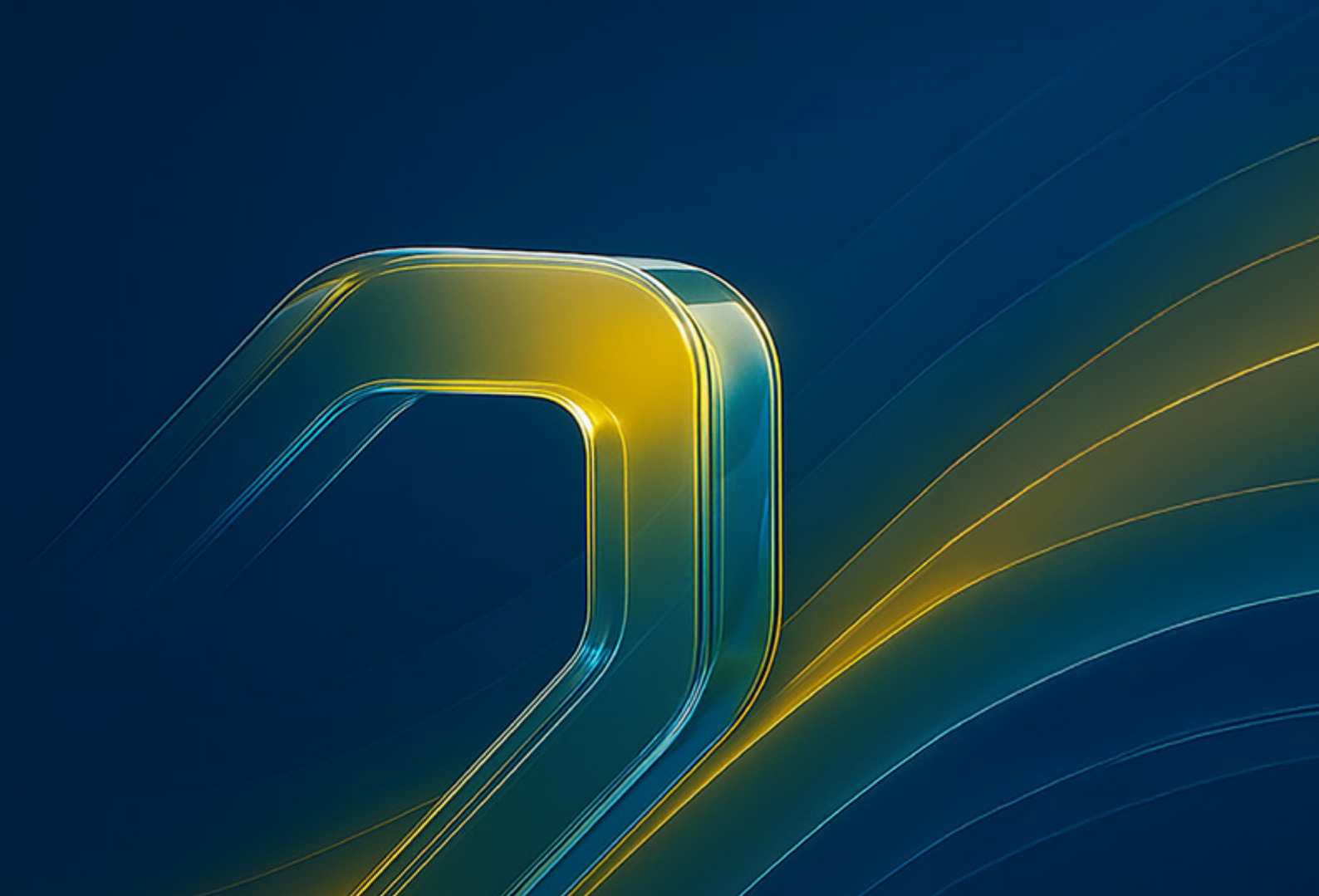




Annual Report **2025**

Propelling Forward





His Highness Sheikh
**Sabah Al-Khaled Al-Hamad
Al-Mubarak Al-Sabah**
Crown Prince of the State of Kuwait



His Highness Sheikh
**Mishal Al-Ahmad
Al-Jaber Al-Sabah**
Amir of the State of Kuwait

Table of Contents

Strategic Review

Who We Are **08**

Vision, Mission, Core Values,
and Ratings **09**

Key Milestones **10**

Chairman's Message **12**

Group CEO's Message **16**

Investor Narrative **18**

Economic Review **22**

Strategy **28**

Group Financial Performance **30**

Five-Year Financial Highlights **32**

Awards **33**

Divisional and Subsidiary
Report **34**

ESG and Sustainability **62**

Our Culture and People **64**

Corporate Social Responsibility **70**

Governance

Corporate Governance
Report **74**

Board of Directors **76**

Executive Management **84**

Board Committees **95**

External Auditor's Report **108**

Remuneration **110**

Stakeholders **112**

Risk Management **114**

Consolidated Financial Statements

Directors' Report **145**

Independent Auditors' Report **146**

Consolidated Statement of
Financial Position **153**

Consolidated Income Statement **154**

Consolidated Statement of
Comprehensive Income **155**

Consolidated Statement of
Changes in Equity **156**

Consolidated Statement of
Cashflows **158**

Notes to the Consolidated
Financial Statements **159**

Strategic Review





Since its establishment in 1967, Al Ahli Bank of Kuwait (ABK) has progressed to become one of the leading Kuwaiti banks in the region that is today known for offering 'Simpler Banking.' The Bank offers personal and corporate banking, of which include a wide array of products and services.

ABK also provides a broad range of local, regional, and global wealth and investment solutions and services through ABK Wealth Management, a leading regional investment firm that provides asset management solutions as well as investment advisory services.

ABK's strong management coupled with its focused strategy has contributed to its stability and continued expansion and growth across the region to serve other markets in Egypt and the UAE.

ABK currently has 28 branches located in Kuwait and 46 in Egypt. In the UAE, it has two full-service branches located in Abu Dhabi and Dubai, where it was the first Kuwaiti bank to have a branch in the country, as well as one wholesale banking branch in Dubai International Financial Centre (DIFC).

The Bank's long-term regional aspirations have developed into strategic alliances with world-class partners. Among these is ABK's relationship with Emirates Skywards, with whom the Bank has established the country's first co-branded credit card partnership in 2002, which offers cardholders the opportunity to earn and redeem Skywards Miles.

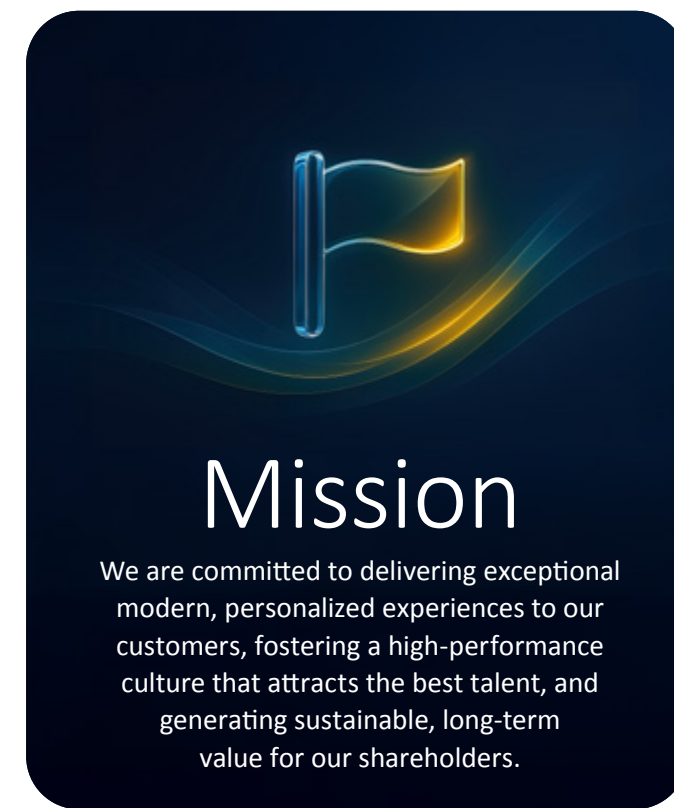
Furthermore, ABK has received numerous awards from reputable institutions throughout the years, attesting to its organisational strength. The Bank also continues to enjoy strong credit ratings of A2 from Moody's and A from Fitch.

Our Commitment

ABK decided to revamp its brand image and introduce a new vision. Using it as a driving force, it has allowed the Bank to increase its product offering, upgrade its technology, and offer customers simpler banking solutions. This transformation is considered an ever-evolving process that the Bank works towards by asking the same question on a daily basis:

How can we offer a simpler banking experience?

ABK is committed to keeping this at the centre of all its dealings to ensure the Bank continues in its pursuit of offering the simplicity and convenience that stakeholders seek. This question represents the core of the Bank's existence, which drives the organization's power in how it commits to its vision, mission, and core values.



Our Core Values



Simplicity

Ensure business activities and tasks are executed in an efficient and effective manner



Integrity

Being honest and showing a consistent and uncompromising adherence to ethical values



Transparency

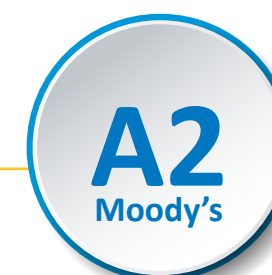
Being open, straightforward, and unbiased in all our dealings



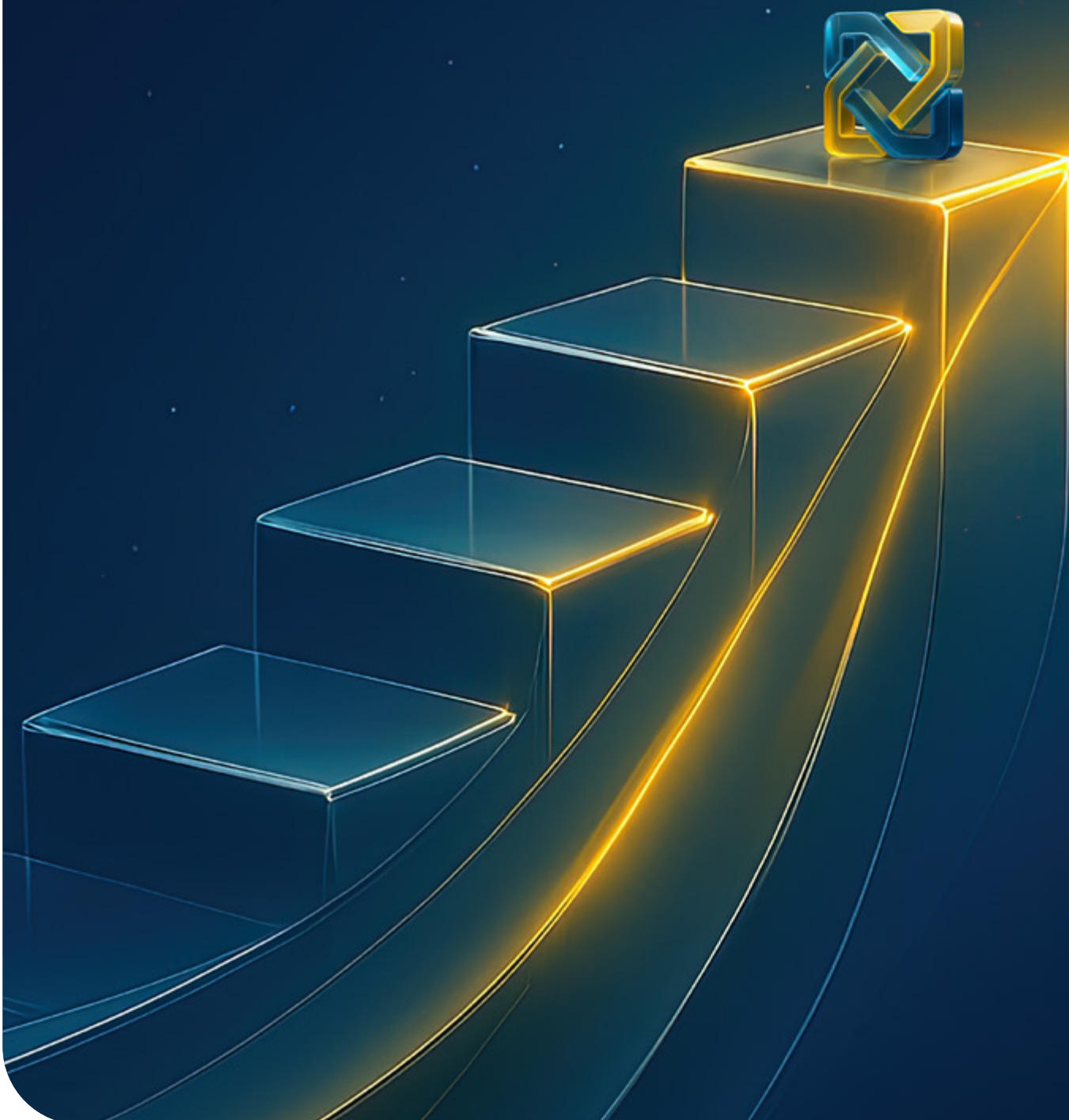
Excellence

Always strive to exceed our customers' and colleagues' expectations

Our Ratings



Key Milestones



1967

Established by
Amiri Decree

1968

Official inauguration
and commencement of
activity in the first Head
Office

1973

Inauguration of the
second Head Office

1986

Acquisition of Al Ahli
Bank Ltd., becoming the
first Kuwaiti bank with a
branch in the UAE

1987

Inauguration of the
current Head Office

2002

Co-branding credit card
partnership with Emirates
Skywards

2015

Acquisition of
Piraeus Bank Egypt

2018

Obtained license from
Dubai International
Financial Centre (DIFC)

2021

Launch of the
Alfouz draw account

2021

Issued first
Sustainability Report

2025

Launch of ABK
Wealth Management

Chairman's Message

Talal Mohammed Reza Behbehani



In 2025, we advanced our technological capabilities while strengthening our competitive position, demonstrating a clear commitment to delivering intelligent, customer-centric banking solutions and supporting sustainable growth.

It is with great pride that I present ABK's achievements for 2025. This year's results reflect not only our strong financial performance but also our strategic focus on sustainable growth, innovation, and value creation for our shareholders, customers, and the broader community.

Financial Results

ABK reported a net profit of KD 62.59 million, a 19.42% increase from the previous year, with earnings per share rising 10% to 22 fils. Operating profit grew by 15.94% to KD 124.53 million, total assets reached KD 6.93 billion, and customer deposits stood at KD 4.07 billion. Loans and advances totaled KD 4.57 billion, while operating income increased by 10.32% to KD 221.47 million. Our non-performing loan ratio remained low at 1.29%, with coverage at 366%, a capital adequacy ratio of 19.11%, and shareholders' equity grew 8.46% to KD 681.16 million, demonstrating the Bank's financial stability, robust balance sheet, and strong governance practices.

Bond Issuance

During the year, ABK successfully issued KD 30 million in Tier II subordinated bonds, with investor demand exceeding the offer by more than five times. This milestone strengthened our capital position, enhanced financial

flexibility, and provided resources to support strategic growth initiatives, innovation, and infrastructure investments, reinforcing ABK's reputation as a resilient and trusted institution.

