,335	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	101,824	n
36	Additional Tier 1 capital before regulatory adjustments	557,159	
Additional Tier 1 capital : regulatory adjustments			
44	Additional Tier 1 capital (AT1)	557,159	
45	Tier 1 capital (T1 = CET1 + AT1)	4,588,364	
Tier 2 capital : instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	240,803	d
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	58,220	o
50	General Provisions included in Tier 2 Capital	354,936	a
51	Tier 2 capital before regulatory adjustments	653,959	
Tier 2 capital: regulatory adjustments			
58	Tier 2 capital (T2)	653,959	
59	Total capital (TC = T1 + T2)	5,242,323	

IV. Leverage

1. Leverage Ratio

In October 2015, CBK issued the regulations on the 'Leverage Ratio' introduced by the Basel Committee as part of the regulatory reforms package. This transparent and non-risk-based metric supplements the Capital ratio to act as a backstop measure to limit excessive build-up of on- and off-balance sheet exposures.

The Leverage Ratio is a separate, additional requirement from the risk-based capital requirement. It is defined as the 'capital' measure divided by the 'exposure' measure. The capital measure is made up of Tier 1 capital. The exposure measure is a sum of on-balance sheet assets, derivative exposure, securities finance transactions and off-balance sheet exposures.

The Group is in compliance with the requirements stipulated by CBK for the Leverage Ratio set at a minimum of 3%.

The Leverage Ratio for the Group at consolidated level is:

Table 25

	31 December 2025	31 December 2024
Tier 1 Capital (KD 000s)	4,588,364	4,173,934
Total Exposures (KD 000s)	50,349,000	44,052,478
Leverage Ratio	9.1%	9.5%

2. Leverage Ratio Exposures

The below Table provides the details of the Total Exposures for Leverage Ratio:

Table 26

	KD 000's	
Total Exposures	31 December 2025	31 December 2024
On-balance sheet exposures	45,105,741	39,827,423
Derivative exposures	349,606	300,679
Off-balance sheet items	4,893,653	3,924,376
Total exposures	50,349,000	44,052,478

Table 33 in Appendices Section provides details of the Leverage Ratio in the format stipulated for public disclosure under the Pillar 3 framework.

3. Reconciliation

Table 27 provides the reconciliation of the balance sheet assets from the published financial statement with total exposure amount in the calculation of the Leverage Ratio.

Summary comparison of accounting assets vs Leverage Ratio exposure measure

Table 27		KD 000's	
		31 December 2025	31 December 2024
Item			
1	Total consolidated assets as per published financial statements	45,612,844	40,338,156
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the Leverage Ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	349,606	300,679
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	4,893,653	3,924,376
7	Other adjustments	(507,103)	(510,733)
8	Leverage Ratio exposure	50,349,000	44,052,478

V. Remuneration Disclosures

Qualitative Information

1. Board of Directors, Board Nomination and Remuneration Committee

NBK Group's remuneration framework is under the supervision of the Board of Directors. As per the Group's policies and charters, the Board is responsible to review and approve the Remuneration Policy and oversee the implementation of the remuneration framework.

The Board Nomination and Remuneration Committee (BNRC) comprises five members (2 Non-Executive Board members and 3 Independent Board member). The committee is chaired by the Independent Board member.

The main objective of the Committee is to carry out the nomination and remuneration responsibilities. In terms of remuneration mandates, the Committee supports the Board in setting up the Group's remuneration framework and ensures effective implementation in accordance with the Group's Remuneration Policy and Corporate Governance Code.

The key responsibilities of the Committee are summarised below:

- Develop the Remuneration Policy in co-ordination with Executive Management and Group Human Resources and submit the same to the Board for approval. The Board is responsible for monitoring the implementation of the policy.
- Review the Remuneration Policy in co-ordination with Group Risk Management at least on an annual basis or at the request of the Board and provide the Board with policy amendments or update suggestions.

- Evaluate the sufficiency and effectiveness of the Remuneration Policy on a periodic basis to ensure the achievement of its declared objectives.
- Ensure that Independent Board members will not be paid any salary or financial amount, with the exception of the remuneration paid to them for their membership in the Board, or the dividend paid to them as a shareholder, or the interests received or due on their deposits or investments from the ordinary business activities of the Bank.
- Make recommendations to the Board regarding the level and components of the remuneration of the Group CEO and his deputies, taking into consideration the total remuneration including salaries, bonuses and other incentives.
- Give recommendations to the Board regarding the nomination for Board membership pursuant to the approved policies and in line with the CBK's instructions setting out nomination rules for Board membership.
- Ensure that all provisions and requirements related to the independence of Independent Board members are fulfilled and satisfied by new candidates to Board membership and raise recommendations to the Board in this regard.
- Assess the skills and competencies required to fulfil the Board's duties, specifically to the issues related to the strategic objectives of the Group.
- Ensure Board's composition satisfies diversification requirements in terms of skills, capabilities, competencies, experience, culture, gender and age.
- Identify Board members qualified to fill vacancies on any Committee of the Board and recommend to the Board the appointment of the identified person(s) to the relevant committee.
- Ensure the alignment of environmental and social goals to executive pay and align executives to the long-term focus of the organization.

During the year 2025 the Committee reviewed and updated the Remuneration Policy, Succession Planning Manual and its internal Charter.

2. Remuneration Policy

NBK Group Remuneration Policy is developed and implemented at the Group level and covers NBK subsidiaries and foreign branches.

NBK Group has a clear Remuneration Policy, instructions and processes, ensuring a sound remuneration framework throughout the organisation. It supports the Group's ability to recruit and retain the right talents and competences and motivate high-calibre, skilled and knowledgeable employees, thereby ensuring sound risk management and sustained profitability. The Policy aims to support the Group to operate a "total reward" philosophy taking account of all components of financial remuneration.

Group Policy aims to reward success, not failure, and attempts to align employees' remuneration with its risk framework and risk appetite and is designed to reward competitively the achievement of long-term sustainable performance, attract and motivate the very best persons who are committed to a long-term career with the Bank, and who will perform their role in the long-term interests of its shareholders.

In case any provisions of the Remuneration Policy document deviate from any of the local statutory or regulatory requirements, the local statutory and regulatory requirements will take precedence over the provisions of the Remuneration Policy. The Remuneration Policy defines three major categories for remuneration treatment, governance and disclosures.

First Category: Senior Management

This category includes all employees at the level of Deputy General Manager (DGM) and higher (excluding risk management and control functions).

The number of persons in this category as of 31 December 2025 is 52 (2024: 47).

Second Category: Material Risk-Takers

This category includes the Group CEO, his deputy, CEO Kuwait, his deputy and the heads of business functions and their deputies (Deputy General Manager and higher are included in Senior Management category). The Group's core business units are:

- Global Wealth Management
- Corporate Banking Group
- Treasury Group
- Consumer Banking Group
- Private Banking Group
- Foreign Corporate and Trade Finance Banking
- International Banking Group

The number of persons in this category as of 31 December 2025 is 44 (2024: 45).

Third Category: Risk management and Control Functions

This category includes the following functional heads, and their deputies.

- Group Financial Control
- Group Risk Management
- Group Compliance & Governance
- Group Internal Audit
- Anti-Money Laundering Unit

The number of persons in this category as of 31 December 2025 is 20 (2024: 20).

3. Remuneration Structure and Components

The Group's financial remuneration framework has been linked with long-term and short-term performance objectives. The Board-approved Group Strategy is transformed into Key Performance Indicators (KPIs) and remuneration is determined based on the achievement of those KPIs towards the overall Group strategy [including financial and non-financial criteria and Key Risk Indicators (KRIs), as appropriate].

The Group has two main remuneration components:

- Fixed remuneration:

The purpose of the fixed pay is to attract and retain employees by paying market-competitive remuneration for the role, skills and experience required for the business.

Fixed remuneration includes:

1. Salaries
2. Benefits
3. Other cash allowances

These payments are fixed and do not vary with performance.

- Variable Remuneration (performance-based remuneration):

The purpose of the variable remuneration is to drive and reward performance based on annual financial and non-financial measures consistent with shareholder interests and adherence to NBK values. Variable remuneration includes:

1. Cash bonus.
2. Deferred Cash Bonus
3. Equity shares as per Phantom Shares Plan*
4. Other

These payments are not fixed and are linked to performance.

The "other" remuneration represents performance incentives for certain business units upon achieving certain stated business targets.

The Group ensures there is a prudent balance between fixed and variable remuneration to allow for the possibility of reducing remuneration, in cases of adverse financial performance.

The Cash Bonus, Deferred Cash Bonus and Phantom Shares Plan components of the variable remuneration pool are availed selectively to certain Eligible Employees.

In case of high-risk exposures, the Group would try to minimise the percentage of variable remuneration, especially for the Senior Management and Material Risk-Takers.

* Phantom Shares: are notional shares which are neither issued shares nor part of the Bank's Capital. The Phantom Shares cannot be sold or circulated. Its value shall be equal to the sale price of the Bank's shares in the Stock Exchange on a certain date, and according to which the Cash Remuneration for Eligible Employees shall be calculated according to this Plan.

4. Risk-Based Remuneration Approach

NBK considers its Group risk profile when determining its annual remuneration pool; the risk profile includes the key risks to which the Group is exposed, such as strategic, credit, market, liquidity, and operation risk. The policy ensures adequate linkage between the performance and risk materialisation, loss incurrence and risk appetite of the Group.

The overall variable remuneration pool is determined using a multi-year performance assessment which takes account of relevant risk metrics. The metrics used to determine the pool are linked with performance and key risk indicators; the key risk indicators are designed and customised for each core business function, and they are in line with the Group's overall risk strategy. During the year key risk indicators (KRIs) remain linked to the overall remuneration pool without significant change from last year's KRIs.

The Group Risk Management and Group Compliance and Governance functions are independent and report to the Board Risk and Compliance Committee. The Heads of Group Risk Management and Group Compliance and Governance are assessed by the Board Risk and Compliance Committee on an annual basis. The total remuneration for each of these positions is determined and approved by the Board Risk and Compliance Committee as a fully independent party.

5. An Overview on the Key Performance Indicators

The overall strategy of the Group is set and approved by the Board and translated into KPIs. These are then documented and communicated to ensure the alignment of management activities to the strategy applied by Senior Management. These KPIs are monitored and reported to the Board on a regular basis.

Examples of Group-level KPIs:

- Return on Assets
- Return on Equity
- Cost-income ratio
- Capital Adequacy
- Capital Adequacy Ratio
- Non-performing Assets (NPA)

Remuneration is determined based on the achievement of KPIs towards the overall Group strategy. These include financial and non-financial criteria and Key Risk Indicators (KRIs) at Group level. The annual remuneration pool for this year was approved by the Board of Directors after review and discussion with the Board Nomination and Remuneration Committee. The percentage approved for remuneration was determined based on the Group-level KPIs mentioned above.

Remuneration parameters for core units (revenue-generating functions) are determined based on the stated KPIs into which risk limits are cascaded. Remuneration for other business units, such as support functions (excluding risk and control functions), is based only on stated KPIs.

The KPIs for the risk management and control functions are based on the objectives of the control function itself. They form an objective base distinct from the business performance base.

The performance appraisal form for each position identifies the quantitative weights of individual KPIs; the final scoring of the appraisal is linked with a quantitative formula to determine fixed remuneration (salary increments) and variable remuneration (annual bonus).

Since the overall remuneration pool of the Group is linked to Group performance (Group Net Profit), the Group adjusts the remuneration percentages in case of weak performance and business recessions.

6. Remuneration Adjustments

The annual remuneration amount (fixed and variable) is reviewed by the Board Nomination and Remuneration Committee and is then subject to review and approval by the Board of Directors.

The Group remuneration deferment policy ensures an appropriate portion of the variable remuneration of senior employees (including those deemed to have a material impact on the risk profile of the organisation) is deferred. The deferment of variable remuneration applies to the Deferred Cash Bonus and Phantom Shares Plan.

The Group applies a deferment approach of up to three years and final vesting of these variable components is subject to continuing employment and the absence of risk materialisation. Claw-back applies on the non-vested portions in case risk materialises. The claw-back mechanism is applicable on the Deferred Cash Bonus and Phantom Shares Plan.

This deferred variable remuneration is governed as follows:

- Deferred over a period of three (3) years to align with the long-term performance of the Group.
- Subject to Clawback in the event of established fraud, misleading information or exceeding the approved risk limits. Control Functions personnel are subject to Clawback for 1 year and other positions are subject to Clawback for three (3) years.

Quantitative Information

1. During the year, the Board Nomination and Remuneration Committee met three times. Board of Directors members (Executive Board member, Non-Executive Board members and the Independent Board members) received remuneration amounting to KD 90 thousand each (total of KD 990 thousand) for their services as Board members. Board of Directors' remuneration is subject to the approval of shareholders at the Annual General Meeting.
2. The number of persons (Senior Management and Material Risk-Takers) eligible for variable remuneration is 69 persons and they represent 2.88% of the overall NBK total staff number eligible for variable remuneration for 2025
3. The total number of persons (Senior Management and Material Risk-Takers) is 69 persons. Their total remuneration for 2025 is KD 28,517 thousand.
4. The number of employees who received sign-on awards during the year is Nil.
5. The total amount of end-of-service benefit paid during 2025 is KD 160 thousand, this is related to 2 persons (Senior Management and Material Risk-Takers).

Senior Management:**Table 28**

Total salaries & remuneration granted during reported period	Unrestricted (KD 000s)	Deferred (KD 000s)
Fixed remuneration:		
- Cash	8,227	Nil
Variable remuneration:		
- Cash	15,104	Nil
- Phantom Shares	Nil	2,395
- Others (Note 1)	387	Nil

Material Risk-Takers:**Table 29**

Total salaries & remuneration granted during reported period	Unrestricted (KD 000s)	Deferred (KD 000s)
Fixed remuneration:		
- Cash	6,815	Nil
Variable remuneration:		
- Cash	13,586	
- Phantom Shares	Nil	1,911
- Others (Note 1)	1,034	Nil

Financial and Risk Control:**Table 30**

Total salaries & remuneration granted during reported period	Unrestricted (KD 000s)	Deferred (KD 000s)
Fixed remuneration:		
- Cash	1,905	Nil
Variable remuneration:		
- Cash	1,297	9
- Phantom Shares	Nil	543
- Others (Note 1)	Nil	Nil

Note 1: This consists of other performance incentives

Total remuneration paid as per employee categories**Table 31**

Employees Category	Number of employees in this category	Grand Total Remuneration Fixed and Variable granted during the reported period (KD 000s)
Senior Management	52	26,113
Material Risk-Takers	44	23,346
Financial and Risk Control	20	3,754

VI. Appendices

1. Regulatory Capital Composition: Common Disclosure Template

Table 32

Row Number		KD 000s
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus	874,277
2	Retained earnings	2,171,979
3	Accumulated other comprehensive income (and other reserves)	1,217,277
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	
5	Common share capital issued by subsidiaries and held by third parties (minority interest)	274,775
6	Common Equity Tier 1 capital before regulatory adjustments	4,538,308
Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	
8	Goodwill (net of related tax liability)	(339,163)
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(167,940)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
11	Cash flow hedge reserve	-
12	Shortfall of provisions to expected losses (based on the Internal Models Approach, if applied)	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal cross holdings in common equity of banks, Fis, and insurance entities	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold of bank's CET1 capital)	-
20	Mortgage servicing rights (amount above 10% threshold of bank's CET1 capital)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financials	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26		

Row Number		KD 000s
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	Total regulatory adjustments to Common Equity Tier 1	(507,103)
29	Common Equity Tier 1 capital (CET1)	4,031,205
	Additional Tier 1 capital : instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	455,335
31	of which: classified as equity under applicable accounting standards	455,335
32	of which: classified as liabilities under applicable accounting standards	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	101,824
35	of which: instruments issued by subsidiaries subject to phase out	-
36	Additional Tier 1 capital before regulatory adjustments	557,159
	Additional Tier 1 capital : regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
41	National specific regulatory adjustments	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	Total regulatory adjustments to Additional Tier 1 capital	
44	Additional Tier 1 capital (AT1)	557,159
45	Tier 1 capital (T1 = CET1 + AT1)	4,588,364
	Tier 2 capital : instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	240,803
47	Directly issued capital instruments subject to phase out from Tier 2	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	58,220
49	of which: instruments issued by subsidiaries subject to phase out	-
50	General Provisions included in Tier 2 Capital	354,936
51	Tier 2 capital before regulatory adjustments	653,959
	Tier 2 capital: regulatory adjustments	
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross holdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-

Row Number		KD 000s
56	National specific regulatory adjustments	
57	Total regulatory adjustments to Tier 2 capital	
58	Tier 2 capital (T2)	653,959
59	Total capital (TC = T1 + T2)	5,242,323
60	Total risk-weighted assets	30,785,545
Capital ratios and buffers		
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	13.1%
62	Tier 1 (as percentage of risk-weighted assets)	14.9%
63	Total capital (as percentage of risk-weighted assets)	17.0%
64	Institution specific buffer requirement (minimum CET1 requirement plus (a) capital conservation buffer plus (b) countercyclical buffer requirements plus (c) DSIB buffer requirement expressed as a percentage of risk-weighted assets)	9.0%
65	of which: (a) capital conservation buffer requirement	
66	of which: (b) bank specific countercyclical buffer requirement	
67	of which: (c) DSIB buffer requirement	2.0%
68	Common Equity Tier 1 available to meet buffers (as percentage of risk-weighted assets)	3.6%
National minima		
69	Common Equity Tier 1 minimum ratio including Capital Conservation Buffer	9.5%
70	Tier 1 minimum ratio	11.0%
71	Total capital minimum ratio excluding Counter-cyclical and D-SIB buffers	13.0%
Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financials	32,730
73	Significant investments in the common stock of financial entities	
74	Mortgage servicing rights (net of related tax liability)	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	764,584
77	Cap on inclusion of allowances in Tier 2 under standardised approach	354,936
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	
79	Cap on inclusion of allowances in Tier 2 under internal ratings-based approach	-

2. Regulatory Capital: Main Features Template

The Bank's share capital comprised 8,742,765,046 issued and fully-paid-up equity shares, and is eligible as Common Equity Tier 1 Capital at Group and Solo level. (Refer Note 19: Share Capital and Reserves of Group's consolidated financial statements for details)

In addition, the following instruments qualify as eligible Regulatory Capital

1	Issuer	NBK Tier 1 Limited	NBK Tier 1 Financing (2) Limited	National Bank of Kuwait S.A.K.P.	NBK Tier 2 Limited
2	Unique identifier	XS2306962841	XS2306962841	XS2445179190 / XS3076918419	XS2386563469
3	Governing law(s) of the instrument	English law (other than the Issuer subordination provisions which are governed by the laws of the Dubai International Financial Centre)	English law (other than the Issuer subordination provisions which are governed by the laws of the Dubai International Financial Centre)	Laws of the State of Kuwait	Laws of the State of Kuwait
Regulatory treatment					
4	Type of Capital	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
5	Eligible at solo/ group / group & solo	Group and Solo	Group and Solo	Group and Solo	Group and Solo
6	Instrument type	Capital Securities by Issuer Irrevocably guaranteed by National Bank of Kuwait S.A.K.P. on Subordinated basis	Capital Securities by Issuer Irrevocably guaranteed by National Bank of Kuwait S.A.K.P. on Subordinated basis	Subordinated Debt	Subordinated Debt
7	Amount recognised in Regulatory Capital	USD 700,000,000 (KD 211,295,000)	USD 800,000,000 (KD 244,040,000)	KD 150,000,000/-	USD 300,000,000/-
8	Par value of instrument	USD 1,000/-	USD 1,000/-	KD 50,000/-	USD 200,000/-
9	Accounting classification	Shareholders' equity	Shareholders' equity	Liability-Amortised Cost	Liability-Amortised Cost
10	Original date of issuance	24th February 2021	10th July 2025	18th November 2025	10th November 2025
11	Perpetual or dated	Perpetual	Perpetual	Dated	Dated
12	Original maturity date	No maturity	No maturity	18th February 2036	10th February 2036
13	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
14	Optional call date, contingent call dates and redemption amount	Optional Call date: Six months prior to the First Reset Date: 24th February 2027, outstanding principal together with interest accrued (in whole)	Optional Call date: Six months prior to the First Reset Date: 10th July 2031, outstanding principal together with interest accrued (in whole)	Optional Call date: 18 November 2030 or any Interest Payment hereafter; Capital Event or Taxation Reasons Principal (in whole or in part) plus Accrued Interest	Optional Call date: 10 November 2030 or any Interest Payment hereafter; Capital Event or Taxation Reasons Principal (in whole or in part) plus Accrued Interest
15	Subsequent call dates, if applicable	Semi-Annually	Semi-Annually	Semi-Annually	Semi-Annually

<i>Coupons / dividends</i>					
16	Fixed or floating dividend /coupon	Fixed for first 6-year period; thereafter reset every year to a new rate to be the aggregate of the margin and the interpolated 6-year US Treasury rate.	Fixed for first 6-year period; thereafter reset every 6 years, to be the aggregate of the margin and the Relevant Six-Year Reset Rate.	Fixed Tranche: Fixed for first 5 years and 3 months and reset thereafter to a new fixed rate for subsequent period. Floating Tranche: Floating rate determined semi-annually subject to a cap.	Fixed for first 5- year period, thereafter, reset to prevailing 5-year US Treasury rate plus margin.
17	Coupon rate and any related index	3.625% p.a. Fixed-Rate up to (but excluding), 24th February'2027, there-after reset every 6 years to a new rate equal to the interpolated 6-year US Treasury rate plus 2.875% margin	6.375% p.a. Fixed-Rate up to (but excluding), 10th July 2031, there-after reset every 6 years to a new rate equal to the interpolated 6-year US Treasury rate plus 2.403% margin	Fixed Tranche: 5.25% p.a. Fixed for 5 years and 3 months and reset thereafter to a new fixed rate of the then CBK Discount Rate plus 1.50% p.a. for subsequent period. Floating Tranche: CBK Discount Rate plus 2.00% determined semi-annually subject to a cap of prevailing Fixed Interest Rate plus 1%	5.25% p.a. Fixed rate for first 5-year and 3 month period, thereafter, reset to 150.0 bps over the prevailing 5-year interpolated US Treasury rate.
18	Existence of a dividend stopper	Yes	Yes	No	No
19	Fully discretionary, partially discretionary or mandatory	Payment of Interest may be cancelled at the sole-discretion of the Issuer and the Guarantor. Mandatory cancellation upon:-Insufficient Distributable Funds on a consolidated basis-Breach of any applicable capital requirements-Regulatory requirement to cancel	Payment of Interest may be cancelled at the sole-discretion of the Issuer and the Guarantor. Mandatory cancellation upon:-Insufficient Distributable Funds on a consolidated basis-Breach of any applicable capital requirements-Regulatory requirement to cancel	Payment of Interest is Mandatory.	Payment of Interest is Mandatory.
20	Existence of step-up or other incentive to redeem	No	No	No	No
21	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Not Applicable	Not Applicable
22	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
23	If convertible, conversion trigger (s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
24	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable

25	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	Write-down feature	Yes	Yes	Yes	Yes
30	If write-down, write-down trigger(s)	Determination by Regulator on grounds of non-viability or an immediate injection of capital is required, by way of emergency intervention to remain viable.	Determination by Regulator on grounds of non-viability or an immediate injection of capital is required, by way of emergency intervention to remain viable.	Determination by Regulator on grounds of non-viability or an immediate injection of capital is required, by way of emergency intervention to remain viable.	Determination by Regulator on grounds of non-viability or an immediate injection of capital is required, by way of emergency intervention to remain viable.
31	If write-down, full or partial	Can be partial or full	Can be partial or full	Can be partial or full	Can be partial or full
32	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
33	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior only to Ordinary Equity shares, i.e. qualifying CET1 instruments	Senior only to Ordinary Equity shares, i.e. qualifying CET1 instruments	Senior only to Ordinary Equity shares and qualifying Tier 1 instruments	Senior only to Ordinary Equity shares and qualifying Tier 1 instruments
35	Non-compliant transitioned features	No	No	No	No
36	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable	Not Applicable

3. Leverage Ratio: Common Disclosure Template

Table 33

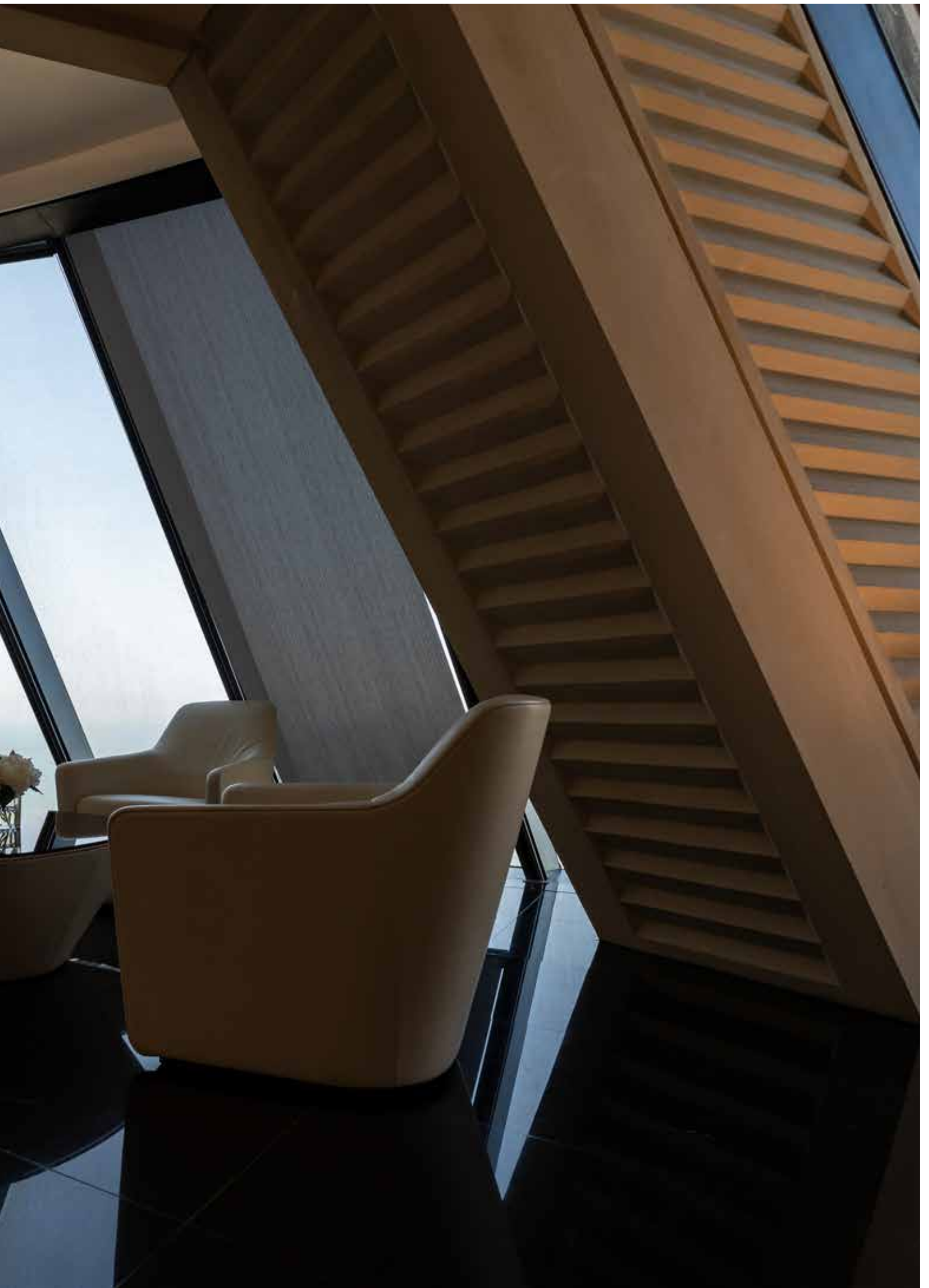
Item	KD 000s
On-balance sheet exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	45,612,844
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(507,103)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	45,105,741
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	49,294
5 Add-on amounts for PFE associated with all derivatives transactions	300,312
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8 (Exempted CCP leg of client-cleared trade exposures)	-
9 Adjusted effective notional amount of written credit derivatives	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11 Total derivative exposures (sum of lines 4 to 10)	349,606
12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14 CCR exposure for SFT assets	-
15 Agent transaction exposures	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	18,930,008
18 (Adjustments for conversion to credit equivalent amounts)	(14,036,355)
19 Off-balance sheet items (sum of lines 17 and 18)	4,893,653
20 Tier 1 capital	4,588,364
21 Total exposures (sum of lines 3, 11, 16 and 19)	50,349,000
22 Basel III leverage ratio	9.1%

4. Glossary Of Terms

Term	Definition
Additional Tier 1 Capital	Additional Tier 1 Capital is a Basel III defined concept and consists of high-quality capital. It essentially includes providing a permanent and unrestricted commitment of funds, is freely available to absorb losses at the point of non-viability, ranks behind the claims of depositors and other more senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Basel III	Refers to the "Capital Adequacy Ratio-Basel III for conventional banks" regulations issued by Central Bank of Kuwait Circular number 2/RB, RBA/A336/2015 dated 24 June 2015
Capital Conservation Buffer	A capital conservation buffer of 2.5% (Nil from 1st April 2020 to 31st December 2021) (expressed as a percentage of risk-weighted assets) has been subsumed in the Minimum Common Equity Tier 1 Capital requirement level.
Countercyclical Buffer	A countercyclical buffer requirement that varies from 0% to 2.5% which, when triggered as a requirement at the discretion of Central Bank of Kuwait, is required to be met from Common Equity Tier 1 capital.
Common Equity Tier 1 Capital	Common Equity Tier 1 Capital is the highest quality of capital available reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It essentially includes ordinary share capital, retained earnings and reserves less prescribed deductions.
Domestic Systemically-Important Bank Buffer	A Domestic Systemically Important Bank Buffer that varies from 0.5% to 2% required to be met in the form of Common Equity Tier 1 Capital which will be determined at the level of each bank identified as systemically important by Central Bank of Kuwait on an annual basis.
ECAI	An External Credit Assessment Institution (ECAI) as recognised by Central Bank of Kuwait from time to time for the purposes of the assigning risk-weights to obligors under the Standardised Approach.
Leverage Ratio	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).
Liquidity Coverage Ratio (LCR)	Calculated in accordance with the requirements of CBK Circular number 2/RB/345/2014 dated 23 December 2014. 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.
Net-Stable Funding Ratio (NSFR)	Calculated in accordance with the requirements of CBK Circular number 2/BS/356/2015 dated 25 October 2015 from 2018. 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.
Significant Investments	Significant Investments in capital of banking, financial and insurance entities are those where the bank owns more than 10% of the issued common share capital of the issuing entity or where the entity is an affiliate of the bank.
Tier 2 Capital	Tier 2 Capital consists of eligible capital instruments that provide an unrestricted commitment of funds for a defined period that is available to absorb losses at the point of non-viability, subordinated to claims of depositors in the event of wind-up. Limited recognition of general provisions held against future; presently unidentifiable losses are eligible for inclusion in Tier 2 Capital.

Financial Statements

The objective of our strategy is to achieve consistently superior returns for shareholders. The strategy is built on 3 cornerstones that guide the priorities we set for our business units and internal functions. They are to defend our leadership in core businesses, to grow outside the core, and to improve profitability.



Board of Directors' Report

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of National Bank of Kuwait S.A.K.P. (the "Bank") and its subsidiaries (collectively the "Group") for the year ended 31 December 2025.

2025 Financial Performance

The Group has delivered resilient financial results for the year 2025, notwithstanding the continuing challenges arising from macroeconomic and geopolitical situations coupled with the introduction of Pillar II taxes, while benefitting from a well-diversified business model leading to increased business activities and volume growth.

The Group reported net profit before tax of KD 734.6 million for 2025 compared to KD 696.8 million in 2024, an increase of 5.4%. Operating profit amounted to KD 799.1 million compared to KD 783.2 million in 2024, an increase of 2.0%. The profit attributable to shareholders of the Bank for 2025 amounted to KD 575.6 million compared to KD 600.1 million for 2024, a decrease of 4.1%.

Net interest income and net income from Islamic financing totaled KD 999.5 million (2024: KD 980.1 million). Net fees and commissions increased to KD 216.8 million (2024: KD 205.7 million). Net investment income was KD 33.9 million in 2025 (2024: KD 23.0 million). Net gains from dealing in foreign currencies increased to KD 43.8 million in 2025 (2024: KD 41.2 million).

Total operating expenses were KD 497.7 million (2024: KD 468.0 million). The cost to income ratio for 2025 increased to 38.4% (2024: 37.4%).

The provision charge for credit losses and impairment losses was KD 64.5 million (2024: KD 86.5 million).

The return on average equity for 2025 was 13.4% (2024: 15.1%).

2025 Balance Sheet

Total assets of the Group grew to KD 45,612.8 million from KD 40,338.2 million at the end of 2024, an increase of 13.1%. Loans, advances and Islamic financing to customers grew by KD 3,108.0 million to KD 26,815.6 million, an increase of 13.1%. Investment securities grew by KD 1,525.0 million to KD 9,151.4 million, an increase of 20.0%.

Customer deposits grew to KD 26,064.0 million from KD 22,866.2 million at the end of 2024, an increase of 14.0%. The Group benefits from a loyal customer base across the network, whose deposits remain a continuing source of stable funding. Due to banks were KD 5,473.3 million (2024: KD 5,403.8 million). Deposits from other financial institutions were KD 3,653.2 million (2024: KD 2,949.8 million). Commercial papers and certificates of deposits issued were KD 2,131.3 million (2024: KD 1,501.5 million) and other borrowed funds were KD 1,559.6 million (2024: KD 1,520.4 million).

The Group maintained a strong liquidity position with cash, short term funds, Central Bank of Kuwait bonds and Kuwait Government treasury bonds amounting to KD 5,756.1 million at the year-end. Deposits with banks were KD 2,106.5 million at the year end. The Group has continued to maintain Basel III liquidity ratios well in excess of minimum requirements.

The Group's general provisions in respect of on-balance sheet credit facilities were KD 725.8 million at the year-end (2024: KD 674.8 million), whilst specific provisions were KD 176.2 million at the year-end (2024: KD 189.5 million). The Group operates a conservative credit policy with a balanced diversification across business sectors and geographical areas. Loan collateral profiles and values are continually monitored to ensure that optimum protection is afforded to the Group at all times.

Cash and non-cash credit facilities provided by the Bank to Board Members and Executive Officers and their related parties were KD 56.3 million at the year-end against collateral of KD 176.1 million. Deposits of Board Members and Executive Officers and their related parties were KD 42.1 million. Proposed remuneration to Directors of the Bank was KD 990 thousand.

Equity

Total equity attributable to the shareholders of the Bank after deducting the proposed cash dividend of KD 306.0 million was KD 4,263.5 million (2024: KD 3,904.2 million).

The Basel III capital adequacy ratio was 17.0% at the year-end (2024: 17.3%) as compared to the CBK prescribed regulatory minimum of 15% (2024: 15%). The leverage ratio was 9.1% at the year-end (2024: 9.5%) as compared to the CBK prescribed regulatory minimum of 3%.

Capital Market Authority Requirements

The necessary measures were taken to ensure compliance with Law No (7) of 2010, and subsequent Executive By-Laws relating to the Establishment of the Capital Market Authority and Organization of Securities Activities.

The Bank maintains a record for reporting the Bank's shares owned by the Insider Persons (or their dependent children) to the Capital Market Authority and Boursa Kuwait Company.

Bonus Shares, Dividends and Proposed Appropriations

Net profit for the year was principally allocated as follows:

1. KD 306.0 million to the dividend account for the distribution of a cash dividend. Proposed final dividend of KD 306.0 million (35 fils per share) subject to the approval of shareholders at the annual general meeting (proposed final dividend - 25 fils in 2024). An interim cash dividend of KD 83.3 million (10 fils per share) was paid during 2024.
2. KD 43.7 million to the share capital account to cover the issuance of bonus shares equal to 5% of share capital at the end of 2025 (5% for 2024) (equivalent to 437,138,252 shares with a nominal value of 100 fils per share) subject to the approval of shareholders at the annual general meeting.
3. KD 20.8 million to the statutory reserve account to make the statutory reserve in excess of 50% of share capital.
4. KD 18.1 million to interest and profit payment towards perpetual Tier 1 Capital Securities and perpetual Tier 1 Sukuk.
5. KD 187.0 million to retained earnings.

Financial highlights

KD million	2025	2024	2023
Total assets	45,612.8	40,338.2	37,665.0
Loans, advances and Islamic financing to customers	26,815.6	23,707.6	22,281.0
Customer deposits	26,064.0	22,866.2	21,949.0
Net operating income	1,296.8	1,251.2	1,166.8
Profit attributable to shareholders of the Bank	575.6	600.1	560.6

Independent Auditors' Report to The Shareholders of National Bank of Kuwait S.A.K.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Bank of Kuwait S.A.K.P. (the "Bank") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the Central Bank of Kuwait ("CBK") for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have identified the following key audit matter:

Credit losses on loans, advances and Islamic financing to customers

The recognition of credit losses on loans, advances and Islamic financing ("credit facilities") to customers is the higher of Expected Credit Loss ("ECL") under International Financial Reporting Standard 9: Financial Instruments ("IFRS 9"), determined in accordance with the CBK guidelines, and the provision required by the CBK rules on classification of credit facilities and calculation of their provision (the "CBK rules") as disclosed in the accounting policies and in Note 13 to the consolidated financial statements.

Recognition of ECL under IFRS 9, determined in accordance with CBK guidelines, is a complex accounting policy, which requires considerable judgment in its implementation. ECL is dependent on management's judgement in assessing significant increase in credit risk and classification of credit facilities into various stages, determining when a default has occurred, development of models for assessing the probability of default of customers and estimating cash flows from recovery procedures or realization of collateral.

Recognition of specific provision on impaired facility under the CBK rules is based on the instructions by CBK on the minimum provision to be recognized, together with any additional provision to be recognised based on management's estimate of expected cash flows related to that credit facility.

Due to the significance of credit facilities, the related estimation uncertainty and management's judgement in assessing significant increase in credit risk and classification of financing facilities into various stages and adjustments to ECL models, where applicable, this was considered as a key audit matter.

Our audit procedures included assessing the design and implementation of controls over the inputs and assumptions used by the Group in developing the models, its governance and review controls performed by the management in determining the stage classification and adequacy of credit losses.

With respect to the ECL based on IFRS 9, determined in accordance with the CBK guidelines, we have selected samples of credit facilities outstanding as at the reporting date, and evaluated the Group's determination of significant increase in credit risk and the resultant basis for classification of the credit facilities into various stages. We involved our specialists to review the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") and the overlays, if any, considered by management, in order to determine ECL, taking into consideration CBK guidelines. For a sample of credit facilities, we have computed the ECL, including the eligibility and value of collateral considered in the ECL models used by the Group. We have also evaluated the various inputs and assumptions used by the Group's management to determine ECL.

Further, for the CBK rules provision requirements, we have assessed the criteria for determining whether there is a requirement to calculate any credit loss in accordance with the related regulations, and, if required, it has been computed accordingly. For the samples selected, we have verified whether all impairment events have been identified by the Group's management. For the selected samples, which also included impaired credit facilities, we have assessed the valuation of collateral and checked the resultant provision calculations.

Other Information included in the Group's 2025 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Bank's Board of Directors prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2025 after the date of our auditors' report.

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

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

Independent Auditors' Report to The Shareholders of National Bank of Kuwait S.A.K.P. (continued)

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Bank and the consolidated financial statements, together with the contents of the report of the Bank's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Capital Adequacy Regulations and Financial Leverage Ratio Regulations issued by the Central Bank of Kuwait ("CBK") as stipulated in CBK Circular Nos. 2/RB, RBA/336/2014 dated 24 June 2014 and its amendments, and 2/BS/342/2014 dated 21 October 2014, and its amendments, respectively, the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or by the Bank's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Capital Adequacy Regulations and Financial Leverage Ratio Regulations issued by the CBK as stipulated in CBK Circular Nos. 2/RB, RBA/336/2014 dated 24 June 2014 and its amendments, and 2/BS/342/2014 dated 21 October 2014, and its amendments, respectively, the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the CBK and the organisation of banking business, and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business of the Bank or on its financial position.

BADER A. AL-ABDULJADER

LICENCE NO. 207 A

EY

AL-AIBAN, AL-OSAIMI & PARTNERS

27 January 2026

Kuwait

BADER A. AL-WAZZAN

LICENCE NO. 62 A

DELOITTE & TOUCHE

AL WAZZAN & CO.