Corporate Banking

In 2025, ABK remained firmly focused on the domestic corporate market, prioritising financing for strategic projects that align with Kuwait's National Development Plan (KNDP) and contribute to sustainable economic growth. Lending activities were directed towards infrastructure development, power generation, and upstream oil and gas projects, reflecting our commitment to supporting national economic objectives.

We also emphasized green energy and ESG-compliant initiatives, including renewable energy projects such as the Shagaya Renewable Energy Park, supporting efforts to reduce Kuwait's carbon footprint in line with global sustainability standards. Additional support was provided to projects in healthcare, education, and residential development, reinforcing our dedication to human capital development and enhancing quality of life. Through these efforts, ABK continues to be a trusted partner for corporate clients, providing innovative financing solutions that foster sustainable growth and long-term value creation.

Digital Transformation

In 2025, ABK achieved a significant milestone in our digital transformation journey, strengthening our position as a leading digital bank in Kuwait and the wider Middle East. Guided by a digital-first strategy, we enhanced our mobile and self-service platforms, delivering a seamless, personalized, and secure banking experience across all customer segments. These improvements increased customer engagement, expanded access to services, and reinforced ABK's commitment to innovation and operational excellence.

Emerging technologies played a central role in this transformation. Robotic Process Automation and AI-driven solutions were deployed to streamline critical operations, improve efficiency, and accelerate service delivery, while cloud capabilities provided a resilient and scalable foundation for future growth. Strategic FinTech partnerships further enhanced the Bank's digital ecosystem, ensuring adaptive, intuitive, and future-ready services that anticipate evolving customer needs.

Through these initiatives, we advanced our technological capabilities while strengthening our competitive position, demonstrating a clear commitment to delivering intelligent, customer-centric banking solutions and supporting sustainable growth.

ABK Wealth Management

In 2025, ABK launched ABK Wealth Management, integrating services from ABK Capital and Private Banking to provide a fully unified and client-centric wealth management offering. This strategic initiative strengthens the Bank's ability to support clients in building, preserving, and transferring wealth, while delivering tailored investment solutions aligned with individual goals and risk profiles.

The service combines strategic financial planning, diversified portfolio management, succession planning, and estate management, ensuring long-term wealth sustainability across generations. By leveraging ABK's

financial strength, governance framework, and exclusive investment opportunities, ABK Wealth Management reinforces the Bank's commitment to excellence, innovation, and client trust, positioning it as a leading provider of sophisticated financial solutions in the region.

ESG and CSR

ABK continues to prioritize environmental, social, and governance standards alongside corporate social responsibility initiatives. We actively support projects in renewable energy, education, youth and women's empowerment, and financial inclusion. Our governance framework emphasizes transparency, independence, ethical conduct, and effective risk management, ensuring sustainable growth while safeguarding the interests of shareholders and stakeholders alike.

Our continued performance is underpinned by a strong focus on human capital, which remains a cornerstone of ABK's long-term success. With Kuwaitis representing approximately 73% of leadership roles and women accounting for 40% of our workforce, we remain committed to fostering a diverse and inclusive environment that strengthens our execution capabilities. Through ongoing investment in our people and the promotion of a performance-driven culture, we continue to build a capable, diverse, and future-ready organization positioned to support the Bank's sustainable growth and strategic ambitions.

Awards and Recognition

ABK's achievements have positioned the Bank among the region's most influential financial institutions. In 2025, we received 15 awards and improved our rankings in Forbes and The Banker, reflecting excellence in financial performance, digital innovation, customer service, investor relations, and governance. High credit ratings from Moody's and Fitch at A and A2, respectively, reaffirm our resilience and leadership in the banking sector.

Looking Ahead

As we enter the new year, we do so with renewed determination to continue our digital transformation journey, strengthen our position as an innovation leader, and deliver sustainable growth for our shareholders and clients. ABK remains committed to creating long-term value while supporting economic development and the well-being of our communities.

Acknowledgments

On behalf of the Board of Directors, I convey our gratitude to HH Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, Amir of the State of Kuwait, and HH Sheikh Sabah Al-Khaled Al-Hamad Al-Mubarak Al-Sabah, Crown Prince of Kuwait, for their leadership and guidance. We also thank the Central Bank of Kuwait, the Capital Markets Authority, and the regulatory authorities in Egypt and the UAE, including DIFC, for their continued support.

Finally, I extend my sincere gratitude to the Board of Directors, Executive Management, and all employees, whose dedication forms the foundation of our success. I also thank our shareholders and clients for their trust and loyalty, which continue to drive ABK to greater heights.



Talal Mohammed Reza Behbehani
Chairman

Group CEO's Message

Giel-Jan M. Van Der Tol



We remain focused on executing a clear strategic agenda with priorities that continue to guide the Bank as we pursue sustainable long-term value creation for our shareholders, customers, and the communities we serve.

2025 was a year of disciplined execution and strategic repositioning for ABK.

Operating in an environment shaped by geopolitical uncertainty, shifting monetary conditions and evolving customer expectations, the Bank remained focused on strengthening the resilience of its balance sheet while advancing its long-term growth strategy.

During the year, ABK delivered solid financial results. Net profit increased by 19% to KD 62.6 million, while operating income reached KD 221 million. At the same time, we continued to strengthen our capital position, with the Group's capital adequacy ratio increasing to 19.1%, well above regulatory requirements.

A defining theme of the year was the repositioning of our balance sheet towards higher quality, higher return assets. Rather than pursuing volume growth, we focused on improving portfolio quality, optimising funding costs and enhancing overall balance sheet efficiency. This disciplined approach resulted in improved margins and strengthened the Bank's financial resilience.

Another important milestone was the launch of ABK Wealth Management, which integrates our asset management and private banking capabilities into a unified platform. This initiative enhances our ability to provide sophisticated investment solutions and positions the Bank to capture long-term growth opportunities in wealth management across the region.

Our digital transformation journey also accelerated significantly during the year. Through investments in mobile banking, automation, artificial intelligence and cloud capabilities, we strengthened our

operating platform and improved the customer experience across all segments.

At the same time, our international operations continued to play an increasingly important role in the Group's performance. Our businesses in Egypt and the United Arab Emirates contributed meaningfully to earnings diversification while expanding the Bank's regional footprint.

Looking ahead, ABK remains focused on executing a clear strategic agenda:

- Strengthening our core franchise in Kuwait
- Expanding our regional platforms in Egypt and the UAE
- Advancing our digital capabilities
- Growing our wealth management business
- Maintaining disciplined risk and capital management

These priorities will continue to guide the Bank as we pursue sustainable long-term value creation for our shareholders, customers and the communities we serve.

I would like to express my appreciation to our Board of Directors for their guidance and support, and to our employees for their dedication and commitment. Their efforts remain the foundation of ABK's continued success.

Giel-Jan M. Van Der Tol
Group Chief Executive Officer

Investor Narrative

ABK: A resilient regional bank delivering disciplined growth

ABK is a well-capitalised regional bank with a strong domestic franchise in Kuwait and a growing international platform across the UAE and Egypt. The Group's strategy focuses on disciplined balance sheet management, regional diversification, digital innovation and the expansion of its wealth management platform.

In 2025, the Bank continued to strengthen its financial position while repositioning its balance sheet toward higher-quality assets and improved returns. This disciplined approach enabled ABK to deliver solid profitability while maintaining strong capital and liquidity levels.

With a capital adequacy ratio of 19.1%, low non-performing loans of 1.29%, and a diversified funding base, ABK remains well positioned to navigate market volatility while capturing long-term growth opportunities in the region.

The Bank's long-term ambition is to build a resilient regional banking platform that combines strong risk management with technology-driven customer experiences and a growing wealth management offering.

Strategic Pillars

ABK's strategy is anchored around four core pillars that guide the Group's long-term growth.



Strengthening the Kuwait Core Franchise

Kuwait remains the cornerstone of ABK's operations. The Bank continues to focus on disciplined growth across both retail and corporate banking, emphasizing high quality lending, strong customer relationships, and digital engagement.

Retail banking growth is increasingly focused on affluent and high net worth customer segments, while corporate banking prioritizes strategic sectors aligned with Kuwait's national development objectives.

This disciplined approach enables the Bank to maintain strong asset quality while improving profitability and operational efficiency.



Expanding Regional Growth Platforms

ABK's international operations in Egypt and the United Arab Emirates play an increasingly important role in the Group's growth strategy.

Egypt represents a high growth market with strong long-term fundamentals, providing opportunities to expand retail and corporate banking while supporting corporate clients operating across the region.

The UAE platform, including the Bank's DIFC presence, serves as a strategic unit supporting our regional and international banking activities. This platform enhances ABK's ability to capture cross border business flows and caters to multinational clients.

Together, these operations provide earnings diversification and strengthen the Group's regional footprint.

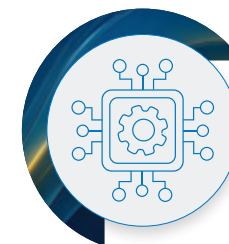


Building a Leading Wealth Management Platform

In 2025, ABK launched ABK Wealth Management, integrating the capabilities of ABK Capital and Private Banking into a unified platform.

This initiative strengthens the Bank's ability to deliver sophisticated investment solutions and long-term wealth planning services to high-net-worth individuals and institutional clients.

The new platform positions ABK to capture growing regional demand for wealth management services while enhancing cross-selling opportunities across the Group.



Digital Transformation and Innovation

Digital innovation continues to be a central component of ABK's strategy.

The Bank expanded its digital ecosystem through significant investments in mobile banking, automation, artificial intelligence, and cloud infrastructure. These initiatives enhance operational efficiency while improving the customer experience across retail and corporate banking segments.

Through its digital transformation program, ABK aims to build a more agile, technology-enabled banking platform capable of adapting to evolving customer expectations and industry trends.

Strategic Execution in 2025

During 2025, ABK executed several key strategic initiatives that strengthened its operating platform and long-term growth potential.

Disciplined Balance Sheet Management

One of the defining themes of the year was the repositioning of the Bank's loan portfolio away from volume driven growth toward higher-quality, higher-return assets.

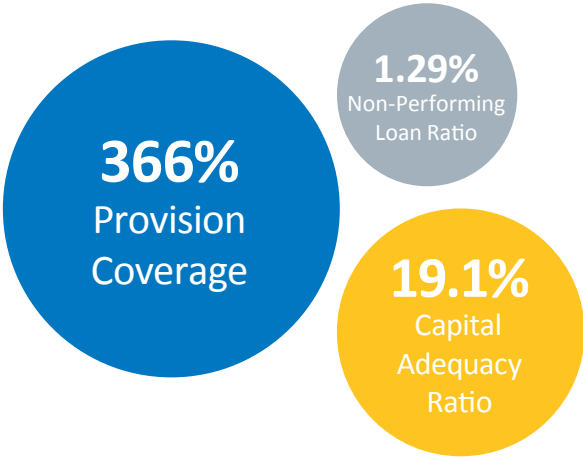
This strategy led to a deliberate reduction in total assets while improving net interest margins and overall balance sheet efficiency. By prioritising disciplined origination and optimised funding structures, the Bank enhanced both profitability and resilience.

This disciplined approach enhances long-term shareholder value while maintaining strong capital buffers.

Strong Capital and Conservative Risk Profile

ABK maintains a robust capital position and conservative risk management framework.

Key financial metrics include:

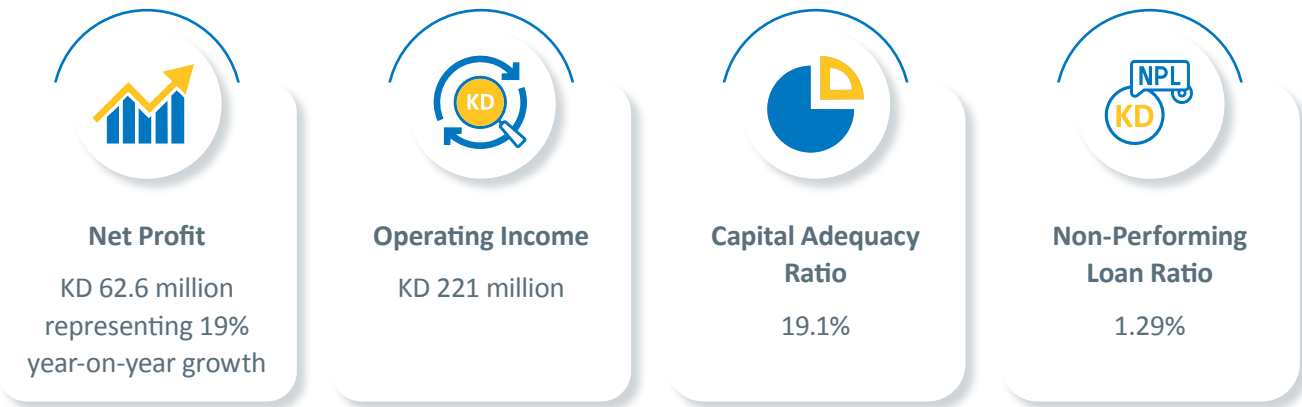


These metrics demonstrate the Bank’s strong balance sheet resilience and disciplined credit management.

Financial Strength

ABK’s financial performance reflects the strength of its strategy and disciplined risk management.

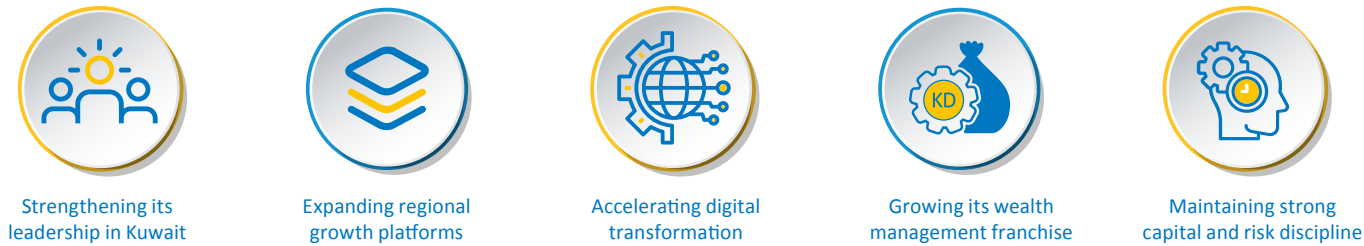
In 2025, the Group delivered:



These results demonstrate the Bank’s ability to deliver sustainable profitability while maintaining a conservative risk profile.

Looking Ahead

ABK enters the next phase of its growth journey with a clear strategic focus:



By executing this strategy, ABK aims to continue delivering sustainable long-term value for shareholders while supporting economic development across the markets in which it operates.