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Consolidated Statement of Income

For the year ended 31 December 2025

	Notes	2025 KD 000's	2024 KD 000's	2025 USD 000's	2024 USD 000's
Interest income	4	1,841,967	1,798,909	6,031,326	5,890,337
Interest expense	5	1,059,356	1,027,292	3,468,749	3,363,759
Net interest income		782,611	771,617	2,562,577	2,526,578
Murabaha and other Islamic financing income		496,210	464,628	1,624,787	1,521,375
Finance cost and Distribution to depositors		279,275	256,186	914,456	838,854
Net income from Islamic financing		216,935	208,442	710,331	682,521
Net interest income and net income from Islamic financing		999,546	980,059	3,272,908	3,209,099
Net fees and commissions	6	216,780	205,683	709,823	673,487
Net investment income	7	33,896	22,979	110,989	75,242
Net gains from dealing in foreign currencies		43,768	41,159	143,314	134,771
Other operating income		2,851	1,323	9,335	4,332
Non-interest income		297,295	271,144	973,461	887,832
Net operating income		1,296,841	1,251,203	4,246,369	4,096,931
Staff expenses		265,634	252,578	869,791	827,040
Other administrative expenses		179,254	166,834	586,948	546,280
Depreciation of premises and equipment		51,172	46,907	167,557	153,592
Amortisation of intangible assets	15	1,647	1,647	5,393	5,393
Operating expenses		497,707	467,966	1,629,689	1,532,305
Operating profit before provision for credit losses and impairment losses		799,134	783,237	2,616,680	2,564,626
Provision charge for credit losses and impairment losses	8	64,519	86,464	211,261	283,117
Operating profit before taxation and directors' remuneration		734,615	696,773	2,405,419	2,281,509
Taxation	9	117,756	57,443	385,579	188,091
Directors' remuneration	27	990	770	3,242	2,521
Profit for the year		615,869	638,560	2,016,598	2,090,897
Attributable to:					
Shareholders of the Bank		575,648	600,122	1,884,898	1,965,036
Non-controlling interests		40,221	38,438	131,700	125,861
		615,869	638,560	2,016,598	2,090,897
Basic earnings per share attributable to shareholders of the Bank	10	64 fils	66 fils	21 Cents	22 Cents

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	2025 KD 000's	2024 KD 000's	2025 USD 000's	2024 USD 000's
Profit for the year		615,869	638,560	2,016,598	2,090,897
Other comprehensive income:					
Investment in debt securities measured at FVOCI:					
Net change in fair value		53,794	11,079	176,143	36,277
Net transfer to consolidated statement of income		(3,025)	(1,236)	(9,905)	(4,047)
		50,769	9,843	166,238	32,230
Exchange differences on translation of foreign operations		60,709	(76,445)	198,785	(250,311)
Other comprehensive income (loss) for the year reclassifiable to consolidated statement of income in subsequent years		111,478	(66,602)	365,023	(218,081)
Net gain (loss) on investments in equity instruments designated at FVOCI		6,181	(632)	20,239	(2,069)
Actuarial loss in respect of defined benefit plans	18	(4,358)	(1,970)	(14,270)	(6,451)
Other comprehensive income (loss) for the year not reclassifiable to consolidated statement of income in subsequent years		1,823	(2,602)	5,969	(8,520)
Other comprehensive income (loss) for the year		113,301	(69,204)	370,992	(226,601)
Total comprehensive income for the year		729,170	569,356	2,387,590	1,864,296
Attributable to:					
Shareholders of the Bank		687,331	532,091	2,250,593	1,742,276
Non-controlling interests		41,839	37,265	136,997	122,020
		729,170	569,356	2,387,590	1,864,296

The attached notes 1 to 30 form part of these consolidated financial statements.



Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 KD 000's	2024 KD 000's	2025 USD 000's	2024 USD 000's
Assets					
Cash and short term funds	11	4,878,491	5,323,273	15,974,103	17,430,494
Central Bank of Kuwait bonds	14	30,605	343,652	100,213	1,125,252
Kuwait Government treasury bonds	14	847,019	148,555	2,773,474	486,428
Deposits with banks	12	2,106,526	1,383,330	6,897,597	4,529,568
Loans, advances and Islamic financing to customers	13	26,815,568	23,707,609	87,804,741	77,628,058
Investment securities	14	9,151,443	7,626,478	29,965,432	24,972,096
Land, premises and equipment		543,691	517,392	1,780,259	1,694,145
Goodwill and other intangible assets	15	507,103	510,733	1,660,455	1,672,341
Other assets	16	732,398	777,134	2,398,159	2,544,644
Total assets		45,612,844	40,338,156	149,354,433	132,083,026
Liabilities					
Due to banks		5,473,308	5,403,802	17,921,768	17,694,178
Deposits from other financial institutions		3,653,222	2,949,756	11,962,089	9,658,664
Customer deposits		26,064,003	22,866,205	85,343,821	74,872,970
Commercial papers and certificates of deposit issued		2,131,284	1,501,457	6,978,664	4,916,362
Other borrowed funds	17	1,559,614	1,520,422	5,106,791	4,978,461
Other liabilities	18	1,081,166	939,782	3,540,164	3,077,217
Total liabilities		39,962,597	35,181,424	130,853,297	115,197,852
Equity					
Share capital	19	874,277	832,644	2,862,728	2,726,405
Proposed bonus shares	20	43,713	41,633	143,134	136,323
Statutory reserve	19	437,140	416,324	1,431,369	1,363,209
Share premium account	19	803,028	803,028	2,629,430	2,629,430
Treasury share reserve	19	34,961	34,961	114,476	114,476
Other reserves	19	2,376,411	1,983,738	7,781,306	6,495,540
Equity attributable to shareholders of the Bank		4,569,530	4,112,328	14,962,443	13,465,383
Perpetual Tier 1 Capital Securities	21	455,335	439,032	1,490,946	1,437,564
Non-controlling interests	24	625,382	605,372	2,047,747	1,982,227
Total equity		5,650,247	5,156,732	18,501,136	16,885,174
Total liabilities and equity		45,612,844	40,338,156	149,354,433	132,083,026

Hamad Mohamed Al-Bahar
Chairman

Isam J. Al Sager
Vice Chairman and Group Chief
Executive Officer

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 KD 000's	2024 KD 000's	2025 USD 000's	2024 USD 000's
Operating activities					
Profit for the year		615,869	638,560	2,016,598	2,090,897
Adjustments for:					
Net investment income	7	(33,896)	(22,979)	(110,989)	(75,242)
Provision for staff terminal benefits	18	10,122	11,568	33,143	37,878
Depreciation of premises and equipment		51,172	46,907	167,557	153,592
Amortisation of intangible assets	15	1,647	1,647	5,393	5,393
Provision charge for credit losses and impairment losses	8	64,519	86,464	211,261	283,117
Taxation	9	117,756	57,443	385,580	188,091
Cash flows from operating activities before changes in operating assets and liabilities		827,189	819,610	2,708,543	2,683,726
Changes in operating assets and liabilities:					
Central Bank of Kuwait bonds		313,047	513,163	1,025,039	1,680,298
Kuwait Government treasury bonds		(696,664)	47,000	(2,281,153)	153,897
Deposits with banks		(722,525)	(63,589)	(2,365,832)	(208,215)
Loans, advances and Islamic financing to customers		(3,136,134)	(1,699,087)	(10,268,939)	(5,563,481)
Other assets		(83,345)	(18,607)	(272,903)	(60,926)
Due to banks		69,506	1,440,006	227,590	4,715,147
Deposits from other financial institutions		703,466	(768,673)	2,303,425	(2,516,938)
Customer deposits		3,197,798	1,179,328	10,470,851	3,861,585
Commercial papers and certificates of deposit issued		629,827	678,558	2,062,302	2,221,866
Other liabilities		41,062	(88,530)	134,454	(289,882)
Payment of staff terminal benefits	18	(5,244)	(6,370)	(17,171)	(20,858)
Tax paid		(72,492)	(55,904)	(237,367)	(183,052)
Net cash from operating activities		1,065,491	1,976,905	3,488,839	6,473,167
Investing activities					
Purchase of investment securities		(5,049,071)	(3,570,022)	(16,532,649)	(11,689,659)
Proceeds from sale/redemption of investment securities		3,787,473	2,723,546	12,401,680	8,917,963
Dividend income	7	2,996	2,685	9,810	8,792
Proceeds from sale of land, premises and equipment		278	1,072	910	3,510
Purchase of land, premises and equipment		(61,616)	(52,100)	(201,755)	(170,596)
Purchase of investment properties		(6,533)	(8,885)	(21,392)	(29,093)
Proceeds from sale of investment properties		5,050	10,532	16,536	34,486
Capital repayment from investment in associate		-	230	-	753
Acquisition of a subsidiary net of cash acquired		-	(2,710)	-	(8,874)
Net cash used in investing activities		(1,321,423)	(895,652)	(4,326,860)	(2,932,718)
Financing activities					
Net proceeds from issuance of Perpetual Tier 1 Capital Securities	21	243,059	-	795,871	-
Redemption of Perpetual Tier 1 Capital Securities	21	(228,846)	-	(749,332)	-
Proceeds from issuance of Global medium term sukuk by a subsidiary	17	152,650	-	499,836	-
Redemption of Global Medium term sukuk by a subsidiary	17	(231,075)	-	(756,631)	-
Net proceeds from issuance of Global medium term notes	17	-	152,571	-	499,578
Interest paid on Perpetual Tier 1 Capital Securities		(14,483)	(18,163)	(47,423)	(59,473)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary		(6,064)	(6,049)	(19,856)	(19,807)
Net movement in other borrowed funds	17	120,800	23,138	395,547	75,763
Dividends paid	19e	(208,161)	(281,513)	(681,601)	(921,785)
Dividends paid by subsidiaries to non-controlling interests		(16,730)	(12,664)	(54,781)	(41,467)
Net cash used in financing activities		(188,850)	(142,680)	(618,370)	(467,191)
(Decrease) increase in cash and short term funds		(444,782)	938,573	(1,456,391)	3,073,258
Cash and short term funds at the beginning of the year		5,323,273	4,384,700	17,430,494	14,357,236
Cash and short term funds at the end of the year	11	4,878,491	5,323,273	15,974,103	17,430,494

The attached notes 1 to 30 form part of these consolidated financial statements.



Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Equity attributable to shareholders of the Bank							Perpetual Tier 1 Capital Securities	Non - controlling interests	Total equity
	Share capital	Proposed bonus shares	Statutory reserve	Share premium account	Treasury share reserve	Other reserves	Total			
Balance as at 1 January 2024	792,995	39,649	396,499	803,028	34,961	1,816,640	3,883,772	439,032	583,771	4,906,575
Profit for the year	-	-	-	-	-	600,122	600,122	-	38,438	638,560
Other comprehensive loss	-	-	-	-	-	(68,031)	(68,031)	-	(1,173)	(69,204)
Total comprehensive income	-	-	-	-	-	532,091	532,091	-	37,265	569,356
Transfer to statutory reserve (Note 19b)	-	-	19,825	-	-	(19,825)	-	-	-	-
Issue of bonus shares (Note 19a)	39,649	(39,649)	-	-	-	-	-	-	-	-
Final cash dividend paid (2023)	-	-	-	-	-	(198,249)	(198,249)	-	-	(198,249)
Interim cash dividend paid (2024)- (Note 20)	-	-	-	-	-	(83,264)	(83,264)	-	-	(83,264)
Proposed bonus shares (Note 20)	-	41,633	-	-	-	(41,633)	-	-	-	-
Interest paid on perpetual Tier 1 Capital Securities	-	-	-	-	-	(18,163)	(18,163)	-	-	(18,163)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	-	-	-	-	(3,652)	(3,652)	-	(2,397)	(6,049)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(12,664)	(12,664)
Other movements	-	-	-	-	-	(207)	(207)	-	(603)	(810)
At 31 December 2024	832,644	41,633	416,324	803,028	34,961	1,983,738	4,112,328	439,032	605,372	5,156,732

The attached notes 1 to 30 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2025

1 INCORPORATION AND REGISTRATION

The consolidated financial statements of National Bank of Kuwait S.A.K.P. (the "Bank") and its subsidiaries (collectively the "Group") for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 12 January 2026. The Annual General Meeting of the shareholders has the power to amend these consolidated financial statements after issuance. The Bank is a public shareholding company incorporated in Kuwait in 1952 and is registered as a bank (commercial registration number - 8490) with the Central Bank of Kuwait. The Bank's registered office is at Al Shuhada Street, P.O. Box 95, Safat 13001, Kuwait. The principal activities of the Bank are described in Note 3.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated 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 CBK to adopt the 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 to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

The above framework is hereinafter referred to as 'IFRS Accounting Standards as adopted by CBK for use in the State of Kuwait'.

The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of derivatives, investment securities measured at fair value and investment properties. In addition and as more fully described below, assets and liabilities that are hedged in fair value hedging relationships are carried at fair value to the extent of the risk being hedged.

2.2 Changes in material accounting policies

New and amended standards and interpretations

The Group applied the following amendments effective from 1 January 2025:

Lack of Exchangeability (Amendments to IAS 21) - 1 January 2025

The amendments to IAS 21 specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. Applying the amendments, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose. When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have an impact on the Group's consolidated statement of financial position.



Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in material accounting policies (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) – 1 January 2026

The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

Presentation and disclosures in financial statements (IFRS 18) – 1 January 2027

IFRS 18 replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss.
- Enhanced guidance on the aggregation, location and labeling of items across the primary financial statements and the notes.
- Mandatory disclosures about management-defined performance measures (MPMs - a subset of alternative performance measures).

IFRS 18 also makes consequential amendments to other accounting standards, including IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Statements.

The Group is currently evaluating the impact of these new standard and amendments. The Group will adopt it when the new standard and amendments become effective.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank as at 31 December each year and its subsidiaries as at the same date or a date not earlier than three months from 31 December. The financial statements of subsidiaries and associates are prepared using consistent accounting policies and are adjusted, where necessary, to bring the accounting policies in line with those of the Group. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated on consolidation.

a. Subsidiaries

Subsidiaries are all entities over which the Bank has control. The control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Refer Note 24 for the list of major subsidiaries, their principal businesses and the Group's effective holding.

b. Non-controlling interest

Interest in the equity of subsidiaries not attributable to the Group is reported as non-controlling interest in the consolidated statement of financial position. Non-controlling interest in the acquiree is measured at the proportionate share in the recognised amounts of the acquiree's identifiable net assets. Losses are allocated to the non-controlling interest even if they exceed the non-controlling interest's share of equity in the subsidiary. Transactions with non-controlling interests are treated as transactions with equity owners of the Group. Gains or losses on changes in non-controlling interests without loss of control are recorded in equity.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

c. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is initially recognised at cost and subsequently accounted for by the equity method of accounting. The Group's investment in associates includes goodwill identified on acquisition. The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Gain or loss on this transaction is computed by comparing the carrying amount of the associate at the time of loss of significant influence with the aggregate of fair value of the retained investment and proceeds from disposal. This is recognised in the consolidated statement of income.

2.4 Foreign currencies

The consolidated financial statements are presented in Kuwaiti Dinars (thousand) which is also the Bank's functional currency.

a. Translation of foreign currency transactions

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 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. When a foreign operation is disposed of, the cumulative amount in foreign currency translation reserve relating to that foreign operation is recognised in the consolidated statement of income. Goodwill, intangible assets and any fair value adjustments to the carrying value of assets and liabilities are recorded at the functional currency of the foreign operation and are translated to the presentation currency at the rate of exchange prevailing at the reporting date. All resulting exchange differences are recognised in other comprehensive income and accumulated in foreign currency translation reserve within equity.

Translation gains or losses on non-monetary items are recognised in other comprehensive income when non-monetary items are measured at fair value through other comprehensive income. Translation gains or losses on non-monetary items measured at fair value through profit or loss are recognised in consolidated statement of income.

b. Translation of financial statements of foreign entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated to presentation currency as follows:

The assets and liabilities are translated at rates of exchange ruling at the reporting date. Income and expense items are translated at average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income and accumulated in foreign currency translation reserve within equity and duly recognised in the consolidated statement of income on disposal of the foreign operation.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 Interest income and expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the consolidated statement of income 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 or interest expense 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 as an integral part of the effective yield of a financial asset are recognised using 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 calculated by applying the effective interest rate on the amortised cost (gross carrying amount minus any loss allowance) of the financial asset.

2.6 Murabaha and other Islamic financing income

Income from Murabaha, Wakala and Leased assets is recognized on a pattern reflecting a constant periodic return on the outstanding net investment.

2.7 Fees and commissions income

Fees and commission income are recognised when the Group satisfies the performance obligation by transferring the promised service to customers. At inception of the contract, the Group determines whether it satisfies the performance obligation over a period of time or at a point in time. Fees income earned from services provided over a period of time is recognised over the period of service. Fees and commissions arising from providing a transaction service are recognised at a point in time 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 of time.

2.8 Dividend income

Dividend income is recognised when the right to receive the payment is established.

2.9 Impairment of financial assets

The Group computes Expected Credit Losses (ECL) on the following financial instruments that 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 FVOCI
- balances and deposits with banks

Equity investments are not subject to ECL.

Impairment of 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 shall be recognised in the consolidated statement of financial position at an amount equal to the higher of ECL under IFRS 9 according to the CBK guidelines, or the provisions required by the CBK instructions.

Impairment of financial assets other than credit facilities

The Group recognises ECL on investment in debt securities measured at amortised cost or FVOCI and on balances and deposits with banks.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment of financial assets (continued)

Expected Credit Losses

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 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 are not credit impaired.

Stage 3: Lifetime ECL – credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of lifetime expected credit loss 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 generally deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk unless this is rebutted.

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
- 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 or group of financial assets has not increased significantly since initial recognition or not become credit impaired, these financial assets are classified as stage 1.

Measurement of ECLs

ECL is probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represents 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 probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward-looking macroeconomic scenarios, etc.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment of financial assets (continued)

Expected Credit Losses (continued)

Incorporation of forward-looking information

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward-looking information into the ECL models. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The consideration of such factors increases the degree of judgment in determination of ECL. The management reviews the methodologies and assumptions including any forecasts of future economic conditions on regular basis.

Modification of loans and Islamic financing to customers

Under certain circumstances, the Group seeks to restructure loans, advances and Islamic financing to customers rather than taking possession of collateral. This may involve extending the payment arrangements, reduction in the amount of principal or interest 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. The facility will have a loss allowance measured based on 12 month ECL except in rare occasions where the new facility is considered to be originated and credit impaired. 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, advances 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. Subsequent recoveries in written off accounts are recognised in the consolidated statement of income to the extent eligible and is netted off against provision charge for credit losses.

Presentation of allowance for ECL in the consolidated 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 FVOCI, 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. Refer Note 28.1.1 Assessment of Expected Credit Losses.

Provisions for credit losses in accordance with CBK instructions

The Group is required to calculate provisions for credit losses on credit facilities in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. 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 classified as past due and impaired when 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 but not impaired and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

Category	Criteria	Specific provisions
Watch list	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

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 addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the consolidated statement of income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Refer Note 15 Goodwill and other intangible assets for more details on assessment of value in use. If previously recognised impairment losses have decreased, such excess impairment provision is reversed in the consolidated statement of income for non-financial assets other than goodwill.

2.11 Share based compensation

Cash settled share based compensation

The fair value of the employee services received in exchange for the cash settled share based payment is recognised as an expense, together with a corresponding increase in liability. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options determined using the Black Scholes model. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the consolidated statement of income.

2.12 Post-employment benefits

The Group is liable to make defined contributions to State plans and lump sum payments under defined benefit plans to employees at cessation of employment, in accordance with the laws of the place they are employed. The defined benefit plans are unfunded. The present value of the defined benefit obligation is determined annually by actuarial valuations using the projected unit credit method. An actuarial valuation involves making various assumptions such as determination of the discount rate, future salary increases and mortality rates. These assumptions are reviewed at each reporting date. Current service cost, past service cost and net interest expense on the defined benefit plans are recognized in consolidated statement of income and is included in staff expenses. Any gains or losses on re-measurement of defined benefit plans attributable to changes in actuarial assumptions are recognized in other comprehensive income and is included in Actuarial Valuation reserve.

2.13 Taxation

Domestic Minimum Top-up Tax (DMTT)

Income taxes arising from tax law enacted by the State of Kuwait (Law No. 157 of 2024) for implementation of DMTT on entities which are part of multinational group with annual revenues of EUR 750 million or more are provided for in accordance with the Executive regulations issued through Ministerial Resolution No. 55 of 2025. The Group applies the mandatory temporary exception not to recognise deferred taxes associated with this additional taxation. Refer note 9 for further information.

Kuwait Foundation for the Advancement of Sciences

Contribution to Kuwait Foundation for the Advancement of Sciences is provided at 1% of the eligible profits in accordance with the Amiri Decree issued on 12 December 1976.

National Labour Support Tax and Zakat

National Labour Support Tax and Zakat was provided for in accordance with the applicable fiscal laws, rules and regulations. Consequent to the implementation of DMTT in the State of Kuwait, the Group is not liable to National Labour Support Tax and Zakat effective from 1 January 2025.

Overseas tax

Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates. Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available to utilise these. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates and applicable legislation enacted at the reporting date. Deferred tax assets are included in other assets and deferred tax liabilities are included in other liabilities in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.14 Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Group becomes party to contractual provisions of the instrument and are initially measured at fair value. Transaction costs are included only for those financial instruments that are not measured at fair value through profit or loss.