Economic Review

Overview of the Global Economy

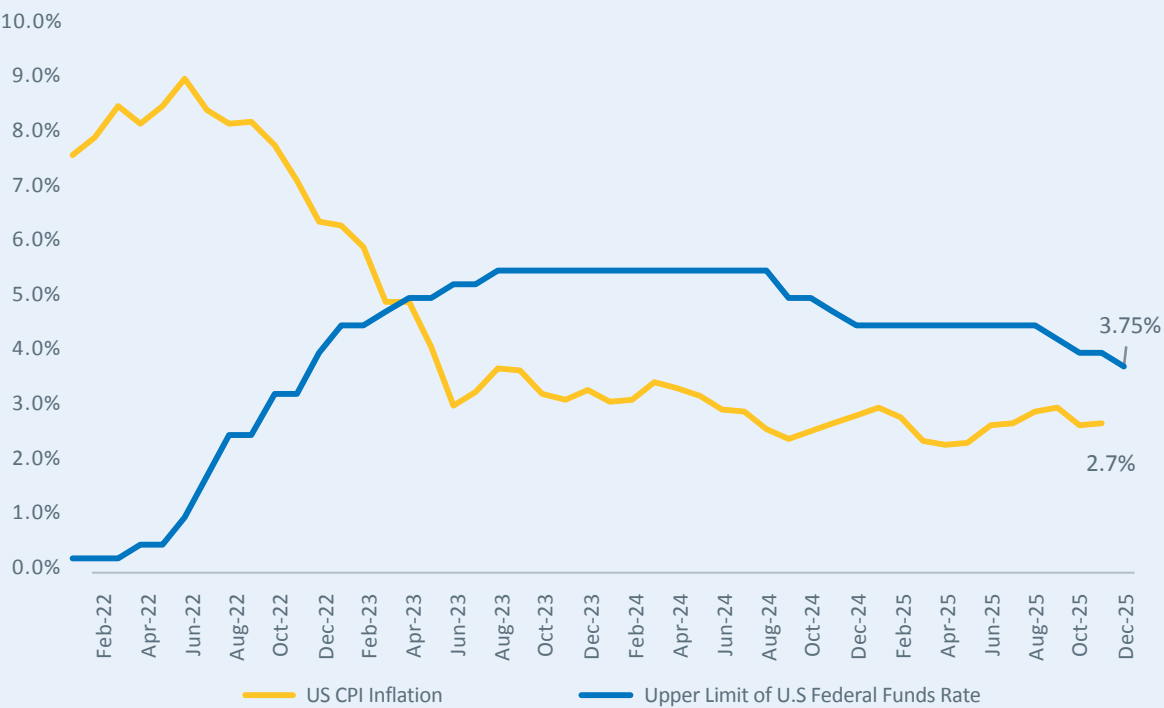
The Year 2025 in Review

The year 2025 has been a test of resilience, with uncertainties and rapid developments driving the global economy. From trade tariffs and rate cuts to heavy investments in Artificial Intelligence, the year witnessed several significant economic developments. In early 2025, the U.S. President initiated a set of trade tariffs against countries that have a trade surplus with the U.S., starting with a 10% baseline tariff in April, which later surged significantly for specific partners like India and China. This raised the U.S. average tariff rate to 17%, leading to a scramble in global diplomatic relations, with several major economies like the U.K., Japan, and the E.U. securing framework deals by pledging billions in U.S. investments. This 17% charged by the U.S. is significantly higher than the approximate 3% average tariff rate at year-end 2024, resulting in the generation of close to USD 30 billion¹ in monthly revenue for the Treasury. On the other hand, a final deal with China remains inconclusive yet China proved its resilience by exceeding the USD 1 trillion mark in its global trade surplus in the first 11 months of 2025, up by 21.7% y/y from the same period last year, successfully diversifying away its trade to non-U.S. markets like European Union, Australia, and other South-Asian economies.

Global real GDP is estimated to grow at 3.2% y/y in 2025, slightly lower when compared to 3.3% y/y growth in 2024. While resilience of the U.S. economy and strong economic performance in emerging markets like India lent support, slowdown in major European economies softened global growth during the year. Despite widespread economic uncertainty, the U.S. economy avoided a major downturn or hyperinflation. While the U.S. inflation remains slightly elevated at 2.7% in November, the impact has been milder than anticipated as costs are shared across the supply chain. The gradual adaptation to trade tensions led the IMF to upgrade its global growth outlook upwards, from 2.8% as estimated in its April 2025 update to 3.2% in its October 2025 update, suggesting that the initial uncertainty surrounding the aggressive trade policy has made its way to a more manageable economic reality.

Trade and geopolitical volatility through the year led to significant gains in safe-haven assets like gold and silver. As of November 2025, gold delivered year-to-date returns of 61.2%, significantly outperforming major global indices. Meanwhile, oil price fell during the year owing to resumption of production by OPEC+ and the potential materialization of Russia-Ukraine peace proposal.

US CPI Inflation vs. Federal Funds Rate



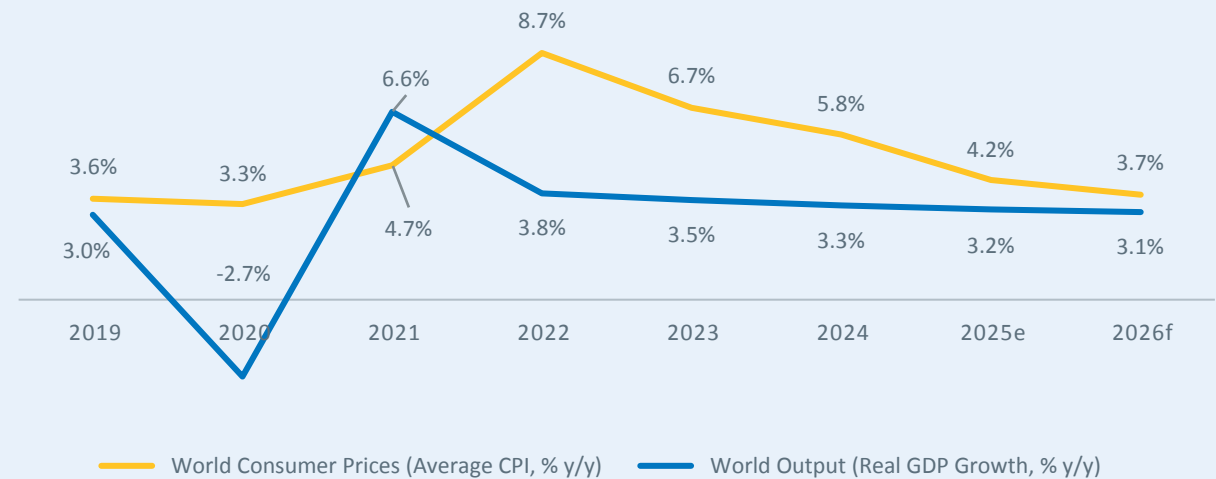
Source: Federal Reserve Economic Data
Note: CPI for October 2025 is an estimation from Federal Reserve Bank of Cleveland, as official data from the BLS has not been released.

2026 Growth Outlook

As per IMF, the global economy is forecasted to grow at 3.1% y/y in 2026, moderating from the 3.2% growth in 2025. The overall growth in developed economies is expected to remain stable in 2026. The U.S' growth for 2026 has been revised upwards to 2.1% y/y by the IMF in its October 2025 update, as inflation starts moderating later in the year owing to fading tariff effects and unemployment levels reverting back to normal. After a prolonged period of subdued performance, the Euro Area's growth is expected to stabilize in 2026, driven by a recovery in the German economy through the rise in private consumption, moderating inflation, and increased fiscal spending.

China's growth may be negatively affected since a conclusive decision on US-China trade relations has not been made. However, China's diversification in trade and lower dependence on U.S. markets supports the positive outlook for 2026. On the other hand, emerging markets are expected to remain stable as higher trade tariffs get negated by robust fiscal measures and stable domestic consumption. Overall, the growth in 2026 is expected to naturally moderate as the effects of front-loading of goods in early-2025 fade during the year.

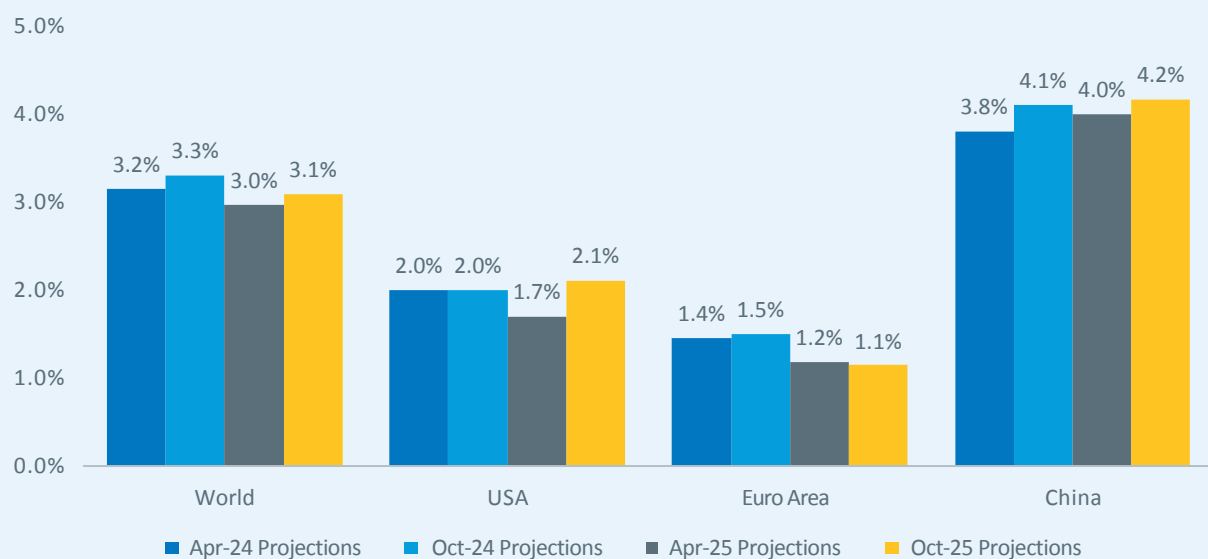
World Output and Inflation



Source: IMF World Economic Outlook – October 2025

¹ Reuters

Evolution of Projections for 2026 Real GDP Growth (YoY % Change)



Source: IMF World Economic Outlook reports

Inflation & Interest Rates

The U.S. Federal Reserve has adopted a more dovish stance with its third consecutive interest rate cut of 25 bps in December to a range of 3.50%-3.75%. This easing cycle is primarily driven by a cooldown in the headline CPI inflation, which unexpectedly dropped to 2.7% in November, the slowest pace since 2021, giving policymakers the confidence to pivot toward supporting a softening labor market.² While unemployment rose up to 4.6% in November, the Fed characterizes these recent cuts as “insurance” measures to sustain the current AI-driven economic growth. As of late December 2025, the CME FedWatch Tool indicates that the most likely scenario for the next FOMC meeting in January 2026 is a pause in the rate-cutting cycle. However, the path forward remains complex as internal divisions persist within the Fed regarding the speed of future cuts, particularly as businesses face data gaps from government’s delayed reporting and the uncertain economic implications from trade tariffs.

Oil Prices

The price of Brent crude averaged about USD 68 per barrel in 2025³ (a 14.9% decline from 2024 average), driven by strong supply increase from non-OPEC members, softer demand amid trade tensions, and a sharp reduction in the perceived geopolitical risks. The commodity’s price is forecasted to settle lower in 2026 as concerns of continued rise in oil inventories exert downward pressure on the prices.

In December 2025, OPEC forecasted the global oil demand growth for 2025 and 2026 at 1.3 million b/d and 1.4 million b/d respectively, unchanged from its previously forecasted numbers in November 2025, with America, India, and China leading the global demand.

² TRowe Price

³ LSEG Workspace; average oil price for 2025 is as of YTD - 22nd December 2025

Kuwait Outlook

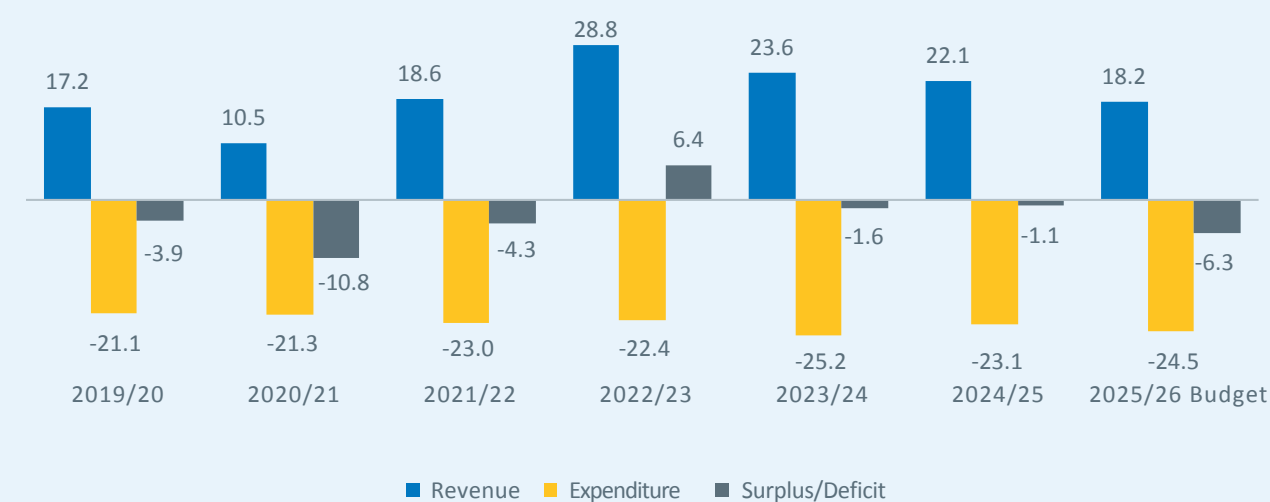
Economic Growth

The IMF expects Kuwait’s real GDP to grow by 3.8% in 2026, up from the estimated 2.6% in 2025, citing increase in oil production targets and growth in the non-oil sector as major driving factors. However, OPEC+’s recent decision to pause the unwinding of production cuts amid oversupply concerns instill uncertainties regarding the projected growth. Nevertheless, structural reforms like the recent introduction of Debt law, which enables the government to issue debt for the first time since 2017, is expected to support Kuwait’s long-term growth.

Fiscal Balance

For the fiscal year 2025-26, Kuwait projected its revenue at KD 18.2 billion, down from KD 22.1 billion in 2024-25, owing to the anticipation of decline in oil revenues. Meanwhile, the government expenditures are expected to rise to KD 24.5 billion in FY 2026, a 6.2% y/y increase from FY 2025 levels. Kuwait expects a fiscal deficit of KD 6.3 billion (approximately USD 20.5 billion) in FY 2026, primarily stemming from a decline in oil prices and a 20.2% rise in capital expenditures (to KD 1.8 billion) during the year. The Kuwaiti Ministry of Finance expects a 1.7% increase in oil production costs for Kuwait. The FY 2026 budget assumes an average oil price of USD 68 per barrel, down from USD 70 per barrel from the previous year.

Kuwait Fiscal Accounts (KD Billion)



Source: Kuwait MoF

Banking Sector

The Central Bank of Kuwait (CBK) cut its interest rates by 50 bps during the year, by 25 bps each in September and December, to 3.50%. While credit to private sector grew by 8.4% y/y as of November 2025, the household credit rose by 3.9% y/y in November 2025.⁴ The recent cut in policy rates would potentially drive further the credit expansion in 2026.

Oil Production

Kuwait’s oil production had remained at 2.569 mb/d during November 2025, closely in line with the quota set by OPEC+.⁵ According to the OPEC+ production schedule, the country would maintain the production of 2.58 mb/d until March 2026, pausing production increments until Q1 2026 amid evolving market conditions as concerns of oversupply loom.

⁴ Central Bank of Kuwait; In addition to business and household credit, credit to private sector includes purchase of securities, credit to banks and to NBFIs

⁵ OPEC

Key Economic Indicators of Kuwait	2022	2023	2024	2025E	2026F
Real GDP Growth %	6.8%	-1.7%	-2.6%	2.6%	3.8%
Nominal GDP (USD Bn)	183.5	165.4	160.2	157.5	162.9
Nominal GDP Growth %	23.7%	-9.9%	-3.1%	-1.7%	3.4%
Current Account Balance % of GDP	34.4%	31.1%	29.1%	22.9%	19.1%
Gross Debt % of GDP	3.0%	3.1%	2.9%	7.3%	8.7%
Population (Million)	4.8	4.9	5.0	5.1	5.2

Source: IMF WEO – October 2025, Article IV Statement – December 2025

UAE Outlook

UAE’s real GDP is expected to grow by 5.0% y/y in 2026, supported by growth in both oil and non-oil GDP. Stronger-than-expected growth in the non-oil sectors such as tourism, which generated more than AED 40 billion in hotel revenues during first ten months of 2025⁶, is expected to continue the growth momentum in 2026. Additionally, growth across other sectors such as construction and financial services is also anticipated to hold up the non-oil economic growth, which is estimated to grow at 4.6% y/y in 2026.

The UAE Cabinet has approved a historic AED 92.4 billion federal budget for 2026, marking the largest in the nation’s history and a significant 29% y/y increase in both revenue and expenditure over the 2025 plan. The budget takes a social approach, with 37% (AED 34.6 billion) dedicated to social development and pensions, followed by government affairs (29%).

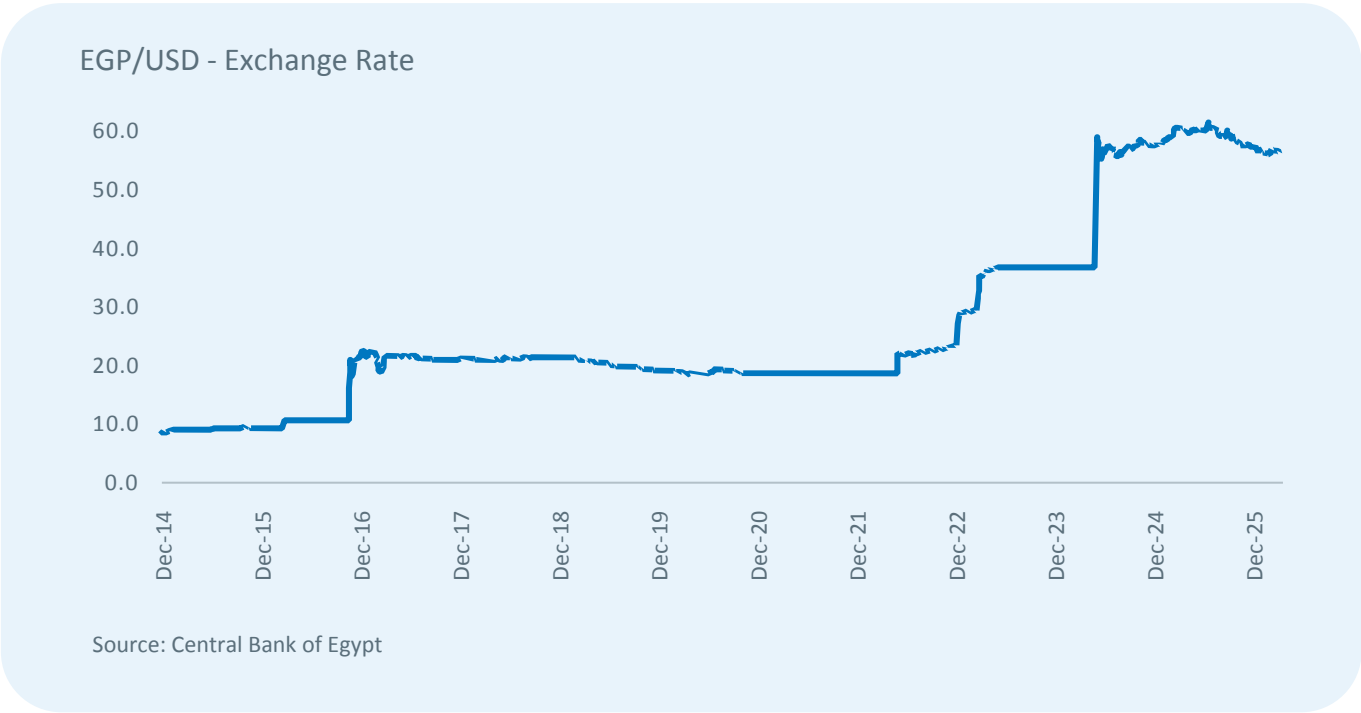
Key Economic Indicators of United Arab Emirates	2022	2023	2024	2025E	2026F
Real GDP Growth %	7.5%	4.3%	4.0%	4.8%	5.0%
Nominal GDP (USD Billion)	511.4	522.6	552.3	569.1	601.2
Nominal GDP Growth %	21.1%	2.2%	5.7%	3.0%	5.6%
Current Account Balance % of GDP	13.0%	13.1%	14.5%	13.3%	12.3%
Gross Debt % of GDP	31.5%	31.9%	34.9%	34.5%	32.4%
Population (Million)	10.3	10.7	11.0	11.1	11.2

Source: IMF WEO – October 2025, Article IV – December 2025

⁶ Gulf News

Egypt Outlook

Egypt’s real GDP is expected to grow by 5.0% y/y in 2026, up from the estimated 4.8% y/y growth in 2025 (fiscal year July 2024 – June 2025). The Egyptian economy has shown robust recovery in 2025, supported by strong performance in tourism, manufacturing, and finance. Despite regional instability, the balance of payments has improved significantly, with foreign currency reserves reaching USD 56.9 billion. Transitioning from a volatile period last year due to shift from a managed exchange rate system to a flexible exchange rate system in March 2024, the Egyptian currency witnessed stabilization in 2025 owing to strong FDI inflows during the year.⁷ IMF highlighted the need for continued fiscal discipline to reduce national debt and a cautious approach to monetary easing, as inflation reached 12.3% in November 2025. Moving forward, the government is committed to a growth-friendly tax reform package in January 2026 and plans to accelerate the divestment of state-owned enterprises to foster a more competitive, private-sector-led economy.



⁷ Zawya

Strategy



Kuwait

ABK continued to strengthen and develop its core franchise in Kuwait through disciplined execution focused on sustainable growth, balance sheet resilience, and customer-centric delivery. Retail and corporate banking remained the core pillars. Retail growth was directed toward affluent, high-net-worth individuals (HNWI), and youth segments, supported by increased digital adoption that enhanced customer engagement and service efficiency.

Corporate Banking maintained a sector-focused approach, supporting key industries through selective growth, disciplined origination, and structured solutions aligned with the Group's risk appetite. Ongoing investment in digital capabilities and human capital, underpinned by embedded risk discipline, supported effective execution, strong governance, and long-term value creation across the franchise.

Furthermore, the rebranding of Private Banking and ABK Capital into ABK Wealth Management further strengthened the Group's integrated offering. In addition, the launch of UAE mortgage solutions represented a tangible Group synergy delivered directly to customers.



Egypt

ABK-Egypt operated within a dynamic macroeconomic environment while maintaining a clear strategic focus on balance sheet resilience, disciplined portfolio management, and operational stability. The Bank's expanding business was supported by conservative credit practices and remained within the Group's defined risk appetite.

Ongoing digital initiatives contributed to service continuity and operational efficiency. The ABK-Egypt franchise continues to support the Group's geographic diversification within a controlled and prudent risk framework.



UAE

ABK's presence in the UAE, through its onshore branches and DIFC branches, serves as the Group's international business hub, capturing regional and international business flow. Strategic emphasis is placed on strengthening the operating platform and core capabilities to support and diversify the Group's profitability.

These efforts are supported by enhanced efficiency initiatives and the adoption of best-practice governance standards. Collectively, these priorities position the UAE as a key contributor to the Group's regional platform and long-term growth.



ABK Wealth Management

ABK Wealth Management, rebranded from Private Banking and ABK Capital, is the Group's investment and advisory arm. The consolidation of the two into a single Wealth Management structure has strengthened advisory capabilities and delivered a more integrated client proposition.

The establishment of a regulated presence in the DIFC further enhances the platform's regional and cross-border reach. This is supported by strategic partnerships with leading global asset managers, including BlackRock and Blackstone.



Environmental Social and Governance (ESG)

Building on a strong foundation, ABK continues to embed ESG considerations across the Group's governance structures, risk frameworks, and business strategy. This includes a focused approach to responsible banking, climate resilience, and financial inclusion.

ESG risks and opportunities are integrated into risk management processes and key decision-making in line with regulatory expectations and evolving guidance. Enhanced ESG disclosures, aligned with recognized international standards and leading market practices, support transparency, and provide useful information to investors and ESG rating agencies, and reinforce alignment with Kuwait Vision 2035. These efforts also support the Bank's transition toward a lower-carbon, more inclusive economy.

Group Financial Performance

	(KD Million)	
Income Statement	2025	2024
Net Interest Income	159.5	144.2
Non-Interest Income	62.0	56.6
Operating Income	221.5	200.8
Operating Expenses	(96.9)	(93.3)
Operating Profit before Provisions	124.5	107.4
Provisions/Impairment Losses	(46.3)	(42.7)
Taxation, Directors' Fees and Non-Controlling Interest	(15.6)	(12.3)
Net Profit Attributable to Shareholders of the Bank	62.6	52.4
Key Performance Indicators	2025	2024
Earnings Per Share (in Fils)	22	20
Return on Assets (%)	0.79%	0.77%
Return on Equity (%)	8.65%	8.40%
Operating Profit to Assets (%)	1.74%	1.57%
Cost to Income Ratio (%)	43.8%	46.5%
NPL Ratio (%)	1.29%	1.23%
Capital Adequacy Ratio (%)	19.11%	16.94%

Income Statement

In 2025, the Group achieved operating profits of KD 124.5 million, up by 16%, while net profits reached KD 62.6 million, up by 19% with earnings per share of 22 fils up by 10%. Although our balance sheet contracted by 6% to KD 6.9 billion as we repositioned our loan portfolio away from volume towards value, we put in considerable efforts to improve our balance sheet efficiency. This resulted in a significant reduction in our cost of funds thus improving our net interest margins, an outstanding achievement in a reducing interest rate environment.

The key components of the Group results were:

Net interest income grew by 11% to KD 159.5 million from KD 144.2 million in 2024, mainly driven by higher Net Interest Margin (NIM) and increased income from loan and bond portfolios. Higher NIMs were mainly driven by funding optimization through diversification measures, such as issuance of the certificate of deposits and other medium-term borrowings.

Non-interest income of KD 62.0 million is higher than last year of KD 56.6 million (10%), mainly driven by higher investment & dividend incomes.

Operating expenses of KD 96.9 million was higher than last year by 4% (KD 3.6 million) as we continued investing in the development of our workforce, recognizing their critical contribution to our operational excellence and our continuous investment in technology and digital transformation initiatives.

The Group's cost to income improved by 270 bps to 43.8% vs. 46.5% last year as a result of the Group's effort towards continued improvement in operational efficiency and cost optimisation, thus sustaining long-term profitability.

Net provisions/impairment losses for 2025 amounted to KD 46.3 million, as compared to KD 42.7 million last year as a result of our prudent and conservative provisioning policy.

	(KD Million)	
Financial Position	2025	2024
Total Assets	6,925	7,374
Net Loans & Advances	4,566	4,829
Investment Securities	1,100	1,119
Total Liabilities	6,151	6,653
Customer Deposits	4,072	4,408
Certificates of deposit	151	-
Other Borrowed Funds	633	538
Equity attributable to shareholders of the Bank	681	628
Perpetual Tier 1 Capital Securities	92	92

Macroeconomic Environment

In 2025, global monetary conditions eased amid ongoing macro and geopolitical uncertainties. The U.S. Federal Reserve reduced rates by 75 bps, with the UAE following suit while Kuwait reduced rates by 50 bps. Inflation remained stable at around 2–2.5% in both markets.

In Egypt, the currency stabilized at EGP 47–48 per USD after the devaluation, with inflation declining to 12% from 40% in 2023. Oil prices fell from the mid-USD 70s to approximately USD 61 per barrel, weighing on fiscal revenues in oil-exporting economies.

Overall, market conditions remained challenging, with limited growth opportunities.

Financial Position

As of 31 December 2025, the Group's consolidated total assets stood at KD 6.9 billion, lower than December 2024 by KD 449 million, primarily reflecting repositioning our loan book away from volume towards value with higher returns to our shareholders and also correspondingly optimising our funding volumes. Furthermore, we managed to issue short-term Certificates of Deposits (KD 151 million), long-term Tier-2 subordinated bonds (KD 30 million), and medium-term syndicated borrowings (KD 69 million) at more attractive rates, diversifying our funding base and improving our cost of funds.

Our geographic footprint continues to enhance earnings resilience and growth potential. Our international operations, including UAE branches and ABK Egypt, contributed 41% of operating income and 36% of total assets, underlining their strategic importance to the Group.

Overall, the asset quality trend was satisfactory, with NPL levels at 1.29% and a provision coverage of 366%, demonstrating our ability to successfully tackle global challenges. The Group continued to be prudent in its provisioning policy. This is evident from the fact that the Group holds total credit provisions of KD 351 million as per CBK instructions, which was KD 215 million higher than the provision requirements of KD 136 million as per the expected credit losses on credit facilities under CBK's IFRS 9 guidelines.