2.15 Classification and measurement of financial assets

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

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

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

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

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Contractual terms that introduce a more than de minimus exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payment of principal and interest. In such cases, the financial asset is measured at fair value through profit or loss.

The Group classifies its financial assets upon initial recognition into the following categories:

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

Financial assets carried at amortized cost:

A financial asset is carried at amortised cost if it meets both of the following conditions:

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

2 MATERIAL ACCOUNTING POLICIES (continued)

2.15 Classification and measurement of financial assets (continued)

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and charge for expected credit losses are recognised in the consolidated statement of income. Any gain or loss on de-recognition is recognised in the consolidated statement of income.

Financial assets carried at fair value through other comprehensive income (FVOCI):

(i) Debt Securities at FVOCI

A debt security is carried at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt Securities at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in the consolidated statement of income. Fair value changes which are not part of an effective hedging relationship are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of equity until the asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of income.

(ii) Equity investments at FVOCI

Upon initial recognition, the Group makes an irrevocable election to classify some of its equity investments as equity investments at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis. Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on de-recognition and are not recognised in the consolidated statement of income. Dividend income on equity investments at FVOCI are recognised in the consolidated statement of income unless they clearly represent a recovery of part of the cost of the investment. Equity investments at FVOCI are not subject to impairment assessment.

Financial assets carried at fair value through profit or loss:

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument as FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of income. Interest income is recognised using the effective interest method. Dividend income from equity investments measured at FVTPL is recognised in the consolidated statement of income when the right to receive the payment has been established.

The Group's financial assets are classified and measured as follows:

Cash and short term funds

Cash and short term funds consist of cash in hand, current account and money at call with other banks and deposits with banks maturing within seven days. Cash and short term funds are classified and carried at amortised cost using effective interest rate.

Deposits with banks

Deposits with banks are classified and carried at amortised cost using the effective interest method. The carrying values of such assets which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value attributable to the risk being hedged.

Loans and advances to customers

Loans and advances are stated at amortised cost using the effective interest method. The carrying values of such assets which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value attributable to the risk being hedged.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.15 Classification and measurement of financial assets (continued)

Islamic financing to customers

Islamic financing to customers are financial assets with fixed or determinable payments that are not quoted in an active market. Major Islamic financing products are:

a. *Murabaha*

Murabaha is an agreement relating to the sale of commodities at cost plus an agreed upon profit margin, whereby the seller informs the buyer of the price at which the deal will be completed and also the amount of profit to be recognized. Murabaha is a financial asset originated by the Group and is stated at amortised cost.

b. *Wakala*

Wakala is an agreement involving Al-Muwakkil (the Principal) who wishes to appoint Al-Wakil (the Agent) to be his agent with respect to the investment of Al-Muwakkil's fund, in accordance with regulations of the Islamic Sharia'a. Wakala is a financial asset originated by the Group and stated at amortised cost.

c. *Leased assets - the Group as a lessor*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease. Leased assets are stated at amortised cost.

Financial investments

Group's financial investments consist of debt securities, equity investments and other investments.

Debt securities are classified as either at amortised cost or at fair value through other comprehensive income based on the business model in which these securities are managed. Debt securities are classified at fair value through profit or loss, if they do not meet SPPI criteria.

Investments in Kuwait Government treasury bonds and related Islamic tawarruq issued by Government of Kuwait and CBK bonds issued by the Central Bank of Kuwait are classified as either at amortised cost or at fair value through other comprehensive income based on the business model in which these securities 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 at fair value through other comprehensive income.

Other investments are carried at fair value through profit or loss.

2.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, in the most advantageous market to which the Group has access at that date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that include the use of valuation models that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

If an asset or liability measured at fair value has a bid price and an ask price, then the Group measures assets at a bid price and liabilities at an ask price.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.16 Fair value measurement (continued)

Fair values of investment properties are determined by appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued and also considering the ability to generate economic benefits by using the property in its highest and best use.

2.17 Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date at an agreed price (repos) are not derecognised in the consolidated statement of financial position. Amounts received under these agreements are treated as interest bearing liabilities and the difference between the sale and repurchase price treated as interest expense using the effective yield method. Assets purchased with a corresponding commitment to resell at a specified future date at an agreed price (reverse repos) are not recognised in the consolidated statement of financial position. Amounts paid under these agreements are treated as interest earning assets and the difference between the purchase and resale price treated as interest income using the effective yield method.

2.18 Offsetting of financial assets and liabilities

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

2.19 Modification of financial assets and and financial liabilities

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset using the original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in the consolidated statement of income.

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of income.

Interest Rate Benchmark Reform

In the context of IBOR reform, the Group's assessment of whether a change to a financial asset or financial liability is substantial is made after applying the practical expedient introduced by Interest Rate Benchmark Reform, Amendments to IFRS 9, Phase 2. This practical expedient allows changes to the basis for determining contractual cash flows as a direct result of interest rate benchmark reform to be treated as changes to a floating interest rate to that instrument, if the transition from the IBOR benchmark rate to the alternative RFR takes place on an economically equivalent basis. In such cases, the Group updates the effective interest rate to reflect the change in an interest rate benchmark from IBOR to Risk Free Rate (RFR) without adjusting the carrying amount.

When additional changes are made, which are not economically equivalent, the Group applies accounting policy on accounting for modification of financial assets and financial liabilities.

2.20 De-recognition of financial assets and and financial liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired, or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.20 De-recognition of financial assets and and financial liabilities (continued)

Financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability.

2.21 Derivative financial instruments and hedge accounting

The Group deals in interest rate swaps to manage its interest rate risk on interest bearing assets and liabilities. Similarly the Group deals in forward foreign exchange contracts for customers and to manage its foreign currency positions and cash flows. All derivative financial instruments of the Group are recorded in the consolidated statement of financial position at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates or internal pricing models. Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to settle net and a legal right to offset exists.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised financial asset or liability or a highly probable forecast transaction.

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument is recognised immediately in the consolidated statement of income. The carrying amounts of hedged items are adjusted for fair value changes attributable to the risk being hedged and the difference is recognised in the consolidated statement of income.

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised initially in equity and any ineffective portion is recognised in the consolidated statement of income. The gains or losses on cash flow hedges recognised initially in equity are transferred to the consolidated statement of income in the period in which the hedged transaction impacts the consolidated statement of income. Where the hedged transaction results in the recognition of an asset or liability, the associated gains or losses that had initially been recognised in equity are included in the initial measurement of the cost of the related asset or liability. For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in fair value of the hedging instrument are taken directly to the consolidated statement of income.

Hedges of net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or is revoked by the Group. For cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction occurs. In the case of fair value hedges of interest bearing financial instruments, any adjustment relating to the hedge is amortised over the remaining term to maturity. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the consolidated statement of income.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.22 Trade and settlement date accounting

All "regular way" purchase and sale of financial assets other than investments in equity instruments are recognised on the settlement date, i.e. the date the asset is delivered to the Group. Investments in equity instruments are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by the regulation or convention in the market place.

2.23 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in consolidated statement of income. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Fair values of investment properties are determined by appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in consolidated statement of income. When the use of a property changes such that it is reclassified as Land, premises and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. The Group presents investment properties in other assets in the consolidated statement of financial position.

2.24 Land, premises and equipment

Land and premises comprise mainly branches and offices. All premises and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Projects and work in progress are stated at cost less impairment if any. Costs are those expenses incurred by the Group that are directly attributable to the creation of the asset. When the asset is ready for use, capital work in progress is transferred to the appropriate category and depreciated in accordance with the Group's policies.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation is provided on the depreciable amount of other items of premises and equipment on a straight line basis over their estimated useful life. The depreciable amount is the gross carrying value, less the estimated residual value at the end of its useful life. The estimated useful life of premises and equipment are as follows:

Building on leasehold land	term of lease (maximum 20 years)
Building on freehold land	50 years
IT systems and equipment	3-10 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. The carrying values of land, premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income.

2.25 Leases

At inception of a contract, the Group assesses whether the contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. If the contract is identified as a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and lease contracts for which the underlying asset is of low value.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.25 Leases (continued)

Right-of-use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The Group presents right-of-use assets in 'land, premises and equipment' in the consolidated statement of financial position.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments. The Group presents lease liabilities in 'other liabilities' in the consolidated statement of financial position.

2.26 Business combinations

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Non-controlling interest in the acquiree is measured at the proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other acquisition related costs incurred are expensed and included in other administrative expenses.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and included in cost of acquisition. Any resulting gain or loss is recognised in consolidated statement of income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of income.

2.27 Goodwill and intangible assets

a. Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is recorded in the functional currency of the foreign operation and is translated to the presentation currency at the rate of exchange prevailing at the reporting date. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of income.

b. Intangible assets

Intangible assets comprise separately identifiable intangible items arising from business combinations. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefit will flow to the Group. Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the useful economic life of 5 to 15 years and tested for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. If the carrying value of the intangible asset is more than the recoverable amount, the intangible asset is considered impaired and is written down to its recoverable amount. The excess of carrying value over the recoverable amount is recognised in the consolidated statement of income. Impairment losses on intangible assets recognised in the consolidated statement of income in previous periods are reversed when there is an increase in the recoverable amount.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.28 Property acquired on settlement of debt and repossessed collateral

Property acquired on settlement of debt and repossessed collateral are stated at the lower of the related loans and advances and the current fair value of such assets. Gains or losses on disposal and revaluation losses are recognised in the consolidated statement of income. These assets are included in other assets in the consolidated statement of financial position.

2.29 Due to Banks, Deposits from other Financial Institutions, Customer deposits, Commercial papers & Certificates of deposit issued

Due to Banks, Deposits from other Financial Institutions, Customer Deposits, Commercial paper & Certificates of deposit issued are stated at amortised cost using effective interest method. The carrying values of such liabilities which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value being hedged.

2.30 Islamic customer deposits

Islamic customer deposits comprise of Investment accounts and Non-investment accounts.

Investment accounts

Investment accounts may take the form of investment deposits, which are valid for specified periods of time, and are automatically renewable on maturity for the same period, unless the concerned depositors give written notice to the contrary, or take the form of investment saving accounts for unspecified periods. In all cases, investment accounts receive a proportion of the profit, bear a share of loss and are carried at cost plus profit payable.

Non-investment accounts

Non-investment accounts represent, in accordance with Islamic Sharia'a, Qard Hasan from depositors to the Group. These accounts are neither entitled to profit nor do they bear any risk of loss, as the Group guarantees to pay the related balance. Investing Qard Hasan is made at the discretion of the Group and the results of such investments are attributable to the shareholders of the Group. Non-investment accounts are carried at cost.

2.31 Other borrowed funds

Other borrowed funds includes Tier 2 bonds, Global Medium Term Notes, Global Medium Term Sukuk, Medium and short term borrowings. These are financial liabilities and are initially recognised at their fair value being the issue proceeds net of transaction costs and are subsequently measured at their amortised cost using the effective interest rate method. The carrying values of such liabilities which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value being hedged.

2.32 Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the consolidated financial statements at fair value, being the premium received, in other liabilities. The premium received is recognised in the consolidated statement of income in 'net fees and commissions' on a straight line basis over the life of the guarantee. The guarantee liability is subsequently carried at initial measurement less amortisation. When a payment under the guarantee is likely to become payable, the present value of the expected net payments less the unamortised premium is charged to the consolidated statement of income.

2.33 Treasury shares

The Bank's holding of its own shares are accounted for as treasury shares and are stated at purchase consideration including directly attributable costs. When the treasury shares are sold, gains are credited to a separate account in equity (treasury share reserve) which is non distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury share reserve amount. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

2.34 Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

2.35 Fiduciary assets

Assets and related deposits held in trust or in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in the consolidated statement of financial position.

2.36 Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, management has used judgements and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgements and estimates are as follows:

Accounting Judgements

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Judgments are required in determining the business model at an appropriate level that best reflects an aggregated group or portfolio of assets which are managed together to achieve a particular business objective. The Group also applies judgment to assess if there is a change in business model in circumstances when the assets with in that business model are realised differently than the original expectations. Refer Note 2.15 classification of financial assets for more information.

Estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Expected Credit Losses on financial assets

The Group estimates Expected Credit Loss (ECL) for all financial assets carried at amortised cost or fair value through other comprehensive income except for equity instruments.

Significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing group of similar financial assets for the purpose of measuring ECL.

Information about significant judgements and estimates made by the Group in the above areas is set out in Note 28.1.1.

Provision for credit losses as per CBK guidelines

The Group reviews its Loans, advances and Islamic financing to customers on a quarterly basis to assess whether a provision for credit losses should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Impairment of goodwill and intangible assets with indefinite useful life

The Group determines whether goodwill and intangible assets with indefinite useful life is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill or intangible assets is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.36 Significant accounting judgements and estimates (continued)

Fair values of assets and liabilities including intangibles

Considerable judgment by management is required in the estimation of the fair value of the assets including intangibles with definite and indefinite useful life, liabilities and contingent liabilities acquired as a result of business combination.

Share based payments

The Group measures the share based payments to employees by reference to the fair value of the relevant equity instruments. Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 22.

Valuation of unquoted financial assets

Fair value of unquoted financial assets is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The determination of the cash flows and discount factors requires significant estimation.

Effect of Climate risk on accounting judgments and estimates

The Group makes use of reasonable and supportable information to make accounting judgments and estimates, this includes information about the observable effects of the physical and transition risks of climate change. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgments and estimates.

2.37 Basis of translation

The United States dollar amounts in the Consolidated Statement of Income, Consolidated Statement of Comprehensive income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows represent supplementary information and have been translated at a rate of KD 0.3054 per USD which represents the mid-market rate at 31 December 2025.

3 SEGMENTAL ANALYSIS

The Group has six reportable segments as described below. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment.

Consumer Banking

Consumer Banking provides a diversified range of products and services to individuals. The range includes consumer loans, credit cards, deposits, foreign exchange and other branch related services.

Corporate Banking

Corporate Banking provides a comprehensive product and service offering to business and corporate customers, including lending, deposits, trade finance, foreign exchange and advisory services.

NBK Wealth

NBK Wealth provides a full range of asset management, custody, brokerage, lending, deposits and other customized and innovative banking services to high net worth individuals and institutional clients across the Group.

Islamic Banking

Islamic banking represents the financial results of Boubyan Bank K.S.C.P., the Islamic banking subsidiary of the Group.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

3 SEGMENTAL ANALYSIS (continued)

Group Centre

Group Centre includes treasury, investments, and other defined Group activities. Treasury provides a comprehensive range of treasury services and products to its clients, and is also responsible for the Bank's liquidity and market risk management. Group Centre includes any residual in respect of transfer pricing and inter segment allocations.

International Banking

International Banking provides a broad range of products and services including lending, deposits, trade finance etc. to corporate and individual customers at Group's overseas locations.

The following table shows net interest income and net income from Islamic financing, net operating income, profit for the year, total assets and total liabilities information in respect of the Group's business segments:

2025	Consumer Banking	Corporate Banking	NBK Wealth	Islamic Banking	Group Centre	International Banking	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Net interest income and net income from Islamic financing	208,028	114,748	41,225	216,935	120,089	298,521	999,546
Net operating income	262,979	157,628	125,767	275,159	126,908	348,400	1,296,841
Profit for the year	99,747	164,584	62,968	100,914	22,993	164,663	615,869
Total assets	5,135,735	5,518,978	1,396,107	10,201,278	2,111,779	21,248,967	45,612,844
Total liabilities	5,088,270	3,016,902	2,416,456	9,063,393	1,872,212	18,505,364	39,962,597

2024	Consumer Banking	Corporate Banking	NBK Wealth	Islamic Banking	Group Centre	International Banking	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
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

3 SEGMENTAL ANALYSIS (continued)

Geographic information:

The following table shows the geographic distribution of the Group's Net operating income for the year and non-current assets based on the location of the operating entities.

2025	Kuwait	Other Middle East and North Africa	Europe & UK	Others	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Net operating income	923,222	221,830	86,666	65,123	1,296,841
Non-current assets	1,064,535	52,835	17,412	9,000	1,143,782

2024	Kuwait	Other Middle East and North Africa	Europe & UK	Others	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Net operating income	926,471	193,659	78,019	53,054	1,251,203
Non-current assets	1,032,444	41,328	15,851	7,201	1,096,824

Non-current assets consist of land, premises and equipment, goodwill and other intangible assets, investment properties and property acquired on settlement of debts.

4 INTEREST INCOME

	2025 KD 000's	2024 KD 000's
Deposits with banks	215,525	209,828
Loans and advances to customers	1,162,736	1,123,249
Debt investment securities	440,725	422,752
Kuwait Government treasury bonds and CBK bonds	22,981	43,080
	1,841,967	1,798,909

Notes to the Consolidated Financial Statements (continued)

31 December 2025

5 INTEREST EXPENSE

	2025 KD 000's	2024 KD 000's
Due to banks	263,034	243,686
Deposits from other financial institutions	57,556	76,210
Customer deposits	603,031	601,302
Commercial papers and certificates of deposit issued	89,425	70,526
Other borrowed funds	46,310	35,568
	1,059,356	1,027,292

6 NET FEES AND COMMISSIONS

	2025 KD 000's	2024 KD 000's
Fees and commissions income	370,663	339,521
Fees and commissions related expenses	(153,883)	(133,838)
Net fees and commissions	216,780	205,683

Fees and commissions income includes asset management fees of KD 73,433 thousand (2024: KD 64,862 thousand) earned on trust and fiduciary activities where the Group holds or invests assets on behalf of its customers.

7 NET INVESTMENT INCOME

	2025 KD 000's	2024 KD 000's
Net realised gain on sale of investments	238	315
Net gains from investments carried at fair value through profit or loss	24,294	18,647
Dividend income	2,996	2,685
Other investment income	6,368	1,332
	33,896	22,979

8 PROVISION CHARGE FOR CREDIT LOSSES AND IMPAIRMENT LOSSES

	2025 KD 000's	2024 KD 000's
Provision charge for credit losses (Note 13)	38,717	87,239
ECL release for investment in debt securities (Note 14)	(5,754)	(3,003)
ECL release for other financial assets	(671)	(1,620)
Impairment loss on goodwill (Note 15)	1,960	-
Other impairment losses	30,267	3,848
	64,519	86,464

Other impairment losses for the current year include an amount of KD 26,496 thousand on derecognition of an associate.

9 TAXATION

	2025 KD 000's	2024 KD 000's
Kuwait Domestic Minimum Top-up Tax (DMTT)	51,911	-
National Labour Support Tax	-	15,095
Zakat	-	6,772
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	6,988	6,378
Overseas tax	58,857	29,198
	117,756	57,443

Kuwait Domestic Minimum Top-up Tax (DMTT)

The State of Kuwait issued Law No. 157 of 2024 on 31 December 2024 (the Law) introducing domestic minimum top-up tax (DMTT) effective from the year 2025 on entities which are part of multinational entities group (MNE Group) with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate are computed in accordance with the executive regulations issued through Ministerial Resolution No. 55 of 2025. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law.

Overseas tax

During 2025, OECD Pillar Two tax reforms were introduced in many of the overseas jurisdictions where the Group operates. For example, both governments of Bahrain and United Arab Emirates enacted a DMTT effective for financial years beginning on or after 1 January 2025 ensuring a minimum effective tax rate of 15% in line with OECD Pillar Two requirements. The Group has provided for additional tax liabilities arising from the implementation of Pillar two regulations in all applicable jurisdictions.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Bank (adjusted for interest and profit paid on Perpetual Tier 1 Capital Securities and Sukuk) by the weighted average number of shares outstanding during the year net of treasury shares. There are no dilutive potential shares that are convertible into shares.

	2025 KD 000's	2024 KD 000's
Profit for the year attributable to shareholders of the Bank	575,648	600,122
Less: Interest paid on Perpetual Tier 1 Capital Securities	(14,483)	(18,163)
Less: Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary attributable to shareholders of the Bank	(3,661)	(3,652)
	557,504	578,307
Weighted average number of shares outstanding during the year net of treasury shares (thousand)	8,742,765	8,742,765
Basic earnings per share	64 Fils	66 Fils

Earnings per share calculations for 2024 have been adjusted to take account of the bonus shares issued in 2025. Refer Note 19a.