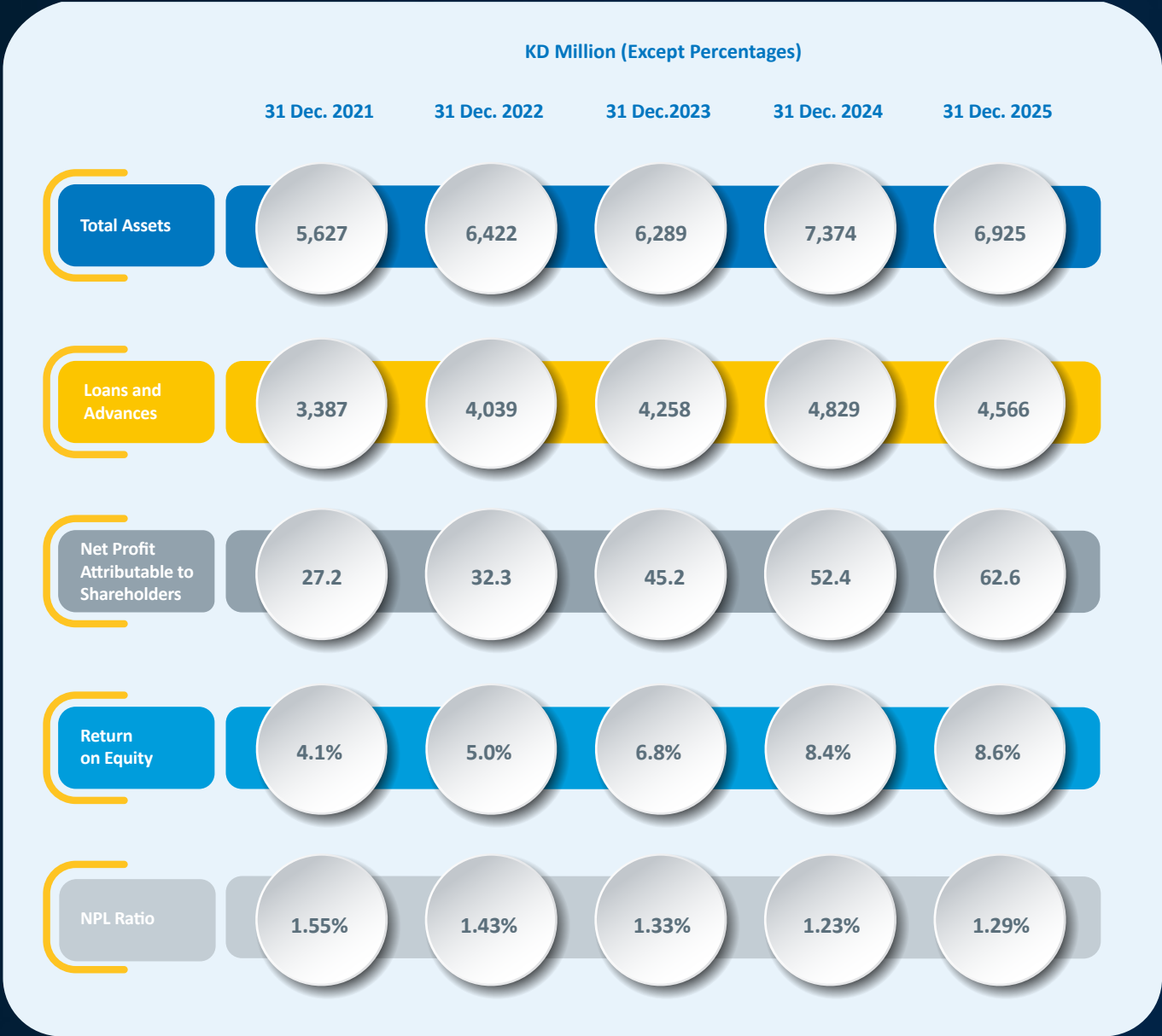
Dividend and Bonus Shares

Continuing its track record of consistent returns to shareholders, the Group proposes to pay a cash dividend of 10 fils per share. In addition, the Bank also proposes to issue bonus shares of 5%, subject to the shareholders' approval of the annual general meeting.

Capital Management

The Group's Basel III Common Equity Tier 1 (CET1) ratio stood at 13.37% and Total Capital Adequacy Ratio at 19.11%, well above the 16.94% ratio achieved in 2024 as a result of several positive measures undertaken by the Group during 2025.

Five-Year Financial Highlights



Awards



Global Finance

- Most Innovative Digital Bank
- Best in Transformation
- Best User Experience (UX) Design
- Best Mobile Banking App
- Best Digital Bank



International Finance

- Best New Mobile Banking App
- Most Innovative Investment Advisory Company
- Best Investor Relationship Bank
- Fastest Growing Wealth Management Solution Provider



Global Brands Magazine

- Excellence in Corporate Governance – Kuwait
- Best Call Center – Kuwait



MEED

- Best Digital Transformation Initiative

Divisional and Subsidiary Report

Kuwait

Anti-Money Laundering & Combating the Financing of Terrorism (AML & CFT)

The Group is fully compliant with AML & CFT and preventing the Financing the Proliferation of Weapons of Mass Destruction (WMD) laws and regulations set by the Central Bank of Kuwait, Kuwait Financial Intelligence Unit (KWFIU), Central Bank of the UAE, Central Bank of Egypt, Dubai Financial Services Authority (DFSA), Capital Markets Authority Kuwait (CMA) and Financial Action Task Force (FATF) recommendations in addition to other regulatory bodies in each country.

The Group's AML & CFT & Sanctions Policy is implemented across the organization, with the division serving as a dedicated and independent entity reporting to the Board Risk and AML & CFT Committee.

The division presents periodic AML & CFT reports to the Board of Directors and its relevant committees, encompassing all AML & CFT activities. Any suspicious financial activities are promptly reported to KWFIU and other relevant authorities in each jurisdiction.

Furthermore, the Group's Internal Audit division, Risk Management division, and external auditors carry out assessments to ensure the adequacy and currency of the AML & CFT program.

Specialized AML & CFT training programs are regularly conducted for staff, Executive Management and the Board of Directors to ensure they are well-informed about the latest measures and regulations concerning AML & CFT.

Corporate Banking (CBD)

In 2025, CBD remained firmly oriented toward the domestic corporate market, placing particular emphasis on financing strategic projects and major economic activities that support Government of Kuwait National Development Plan (KNDP), especially those promoting the nation's sustainable development, with special focus on ESG compliant initiatives and green energy projects which is expected to reduce Kuwait's carbon footprint.

Lending activities and objectives were largely directed towards the following areas, reflecting not only the economic activity of the lending function, but also our aspiration in supporting strategic objectives of corporate banking in our near future.

- **Infrastructure Development:** ABK has committed to supporting large-scale infrastructure projects including power generation, utilities, and urban development initiatives aligned with Vision 2035.
- **Power Generation:** Financing rehabilitation and maintenance contracts with the Ministry of Electricity & Water & Renewable Energy for several power stations and water gathering centres in different areas in Kuwait.
- **Oil & Gas Sector:** More focus has been shifted to finance more specialized contracts directed to upstream oil field development lead by KOC primarily to enhance oil production in oil fields north of Kuwait.
- **Green Energy Projects:** Special focus on the electricity generated from natural sources that are renewed naturally and have minimal environmental impact. ABK took actual steps to assess actual green energy

projects such as Shagaya renewable energy park worth of multi billion in investment cost, and looking eagerly for other opportunities in the sector.

- **Reduced Carbon Footprint Projects:** ABK has strategically started to assess Kuwait Environment Public Authority (EPA) steps to reduce Kuwait carbon footprint as per Article No 6 of Paris Agreement, which will be measured by projects that can be classified as carbon footprint friendly. ABK is eager to engage with early attempts of Private Sector companies that can add value to this initiative especially for some of the projects that will contribute positively in this as per UN standards.
- **Human Capital and Labor Market:** Supporting education-related projects and training facilities through project finance and corporate lending.
- **Healthcare:** Financing private healthcare facilities and medical infrastructure.
- **Residential Development:** ABK is looking eagerly on the Government initiative to begin the 'Real Estate Developer' project with a pilot size project encompassing construction of 5000 residential units, which is expected to exceed KD 500 million in investment cost. Banking industry will benefit from both sides of financing, the construction, in addition to retail financing to individuals.

Digital Transformation and Innovation (DX)

Digital Experience Excellence

In 2025, ABK delivered a landmark year in its digital transformation journey, achieving a step-change in platform capabilities, customer experience, and service innovation. Guided by a digital-first strategy and disciplined execution, the Bank redefined how customers engage across mobile, self-service, and assisted channels, reinforcing its position as a leading digital transformation bank in Kuwait and the wider Middle East.

Mobile Banking: A Strategic Growth Platform

ABK launched a revamped mobile banking application built on a modern, highly scalable technology foundation. Designed end-to-end around customer journeys, the platform delivers enhanced speed, stability, and personalization, ensuring a seamless and consistent experience across Mass, Elite, and Private Banking segments, while enabling differentiated services for premium customers.

During the year, the mobile application achieved its highest-ever rating on the app stores, reaching 4.7, reflecting strong customer satisfaction and positive user feedback on the enhanced digital experience.

Delivery momentum remained consistent throughout the year, with more than 20 new releases deployed in 2025. These releases materially expanded functionality

and customer choice, introducing tablet banking and advanced personalization through customizable dashboards. Customers benefit from:

- Instant virtual card issuance
- Comprehensive card controls supporting end-to-end card lifecycle and spending limit management
- Family banking capabilities
- Direct digital connectivity between Elite and Private Banking customers and their dedicated relationship managers
- Instant opening of savings and deposit accounts
- Seamless digital applications for credit cards and loans
- Pre-authenticated 'Call Me' support
- ABK Market as a digital hub for everyday payments
- Secure digital services including eKYC updates and certificate downloads supporting paperless processes and ESG objectives
- Dormant account activation
- Beneficiary onboarding via QR code or mobile number
- Easy transfers for ABK Wealth Management customers
- Enhanced payments through card tokenization
- Innovative Eidiya feature

Collectively, these enhancements deepened customer engagement, strengthened security, and positioned the ABK mobile application as a preferred channel for everyday banking.

Customer-Centric Self-Service

In parallel, ABK redefined the role of its ATM network, transforming traditional transaction points into self-service branches that extend full-service banking capabilities with reduced reliance on human interaction.

The enhanced ATM experience offers a wide range of services through an intuitive, guided interface aligned with in-branch functionality. Customers can transfer funds to local and international banks, pay telecom bills and card bills, manage PINs, unblock cards, request e-statements, and perform cardless withdrawals, balance statements, and mini statements, and deposit cheques directly through ATMs, enabling customers to independently fulfil complex banking needs at any time.

This is in addition to contactless NFC-enabled transactions that ensure fast, secure, and frictionless access. Embedded customer segmentation enables tailored journeys aligned with individual profiles, while features, such as dark mode, personalized preferences, and memorized withdrawal amounts enhance usability across all segments.

For corporate customers, ATMs operate as efficient service points for fast, bulk, and instant cash deposits fully integrated with corporate accounts. This capability

delivers immediate operational value, reduces dependency on physical branches, and supports ABK’s digital transformation strategy towards greater automation.

Through these enhancements, ABK’s ATM network now function as intelligent, always-available self-service channels, combining convenience, personalization, and security across multiple locations.

Automation & Emerging Technology

In 2025, ABK advanced decisively toward becoming a more intelligent enterprise. Robotic Process Automation (RPA) reshaped critical operations, streamlining core workflows and enabling faster, more accurate and more efficient processing to better serve customers. Turnaround times were reduced, accuracy improved, and operational focus shifted from repetitive tasks to meaningful customer outcomes that was reflected in customer satisfaction.

By year-end, nine additional RPA processes were delivered, bringing the enterprise total to 23 and extending automation into more sophisticated, high-impact workflows. A forward-looking 2026 roadmap has been defined to sustain this momentum, further advancing automation and accelerating the adoption of artificial intelligence (AI) across the organization.

AI-powered tools entered the proof-of-concept phase, marking a practical shift from experimentation to applied intelligence. These initiatives are designed to enhance productivity and decision-making through solutions that are purposeful, measurable, and scalable. In parallel, foundational work continued to establish cloud capabilities with leading global providers, prioritising resilience, security, and flexibility to support long-term growth and innovation.

This transformation is reinforced through a focused approach to FinTech partnerships. Collaboration is centred on integrating best-in-class capabilities that elevate digital experiences without adding complexity. By embedding FinTech innovation within the broader technology ecosystem, digital journeys become more intuitive, services more adaptive, and platforms more responsive to evolving customer expectations. Unified with AI and cloud foundations, these partnerships form a cohesive, future-ready ecosystem that advances digital banking excellence and sets a new standard for intelligent, customer-centric solutions.

Recognition & Awards

ABK earned recognition from Global Finance for the second consecutive year, reflecting sustained excellence in digital banking and customer experience. In 2025, ABK received the following awards:

- Best Consumer Digital Bank in the Middle East
- Best User Experience Design in Kuwait
- Best in Digital Transformation in Kuwait
- Most Innovative Digital Bank in Kuwait
- Best Consumer Digital Bank in Kuwait

In addition, ABK was recognized at the MEED Awards 2025 for:

- Best in Digital Transformation Initiative (Kuwait)

A Defining Year

2025 marked a defining milestone for ABK. Through strong execution, customer-centric innovation, and a clear strategic vision, the Bank delivered meaningful digital progress, strengthened service accessibility, and achieved industry-wide recognition. ABK enters the next phase of its journey with strong momentum, a future-ready digital platform, and a reinforced leadership position within the regional banking landscape.

Enterprise Program Management Office (EPMO)

In 2025, EPMO played a pivotal role in the successful implementation of several significant projects and programs at ABK. The EPMO team supported business teams in executing initiatives aimed at business enhancement, automation to boost efficiency, and the strengthening of controls to meet regulatory compliance requirements. EPMO collaborated closely with stakeholders across multiple locations to ensure projects were delivered in line with business expectations, defined requirements, and agreed timelines.

Furthermore, EPMO actively contributed to a wide range of initiatives across ABK, ensuring alignment with the Bank’s strategic objectives. The team collaborated with both business and technology teams to validate and test business changes through the Quality Assurance Unit (QAU), identify optimal solutions, support vendor selection, and define detailed requirements. This collaborative approach brought together various stakeholders to ensure the successful execution of key projects.

Overall, EPMO managed a portfolio of 15 initiatives during the year, coordinating closely with relevant business units and reinforcing ABK’s strong commitment to collaboration and excellence.

Below is a list of the major initiatives successfully delivered during this year:

Customer 360 Early Warning System (Kuwait)

This project focused on implementing an automated Customer 360 Early Warning System. Following a comprehensive RFP process, a fully automated solution was selected by the Risk Management team. The project

was successfully delivered in Kuwait, accompanied by comprehensive training for Corporate and Risk Management teams to ensure effective adoption.

Robotic Process Automation (RPA) Solution Implementation

This initiative aimed to implement a new RPA platform to replace the existing solution, enabling higher efficiency and faster service to customers. The new RPA solution was successfully implemented enabling several major processes to be fully automated, with additional processes currently underway.

Channels Revamp

As part of the Bank’s digital strategy, a major program was launched to replace the existing Mobile and Internet Banking platforms with modern, market-leading technologies and enhanced customer experiences. Building on the progress achieved in 2024, the new mobile banking application was officially launched at the beginning of 2025. The release included a complete revamp featuring competitive functionalities, a modern interface, simplified navigation, and more innovative and personalized services.

CX Banking

In line with the Bank’s Strategy to enhance customer experience across the ABK ATM network, a major CX Banking program was initiated. The program was executed through a three-phase approach to deliver value and benefits at the earliest possible stage. Enhancements included enabling local and international funds transfer through any ABK ATM, introducing NFC-enabled secure, cardless transactions, and supporting cheque processing.

GIEOM Policy and Procedure

As part of ABK’s corporate governance strategy, an automated solution for managing policies and procedures was implemented across the Bank. This initiative eliminated manual processes and significantly enhanced governance, workflow efficiency, and approval processes.

Core Banking Upgrade

ABK launched the Finacle Core Banking Finacle Upgrade program to modernize its core banking platforms in both

Kuwait and the UAE. The upgrade, covering Core Banking, Payments, and the Retail Loan Origination System (RLOS), addressed infrastructure modernization, regulatory compliance, and functional enhancements. The program enables improved automation, strengthens compliance, and equips business teams to respond more effectively to evolving market and regulatory requirements.

Quality Assurance Unit (QAU)

QAU continued to support business areas by validating the readiness of business changes received from internal IT teams and third-party technology vendors.

In 2025, QAU validated over 90 business changes across Kuwait and the UAE, with approximately 80% related to Kuwait and 20% to the UAE. In addition, the QA team played an integral role in the Core Banking Upgrade program, managing third-party testing vendors and actively participating in testing activities.

EPMO remains committed to supporting the successful delivery of ABK’s strategic and tactical initiatives by leveraging its expertise and fostering strong collaboration among internal and external stakeholders.

FATCA and CRS

The ABK Group complies with international agreements signed between the various countries in which it operates, including agreements with the U.S. Internal Revenue Service (IRS), as well as with participating countries under the Common Reporting Standard (CRS) Agreement concerning the exchange of taxation information. This includes compliance with resolutions issued by Kuwait’s Ministry of Finance and the Central Bank of the UAE.

The Group ensures that all applicable policies and forms are regularly updated to comply with regulatory requirements. In addition, ABK appoints external auditors approved by Kuwait’s Ministry of Finance to conduct routine periodic reviews to ensure compliance with FATCA and CRS regulatory requirements.

The Bank has also updated its website to include more detailed information on FATCA and CRS, as part of its responsibility to enhance customer awareness and ensure compliance with relevant instructions and laws.

Human Resources (HRD)

HRD is pleased to reflect on a transformative year in 2025, characterized by significant milestones in talent development, employee engagement, and progressive workforce distribution enhancements that set new standards in the industry.

Talent Development

Under the banner of training and talent management, ABK has continued its unwavering commitment to fostering local talent. This year, we launched Al Masar 2.0, building on the successes of our initial program, to prepare a second batch of young Kuwaiti talent for management roles. This revamped program has enriched our development framework, aligning with the competencies valued at ABK.

Furthermore, the Al Nokhba program concluded this year, graduating 14 talented Kuwaiti middle managers who are now equipped with essential leadership competencies. This program has effectively honed their skills in strategic thinking and management practices, preparing them to take on pivotal roles within ABK and contribute meaningfully to our organisational goals.

Alongside various academies conducted during 2025, we concluded the IT Academy earlier in the year, where 11 talented Kuwaiti graduates underwent months of training and development throughout 2025. They gained vital knowledge that can be translated into relevant technology-related roles across the Bank. This strategic placement not only enhances their career trajectories but also addresses critical skill gaps within the organization, ensuring the growth of future Kuwaiti talent in areas where there is a scarcity of qualified individuals.

All talent and development programs delivered throughout the year are purpose-built to strengthen ABK's long-term succession pipeline. These initiatives are complemented by targeted one-on-one development interventions, executive coaching, and specialized technical and professional certifications, ensuring that critical capabilities are continuously built and future leaders are developed in a structured, sustainable, and business-aligned manner.

Employee Engagement

During 2025, multiple staff engagement and awareness activities were completed and three new major initiatives aimed at enhancing employee engagement and fostering a culture of open communication.

Connecting ABK

Designed to bridge the communication gap between leadership and associates across the Bank, this initiative involved informal yet structured meetings between division leaders and associates to encourage open conversations, address concerns, and identify opportunities for improvement. This helped foster a culture of trust and engagement by allowing employees to voice their feedback and insights.

CEO Circle

With the aim of bridging the gap between employees and the CEOs through informal sessions, CEO Circle facilitated genuine, first-hand dialogue and insights between ABK professionals that helped management understand staff experiences and perspectives.

ABK Mentorship Program

This program provided employees with the opportunity to take charge of their development by learning directly from ABK leaders. By selecting up to three mentors, mentees received personalized guidance aligned with their professional goals. This initiative helps accelerate development through real-life experiences and helps expand networks to build lasting connections across the Bank.

This year, we also partnered with Gallup to conduct an employee survey aimed at better understanding our employees' views. Gallup's expertise in employee engagement research will provide us with valuable insights and practices that will ensure that we continue to cultivate an environment where everyone can thrive.

Workforce Distribution Enhancements

In our commitment to fostering a dynamic and efficient workplace, ABK has embraced a thoughtful approach to workforce distribution enhancements. By focusing on reskilling and optimising roles, we are empowering our employees to thrive in their positions while ensuring that we effectively utilize our talent. This initiative not only streamlines operations but also creates exciting new opportunities for Kuwaiti talent to grow and advance within the organization. Our focus on enhancing efficiencies ensures that we remain competitive while nurturing the potential of our workforce.

Through these innovative initiatives, ABK has set a benchmark for excellence in 2025, reinforcing its dedication to inclusivity and employee empowerment. As we move forward, we remain committed to fostering a vibrant and engaged workforce that drives our success and shapes the future of banking in Kuwait.

Information Technology (ITD)

Payments, Messaging & Regulatory Initiatives

- **SWIFT Message Conversion (MT to MX – ISO 20022):** As part of the SWIFT Standard Release and ISO 20022 compliance, all outbound SWIFT messages in categories 1*, 2*, and 9* were migrated from legacy MT (text-based) to MX (XML-based) formats. A message converter was implemented to enable seamless communication with the SWIFT secure network.
- **GCC RTGS (AFAQ) Implementation:** In line with the Central Bank of Kuwait's strategic objectives, the AFAQ project was implemented to modernize cross-currency and cross-border payment settlement across GCC countries. The initiative enables same-day or next-day fund availability, reduces settlement-related operational risks, enhances liquidity management, and supports financial stability in Kuwait.

Automation & Operational Efficiency

- **Legal Customer Automation:** End-to-end automation was implemented for legal customers with executive holds, including automated recovery of held amounts and remittance to the Ministry of Justice in accordance with regulatory requirements.
- **Robotic Process Automation (RPA):** Twelve new RPA processes were implemented across multiple divisions as part of the Bank's automation strategy, significantly reducing manual intervention and improving operational efficiency.
- **Early Warning Signals (EWS):** An EWS was introduced to proactively identify customers showing signs of potential credit deterioration, enabling timely risk assessment and intervention.
- **GIEOM Implementation:** A centralized Governance, Enterprise Instructions, and Operational Manuals (GIEOM) system was deployed, featuring automated workflows, approval hierarchies, audit trails, and enhanced access controls, replacing manual and paper-based processes.
- **SMS Service Enhancement:** Migrated the legacy SMS service to a new high-availability architecture, enabling faster message delivery, real-time tracking, and improved reliability. This upgrade eliminated historical delays and strengthened the effectiveness of customer communications.
- **CCLI Integration:** Automated credit card limit increase requests via the ABK mobile app by integrating the CINET digital document sign-off process. This automation removed manual intervention, reduced turnaround time, and significantly enhanced the customer experience.

Cards, Payments & Fraud Prevention

- **Virtual Card Issuance:** Customers can now instantly issue virtual cards via mobile banking, available 24/7 without staff intervention. This initiative reduces card printing costs and enables immediate card usage.
- **Card Tokenization & Wallet Enablement:** Digital card tokenization was enabled, allowing customers to link debit and credit cards to Google Wallet and Samsung Wallet for secure, contactless payments.
- **CBK Tokenization Mandate:** Implemented Central Bank of Kuwait requirements for two-factor authentication during wallet activation via mobile banking, reducing fraud related to token provisioning.
- **Fraud Module Upgrade:** The PowerCard fraud module was upgraded to support enhanced fraud rules for token-based transactions and e-commerce indicators, further reducing fraudulent activity.
- **Biometric Transaction Authentication:** Biometric authentication replaced SMS OTP for mobile banking

transactions, improving security, reducing SMS dependency and costs, and enhancing customer convenience.

Digital Channels & Customer Experience

- **New Mobile Banking App – Kuwait:** A fully revamped mobile banking application was launched with a modern UI/UX, enhanced navigation, improved performance, advanced security controls, and personalized customer journeys—significantly improving engagement and usability.
- **CXBanking (ATM Enhancements):** Implemented the CXBanking solution across ATMs, offering enhanced features such as customized cash denominations, NFC transactions, payment transfers, and an improved user interface.
- **Pre-Login Mobile App Features:** Introduced pre-login transaction capabilities including ABK Pay, WAMD, and fund transfers, enabling faster access while maintaining security controls.
- **FamilyBanking:** Launched FamilyBanking functionality allowing customers to link family members under a single profile, enabling spending oversight, account management, and controlled financial supervision.

Loyalty, Marketing & Engagement

- **Skywards Loyalty Program Migration:** Migrated the Emirates Skywards loyalty program to a new platform using API-based integration, replacing file-based updates. This enhanced onboarding speed and improved lifecycle management for cardholders.
- **Enhanced Customer Engagement:** Introduced dynamic marketing banners in credit card e-statements to enable targeted cross-selling. Automated delivery of daily KNET settlement statements and balance confirmation requests further improved service levels and reduced manual effort.

Wealth, Capital Markets & Investments

- **ABK Wealth Management Client Portal:** Implemented a secure web portal for ABK Wealth Management clients to view investment profiles, fund positions, and account details, featuring enhanced security, improved performance, and a modern interface.
- **ABK Wealth Management Platform:** Launched the new ABK Wealth Management website consolidating Private Banking and ABK Capital services into a unified digital platform, supporting future digital expansion.
- **GTN Integration:** Integrated ABKC Trade (GTN) services with ABK Mobile Banking, enabling customers to fund trading accounts, withdraw settled cash, and securely access account information.

Lending, Mortgages & Corporate Banking

- **ABK Build – Digital Mortgage Platform:** Launched a mobile-friendly digital mortgage platform with a unique theme-based design. Customers can select home designs, calculate loan amounts, installments, and tenures dynamically, and submit mortgage applications online, significantly reducing manual processing.
- **Corporate Online Banking Enhancements:** Enhanced Corporate Online Banking with:
 - Al Amel account management (open, close, update)
 - SWIFT GPI transaction tracking
 - Automated audit balance certificate generation
 - User-level KYC alerts and notifications
 - Revamped salary upload process

These enhancements improved efficiency, compliance, and corporate customer experience.

Payments & Regional Integration

- **Visa Alias Directory:** Implemented Visa Alias Directory, allowing customers to link accounts or cards to identifiers such as mobile numbers or email addresses for faster and more secure peer-to-peer payments.
- **Aani Enrollment Automation (UAE):** Automated Aani enrollment by integrating mobile number and Emirates ID validation. Customers can seamlessly enroll and use Aani for instant payments, including credit card payments.

CRM & Sales Enablement

- **Dynamics CRM Enhancements:** Enhanced Dynamics CRM with CuMAX cross-selling and customer exploration widgets to improve sales effectiveness and increase revenue. New SME and campaign management modules were also implemented to support targeted marketing and deeper customer engagement.

Internal Audit (IAD)

IAD operates as an independent and objective assurance and advisory function designed to add value and improve the Bank's operations.

In alignment with the Global Internal Audit Standards issued by the Institute of Internal Auditors (IIA), IAD adopts a systematic, disciplined and risk-based approach to assess and enhance the effectiveness of governance, risk management, and control processes across the organization.

The division's primary objective is to support the Bank in achieving its strategic and operational goals by delivering high-quality internal audit services that promote accountability, integrity, and continuous improvement.

This is achieved through a structured and professional approach, ensuring compliance with applicable regulations, internal policies, and the updated IIA Standards.

The Internal Audit Charter, which defines IAD's purpose, authority, and responsibility, forms an integral component of the Bank's corporate governance framework. IAD operates in accordance with the Internal Audit Charter, Manual and Procedures. These documents are periodically reviewed and updated to remain aligned with evolving regulatory requirements and global internal audit standards.

Multinational Corporates and Structured Finance (SFD)

In 2025, SFD continued to strengthen its role as a key strategic partner for sovereigns, multinational corporations, and large local groups. The division played a central role in structuring and participating in complex financings across critical sectors, while supporting national development priorities and large-scale infrastructure initiatives.

SFD's activities during the year reflect its ongoing commitment to delivering tailored, value-added financing solutions, deepening client relationships, and supporting sustainable economic growth in Kuwait and the wider region.

Key Highlights

- Arranged and participated in a KD 1 billion syndicated facility for a sovereign entity in the oil sector, supporting strategic national energy objectives.
- Arranged and participated in a senior unsecured bond issuance for a leading regional investment company, enhancing its capital markets access and balance sheet flexibility.
- Granted a USD 60 million facility to a multinational industrial conglomerate, supporting its operational requirements and regional expansion plans.
- Continued to support and advise multiple consortiums bidding for different PPP projects under the framework of the Kuwait Authority for Partnership Projects (KAPP), including Shamal Azzour IWPP, Fixed Communications Network Development Project and Al Dibdibah Power and Al Shagaya Renewable Energy Project, reinforcing the Bank's role in Kuwait's public-private partnership ecosystem.

Cash Management

During the year, the Cash Management and Corporate Online Banking function focused on strengthening the Bank's transactional capabilities while building the foundations for a broader transaction banking platform. The emphasis was on delivering stable, reliable services today, while preparing for scalable growth in the future.

The Bank currently offers a comprehensive range of cash management and digital banking services to its corporate clients that support clients' day-to-day operating needs and provide essential control, visibility, and efficiency over their cash flows. Throughout the year, continued enhancements were made to the corporate online banking platform, with a focus on improving client journeys, operational resilience, and usability. Close collaboration with internal stakeholders and technology partners ensured that platform improvements were delivered without compromising stability or service quality. In parallel, significant strategic work was undertaken to define the Bank's longer term transaction banking vision. This included mapping client needs across payments, collections, liquidity, and digital channels, and assessing global best practices to support an integrated, client-centric offering.

As client expectations continue to evolve, transaction banking will play an increasingly central role in how corporates select and engage with their banking partners. The work completed during the year positions the Bank well for the next phase of development; creating flexibility to grow and scale as client expectations and market dynamics continue to evolve.

Operations and Trade Finance (OTFD)

During 2025, OTFD delivered solid and measurable progress across automation, regulatory compliance, risk management, and service excellence. Operating within an increasingly complex regulatory and payments environment, the teams remained focused on strengthening control frameworks, enhancing straight-through processing, and improving turnaround times across core banking activities. These efforts reinforced the Bank's operational resilience, supported sustainable growth, and enhanced overall customer experience, while maintaining full alignment with the Central Bank of Kuwait's requirements and international banking standards.

Operations

Payments Unit

- Achieved significant automation across payment processes, including MOJ executions, SWIFT reporting, MT101 handling, WAMD processes, and payment advices, resulting in improved controls and reduced turnaround times.
- Implemented QR-based fund transfer solutions, including MOJ legal payments, enhancing efficiency, accuracy, and branch processing consistency.
- Extended local KWD payment cut-off times in line with CBK directives, strengthening customer convenience and digital banking capabilities.

- Successfully migrated payment messaging from SWIFT MT to MX in alignment with global standards.
- Enhanced regulatory reporting and compliance, including KNPS Phase 2 preparation, POP validation controls, CAMT-based communication, and weekly CBK reporting.
- Established new correspondent banking relationships and enhanced FX and reporting capabilities.
- Delivered targeted awareness and training sessions to strengthen operational understanding and execution quality.