11 CASH AND SHORT TERM FUNDS

	2025 KD 000's	2024 KD 000's
Cash on hand	156,190	176,163
Current account with other banks	1,410,315	2,145,739
Money at call	632,409	627,022
Balances and deposits with the Central Bank of Kuwait	1,982,004	1,850,141
Deposits and Murabaha with banks maturing within seven days	716,497	551,533
	4,897,415	5,350,598
Expected credit losses	(18,924)	(27,325)
	4,878,491	5,323,273

12 DEPOSITS WITH BANKS

	2025 KD 000's	2024 KD 000's
Deposits with the Central Bank of Kuwait	19,108	60,258
Deposits with other banks	2,095,692	1,323,610
	2,114,800	1,383,868
Expected credit losses	(8,274)	(538)
	2,106,526	1,383,330

13 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS

2025	Middle East and North Africa KD 000's	North America KD 000's	Europe & UK KD 000's	Asia KD 000's	Others KD 000's	Total KD 000's
Corporate	14,517,516	794,213	2,855,857	818,937	460,941	19,447,464
Retail	8,262,222	-	7,946	-	-	8,270,168
Loans, advances and Islamic financing to customers	22,779,738	794,213	2,863,803	818,937	460,941	27,717,632
Provision for credit losses						(902,064)
						26,815,568

2024	Middle East and North Africa KD 000's	North America KD 000's	Europe & UK KD 000's	Asia KD 000's	Others KD 000's	Total KD 000's
Corporate	12,328,016	683,265	2,473,085	705,462	487,354	16,677,182
Retail	7,889,402	-	5,361	-	-	7,894,763
Loans, advances and Islamic financing to customers	20,217,418	683,265	2,478,446	705,462	487,354	24,571,945
Provision for credit losses						(864,336)
						23,707,609

In March 2007, the Central Bank of Kuwait issued a circular amending the basis of making general provisions on facilities changing the minimum rate from 2% to 1% for cash facilities and 0.5% for non-cash facilities. The required rates were effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral, during the reporting period. Pending further directive from the Central Bank of Kuwait, the general provision in excess of 1% for cash facilities and 0.5% for non-cash facilities was retained as general provision.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

13 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS (continued)

Provisions for credit losses on cash facilities are as follows:

	Specific		General		Total	
	2025 KD 000's	2024 KD 000's	2025 KD 000's	2024 KD 000's	2025 KD 000's	2024 KD 000's
Balance at beginning of the year	189,488	165,273	674,848	697,577	864,336	862,850
Provided during the year	6,309	63,573	26,259	18,168	32,568	81,741
Transfer	(23,430)	40,810	23,430	(40,810)	-	-
Amounts recovered (written off) net of exchange movements	3,852	(80,168)	1,308	(87)	5,160	(80,255)
Balance at end of the year	176,219	189,488	725,845	674,848	902,064	864,336

Analysis of total provision charge for credit losses is given below:

	Specific		General		Total	
	2025 KD 000's	2024 KD 000's	2025 KD 000's	2024 KD 000's	2025 KD 000's	2024 KD 000's
Cash facilities	6,309	63,573	26,259	18,168	32,568	81,741
Non cash facilities	3,191	1,480	2,958	4,018	6,149	5,498
Provision charge for credit losses	9,500	65,053	29,217	22,186	38,717	87,239

13 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS (continued)

Non-performing loans, advances and Islamic financing to customers and related provisions are as follows:

	2025 KD 000's	2024 KD 000's
Loans, advances and Islamic financing to customers	375,959	329,120
Provisions	176,219	189,488

The fair value of collateral that the Group holds relating to loans, advances and Islamic financing to customers individually determined to be non-performing at 31 December 2025 amounts to KD 262,745 thousand (2024: KD 179,304 thousand). The collateral consists of cash, securities, bank guarantees and properties.

The available provision on non-cash facilities of KD 52,031 thousand (2024: KD 45,878 thousand) is included under other liabilities (Note 18). The total provision for cash and non cash credit facilities in accordance with CBK guidelines amounted to KD 954,095 thousand as at 31 December 2025 (31 December 2024: KD 910,214 thousand).

The Expected Credit Losses ("ECL") on credit facilities determined under IFRS 9 in accordance to the CBK guidelines amounted to KD 698,446 thousand as at 31 December 2025 (2024: KD 634,365 thousand). CBK guidelines prescribe certain parameters to determine the ECL on credit facilities such as floors for estimating Probability of Default (PD), eligible collateral with haircuts for determining Loss Given Default (LGD), deemed minimum maturity for Stage 2 exposures, 100% credit conversion factors for utilised cash and non-cash facilities, Stage 3 ECLs at 100% of the defaulted exposure net of eligible collateral after applying applicable haircuts etc.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

13 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS (continued)

An analysis of the carrying amounts of credit facilities by credit quality, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance to the CBK guidelines is as follows:

2025	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
High	22,793,905	590,564	-	23,384,469
Standard	2,996,940	960,264	-	3,957,204
Impaired	-	-	375,959	375,959
Loans, advances and Islamic financing to customers	25,790,845	1,550,828	375,959	27,717,632
Contingent liabilities (Note 25)	5,078,474	953,847	32,301	6,064,622
Commitments (revocable and irrevocable) to extend credit	11,653,546	1,075,580	4,989	12,734,115
ECL allowance for credit facilities	195,771	192,753	309,922	698,446

2024	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
High	20,184,691	551,029	-	20,735,720
Standard	2,529,588	977,517	-	3,507,105
Impaired	-	-	329,120	329,120
Loans, advances and Islamic financing to customers	22,714,279	1,528,546	329,120	24,571,945
Contingent liabilities (Note 25)	4,582,272	801,560	13,551	5,397,383
Commitments (revocable and irrevocable) to extend credit	9,125,227	896,624	429	10,022,280
ECL allowance for credit facilities	176,315	199,369	258,681	634,365

13 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS (continued)

Ageing analysis of past due or impaired Loans, advances and Islamic financing to customers:

	Corporate		Retail		Total	
	Past due and not impaired KD 000's	Impaired KD 000's	Past due and not impaired KD 000's	Impaired KD 000's	Past due and not impaired KD 000's	Impaired KD 000's
2025						
Up to 30 days	47,452	34,843	45,764	210	93,216	35,053
31 - 60 days	24,355	-	30,618	118	54,973	118
61 - 90 days	357	-	3,131	131	3,488	131
91-180 days	-	71,939	-	37,412	-	109,351
More than 180 days	-	136,668	-	94,638	-	231,306
	72,164	243,450	79,513	132,509	151,677	375,959
Specific provisions	-	73,454	-	102,765	-	176,219

	Corporate		Retail		Total	
	Past due and not impaired KD 000's	Impaired KD 000's	Past due and not impaired KD 000's	Impaired KD 000's	Past due and not impaired KD 000's	Impaired KD 000's
2024						
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
Specific provisions	-	75,504	-	113,984	-	189,488

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 2025 was KD 380,883 thousand (2024: KD 259,665 thousand).

Notes to the Consolidated Financial Statements (continued)

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13 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS (continued)

An analysis of the changes in the ECL in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance to the CBK guidelines is as follows:

	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
ECL allowance as at 1 January 2025	176,315	199,369	258,681	634,365
Transfer between stages				
Transfer from Stage 1	(5,678)	3,926	1,752	-
Transfer from Stage 2	39,793	(79,741)	39,948	-
Transfer from Stage 3	12,022	2,360	(14,382)	-
Amounts recovered (written off) net of exchange movements	402	88	4,234	4,724
Net (decrease) increase in ECL for the year	(27,083)	66,751	19,689	59,357
At 31 December 2025	195,771	192,753	309,922	698,446

	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
ECL allowance as at 1 January 2024	195,114	174,258	246,287	615,659
Transfer between stages				
Transfer from Stage 1	(7,817)	5,728	2,089	-
Transfer from Stage 2	43,818	(55,688)	11,870	-
Transfer from Stage 3	14,631	2,472	(17,103)	-
Amounts (written off) recovered net of exchange movements	(3,379)	(652)	(78,639)	(82,670)
Net (decrease) increase in ECL for the year	(66,052)	73,251	94,177	101,376
At 31 December 2024	176,315	199,369	258,681	634,365

14 FINANCIAL INVESTMENTS

The table below provides the details of the categorisation of financial investments:

2025	Amortised cost KD 000's	Fair value through other comprehensive income KD 000's	Fair value through profit or loss KD 000's	Total KD 000's
Investment securities				
Debt securities - Government (Non Kuwait)	1,328,863	4,213,688	894	5,543,445
Debt securities - Non Government	-	3,205,857	2,557	3,208,414
Equities	-	44,888	34,918	79,806
Other investments	-	-	333,655	333,655
	1,328,863	7,464,433	372,024	9,165,320
Expected credit losses	(13,877)	-	-	(13,877)
	1,314,986	7,464,433	372,024	9,151,443
Central Bank of Kuwait bonds	30,605	-	-	30,605
Kuwait Government treasury bonds	755,705	91,314	-	847,019
	2,101,296	7,555,747	372,024	10,029,067

2024	Amortised cost KD 000's	Fair value through other comprehensive income KD 000's	Fair value through profit or loss KD 000's	Total KD 000's
Investment securities				
Debt securities - Government (Non Kuwait)	1,115,962	3,260,815	-	4,376,777
Debt securities - Non Government	-	2,871,247	19,647	2,890,894
Equities	-	40,725	34,390	75,115
Other investments	-	-	300,536	300,536
	1,115,962	6,172,787	354,573	7,643,322
Expected credit losses	(16,844)	-	-	(16,844)
	1,099,118	6,172,787	354,573	7,626,478
Central Bank of Kuwait bonds	343,652	-	-	343,652
Kuwait Government treasury bonds	148,555	-	-	148,555
	1,591,325	6,172,787	354,573	8,118,685

The Group hedges certain fixed rate debt securities amounting to KD 6,435,149 thousand (2024: KD 5,194,981 thousand) for interest rate and foreign currency risks through interest rate and cross currency swaps and designates these as fair value hedges. The hedge ineffectiveness gains and losses relating to these hedges are included in the consolidated income statement.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

14 FINANCIAL INVESTMENTS (continued)

The Group has classified certain equity investments at fair value through other comprehensive income on the basis that these are not held for trading. The dividend received on such investments during 2025 was KD 1,826 thousand (2024: KD 1,472 thousand). During the year, the Group sold FVOCI equity investments with a carrying value of KD 794 thousand (2024: KD 25 thousand) and the realised loss on sale amounted to KD 2,208 thousand (2024: KD 270 thousand).

An analysis of the carrying amounts of investments in debt securities, by credit quality, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance to the CBK guidelines is as follows:

2025	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
High	7,283,087	-	-	7,283,087
Standard	1,463,392	-	-	1,463,392
Impaired	-	-	1,929	1,929
Investments in debt securities	8,746,479	-	1,929	8,748,408
ECL allowance for debt securities	26,208	-	8,259	34,467

2024	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
High	6,004,772	-	-	6,004,772
Standard	1,201,381	41,101	-	1,242,482
Impaired	-	-	770	770
Investments in debt securities	7,206,153	41,101	770	7,248,024
ECL allowance for debt securities	28,091	3,834	8,296	40,221

ECL allowance for investments in debt securities as at 31 December 2025 consists of KD 13,877 thousand (2024: KD 16,844 thousand) in respect of debt securities carried at amortised cost and KD 20,590 thousand (2024: KD 23,377 thousand) in respect of debt securities carried at fair value through other comprehensive income. Investments in debt securities carried at fair value through profit or loss are not subject to Expected Credit Losses. Central Bank of Kuwait bonds and Kuwait Government treasury bonds are not subject to Expected Credit Losses in accordance with CBK guidelines.

14 FINANCIAL INVESTMENTS (continued)

An analysis of changes in the gross carrying amount and the corresponding Expected Credit Losses in relation to Investment in debt securities are as follows.

2025	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
Gross carrying amount as at 1 January 2025	7,206,153	41,101	770	7,248,024
Assets purchased/(de-recognised) during the year -Net	1,338,956	(41,101)	-	1,297,855
Fair value and exchange movements	201,370	-	1,159	202,529
At 31 December 2025	8,746,479	-	1,929	8,748,408

2024	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
Gross carrying amount as at 1 January 2024	6,405,439	186,920	471	6,592,830
Assets purchased/(de-recognised) during the year -Net	850,703	(146,056)	-	704,647
Fair value and exchange movements	(49,989)	237	299	(49,453)
At 31 December 2024	7,206,153	41,101	770	7,248,024

There were no transfers between stage 1, stage 2 and stage 3.

Notes to the Consolidated Financial Statements (continued)

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14 FINANCIAL INVESTMENTS (continued)

2025	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
ECL allowance as at 1 January 2025	28,091	3,834	8,296	40,221
Impact due to purchase/(de-recognition)	1,068	(3,834)	-	(2,766)
Re-measurement of ECL	(2,951)	-	(37)	(2,988)
Net release to consolidated statement of income	(1,883)	(3,834)	(37)	(5,754)
At 31 December 2025	26,208	-	8,259	34,467

2024	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
ECL allowance as at 1 January 2024	16,691	18,228	8,305	43,224
Impact due to purchase/(de-recognition)	13,110	(12,582)	-	528
Re-measurement of ECL	(1,710)	(1,812)	(9)	(3,531)
Net charge (release) to consolidated statement of income	11,400	(14,394)	(9)	(3,003)
At 31 December 2024	28,091	3,834	8,296	40,221

15 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill KD 000's	Intangible Assets KD 000's	Total KD 000's
Cost			
At 1 January 2025	363,973	207,304	571,277
Exchange rate adjustments	1,080	326	1,406
At 31 December 2025	365,053	207,630	572,683
Accumulated amortisation & impairment			
At 1 January 2025	22,829	37,715	60,544
Amortisation charge for the year	-	1,647	1,647
Impairment charge for the year	1,960	-	1,960
Exchange rate adjustments	1,103	326	1,429
At 31 December 2025	25,892	39,688	65,580
Net book value			
At 31 December 2025	339,161	167,942	507,103

	Goodwill KD 000's	Intangible Assets KD 000's	Total KD 000's
Cost			
At 1 January 2024	373,772	211,369	585,141
Acquisition of a subsidiary (Note 24)	3,953	-	3,953
Exchange rate adjustments	(13,752)	(4,065)	(17,817)
At 31 December 2024	363,973	207,304	571,277
Accumulated amortisation & impairment			
At 1 January 2024	36,592	40,133	76,725
Amortisation charge for the year	-	1,647	1,647
Exchange rate adjustments	(13,763)	(4,065)	(17,828)
At 31 December 2024	22,829	37,715	60,544
Net book value			
At 31 December 2024	341,144	169,589	510,733

Net book value of goodwill as at 31 December 2025 includes KD 334,531 thousand (2024: KD 334,531 thousand) in respect of Boubyan Bank K.S.C.P, KD 2,637 thousand (2024: KD 2,660 thousand) in respect of Credit Bank of Iraq S.A and KD 1,993 thousand (2024: KD 3,953 thousand) in respect of UPayments for Payment Systems and Electronic Settlement Company K.S.C.C.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

15 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Net book value of intangible assets as at 31 December 2025 includes banking licences and brand amounting to KD 158,623 thousand (2024: KD 158,623 thousand), customer relationships and core deposits amounting to KD 2,609 thousand (2024: KD 4,256 thousand) and brokerage licences amounting to KD 6,710 thousand (2024: KD 6,710 thousand). Intangible assets with indefinite useful life amounts to KD 165,333 thousand (2024: KD 165,333 thousand). Intangible assets with definite useful life amounting to KD 2,609 thousand (2024: KD 4,256 thousand) are amortised over a period of 15 years.

Impairment testing for goodwill and intangible assets with indefinite useful life

The carrying value of goodwill and intangible assets with indefinite useful life are tested for impairment on an annual basis (or more frequently if evidence exists that goodwill or intangible assets might be impaired) by estimating the recoverable amount of the cash generating unit (CGU) to which these items are allocated using value-in-use calculations unless fair value based on an active market price is higher than the carrying value of the CGU. The value in use calculations use pre-tax cash flow projections based on financial budgets approved by management over a five years period and a relevant terminal growth rate. These cash flows are then discounted to derive a net present value which is compared to the carrying value. The discount rate used is pre-tax and reflects specific risks relating to the relevant cash generating unit.

Since the fair value less cost of disposal of the Group's holding in Boubyan Bank K.S.C.P. is higher than its carrying value, there is no indication that the associated goodwill or intangible assets with indefinite useful life is impaired. Recoverable amount of other goodwill and other intangible assets with indefinite useful life is calculated using value-in-use method based on the following inputs.

A discount rate of 15% and terminal growth rate of 2.3% are used to estimate the recoverable amount of goodwill in respect of UPayments for Payment Systems and Electronic Settlement Company K.S.C.C.. A discount rate of 11.5% (2024: 12%) and terminal growth rate of 2.3% (2024: 2.6%) are used to estimate the recoverable amount of the brokerage licence in Kuwait. The Group has also performed a sensitivity analysis by varying these input factors by a reasonable margin.

Based on such analysis, the Group has recorded an impairment loss of KD 1,960 thousand related to goodwill in respect of UPayments for Payment Systems and Electronic Settlement Company K.S.C.C. There are no indications that the remaining goodwill or intangible assets with indefinite useful life are impaired.

16 OTHER ASSETS

	2025 KD 000's	2024 KD 000's
Interest receivable	265,404	223,792
Positive fair value of derivatives (Note 26)	210,344	336,064
Sundry debtors and other receivables	94,439	75,564
Investment properties	92,676	68,370
Others	69,535	73,344
	732,398	777,134

16 OTHER ASSETS (continued)

The fair value of investment properties was determined by independent valuers who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values were determined based on market approach and income capitalization approach. In estimating the fair values of the properties, the highest and the best use of the properties is their current use where price per square meter and annual lease income are the significant inputs. There has been no change to the valuation techniques during the year. The following table provides the fair value measurement hierarchy of the investment properties:

2025	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's
Investment properties	-	-	92,676	92,676

2024	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's
Investment properties	-	2,161	66,209	68,370

The following table shows a reconciliation of the opening and closing amount of level 3 investment properties:

	At 1 January 2025 KD 000's	Change in fair value KD 000's	Additions KD 000's	Sale/ redemption KD 000's	Exchange rate movements KD 000's	At 31 December 2025 KD 000's
Investment properties	66,209	2,154	23,583	(1,624)	2,354	92,676

	At 1 January 2024 KD 000's	Change in fair value KD 000's	Additions KD 000's	Sale/ redemption KD 000's	Exchange rate movements KD 000's	At 31 December 2024 KD 000's
Investment properties	71,300	(2,256)	9,244	(11,489)	(590)	66,209

Notes to the Consolidated Financial Statements (continued)

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17 OTHER BORROWED FUNDS

	2025 KD 000's	2024 KD 000's
a) Global Medium Term Notes - USD 1,000,000 thousand	304,729	307,053
b) Global Medium Term Notes - USD 500,000 thousand	157,295	155,579
c) Global Medium Term Sukuk - USD 750,000 thousand	-	231,075
d) Global Medium Term Sukuk - USD 500,000 thousand	152,891	-
e) Global Medium Term Sukuk - USD 500,000 thousand	152,891	152,434
f) Subordinated Tier 2 bonds - KD 150,000 thousand	-	149,907
g) Subordinated Tier 2 bonds - KD 150,000 thousand	149,494	-
h) Subordinated Tier 2 bonds - USD 300,000 thousand	-	92,372
i) Subordinated Tier 2 bonds - USD 300,000 thousand	91,309	-
Medium and short term borrowing from banks and financial institutions	551,005	432,002
	1,559,614	1,520,422

- a) Global Medium-Term senior unsecured notes of USD 1,000,000 thousand were issued on 15 September 2021, under the Bank's USD 5 billion Global Medium Term Note programme, maturing on 15 September 2027 with first optional redemption date on 15 September 2026. These notes were issued at 99.518 per cent of nominal value and carry a fixed interest rate of 1.625% per annum payable semi-annually in arrears until the first optional redemption date, followed by a floating rate of SOFR + 105 basis points paid quarterly thereafter.
- b) Global Medium-Term senior unsecured notes of USD 500,000 thousand were issued on 6 June 2024, under the Bank's USD 5 billion Global Medium Term Note programme, maturing on 6 June 2030 with first optional redemption date on 6 June 2029. These notes were issued at 99.905 per cent of nominal value and carry a fixed interest rate of 5.5% per annum payable semi-annually in arrears until the first optional redemption date, followed by a floating rate of SOFR + 116 basis points paid quarterly thereafter.
- c) Global Medium-Term senior unsecured Sukuk of USD 750,000 thousand were issued by Boubyan Bank K.S.C.P, a subsidiary of the Group in February 2020, with a tenor of 5 years, issued at par and carry at a fixed profit rate of 2.593% per annum, payable semi-annually in arrears. During the year, these sukuks were redeemed.
- d) Global Medium-Term senior unsecured Sukuk of USD 500,000 thousand were issued by Boubyan Bank K.S.C.P, a subsidiary of the Group in June 2025, with a tenor of 5 years, issued at par and carry at a fixed profit rate of 4.973% per annum, payable semi-annually in arrears.
- e) Global Medium-Term senior unsecured Sukuk of USD 500,000 thousand were issued by Boubyan Bank K.S.C.P, a subsidiary of the Group in March 2022, with a tenor of 5 years, issued at par and carry at a fixed profit rate of 3.389% per annum, payable semi-annually in arrears.
- f) Subordinated Tier 2 bonds of KD 150,000 thousand were issued in November 2020 with a tenor of up to 10 years, comprising equal tranches of fixed rate bonds and floating rate bonds. These bonds are unsecured and callable in whole or in part at the option of the Bank after 5 years from the date of issuance, subject to certain conditions and regulatory approvals. During the year, the Bank exercised the call option to redeem these bonds.
- g) Subordinated Tier 2 bonds of KD 150,000 thousand were issued in November 2025 with a tenor of up to 10 years and 3 months, comprising equal tranches of fixed rate bonds and floating rate bonds. Fixed rate bonds carry an interest rate of 5.25% per annum for the first five years and will be reset on the fifth year anniversary of date of issuance. Floating-rate bonds carry an interest rate of 2% per annum over the CBK discount rate, reset semi-annually, subject to a maximum of 1% over the prevailing rate for the fixed-rate bonds. These bonds are unsecured and callable in whole or in part at the option of the Bank after 5 years from the date of issuance, subject to certain conditions and regulatory approvals.

17 OTHER BORROWED FUNDS (continued)

- h) Subordinated Tier 2 bonds of USD 300,000 thousand were issued in November 2020 with a tenor of up to 10 years. These bonds are unsecured and callable in whole or in part at the option of the Bank after 5 years from the date of issuance, subject to certain conditions and regulatory approvals. During the year, the Bank exercised the call option to redeem these bonds.
- i) Subordinated Tier 2 bonds of USD 300,000 thousand were issued in November 2025 with a tenor of up to 10 years and 3 months, carry a fixed rate of 5.25% per annum for the first five years and will be reset on the fifth year anniversary of date of issuance. These bonds are unsecured and callable in whole or in part at the option of the Bank after 5 years from the date of issuance, subject to certain conditions and regulatory approvals.

18 OTHER LIABILITIES

	2025 KD 000's	2024 KD 000's
Interest payable	301,039	271,823
Income received in advance	67,944	59,094
Taxation	95,520	51,845
Provision on non-cash facilities (Note 13)	52,031	45,878
Accrued expenses	92,177	78,295
Negative fair value of derivatives (Note 26)	117,317	55,985
Post-employment benefit	69,661	60,425
Lease liabilities	37,904	37,957
Items in transit	89,930	128,225
Others	157,643	150,255
	1,081,166	939,782

Taxation

Taxation includes contribution payable to KFAS for the year ended 31 December 2025 amounting to KD 6,988 thousand (Refer Note 9). Contribution payable for previous years has been settled.

Post-Employment Benefit

The present value of defined benefit obligations and the related current and past service cost was determined by actuarial valuations using the projected unit credit method. The significant inputs used in the actuarial valuation are a discount rate of 5% (2024: 5.60%), future salary increases in line with expected consumer price inflation and demographic assumptions of mortality, withdrawal, retirement and disability rates.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

18 OTHER LIABILITIES (continued)

The movement in the post-employment benefit was as follows:

	2025 KD 000's	2024 KD 000's
Balance at 1 January	60,425	53,257
Net charge during the year	10,122	11,568
Paid during the year	(5,244)	(6,370)
Actuarial loss in respect of defined benefit plans	4,358	1,970
Balance at 31 December	69,661	60,425

19 SHARE CAPITAL AND RESERVES

a) Share capital

The authorised share capital of the Bank comprises 10,000,000,000 (2024: 10,000,000,000) shares of 100 fils each.

	2025 KD 000's	2024 KD 000's
Issued and fully paid in cash:		
8,742,765,046 (2024: 8,326,442,901) shares of 100 fils each	874,277	832,644

Annual General Meeting of the shareholders held on 15 March 2025 approved an increase of KD 41,632 thousand (2024: KD 39,649 thousand) in the issued and fully paid share capital of the Bank by issuing 416,322,145 (2024: 396,497,281) bonus shares representing 5% of the share capital. The issued and fully paid-up share capital increased from KD 832,644,290 to KD 874,276,505 and the change in share capital was recorded in the commercial register on 18 March 2025.

The movement in ordinary shares in issue during the year was as follows:

	2025	2024
Number of shares in issue as at 1 January	8,326,442,901	7,929,945,620
Bonus issue	416,322,145	396,497,281
Number of shares in issue as at 31 December	8,742,765,046	8,326,442,901

b) Statutory reserve

The Board of Directors recommended a transfer of KD 20,816 thousand (2024: KD 19,825 thousand) to the statutory reserve. This is in compliance with the Bank's Articles of Association and the Companies Law, as amended, which require a minimum of 10% of profit for the year attributable to the shareholders of the Bank before KFAS to be transferred to a non-distributable statutory reserve until such time as this reserve exceeds 50% of the Bank's issued capital. Accordingly, the transfer to statutory reserve, which is less than 10% of the profit for the year, is that amount required to make the statutory reserve in excess of 50% of the Bank's issued capital.

Distribution of this reserve is limited to the amount required to enable payment of a dividend of 5% of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

19 SHARE CAPITAL AND RESERVES (continued)

c) Share premium account

The balance in the share premium account is not available for distribution.

d) Treasury shares and Treasury share reserve

The balance in the treasury share reserve account is not available for distribution. Further, an amount equal to the cost of treasury shares is not available for distribution from general reserve throughout the holding period of these treasury shares.

e) Other reserves

	KD 000's							
	General reserve	Retained earnings	Foreign currency translation reserve	Cumulative changes in fair values	Share based payment reserve	Actuarial valuation reserve	Proposed cash dividend	Total other reserves
Balance as at 1 January 2025	117,058	1,975,750	(427,418)	92,980	14,409	2,798	208,161	1,983,738
Profit for the year	-	575,648	-	-	-	-	-	575,648
Other comprehensive income (loss)	-	-	59,367	56,123	-	(3,807)	-	111,683
Total comprehensive income (loss)	-	575,648	59,367	56,123	-	(3,807)	-	687,331
Transfer to statutory reserve (Note 19b)	-	(20,816)	-	-	-	-	-	(20,816)
Final cash dividend paid (2024)	-	-	-	-	-	-	(208,161)	(208,161)
Proposed final cash dividend - 35 fils per share (Note 20)	-	(305,997)	-	-	-	-	305,997	-
Proposed bonus shares (Note 20)	-	(43,713)	-	-	-	-	-	(43,713)
Transaction cost on issue of Perpetual Tier 1 Capital Securities	-	(981)	-	-	-	-	-	(981)
Interest paid on perpetual Tier 1 Capital Securities	-	(14,483)	-	-	-	-	-	(14,483)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	(3,661)	-	-	-	-	-	(3,661)
Transfer of share based payment reserve to retained earnings	-	14,409	-	-	(14,409)	-	-	-
Realised loss on equity investments at FVOCI	-	(1,334)	-	1,334	-	-	-	-
Other movements	-	(2,843)	-	-	-	-	-	(2,843)
At 31 December 2025	117,058	2,171,979	(368,051)	150,437	-	(1,009)	305,997	2,376,411

Notes to the Consolidated Financial Statements (continued)

31 December 2025

19 SHARE CAPITAL AND RESERVES (continued)

e) Other reserves (continued)

	KD 000's							
	General reserve	Retained earnings	Foreign currency translation reserve	Cumulative changes in fair values	Share based payment reserve	Actuarial valuation reserve	Proposed cash dividend	Total other reserves
Balance as at 1 January 2024	117,058	1,750,695	(351,838)	83,553	14,409	4,514	198,249	1,816,640
Profit for the year	-	600,122	-	-	-	-	-	600,122
Other comprehensive (loss) income	-	-	(75,580)	9,265	-	(1,716)	-	(68,031)
Total comprehensive income (loss)	-	600,122	(75,580)	9,265	-	(1,716)	-	532,091
Transfer to statutory reserve (Note 19b)	-	(19,825)	-	-	-	-	-	(19,825)
Final cash dividend paid (2023)	-	-	-	-	-	-	(198,249)	(198,249)
Interim cash dividend paid - 10 fils per share (Note 20)	-	(83,264)	-	-	-	-	-	(83,264)
Proposed final cash dividend - 25 fils per share (Note 20)	-	(208,161)	-	-	-	-	208,161	-
Proposed bonus shares (Note 20)	-	(41,633)	-	-	-	-	-	(41,633)
Interest paid on perpetual Tier 1 Capital Securities	-	(18,163)	-	-	-	-	-	(18,163)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	(3,652)	-	-	-	-	-	(3,652)
Realised loss on equity investments at FVOCI	-	(162)	-	162	-	-	-	-
Other movements	-	(207)	-	-	-	-	-	(207)
At 31 December 2024	117,058	1,975,750	(427,418)	92,980	14,409	2,798	208,161	1,983,738

The general reserve was created in accordance with Bank's Articles of Association and is freely distributable, except for the amount equivalent to the cost of treasury shares.

The foreign currency translation reserve includes the exchange differences on conversion of results and financial position of all group entities including goodwill, intangible assets and any fair value adjustments to the carrying value of assets and liabilities from their functional currency to the presentation currency.

Actuarial valuation reserve represents the gain (loss) resulting from increase in the present value of defined benefit plans due to changes in actuarial assumptions.

20 DIVIDEND

The Board of Directors recommended distribution of final cash dividend of 35 fils per share (2024: 25 fils per share) and bonus shares of 5% (2024: 5%) on outstanding shares as at 31 December 2025. During 2024, the Bank paid an interim cash dividend of 10 fils per share amounting KD 83,264 thousand. The final cash dividend and bonus shares for 2025, if approved by the Shareholders' Annual General Meeting, shall be payable to the shareholders after obtaining the necessary regulatory approvals.

21 PERPETUAL TIER 1 CAPITAL SECURITIES

The Bank issued the following Perpetual Tier 1 Capital Securities (the "Capital Securities"), through wholly owned special-purpose vehicles:

	2025 KD 000's	2024 KD 000's
USD 800,000 thousand (issued in July 2025 at an interest rate of 6.375% per annum, payable semi-annually in arrears, until the first reset date in July 2031, redeemable at the option of the Bank in January 2031)	244,040	-
USD 700,000 thousand (issued in February 2021 at an interest rate of 3.625% per annum, payable semi-annually in arrears, until the first reset date in February 2027, redeemable at the option of the Bank in August 2026)	211,295	211,295
USD 750,000 thousand (issued in November 2019 at an interest rate of 4.5% per annum, payable semi-annually in arrears, until the first reset date in November 2025, redeemable at the option of the Bank in August 2025)	-	227,737
Balance at 31 December	455,335	439,032

During the year, the Bank refinanced its outstanding USD 750,000 thousand Perpetual Tier 1 capital securities issued in November 2019 and callable in August 2025 through pursuing a tender buy-back and exercise of call option and issuing new Perpetual Tier 1 capital securities amounting to USD 800,000 thousand.

The above mentioned Capital securities are subordinated, unsecured and are eligible to be classified under equity in accordance with IAS 32: Financial Instruments – Presentation. Payments of interest in respect of the Capital Securities may be cancelled (in whole or in part) at the sole discretion of the Bank on a non-cumulative basis. Any such cancellation is not considered an event of default. Payments of interest are treated as a deduction from equity. The Capital Securities have no maturity date and are callable (in whole but not in part) at par at the option of the Bank on the first call date and on every interest payment date thereafter, subject to certain conditions.

During 2021, Boubyan Bank K.S.C.P issued "Tier 1 Sukuk", through a Sharia's compliant Sukuk arrangement amounting to USD 500,000 thousand, callable in October 2026 and bears an expected profit rate of 3.95% per annum until the first reset date in April 2027, payable semi-annually in arrears.

Tier 1 Sukuk is a perpetual security with no fixed redemption date and constitutes direct, unsecured, subordinated obligations subject to the terms and conditions of the Mudaraba Agreement. Tier 1 Sukuk is eligible to be classified under equity in accordance with IAS 32 : Financial Instruments – Presentation. The Parent Bank did not subscribe to the Tier 1 Sukuk issue and the total amount is included in non-controlling interest in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

22 SHARE BASED PAYMENT

The Bank operates a cash-settled share-based compensation plan and granted options to its senior executives. These options vest if the employees remain in service for a period of three years and will be settled by cash payment determined based on the market value of the Bank's equity shares on vesting date.

The fair value of options granted during the year as determined using the Black-Scholes valuation model was KD 0.939 (2024: KD 0.830) as at the end of the year. The significant inputs into the model were a share price of KD 1.015 (2024: KD 0.896) at the measurement date, a standard deviation of expected share price returns of 20.19% (2024: 18.93%), option life disclosed above and annual risk free interest rate of 3.50% (2024:4.00%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

The following table shows the movement in number of share options during the year:

	2025 No. of share options	2024 No. of share options
Outstanding at 1 January	8,887,887	8,202,862
Granted during the year	4,170,682	3,704,972
Exercised during the year	(2,575,641)	(2,617,837)
Lapsed during the year	(184,073)	(402,110)
Outstanding at 31 December	10,298,855	8,887,887

The expense accrued on account of share-based compensation plans for the year amounts to KD 3,644 thousand (2024: KD 2,524 thousand) and is included under staff expenses.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices for identical or similar instruments in market that are considered less than active or other valuation techniques in which all significant inputs are observable from market data. Debt securities under this category mainly include sovereign debt instruments in the Middle East & North Africa (MENA) region.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3: valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Valuation techniques include discounted cash flow models, comparison with similar instruments for which market observable prices exist, recent transaction information and net asset values. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2025, there were no transfers between level 1, level 2 and level 3.

The following table provides the fair value measurement hierarchy of the Group's financial instruments recorded at fair value:

2025	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's
Debt securities	7,067,069	267,462	88,465	7,422,996
Equities and other investments	60,870	306,616	45,975	413,461
Kuwait Government treasury bonds	91,314	-	-	91,314
	7,219,253	574,078	134,440	7,927,771
Derivative financial instruments (Note 26)	-	93,027	-	93,027

2024	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's
Debt securities	5,813,600	255,792	82,317	6,151,709
Equities and other investments	60,614	272,576	42,461	375,651
	5,874,214	528,368	124,778	6,527,360
Derivative financial instruments (Note 26)	-	280,079	-	280,079

Notes to the Consolidated Financial Statements (continued)

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23 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below analyses the movement in level 3 and the income (dividend and realised gain) generated during the year.

	At 1 January 2025	Change in fair value	Additions	Sale/ redemption	Exchange rate movements	At 31 December 2025	Net gains in the consolidated statement of income
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Debt securities	82,317	-	53,500	(47,038)	(314)	88,465	7,408
Equities and other investments	42,461	4,431	1,002	(1,895)	(24)	45,975	1,222
	124,778	4,431	54,502	(48,933)	(338)	134,440	8,630

	At 1 January 2024	Change in fair value	Additions	Sale/ redemption	Exchange rate movements	At 31 December 2024	Net gains in the consolidated statement of income
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Debt securities	46,832	-	35,279	-	206	82,317	4,890
Equities and other investments	43,012	(1,223)	1,235	(597)	34	42,461	1,389
	89,844	(1,223)	36,514	(597)	240	124,778	6,279

The fair value of unquoted debt securities included in this category are estimated using discounted cash flow method. Equities and other securities included in this category mainly include strategic equity investments and private equity funds which are not traded in an active market. The fair values of these investments are estimated by using valuation techniques that are appropriate in the circumstances. Valuation techniques include discounted cash flow models, observable market information of comparable companies, recent transaction information and net asset values. Significant unobservable inputs used in valuation techniques mainly include discount rate, terminal growth rate, revenue, profit estimates and market multiples such as price to book and price to earnings. Given the diverse nature of these investments, it is not practical to disclose a range of significant unobservable inputs.

Other financial assets and liabilities are carried at amortised cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are repriced immediately based on market movement in interest rates. Fair values of remaining financial assets and liabilities carried at amortised cost are estimated mainly using discounted cash flow models incorporating certain assumptions such as credit spreads that are appropriate in the circumstances.

Sensitivity analysis on fair value estimations, by varying input assumptions by a reasonable margin, did not indicate any material impacts on consolidated statement of financial position or consolidated statement of income.

24 SUBSIDIARIES

Principal operating subsidiaries:

Name of entities	Country of incorporation	Principal business	Percentage ownership	
			2025	2024
Boubyan Bank K.S.C.P.	Kuwait	Islamic Banking	60.4	60.4
National Bank of Kuwait - Egypt S.A.E.	Egypt	Banking	99.1	99.1
Watani Investment Company K.S.C.(Closed)	Kuwait	Investment Company	100.0	100.0
National Bank of Kuwait (International) PLC	United Kingdom	Banking	100.0	100.0
National Bank of Kuwait France SA	France	Banking	100.0	100.0
NBK Banque Privée (Suisse) S.A.	Switzerland	Investment Management	100.0	100.0
National Bank of Kuwait (Lebanon) S.A.L.	Lebanon	Banking	85.5	85.5
Credit Bank of Iraq S.A.	Iraq	Banking	92.5	92.5
National Investors Group Holdings Limited	Cayman Islands	Investment Company	100.0	100.0
Watani Wealth Management Company	Saudi Arabia	Investment Management	100.0	100.0
Watani Financial Brokerage Company K.S.C. (Closed)*	Kuwait	Brokerage	-	100.0
NBK GDM (Caymans) Limited	Cayman Islands	Treasury activities	100.0	100.0
BLME Holdings Plc, ("BLME") (held through Boubyan Bank K.S.C.P.)	United Kingdom	Islamic Banking	72.4	72.4
UPayments for Payment Systems and Electronic Settlement Company K.S.C.C.	Kuwait	Financial Technology	51.0	51.0

At 31 December 2025, 38.1% (2024: 38.1%) 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.

*During the year, the Group merged its subsidiaries Watani Financial Brokerage Company K.S.C.(Closed) and Watani Investment Company K.S.C.(Closed), in a business combination under common control.

The Bank also holds voting capital in certain special-purpose entities which have been established to manage funds and fiduciary assets on behalf of the Bank's customers. The Bank does not have a beneficial interest in the underlying assets of these companies. Information about the Group's fund management activities is set out in Note 30.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

24 SUBSIDIARIES (continued)

Significant non-controlling interest exists in Boubyan Bank K.S.C.P. as follows:

	2025 KD 000's	2024 KD 000's
Accumulated balances of non-controlling interest	616,382	596,997
Profit attributable to non-controlling interest	39,526	37,665

Summarized financial information of Boubyan Bank K.S.C.P. is as follows:

	2025 KD 000's	2024 KD 000's
Summarized financial information		
Assets	10,201,278	9,376,568
Liabilities	9,063,393	8,290,508
Net operating income	267,565	246,183
Results for the year	100,914	96,784
Other comprehensive income (loss) for the year	1,462	(1,097)

	2025 KD 000's	2024 KD 000's
Summarized cash flow information		
Operating cash flow	(109,834)	498,051
Investing cash flow	(58,806)	(236,578)
Financing cash flow	24,736	(140,357)

25 COMMITMENTS AND CONTINGENT LIABILITIES

	2025 KD 000's	2024 KD 000's
Commitments on behalf of customers for which there are corresponding liabilities by the customers concerned:		
Acceptances	145,542	180,765
Letters of credit	575,733	545,793
Guarantees	5,343,347	4,670,825
	6,064,622	5,397,383

Irrevocable commitments to extend credit amount to KD 2,615,137 thousand (2024: KD 1,410,803 thousand). This includes commitments to extend credit which are irrevocable over the life of the facility or are revocable only in response to a material adverse change.

In the normal course of business, the Group has exposure to various indirect credit commitments which, though not reflected in the consolidated statement of financial position, are subject to normal credit standards, financial controls and monitoring procedures.

These credit commitments do not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded. Credit losses, if any, which may result from exposure to such commitments are not expected to be significant.

The Group has commitments in respect of capital expenditure amounting to KD 78,066 thousand (2024: KD 75,598 thousand).

26 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are financial instruments that derive their value by referring to interest rates, foreign exchange rates, index of prices or rates and credit rating or credit index. Notional principal amounts merely represent amounts to which a rate or price is applied to determine the amounts of cash flows to be exchanged and do not represent the potential gain or loss associated with the market or credit risk of such instruments.

Derivative financial instruments are carried at fair value in the 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 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 counter-parties of replacing all their transactions with the Group.