Retail Loans Processing & Cheques Clearing Unit

- Streamlined retail loan and buy-out processes, improving coordination between units and reducing processing delays.
- Extended cheque clearing submission and processing hours, including weekends, in full compliance with CBK requirements.
- Introduced a two-tier after-hours cheque processing support model, ensuring uninterrupted operations and strong controls.
- Automated key loan disbursement processes, including direct transfers to car dealers, reducing manual intervention.
- Migrated auto loan processing to RLOS, strengthening system controls and scalability.
- Developed and published standardized procedures for retail loans and cheque clearing to enhance governance and service consistency.

Ministry & Private Salaries Unit

- Implemented multiple system automations and enhancements for ministry and private sector salary processing, including standing order management and monthly statement generation.
- Updated procedures to align with CBK requirements, including Civil ID matching and standing order controls
- Delivered key enhancements supporting end-of-service payments, certificate issuance, and unemployment credit processing.
- Published core salary and certificate procedures, strengthening governance, standardization, and operational efficiency.

Corporate & IBD Loans Unit

- Delivered multiple system enhancements and reports to strengthen loan processing, monitoring, and risk control.
- Implemented enhanced controls over revolving loans, promissory notes, fee debiting, and rate changes.
- Updated procedures in line with audit recommendations, reinforcing governance and compliance.

- Strengthened knowledge sharing and business continuity through cross-unit rotations and targeted training sessions.
- Introduced advanced reporting tools to improve visibility, accuracy, and decision-making across corporate lending activities.

Corporate Operations Unit

- Delivered key system enhancements supporting corporate account management, fee handling, cheque controls, and scheme code automation.
- Launched corporate account statements via email on a pilot basis.
- Strengthened AML/KYC compliance, including PEP enhancements, CIF cleansing, and audit-driven data corrections.
- Completed extensive data cleansing initiatives, improving CIF accuracy and regulatory readiness.
- Assumed full responsibility for Nostro account management, enhancing operational ownership and control.

Treasury & Settlements Unit

- Supported testing and implementation of new Treasury products, including REPO, Reverse REPO, Certificates of Deposit (multi-currency), IRS unwinding, and related settlement enhancements.

Internal Control, Ci-Net & ATM Reconciliation Unit

- Completed major Ci-Net data clean-up initiatives, aligning records with core banking systems.
- Rectified reporting discrepancies related to consumer loans, credit cards, litigation cases, and collateral-linked facilities.
- Implemented enhanced reporting classifications in line with CBK requirements.
- Strengthened documentation and procedures to support ongoing data accuracy and control.

Other Significant Achievements

- **J.P. Morgan Elite Quality Recognition Award:** Awarded for Best-in-Class USD payment processing performance, achieving a 98.78% MT103 STP rate for the third consecutive year, positioning the Bank among the top-performing institutions in the Middle East.
- **Ministry of Justice (MOJ) Processing Automation:** Successfully delivered end-to-end automation for MOJ-related processes, including the implementation of executive hold requirements for legal customers ahead of schedule and with zero post-implementation issues. These enhancements reduced processing time by approximately 98%, significantly improved

operational efficiency and customer experience, and materially lowered branch and operations-related complaints, with over 3,000 transactions processed within the first week.

Trade Finance

Letter of Credit Unit

- Supported Payments Team during major system enhancements, including STP implementation, MX conversion, SWIFT mandate upgrades, and dashboard development related to Trade Finance activities.
- Successfully executed the Bank's first Syndicated Letter of Credit, demonstrating strong coordination and execution.
- Strengthened controls through enhanced PN tracking and operational tools.
- Delivered comprehensive training and client-awareness initiatives, enhancing service quality and staff capability.

Letter of Guarantee Unit

- Established and published comprehensive Letter of Guarantee (LG) and cross-functional Trade Finance procedures.
- Issued over 5,300 LGs during 2025, generating strong commission income.
- Achieved over 99% turnaround time within one business day or less.
- Strengthened internal controls and invested in advanced Trade Finance training to enhance team expertise.

Retail Banking Division (RBD)

In 2025, RBD continued to strengthen its market share through product development, enhancement of banking services, reinforcement of customer engagement initiatives across various segments, and improvement of service channels, all of which contributed to supporting the Bank's strategic objectives.

Marketing Campaigns and Initiatives

During the year, ABK launched a number of campaigns targeting diverse customer segments. These marketing initiatives included the Salary Transfer campaign, which successfully attracted new customers and increased the Bank's market share, as well as the Al Tajer segment tailored for institutions. It was enhanced with new value-added services designed to meet the needs of this segment.

In addition, ABK participated in several exhibitions held in Kuwait, including Auto World Show for the third consecutive year, where the Bank presented its exclusive car financing offers. The Bank also continued to support students through its participation in the 'Derasati' exhibition, showcasing banking solutions specifically designed for students and offering services that meet their needs and support them across various aspects.

As a strategic step, ABK sponsored the 'Baiti' exhibition, offering exceptional deals and a wide range of financing solutions to meet the needs of customers planning to build or renovate their homes in Kuwait. This participation marked the starting point of the Bank's journey to become the preferred financial partner for customers by providing tailored financing solutions that address their banking requirements.

Enhancement of Cards and Payment Solutions

RBD continued to develop its products and payment solutions on an ongoing basis in line with customer demand, while maintaining a strong focus on enhancing the quality of customer experience and complying with the requirements of the Kuwaiti market. During the year, the Bank launched the new ABK Visa Platinum Advantage 1.2.3 prepaid card, featuring a dual rewards system, the first of its kind in Kuwait. The Bank also successfully expanded acceptance of all its credit and prepaid cards across all fuel stations and further developed its point-of-sale (POS) networks, strengthening its market presence and supporting strategic growth to ensure wider reach.

Excellence in Customer Service and Distribution Channels

In support of its sustainability agenda, the Bank implemented environmentally friendly initiatives, including the adoption of solar-powered signage to guide customers to the nearest branches and ATMs. The Bank also moved forward with its branch development strategy through the renovation of both Mansouriya and Zahraa branches, introducing a modern and contemporary design while integrating digital solutions to enhance customer experience and ensure operational efficiency.

RBD continued to strengthen its customer service and distribution channels in line with its digital transformation and sustainability objectives. Key efforts included enhancements to the Interactive Voice Response (IVR) menu to expand the range of available services and improve performance efficiency. These efforts culminated in the Bank being awarded the 'Best Call Centre' award by Global Brands Magazine. The Bank also reinforced its presence through its Digital island in strategic locations such as 360 Mall, The Gate Mall, and The Warehouse Mall, providing customers with greater

flexibility to engage with the Bank based on their needs and locations.

Customer Engagement Events and Initiatives

RBD continued to strengthen ABK's engagement with customers across key customer bases by offering tailored promotions aligned with its expansion strategy and responsible role within the community. The ABK Heroes account continued to play an important role in promoting early financial awareness and building long-term relationships with customers. Throughout the year, the account supported a range of educational and social initiatives and offered exclusive experiences designed to add value for customers and their families, reflecting the Bank's commitment to creating tangible community impact. These initiatives included beach clean-up campaigns, home delivery of school supplies to customers, participation in the design of eco-friendly tote bags, and more.

Furthermore, the A+ Student account portfolio recorded strong growth during 2025, supported by ongoing collaboration with higher education institutions and an enhanced presence within universities. In order to ensure optimal exposure, Retail expanded its location presence to include Kuwait International Law School (KILAW), American International University (AIU), Public Authority for Applied Education and Training (PAAET), as well as Australian University (AU). This led to the opening of new accounts and successful transfers of student allowances, while strengthening the Bank's presence amongst students.

Complementing this, the Bank continued to enhance its brand positioning through targeted marketing initiatives and engagement programs, including those dedicated to the Bank's esteemed female customers. These programs focused on promoting financial inclusion, empowering women, and delivering customized banking experiences across areas such as investment, health awareness, and partnerships with luxury brands. This reflects the Bank's commitment to sustainability and social responsibility as integral components of its business model and to building long-term, sustainable relationships with its customers.

Risk Management (RMD)

During the year, the RMD continued to ensure the effectiveness of the Bank's Risk Management Framework, governance, processes, and oversight mechanisms, promoting strong risk management practices across the Bank and ongoing compliance with regulatory expectations. RMD maintained independent oversight of material risks, enhanced the quality and transparency of risk reporting, and ensured that risk considerations were embedded in both strategic planning and day-to-day decision-making processes.

Key Developments

- **Improving Risk Monitoring and Credit Decision-Making Systems:** The Bank advanced its risk management infrastructure through system automation and enhanced analytics. Key initiatives included the implementation of a customer 360° risk dashboard to provide early warning indicators for corporate customers, the rollout of the Intelligent Credit Origination (ICON) system to support a more efficient obligor risk rating process, and the automation of the Internal Capital Adequacy Assessment Process (ICAAP). Collectively, these initiatives enabled timelier risk identification, improved decision quality, and strengthened management oversight.
- **Progressing ESG Integration Within Risk Management Frameworks:** The Bank continued preparing to integrate ESG considerations into its risk framework. Efforts included updating credit policies to incorporate ESG-related factors, developing readiness for ESG inputs within credit decisioning platforms, and exploring alignment between internal risk rating models and ESG-related indicators.
- **Strengthening the Internal Capital Adequacy Assessment Process (ICAAP):** A comprehensive validation of ICAAP and stress testing models was completed in line with the Bank's model governance framework. Conducted by an external validator, this exercise reinforced the robustness and reliability of the Bank's capital adequacy assessment, provided independent assurance over key methodologies and assumptions, and ensured continued alignment with evolving regulatory expectations for capital assessment and stress testing.
- **Maintaining Focus on Data Privacy and Information Security:** Data privacy and information security remained key priorities, supporting customer confidence, regulatory compliance, and operational resilience. The Bank reinforced its data governance and accountability framework, conducted privacy impact assessments for critical systems, and leveraged a centralized data privacy platform to ensure consistent application of data protection requirements. A readiness assessment was also conducted to align data privacy and security practices with internationally recognized standards, including the Privacy Information Management System (ISO 27701).
- **Enhancing Model Risk Management Capabilities:** Model risk management practices continued to develop, with stronger focus on model governance and the continued embedding of the Group Model Risk Framework (GMRF). These efforts improved oversight, lifecycle management, and regulatory alignment across all risk models within the Bank.
- **Regulatory Alignment with Credit Risk Management Standards (CRMS):** The Bank progressed the implementation of Credit Risk Management Standards for its UAE operations. These initiatives supported consistent application of regulatory requirements relating to credit risk data, reporting, and governance, reinforcing compliance with supervisory expectations.
- **Group-Wide Oversight of Overseas Branches and Subsidiaries:** The Bank conducted independent risk reviews of subsidiaries and overseas branch portfolios to assess resilience under stressed market conditions. These reviews were complemented by on-site engagement with overseas operations, ensuring consistent risk management practices and alignment with Group risk standards.
- **Operational Resilience and Business Continuity Preparedness:** The Bank enhanced its business continuity framework through regular crisis simulations and recovery exercises across key functions and geographies. Alignment with internationally recognized standards was demonstrated through the successful completion of Stage 1 and Stage 2 ISO 22301:2019 certification audits for the Bank's Kuwait and UAE operations.
- **Fraud Risk Monitoring and Enterprise-Wide Oversight:** In response to increasing fraud risks and rapid technological developments, the Bank explored enhancements to its enterprise-wide fraud risk management capabilities. This included improved monitoring of customer behavior and transaction activity to strengthen both preventive and detective controls, in line with regulatory expectations and supervisory guidance.
- **Cyber and Information Security Governance:** The Bank maintained a robust cyber and information security governance framework, reflecting the growing complexity of external threats and increased reliance on digital technologies. Focus areas included oversight of external and third-party risk exposures, risk assessments related to AI and cloud technologies, and continuous monitoring of cyber threats. Regulatory developments relating to cyber and operational resilience were reviewed in preparation for implementation in 2026. The Bank remained aligned with recognized information security standards and certifications, including ISO 27001, PCI-DSS, SWIFT SCP, and UAE NESA, supporting secure and resilient operations and protection of customer information.

Emerging Risks

- **Digitalization and Artificial Intelligence-Related Risks:** Rapid technological advancements and the increasing use of artificial intelligence continue to introduce new and evolving risks. As digital and AI-enabled solutions operate at greater scale and interconnectedness, potential risks include increased operational complexity, reduced transparency, higher reliance on technology platforms, and challenges in maintaining effective data privacy and control over information usage. The Bank continues to monitor these developments and assess their implications for its risk profile and business model.
- **Regulatory and Supervisory Change Risk:** The evolving regulatory and supervisory landscape remains an emerging risk for the Bank. Ongoing regulatory reforms, heightened supervisory expectations, and the introduction of new requirements may increase compliance complexity and implementation demands across jurisdictions. The Bank addresses these changes through timely updates to internal frameworks, policies, and procedures.

Strategy and Follow Up Division (SFUD)

SFUD is the central owner of the Bank's strategic agenda. It is responsible for translating Board-approved priorities into executable initiatives and ensuring disciplined delivery across the Group. The division also leads key strategic projects, including mergers and acquisitions (M&A), where it evaluates potential opportunities, assesses their strategic fit, and oversees execution. SFUD provides a structured, end-to-end framework encompassing strategy formulation, execution monitoring, and performance tracking, ensuring alignment with the Bank's risk appetite, financial capacity and governance standards.

SFUD serves as the primary interface between the Board and senior management on strategic matters. Through rigorous reporting, milestone tracking, and issue escalation, the division provides a clear line-of-sight into progress, risks, and interdependencies across strategic initiatives. This enables timely, fact-based decision-making, reinforces accountability, and ensures sustained focus on the Bank's highest-impact priorities.

A core mandate of the division is embedding strategy into day-to-day operations. SFUD ensures that approved initiatives are fully integrated into business plans and budgets, moving strategy beyond planning and into sustained execution. Initiatives are tracked through

defined success metrics, clear ownership structures, and established governance forums to ensure delivery of intended outcomes.

During the year, the division led the Group-wide strategy refresh for the next five-year planning cycle. This process involved a comprehensive review of the operating environment, business portfolio, growth opportunities, and capital allocation priorities. SFUD coordinated engagement with senior management to challenge assumptions, assess strategic trade-offs, and ensure that the resulting strategy is executable, risk-aligned, and focused on delivering sustainable long-term value.

Treasury & Investments (TID)

The year 2025 provided unique challenges for TID, as geopolitical volatility and policy shifts in the U.S. sparked global market unpredictability across interest rate outlooks and foreign exchange rates. In Q2 2025, the U.S. implemented tariffs that caused global markets to erase trillions of dollars in value before recovering, subsequently redefining global trade relations. U.S. markets, driven primarily by artificial intelligence (AI), raised concerns of an 'AI Bubble,' with many drawing parallels to the 1990s dot-com era. This further drove the 'Debasement Trade' with liquidity flowing away from fiat currencies into scarce assets such as gold, Bitcoin, silver, and other hard commodities due to market uncertainty.