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 qualifies 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 purpose but do not meet the qualifying criteria for hedge accounting. The risk exposures on account of derivative financial instruments for customers are covered by entering into opposite transactions (back to back) with counterparties or by other risk mitigating transactions.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

26 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

Interest rate swaps

Interest rate swaps are contractual agreements between two counter-parties to exchange interest payments on a defined principal amount for a fixed period of time. In cross currency interest rate swaps, the Group exchanges interest payment in two different currencies on a defined principal amount for a fixed period of time and also exchanges defined principal amounts in two different currencies at inception of the contract and re-exchanges principal amounts on maturity. Profit rate swaps are also included in this category.

Forward foreign exchange

Forward foreign exchange contracts are agreements to buy or sell currencies at a specified rate and at a future date.

The fair value of derivative financial instruments included in the financial records, together with their notional amounts is summarised as follows:

	2025			2024		
	Positive fair value KD 000's	Negative fair value KD 000's	Notional KD 000's	Positive fair value KD 000's	Negative fair value KD 000's	Notional KD 000's
Interest rate swaps (held as fair value hedges)	172,910	86,191	7,991,891	313,330	23,226	6,491,388
Interest rate swaps (others)	14,847	18,718	756,198	2,605	657	97,283
Forward foreign exchange contracts	22,587	12,408	4,531,054	20,129	32,102	3,960,357
	210,344	117,317	13,279,143	336,064	55,985	10,549,028

Positive fair value is included in other assets (Note 16) and negative fair value is included in other liabilities (Note 18).

The Group's strategy is not to carry interest rate risk for long duration assets. The Group uses interest rate swaps to hedge its exposure to changes in the fair values due to interest rate risk on certain investments in fixed rate debt securities, fixed-rate corporate loans and fixed-rate liabilities issued. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria. In fair value hedge relationships, the Group assesses whether the interest rate swaps designated in each hedging relationship is expected to be highly effective in offsetting changes in fair value of the hedged item attributable to interest rate risk using appropriate qualitative and quantitative methods. The Group generally seeks to fully match the critical terms (tenor, notionals, interest rate exposure, currency, interest payments frequency and payment periods) of the hedged item and hedging instrument.

The Group minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

27 RELATED PARTY TRANSACTIONS

Related parties comprise board members and executive officers of the Bank, their close family members, companies controlled by them or close family members and associates of the Group. Certain related parties were customers of the Group in the ordinary course of business. Transactions with related parties were 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 did not involve more than a normal amount of risk. Lending to Board Members and their related parties is secured by tangible collateral in accordance with regulations of Central Bank of Kuwait.

Details of the interests of related parties are as follows:

	Number of Board Members and Executive Officers		Number of related parties		2025	
	2025	2024	2025	2024	KD 000's	2024 KD 000's
Board Members and Executive Officers						
Loans	8	8	20	19	40,221	47,093
Contingent liabilities	1	1	9	8	15,878	21,164
Credit cards	20	17	40	33	223	229
Deposits	26	25	99	84	42,098	39,423
Collateral against credit facilities	3	2	17	15	176,072	151,457
Interest and fee income					2,450	2,810
Interest expense					991	1,137
Purchase of equipment and other expenses					317	365

Details of compensation to key management personnel are as follows:

	2025 KD 000's	2024 KD 000's
Salaries and other short term benefits	16,983	15,503
Post-employment benefits	349	230
Share based compensation	1,325	965
	18,657	16,698

Remuneration to directors of the Bank amounting to KD 990 thousand for the year ended 31 December 2025 (31 December 2024: KD 770 thousand, approved in AGM held on 15 March 2025) is in accordance with local regulations and is subject to approval of shareholders at the Annual General Meeting.

Notes to the Consolidated Financial Statements (continued)

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28 RISK MANAGEMENT

Risk is inherent in the Group's activities but is managed in a structured, systematic manner through a global risk policy which embeds comprehensive risk management into organisational structure, risk measurement and monitoring processes. The overall risk management direction and oversight are provided by the Board of Directors with the support of the Board Risk and Compliance Committee and the Board Audit Committee. The Group's Risk Management and Internal Audit functions assist Executive Management in controlling and actively managing the Group's overall risk profile.

The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

In accordance with the Central Bank of Kuwait's directives, the Group has implemented a comprehensive system for the measurement and management of risk. This methodology helps in reflecting both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. Information compiled from all internal business groups are closely examined and analysed to identify and control risks.

Transactions and outstanding risk exposures are quantified and compared against authorised limits, whereas non-quantifiable risks are monitored against policy guidelines and key risk and control indicators. Any discrepancies, excesses or deviation are escalated to management for appropriate action.

As part of its overall risk management, the Group uses interest rate swaps, forward foreign exchange contracts and other instruments to manage exposures resulting from changes in interest rates, foreign exchange, equity risks, credit risks and exposures arising from forecast transactions. Collaterals are used to reduce the Group's credit risks.

The Group's comprehensive risk management framework has specific guidelines that focus on maintaining a diversified portfolio to avoid excessive concentration of risk.

28.1 CREDIT RISK

Credit risk is the risk that counterparty will cause a financial loss to the Group by failing to discharge an obligation. Credit risk arises in the Group's normal course of business.

All significant policies relating to credit risks are reviewed and approved by the Board of Directors.

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 loans 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% 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 periodical review of the credit performance and account rating.

28 RISK MANAGEMENT (continued)

28.1 CREDIT RISK (continued)

28.1.1 ASSESSMENT OF EXPECTED CREDIT LOSSES

Definition of default

The Group considers a financial asset to be in default and therefore Stage 3 (credit impaired) for ECL calculations when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- borrower is considered as credit-impaired based on qualitative assessment for internal credit risk Management purposes
- retail facilities from commencement of legal recourse

The Group considers investments and interbank balances as in default when the coupon or principal payment is past due for 1 day. The Group considers externally-rated portfolio with ratings 'D' from S&P and Fitch, and 'C' from Moody's as defaulted.

The Group considers a variety of indicators that may indicate unlikelihood to pay as part of a qualitative assessment of whether a customer is in default. Such indicators include:

- breaches of covenants
- borrower having past due liabilities to public creditors or employees
- borrower is deceased

The Group considers a financial asset to be no longer in default and therefore reclassified out of stage 3, when it no longer meets any of the default criteria. Transfer from Stage 3 to Stage 2/Stage 1 requires a notification to be sent to the Regulator with the proper justification.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assess as whether there has been a significant increase in credit risk since initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. Financial assets that are 30 days past due are generally deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk unless this is rebutted.

Any stressed credit facility that has been restructured would also be classified in stage 2 unless it qualifies for stage 3 classification. The Group considers a financial asset as 'cured' (i.e., in a lowered distressed state) and therefore reclassified out of stage 2 when it no longer meets the criteria for inclusion in Stage 2. According to the regulatory requirements, for facilities (except for retail facilities) classified under Stage 2, these would require completing a minimum of 1 year, post recovery, of meeting the scheduled payments, to be classified in Stage 1. Transfer from Stage 2 to Stage 1 requires a notification to be sent to the Regulator with the proper justification.

The Group considers a financial instrument with an external rating of "investment grade" as at the reporting date to have low credit risk. In addition to the above quantitative criteria, the Group applies qualitative criteria for the assessment of significant increase in credit risk based on monitoring of certain early warning signals.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represents 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 probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward-looking macro-economic scenarios, etc.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

28 RISK MANAGEMENT (continued)

28.1 CREDIT RISK (continued)

28.1.1 ASSESSMENT OF EXPECTED CREDIT LOSSES (continued)

Measurement of ECLs (continued)

The Group calculates ECL on credit facilities classified in stage 3 at 100% of the defaulted exposure net of the value of eligible collaterals after applying applicable haircuts.

The Group in estimating ECL for credit facilities has taken into consideration the following key parameters based on inputs from CBK:

- Floor for estimating PDs for specific portfolios
- Eligible collateral with haircuts for determining LGD and floor for LGD for unsecured facilities.
- Deemed maturity for exposures in Stage 2
- Credit Conversion Factor on utilized and un-utilized portions for cash and non-cash facilities

Internal rating and PD estimation process

In managing its portfolio, the Group utilises ratings and other measures and techniques which seek to take account of all aspects of perceived risk. The Group uses industry-standard rating tools for assessing ratings/scores that are then leveraged for PD estimation process. The tool provides the ability to analyse a business and produces risk ratings at both the obligor and facility levels. The analysis supports the usage of financial factors as well as non-financial subjective factors. The Group also uses external ratings by recognised rating agencies for externally-rated portfolios.

The Probability of Default (PD) is the likelihood that an obligor will default on its obligations in the future. IFRS 9 requires the use of separate PD for a 12-month duration and lifetime duration depending on the stage allocation of the obligor. A PD used for IFRS 9 should reflect the Group's estimate of the future asset quality. The through-the-cycle (TTC) PDs are generated from the rating tool based on the internal/external credit ratings. The Group converts the TTC PDs to point-in-time (PIT) PD term structures using appropriate models and techniques.

The Group assesses the PD for its retail portfolio through behavioural scorecards. The Consumer portfolio is further segmented statistically and risk pools with shared risk characteristics are addressed with different scorecards relevant for each of the risk pool. The segmentation is based on demographic, behavioural and financial variables which distinctly rank order risk. The scorecards were developed using statistical techniques. Executing the scorecard will return an associated PD value for each of the facility. The term structure PDs are then derived using a base PD.

Exposure at default

Exposure at default (EAD) represents the amount which the obligor will owe to the Group at the time of default. The Group considers variable exposures that may increase the EAD in addition to the drawn credit line. These exposures arise from undrawn limits and contingent liabilities. Therefore, the exposure will contain both on and off balance sheet values. EAD is estimated taking into consideration the contractual terms such as coupon rates, frequency, reference curves, maturity, pre-payment options, amortization schedule, credit conversion factors, etc. EAD for retail loans incorporate prepayment assumptions whereas, for credit cards portfolio, credit conversion factors are applied to estimate the future drawdowns.

28 RISK MANAGEMENT (continued)

28.1 CREDIT RISK (continued)

28.1.1 ASSESSMENT OF EXPECTED CREDIT LOSSES (continued)

Loss-given-default

Loss-given-default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

Incorporation of forward-looking information

Key economic variables include, but are not limited to, Gross Domestic Product, Equity price index, Oil prices, and Government expenditure. Together, they provide reasonable indications and forecasts of future macro-economic conditions. The consideration of such factors increases the degree of judgment in determination of ECL. The Group employs statistical models which incorporate the effect of macro-economic factors to adjust the historical TTC PDs to arrive at the PIT PDs. The Group considers three scenarios (baseline, upside and downside) of forecasts of macro-economic data separately for designated geographies and segments, and appropriate probability weights are applied to these scenarios to derive a probability-weighted outcome of expected credit loss. Management reviews the methodologies and assumptions including any forecasts of future economic conditions, on a regular basis.

The weighting of the multiple scenarios increased the Group's reported allowance for expected credit losses on financial assets, other than credit facilities, in Stage 1 and Stage 2, relative to the base case scenario, by KD 1,908 thousand (2024: increased by KD 4,601 thousand). If the Group were to use only downside case scenario, allowance for expected credit losses on financial assets other than credit facilities would be KD 9,383 thousand (2024: KD 14,410 thousand) higher than the reported allowance for expected credit losses on financial assets, other than credit facilities, as at 31 December 2025.

The weighting of the multiple scenarios increased the Group's reported allowance for expected credit losses on credit facilities, in Stage 1 and Stage 2, relative to the base case scenario, by KD 4,698 thousand (2024: increased by KD 3,404 thousand). If the Group were to use only downside case scenario, allowance for expected credit losses on credit facilities would be KD 32,348 thousand (2024: KD 25,739 thousand) higher than the reported allowance for expected credit losses on credit facilities as at 31 December 2025.

Actual outcomes may differ as this neither considers the migration of exposures nor incorporates changes which would occur in the portfolio due to risk mitigation actions and other factors.

Notes to the Consolidated Financial Statements (continued)

31 December 2025

28 RISK MANAGEMENT (continued)

28.1 CREDIT RISK (continued)

28.1.2 MAXIMUM EXPOSURE TO CREDIT RISK

An analysis of loans, advances and Islamic facilities to customers and contingent liabilities before and after taking account of eligible collateral held or other credit enhancements, is as follows:

	2025		2024	
	Gross exposure KD 000's	Net exposure KD 000's	Gross exposure KD 000's	Net exposure KD 000's
Loans, advances and Islamic financing to customers	26,815,568	18,349,340	23,707,609	16,300,409
Contingent liabilities	6,064,622	5,824,406	5,397,383	5,198,303

For other financials assets, the gross exposure amounts are equal to net exposure amounts.

Collateral and other credit enhancements

The amount, type and valuation of collateral are based on guidelines specified in the risk management framework. The main types of collateral accepted includes real estate, quoted shares, cash collateral and bank guarantees. The revaluation and custody of collaterals are performed independent of the business units.

28.1.3 RISK CONCENTRATION OF THE MAXIMUM EXPOSURE TO CREDIT RISK

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 Group's assets to any single counterparty. This risk is 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 2025 is 15% (2024: 14%).

28 RISK MANAGEMENT (continued)**28.1 CREDIT RISK** (continued)**28.1.3 RISK CONCENTRATION OF THE MAXIMUM EXPOSURE TO CREDIT RISK** (continued)

The Group's financial assets and off-balance sheet items, before taking into account any collateral held or credit enhancements can be analysed by the following geographic regions:

2025	Middle East and North Africa	North America	Europe & UK	Asia	Others	Total
Geographic region	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Balances and deposits with banks	4,482,570	1,117,618	950,249	278,194	196	6,828,827
Central Bank of Kuwait bonds	30,605	-	-	-	-	30,605
Kuwait Government treasury Bonds	847,019	-	-	-	-	847,019
Loans, advances and Islamic financing to customers	21,950,691	776,127	2,819,335	810,792	458,623	26,815,568
Investment securities	6,348,062	48,986	810,399	1,499,739	30,796	8,737,982
Other assets	292,319	36,369	297,605	10,135	2,671	639,099
	33,951,266	1,979,100	4,877,588	2,598,860	492,286	43,899,100
Commitments and contingent liabilities (Note 25)	5,542,957	596,112	1,253,113	1,262,410	25,167	8,679,759
	39,494,223	2,575,212	6,130,701	3,861,270	517,453	52,578,859
2024						
Geographic region	Middle East and North Africa	North America	Europe & UK	Asia	Others	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Balances and deposits with banks	3,566,306	1,977,667	822,416	163,868	183	6,530,440
Central Bank of Kuwait bonds	343,652	-	-	-	-	343,652
Kuwait Government treasury bonds	148,555	-	-	-	-	148,555
Loans, advances and Islamic financing to customers	19,412,335	677,969	2,434,663	698,483	484,159	23,707,609
Investment securities	5,251,438	60,936	523,169	1,384,725	30,559	7,250,827
Other assets	256,187	39,432	399,170	9,375	2,904	707,068
	28,978,473	2,756,004	4,179,418	2,256,451	517,805	38,688,151
Commitments and contingent liabilities (Note 25)	3,995,118	385,974	1,160,180	1,240,604	26,310	6,808,186
	32,973,591	3,141,978	5,339,598	3,497,055	544,115	45,496,337

Notes to the Consolidated Financial Statements (continued)

31 December 2025

28 RISK MANAGEMENT (continued)

28.1 CREDIT RISK (continued)

28.1.3 RISK CONCENTRATION OF THE MAXIMUM EXPOSURE TO CREDIT RISK (continued)

The Group's financial assets and off-balance sheet items, before taking into account any collateral held or credit enhancements, can be analysed by the following industry sectors:

	2025 KD 000's	2024 KD 000's
Industry sector		
Trading	2,478,164	2,368,557
Manufacturing	4,192,678	3,658,643
Banks and other financial institutions	15,282,864	14,128,204
Construction	2,591,574	2,038,145
Real Estate	6,025,490	5,308,650
Retail	7,924,348	7,650,702
Government	5,476,985	3,788,180
Others	8,606,756	6,555,256
	52,578,859	45,496,337

28.1.4 CREDIT QUALITY PER CLASS OF FINANCIAL ASSETS

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 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 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 default risk on 'Standard' quality is assessed to be higher than that for the exposures classified within the 'High' quality range.

28 RISK MANAGEMENT (continued)**28.1 CREDIT RISK** (continued)**28.1. 4 CREDIT QUALITY PER CLASS OF FINANCIAL ASSETS** (continued)

The table below shows the credit quality by class of financial assets for consolidated statement of financial position lines, based on the Group's credit rating system.

2025	High KD 000's	Standard KD 000's	Impaired KD 000's	Total KD 000's
Balances and short term deposits with banks	4,722,729	-	18,496	4,741,225
Central Bank of Kuwait bonds	30,605	-	-	30,605
Kuwait Government treasury bonds	847,019	-	-	847,019
Deposits with banks	1,826,910	280,242	7,648	2,114,800
Loans, advances and Islamic financing to customers	23,384,469	3,957,204	375,959	27,717,632
Investments in debt securities – Amortized cost	370,087	958,776	-	1,328,863
Investments in debt securities – FVOCI	6,913,000	504,616	1,929	7,419,545
Investments in debt securities – FVTPL	3,451	-	-	3,451
	38,098,270	5,700,838	404,032	44,203,140
<hr/>				
2024	High KD 000's	Standard KD 000's	Impaired KD 000's	Total KD 000's
Balances and short term deposits with banks	5,148,405	-	26,030	5,174,435
Central Bank of Kuwait bonds	343,652	-	-	343,652
Kuwait Government treasury bonds	148,555	-	-	148,555
Deposits with banks	1,244,396	139,472	-	1,383,868
Loans, advances and Islamic financing to customers	20,735,720	3,507,105	329,120	24,571,945
Investments in debt securities – Amortized cost	327,861	788,101	-	1,115,962
Investments in debt securities – FVOCI	5,676,911	454,381	770	6,132,062
Investments in debt securities – FVTPL	19,647	-	-	19,647
	33,645,147	4,889,059	355,920	38,890,126

Notes to the Consolidated Financial Statements (continued)

31 December 2025

28 RISK MANAGEMENT (continued)

28.2 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.

The table below summarises the maturity profile of Group's assets, liabilities and equity based on contractual cash flows and maturity dates. This does not necessarily take account of the effective maturities.

2025	Up to 3 months KD 000's	3 to 12 months KD 000's	Over 1 year KD 000's	Total KD 000's
Assets				
Cash and deposits with banks	6,391,908	444,548	148,561	6,985,017
Central Bank of Kuwait bonds	16,849	13,756	-	30,605
Kuwait Government treasury bonds	-	171,195	675,824	847,019
Loans, advances and Islamic financing to customers	7,789,823	3,272,716	15,753,029	26,815,568
Investment securities	907,740	649,841	7,593,862	9,151,443
Land, premises and equipment	-	-	543,691	543,691
Goodwill and other intangible assets	-	-	507,103	507,103
Other assets	403,041	52,886	276,471	732,398
	15,509,361	4,604,942	25,498,541	45,612,844
Liabilities and equity				
Due to banks	4,020,276	1,434,886	18,146	5,473,308
Deposits from other financial institutions	2,793,628	846,219	13,375	3,653,222
Customer deposits	19,766,064	5,634,172	663,767	26,064,003
Commercial papers and certificates of deposit issued	1,107,103	993,607	30,574	2,131,284
Other borrowed funds	-	112,360	1,447,254	1,559,614
Other liabilities	759,573	9,837	311,756	1,081,166
Share capital and reserves	-	-	4,263,533	4,263,533
Proposed cash dividend	-	305,997	-	305,997
Perpetual Tier 1 Capital Securities	-	-	455,335	455,335
Non-controlling interests	-	-	625,382	625,382
	28,446,644	9,337,078	7,829,122	45,612,844

28 RISK MANAGEMENT (continued)**28.2 LIQUIDITY RISK** (continued)

2024	Up to 3 months KD 000's	3 to 12 months KD 000's	Over 1 year KD 000's	Total KD 000's
Assets				
Cash and deposits with banks	6,640,925	65,678	-	6,706,603
Central Bank of Kuwait bonds	319,009	24,643	-	343,652
Kuwait Government treasury bonds	-	-	148,555	148,555
Loans, advances and Islamic financing to Customers	6,925,537	2,840,902	13,941,170	23,707,609
Investment securities	886,512	575,599	6,164,367	7,626,478
Land, premises and equipment	-	-	517,392	517,392
Goodwill and other intangible assets	-	-	510,733	510,733
Other assets	337,428	42,806	396,900	777,134
	15,109,411	3,549,628	21,679,117	40,338,156
Liabilities and equity				
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
Commercial papers and certificates of deposit issued	1,035,601	465,856	-	1,501,457
Other borrowed funds	231,075	-	1,289,347	1,520,422
Other liabilities	750,290	7,942	181,550	939,782
Share capital and reserves	-	-	3,904,167	3,904,167
Proposed cash dividend	-	208,161	-	208,161
Perpetual Tier 1 Capital Securities	-	-	439,032	439,032
Non-controlling interests	-	-	605,372	605,372
	25,418,766	7,826,898	7,092,492	40,338,156

Notes to the Consolidated Financial Statements (continued)

31 December 2025

28 RISK MANAGEMENT (continued)

28.2 LIQUIDITY RISK (continued)

The liquidity profile of financial liabilities of the Group summarised below reflects the cash flows including future interest payments over the life of these financial liabilities based on contractual repayment arrangements.

2025	Up to 3 months KD 000's	3 to 12 months KD 000's	Over 1 year KD 000's	Total KD 000's
Financial Liabilities				
Due to banks	4,033,239	1,461,714	19,218	5,514,171
Deposits from other financial institutions	2,802,135	869,414	14,094	3,685,643
Customer deposits	19,831,620	5,803,602	747,335	26,382,557
Commercial papers and certificates of deposit issued	1,113,759	1,014,730	31,866	2,160,355
Other borrowed funds	6,405	153,984	1,640,430	1,800,819
	27,787,158	9,303,444	2,452,943	39,543,545
Contingent liabilities and commitments				
Contingent liabilities	1,812,899	2,047,488	2,204,235	6,064,622
Irrevocable commitments	263,017	740,733	1,611,387	2,615,137
	2,075,916	2,788,221	3,815,622	8,679,759
Derivative financial instruments settled on a gross basis				
Contractual amounts payable	3,500,743	989,839	451,029	4,941,611
Contractual amounts receivable	3,500,771	988,473	420,098	4,909,342
<hr/>				
2024	Up to 3 months KD 000's	3 to 12 months KD 000's	Over 1 year KD 000's	Total KD 000's
Financial Liabilities				
Due to banks	4,396,381	1,024,925	19,670	5,440,976
Deposits from other financial institutions	1,976,437	1,005,787	4,080	2,986,304
Customer deposits	17,112,146	5,306,011	735,053	23,153,210
Commercial papers and certificates of deposit issued	1,039,576	478,818	-	1,518,394
Other borrowed funds	239,974	39,721	1,413,305	1,693,000
	24,764,514	7,855,262	2,172,108	34,791,884
Contingent liabilities and commitments				
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
	1,657,882	2,588,495	2,561,809	6,808,186
Derivative financial instruments settled on a gross basis				
Contractual amounts payable	3,324,330	671,705	271,348	4,267,383
Contractual amounts receivable	3,329,508	675,587	273,425	4,278,520

28 RISK MANAGEMENT (continued)

28.3 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 risks arise 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.

28.3.1 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 is not excessively exposed to interest rate risk as its assets and liabilities are repriced regularly and most exposures arising on medium-term fixed-rate lending or fixed-rate borrowing are covered by interest rate swaps. Furthermore, the re-pricing gaps of its assets and liabilities are carefully monitored and controlled through limits pre-established by the Board of Directors and adjusted where necessary, to reflect the changing market conditions.

Interest rate sensitivity

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 rate on fair value of investments in debt securities classified as FVOCI. Sensitivity to interest rate movements will be on a symmetric basis 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:

		2025		2024	
		Effect on profit KD 000's	Effect on equity KD 000's	Effect on profit KD 000's	Effect on equity KD 000's
Currency	Movement in Basis points				
KWD	+25	7,767	-	6,725	-
USD	+25	4,264	-	4,455	-
EUR	+25	69	-	56	-
GBP	+25	1,138	-	1,139	-
EGP	+25	204	(91)	257	(55)

Notes to the Consolidated Financial Statements (continued)

31 December 2025

28 RISK MANAGEMENT (continued)

28.3 MARKET RISK (continued)

28.3.2 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 of Directors 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.

The table below analyses the effect on profit of an assumed 5% 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.

		2025	2024
Currency	% Change in currency rate	Effect on profit KD 000's	Effect on profit KD 000's
USD	+5	326	1,222
GBP	+5	538	338
EUR	+5	15	(93)
Other	+5	196	237

28.3.3 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. The table below analyses the effect of equity price risk on profit (as a result of change in the fair value of equity investments held as fair value through profit or loss) and on equity (as a result of change in the fair value of equity investments classified as FVOCI) at the year end due to an assumed 5% change in market indices, with all other variables held constant.

		2025		2024	
Market indices	% Change in equity price	Effect on profit KD 000's	Effect on equity KD 000's	Effect on profit KD 000's	Effect on equity KD 000's
Kuwait stock exchange	+5	108	26	104	22
Qatar stock exchange	+5	182	-	130	-
UAE stock indices	+5	660	-	539	-
Saudi stock exchange	+5	849	177	1,008	206

28 RISK MANAGEMENT (continued)

28.4 OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, systems failure or from external events. The Group has a set of policies and procedures, which are approved by the Board of Directors 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.

The Operational Risk function of the Group is in line with the Central Bank of Kuwait instructions dated 14 November 1996, concerning the general guidelines for internal controls and the instructions dated 13 October 2003, regarding the sound practices for managing and supervising operational risks in banks.

29 CAPITAL

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 the externally-imposed capital requirements.

The disclosures relating to the capital adequacy regulations issued by Central Bank of Kuwait (CBK) as stipulated in CBK Circular number 2/RB, RBA/336/2014 dated 24 June 2014 (Basel III), and its amendments, and the Leverage regulations as stipulated in CBK Circular number 2/BS/ 342/2014 dated 21 October 2014, and its amendments under the Basel Committee framework are included under the 'Risk Management' section of the Annual Report.

Capital adequacy, financial leverage and the use of various levels of regulatory capital are monitored regularly by the Group's management and are, also, governed by guidelines of Basel Committee on Banking Supervision as adopted by the CBK.

The Group's regulatory capital and capital adequacy ratios (Basel III) are shown below:

	2025 KD 000's	2024 KD 000's
Risk-Weighted Assets	30,785,545	27,601,723
Total Capital required	4,617,832	4,140,258
Total Capital available		
Common Equity Tier 1 Capital	4,031,205	3,639,713
Additional Tier 1 Capital	557,159	534,221
Tier 1 Capital	4,588,364	4,173,934
Tier 2 Capital	653,959	611,765
Total Capital	5,242,323	4,785,699
Common Equity Tier 1 Capital adequacy ratio	13.1%	13.2%
Tier 1 Capital adequacy ratio	14.9%	15.1%
Total Capital adequacy ratio	17.0%	17.3%

Notes to the Consolidated Financial Statements (continued)

31 December 2025

29 CAPITAL (continued)

Total capital requirement as at 31 December 2025 is 15% (31 December 2024:15%) including capital conservation buffer of 2.5% (31 December 2024 :2.5%).

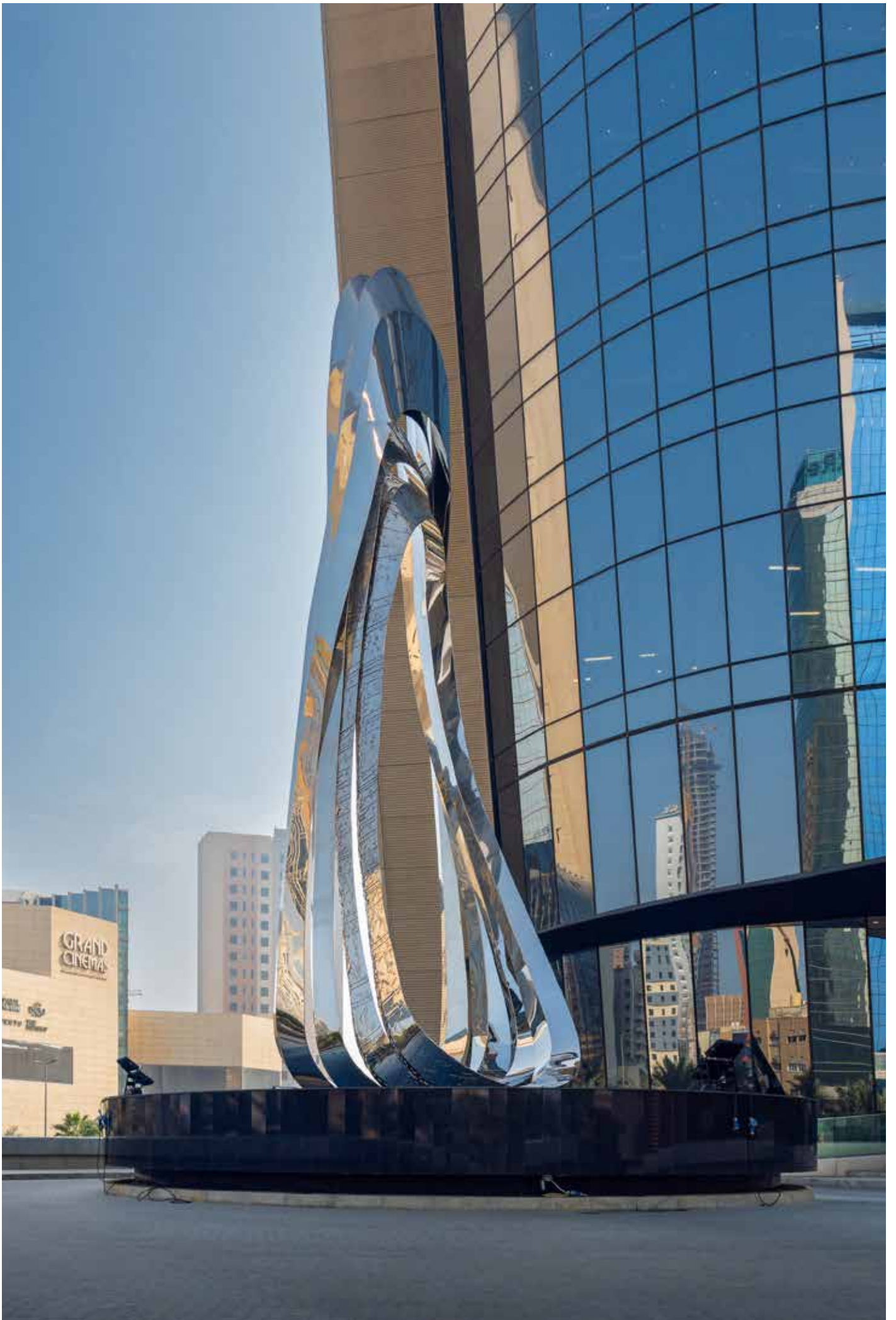
The calculations include Boubyan Bank K.S.C.P., an Islamic Banking subsidiary. For purposes of determining risk-weighted assets and capital required, exposures and assets at Boubyan Bank K.S.C.P. are risk weighted, and capital charge calculated, in accordance with Central Bank of Kuwait regulations applicable to banks providing banking services compliant with Codes of Islamic Sharia'a. Those figures are then added to corresponding figures pertaining to all the rest of the Group, identical with the treatment in relevant reports submitted to the Central Bank of Kuwait.

The Group's financial leverage ratio is calculated in accordance with CBK circular number 2/BS/ 342/2014 dated 21 October 2014, and its amendments is shown below:

	2025	2024
	KD 000's	KD 000's
Tier 1 capital	4,588,364	4,173,934
Total exposures	50,349,000	44,052,478
Leverage ratio	9.1%	9.5%

30 FUNDS UNDER MANAGEMENT

The Group manages a number of funds, some of which are managed in association with other professional fund managers. The funds have no recourse to the general assets of the Group and the Group has no recourse to the assets of the funds. Accordingly, the assets of these funds are not included in the consolidated statement of financial position. As at 31 December 2025, funds under management were KD 8,693 million (2024: KD 7,654 million).



Group Directory

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13001 Kuwait
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Fax: +965 2229 1444

NBK Wealth

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Kuwait 34th Floor,
NBK Tower
Block 7, Plot 6, Sharq Area,
Jaber Al-Mubarak &
Al-Shuhada Street
Tel: +965 2224 6900
Fax: +965 2224 6904/5

Consumer & Digital Banking

Consumer Banking

Ext: 2053

Domestic Branches

Ext: 3250

Direct Sales

Ext: 5003

Consumer Lending

Ext: 3374

Marketing

Ext: 3507

Consumer Credit Collection

Ext: 2305

Private Banking

Ext: 2553

Corporate & Transactional Banking

Ext: 2373

Foreign Corporate Banking

Ext: 2307

Treasury

Ext: 3567

Risk Management

Ext: 2321

Economic Research

Ext: 3136

Legal Affairs

Ext: 3091

Human Resources

Ext: 5162

International Banking

Regional Institutional Banking

Ext: 5328

Please refer to international
network for a complete listing

Operations

Ext: 3354

Technology

Ext: 3797

Financial Control

Ext: 3009

Executive Office

Ext: 2230

Public Relations

Ext: 3166

Media Relations

Ext: 2789

Advertising

Ext: 2665

Internal Audit

Ext: 5405

Local Branches

Abdullah Al-Salem University
Ahmad Al-Jaber
Ahmadi
Airport T1
Airport T4
AIU - Self-service Branch
Al-Rihab
Al-Rumaithiya
Ali Sabah Al-Salem
Andalus
Ardiya
Avenues
Bayan
Boursa
Cinema Salmiya
Dahiyat A. Salem
Daiya
Dasma
Doha
Edge Mall - Self-service Branch
Eqaila
Fahad Al-Salem
Fahaheel
Fahaheel Sahely

Faiha
Farwaniya
Fintas
Ghazali
Grand Avenues Plaza
Hadiya
Hamra Tower
Hawally
HQ
Jabriya
Jahra
Jahra Commercial
Jleeb Shuyoukh
Kuwait Airways Head Office - Self-service Branch
Kaifan
Khairan Hybrid Outlet Mall
Khairan Square - Self-service Branch
Kheitan
KNPC
KOC
Ministries Complex
Mishref
Mubarak Al Kabeer
Nuzha

PIFSS
Qadsiya
Qortouba
Qurain
Ras Al-Salmiya
Rawda
Riqqa
Saad Al-Abdullah
Sabah Al Ahmad
Sabah Al-Nasser
Sabah Al Salem
Sabahiya
Sabhan
Shamiya
Sharq
Shuwaikh
Shuwaikh Medical
Siddiq
South Surra
Surra
The Warehouse
Yarmouk

Head Office Tel.: 2229 1111

Call Center Tel.: 1801801

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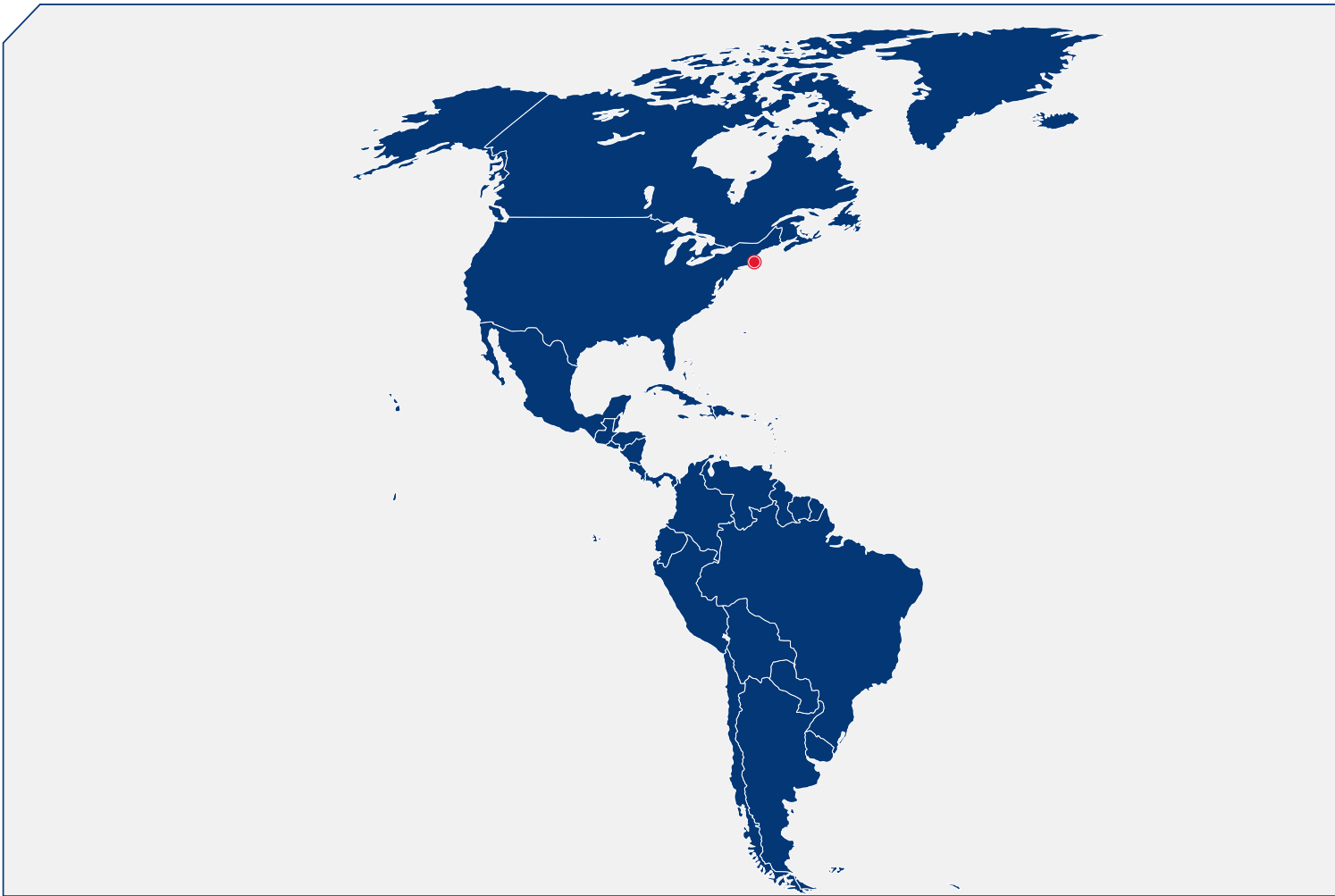


National Bank
of Kuwait



1801801

International Branches



Bahrain

National Bank of Kuwait SAKP Bahrain Branch

GFH Tower Block 346
Road 4626, Building 1411
P.O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

Zain Branch

Zain Tower, Shop 1, Block 428
Road 2806, Building 401
P.O. Box 5290, Al Seef
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

Saudi Arabia

National Bank of Kuwait Riyadh Branch

Almohamadia District
Daman Building
Tel: +966 12606 8636
Toll free : 8001266677

Jeddah Branch

Al-Khalidiah District
Al-Mukmal Tower
Tel: +966 12606 8636
Toll free : 8001266677

Al Khobar branch

Alkumaish District
Adeer Tower
Tel: +966 12606 8636
Toll free : 8001266677

United Arab Emirates

National Bank of Kuwait SAKP Dubai Branch

Latifa Tower
Sheikh Zayed Road
P.O. Box 9293, Dubai, U.A.E
Tel: +971 4 3161 600
Fax: +971 4 3888 588

Abu Dhabi Branch

Sheikh Rashid Bin Saeed Street
Al Maktoom Road
(Old Airport Road)
P.O. Box 113567
Abu Dhabi, U.A.E
Tel: +971 2 4199 555
Fax: +971 2 2222 477

NBK-DIFC, Dubai

Gate Village 7, 8th Floor
Dubai International Financial
Centre
P.O. Box 9293
Dubai, UAE
Tel: +9714 3161 601
Fax: +9714 2650 636

Lebanon

National Bank of Kuwait (Lebanon) SAL

Sanayeh Head Office
BAC Building, Justinian Street
P.O. Box 11-5727, Riad El-Solh
1107 2200 Beirut, Lebanon
Tel: +9611 759 700

Bhamdoun Branch

Tel: +961 5 260 100

Iraq

Credit Bank of Iraq Head Office

Street 9, Building 187
(Elwiya Building)
Sadoun Street District 102
P.O. Box 3420
Baghdad, Iraq
Tel: +964 1 7182198/ 7191944



Egypt

**National Bank of Kuwait - Egypt
SAE**
Plot No. 155, City Center
First Sector 5th settlement
P.O. Box 229
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Tel: +202 26149300
Fax: +202 2613 5864

France

**National Bank of Kuwait France
SA**
90 Avenue des
Champs-Élysées
75008 Paris, France
Tel: +33 1 5659 8600
Fax: +33 1 5659 8623

China

**National Bank of Kuwait SAKP
Shanghai Branch**
Suite 1501-1502, 1508
AZIA Center
1233 Lujiazui Ring Road
Shanghai 200120
China
Tel: +86-21-8036-0800
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United States of America

**National Bank of Kuwait SAKP
New York Branch**
299 Park Avenue, 17th Floor
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Tel: +1 212 303 9800

United Kingdom

**National Bank of Kuwait
(International) PLC
Head Office**
NBK House, 13 George Street,
London, W1U 3QJ, UK
Tel: +44 20 7224 2277

Singapore

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