Starting 2025, TID focused on further optimising and diversifying ABK's funding base and successfully executing the internal funding plan established. These continued efforts aimed to maximise returns while strengthening the overall resilience of the balance sheet against adverse market liquidity conditions and market uncertainty.

ABK successfully established a USD 500 million certificate of deposit program, which was met with strong market demand for ABK prints under the program. The initiative enabled the Bank to further diversify its funding base in foreign currencies and formed part of a broader strategy to enhance funding diversification.

Furthermore, on 8 December 2025, ABK successfully issued KD 30 million Tier II bonds, including KD 15 million float priced 2.25% above the CBK discount rate (capped at 1% above the fixed tranche rate) and KD 15 million fixed priced 2% above the CBK discount rate. The issuance was oversubscribed by 5 times, demonstrating strong investor demand for ABK issuances thus reaffirming the Bank's position as a leading local issuer.

ABK-UAE



The UAE has demonstrated strong resilience amid global uncertainty, with UAE GDP expanding by 4.5% year on year (YoY) in Q2 2025. Growth was driven by strong non-hydrocarbon output, particularly in financial and insurance services, manufacturing, and construction. The UAE's outlook remains strong, supported by higher oil production and the continued robust performance of non-oil activities. The GDP growth was forecasted at 5.0% in 2025, with the non-hydrocarbon sector expanding by 4.9%, and the hydrocarbon sector rebounding by 5.4%, reflecting a faster-than expected reversal of oil production cuts following OPEC+ quota increases.

The medium-term outlook is broadly balanced, supported by stronger-than-expected non-hydrocarbon activity, the continued adoption of artificial intelligence to boost productivity, and more favorable global conditions. However, a mild softening in external demand or shifts in global financial or energy market conditions could weigh on economic activity, although strong domestic fundamentals should help mitigate these risks.

The UAE residential real estate market gained further momentum through the first three quarters of 2025, with Abu Dhabi and Dubai both recording increases in overall transaction volumes. This indicates sustained confidence from residents and global buyers, as well as continued long-term investment appetite. Growth in Abu Dhabi was supported by strong expansion across both ready

and off-plan segments, while Dubai maintained deeper transaction activity, particularly in the apartment market and mortgage-financed purchases. Dubai's residential sales transactions increased by 17.2% YoY over the first three quarters of 2025, driven primarily by high apartment sales and a noticeable rise in mortgage transactions. Abu Dhabi recorded a 57.9% YoY increase in total residential sales and mortgage transactions over the same period, with growth observed across all property types and sales categories.

The tourism and hospitality sectors continue to play a vital role in strengthening the UAE's non-hydrocarbon activity, benefitting from several initiatives under the UAE Tourism Strategy 2031. Dubai's tourism sector maintained its strong momentum in the first nine months of 2025, attracting 13.95 million international overnight visitors, up 5% from the same period in 2024. This sustained growth highlights Dubai's continued strength as a leading global tourism destination. The hospitality sector also remained resilient, with hotel occupancy reaching 79% in September 2025, up from 76% a year earlier. This improvement, together with healthy revenue performance, reflects continued strength across key market segments and the effectiveness of ongoing efforts to enhance visitor experiences. Overall, these developments reinforce tourism's vital role in supporting non-oil economic growth.

The aggregate capital ratios of the UAE banking system remained adequate and well above the minimum regulatory requirements. The Capital Adequacy Ratio (CAR) edged lower to 17.4%, driven by faster growth of risk-weighted assets (primarily due to lending growth) relative to capital. Funding and liquidity levels of the UAE banking system remained favorable in Q3 2025, bolstered by robust deposit growth, with the loan-to-deposit ratio reaching 77.8%. Liquidity and stable funding ratios also remained well above regulatory thresholds.

During the review period, our UAE branch operated in an environment of exceptionally high market liquidity, which resulted in several unexpected large settlements that affected overall balance sheet growth relative to the prior year. While this led to softer performance outcomes in the near term, underlying client activity, engagement, and franchise positioning remained robust. Wholesale Banking continued to emphasize selective, high-quality engagements. In particular, the branch has gained meaningful traction in the real estate escrow business, which is expected to be a key driver of low-cost deposit growth in the coming years. The challenging interest rate environment, shaped by global policy shifts and rate adjustments, influenced funding cost and margins during the year. However, with expected monetary easing and downward pressure on rates in 2026, a more conducive environment for renewed asset growth and client credit demand is anticipated.

Consumer Banking at ABK-UAE continued to advance its franchise during the year, with sustained momentum in asset growth and a disciplined expansion of its customer base. The deepening of cross-border synergies between the UAE and Kuwait remained a key driver particularly through the extension of UAE mortgage solutions to Kuwait-based clients, supporting increased mortgage activity and engagement with high net worth segments.

Strategic collaboration with leading real estate partners in the UAE, together with Kuwait's Al Shaab branch which continues to complement the Bank's client reach, enhanced ABK-UAE's capabilities and facilitated a seamless, elevated banking experience for Kuwait based clients seeking closer connectivity with the UAE. This integrated approach enables timely engagement, allowing Kuwaiti clients to make informed property investment decisions in a dynamic market environment.

Looking ahead, ABK-UAE consumer banking remains focused on advancing its digital transformation agenda and broadening its product and service offering with a clear emphasis on elevating customer experience, strengthening operational efficiency, and supporting sustainable long-term growth.

Looking ahead to 2026 and beyond, official and independent forecasts, including those from the Central Bank of the UAE and international institutions such as the IMF, continue to signal an optimistic growth trajectory. This outlook is supported by diversification, strategic investment in infrastructure and tourism, and a generally constructive global economic backdrop. Growth is projected to accelerate to 5.2% in 2026, driven by stronger performance in both the hydrocarbon and non-hydrocarbon sectors.

The UAE Cabinet has approved the federal budget for fiscal year 2026, with estimated revenues and expenditures set at AED 92.4 billion, the largest in the nation's history. The budget reflects an approximate 29% increase in both revenues and expenditures compared with the 2025 plan. Allocations emphasize priority sectors, including social development and pensions (37% of the total), government affairs (29%), financial investments (17%), and infrastructure (3%), underscoring a strategic focus on balanced development, sustainable finance, and long-term value creation.

ABK-DIFC



The Dubai International Financial Centre (DIFC) branch was established as part of the Group's international network expansion plans and is regulated by the Dubai Financial Services Authority (DFSA).

ABK-DIFC acts as the Group's international hub, offering integrated wholesale banking solutions to international corporates, multinational companies, financial institutions, and sovereign entities. Services include credit arrangement and advisory, corporate finance, structured trade, treasury, and liability management.

ABK is among the few regional banks licensed to operate both onshore and offshore in the UAE, providing a distinct competitive advantage over peers.

In 2022, ABK-DIFC upgraded its banking license to Category 1, reinforcing its diversified deposit-taking strategy with a focus on institutional and corporate investors. The branch's strategic expansion is anchored on the following key banking pillars that support ABK-DIFC's growth strategy:

- **Non-Presence Countries & Multinational Corporations (International Corporate Coverage):** Dedicated origination and coverage units serving large corporates, government-related entities, and multinational corporations in jurisdictions where the Group does not have a physical presence.
- **Global Financial Institutions and Sovereigns (GFI):** Global coverage of banks, non-bank financial institutions, sovereigns and supranational organizations, addressing asset, liability, treasury, and trade-related requirements.
- **Corporate Finance & Syndication (CFS):** A dedicated product partner offering a full range of bespoke financial advisory and debt solutions across various capital structures, including arranging, structuring, and underwriting positions.
- **Structured Trade and Commodity Finance (STCF):** Expert solutions supporting global supply chains and catering to international and cross-border trade requirements.
- **Treasury Services:** Proven client solutions across liabilities, money markets, foreign exchange, and hedging, while acting as a central hub for the Group's hard-currency funding requirements.

The DIFC setup is a cornerstone of ABK's expansion strategy, positioning the Group to establish itself as a leading regional banking hub catering to institutional clients, multinational corporations, and financial institutions.

From a business standpoint, in 2025 ABK-DIFC arranged several syndicated loan transactions through securing direct mandates across various jurisdictions, including the GCC, Europe, and Asia. The branch's dedicated and specialized professionals possess strong product expertise, deal execution credentials, and market knowledge, delivering tailored solutions across different diverse capital structures from one strategic central location.

In Q1 2025, ABK-DIFC successfully raised a 36-month plus one-week facility for general corporate purposes.

The deal was well received across international and regional markets, attracting participation from 20 global investors across North America, Europe, Asia, and the Middle East. The transaction was upsized by 33% from the initial launch amount, closing at a benchmark size of USD \$1,000,000,000.

In Q3 2025, ABK successfully closed its second Asian syndicated facility in July, effectively refinancing the 2022 USD 600,000,000 outstanding term loan. The deal received strong demand from Asian markets and successfully consolidated 17 Asian investors from China, Japan, Korea, India, and Taiwan. Testament to the success of the syndication, the facility was upsized by 30% from the initial launch amount of USD 500,000,000, closing at USD 650,000,000.

ABK-Egypt



Egypt 2025 Macroeconomic Developments

Egypt's macroeconomic outlook strengthened materially in 2025, underpinned by an ambitious reform agenda, sizable multilateral and bilateral inflows, and the successful transition to a flexible FX regime. Measures implemented in 2024 continued to bear fruit, improving economic resilience, rebuilding external buffers, and enhancing the economy's capacity to absorb shocks.

Despite a turbulent global environment characterized by tariff uncertainty and heightened geopolitical tensions, exchange rate flexibility continued to serve as a key shock absorber, helping to safeguard external buffers and support the recovery of portfolio inflows. Foreign holdings of local T-bills reached USD 42.4 billion in July 2025, as the EGP carry trade ranked among the most attractive in emerging markets, supported by strong fundamentals and compelling nominal and real yields. In parallel, remittances from Egyptians abroad rebounded sharply, rising to USD 36.5 billion in FY2024/25 versus USD 21.9 billion in the prior year.

External buffers and FX liquidity recovered considerably, reinforcing confidence in macroeconomic and financial stability. Net foreign assets of the banking system and the CBE posted a surplus of USD 22.7 billion in October 2025, increasing by USD 17.5 billion year-to-date after recovering from a net liability position of USD 29 billion in January 2024. Net international reserves increased by

USD 3.1 billion YTD to reach an all-time high of USD 50.22 billion in November 2025, covering more than 6.5 months of imports. Against the backdrop of strong inflows and stabilizing conditions, the EGP appreciated as the USD/EGP rate declined by 6.6% YTD to 47.60 at the time of writing.

The economic recovery gained momentum, driven by solid performance in non-oil manufacturing, trade, and communications. Real GDP growth accelerated to 4.4% in FY2024/25, up from 2.4% in FY 2023/24. Prudent monetary policy and the appreciation of the EGP supported a sustained disinflation trend despite several upward adjustments to administered prices. Headline inflation declined to 12.30% in November 2025 from 24.1% in December 2024 and well below its peak of 38% in September 2023, enabling the CBE to initiate a monetary easing cycle and deliver cumulative rate cuts of 725 basis points during the year.

Consistent with the strengthening macroeconomic environment, market-based measures of sovereign risk improved markedly, as five-year credit default swap (CDS) spreads tightened to a five-year low of 275 bps from 590 bps at end-2024. Rating agency assessments similarly evolved during the period. Following Fitch's upgrade in 2024, S&P upgraded Egypt's sovereign credit rating to 'B' from 'B-' in October 2025, citing reform progress, improved external metrics, and recovering growth.

ABK-Egypt achieved strong results across all fronts, solidifying its position as a leading bank, with total assets reaching EGP 171 billion. In 2025, the total portfolio of loans and credit facilities grew by 27.1% to reach EGP 80.7 billion, while total customer deposits increased by 21.7% to EGP 137.4 billion. After excluding foreign exchange revaluation impact, net profit grew by 37% to reach EGP 4.6 billion, while net operating profit grew by 14.3% to reach EGP 6.9 billion by the end of 2025. Furthermore, net interest income grew by 26.4% to reach EGP 8.1 billion.

Strategic Direction

After ten years of multiplied growth rates and impressive business performance, ABK-Egypt will continue to focus on its key strategic pillars over the coming period. These include taking further steps toward implementing its digital transformation strategy, adopting sustainability practices in its operations, investing in its cybersecurity infrastructure, promoting customer-centricity throughout its culture, and investing in its human capital.

Since 2016, ABK-Egypt has remained committed to its promise of providing banking solutions that enrich and simplify the lives of its customers. A transformative shift in corporate culture has fostered an environment of collaboration, transparency, and innovation, enhancing employee engagement and customer satisfaction.

The Bank has also embraced a robust digital transformation strategy that has resulted in streamlined operations, improved customer experience, and accelerated customer growth. This transformation, coupled with plans to strengthen its balance sheet, enhance risk management, and diversify its portfolio, has not only reinforced the Bank's financial position but also established it as a leading player in the highly competitive Egyptian banking sector.

The Bank's strategic direction is reinforced by the team's commitment to anticipating and effectively serving customer needs, as well as adapting to evolving market trends to ensure the delivery of real value to customers and stakeholders.

Corporate Banking & Syndications

Corporate Banking & Syndications has played a very critical role in solidifying ABK-Egypt's position in the Egyptian market. Taking further steps toward achieving its aggressive growth strategy, the Bank has seen its Corporate Banking portfolio grow significantly over ten years. This remarkable growth was led by a qualified team that remains highly committed to providing banking solutions, excellent service, and professional guidance to support customers at all times.

Despite challenging market conditions, the Bank's corporate loans portfolio grew by 31.8%, accompanied by significant contributions to the syndication and securitization markets. The strong performance of the Corporate Banking & Syndications department during 2025 reaffirmed ABK-Egypt's status as a key player in the Egyptian banking landscape.

SMEs & Mid-Cap Enterprises

Despite another very challenging year, the team continued to deliver exceptional support to clients through centralized hubs in Smart Village, Alexandria, New Cairo, 10th of Ramadan, and Obour. The team continued to play a critical role in serving SME companies with sales revenue of up to EGP 200 million and Mid-Cap companies with annual sales turnover of up to EGP 600 million, providing comprehensive financial solutions and sector-specific expertise. This resulted in the expansion and strengthening of the portfolio, which has now reached a total of EGP 4 billion.

Team members are highly trained to manage client relationships with efficiency and precision, ensuring that SMEs receive tailored advisory services and optimal facility structures that best suit their operational needs, positioning the Bank as a trusted partner for high-potential businesses within this segment.

While striving to further develop the SMEs and mid-cap sector, the Bank will continue to focus on industries identified by the government as vital for economic growth and employment creation, such as agriculture, manufacturing, export-oriented projects, and technology.

Retail Banking

2025 was a year of resilient growth for ABK-Egypt's Retail Banking business, reflecting solid performance across the balance sheet. This achievement was primarily driven by the introduction of a revamped product suite and the successful execution of targeted marketing campaigns, which further strengthened the Bank's brand positioning within the consumer banking sector.

By November 2025, customer deposits increased by EGP 23.3 billion, reaching a total of EGP 102 billion, while retail assets grew by EGP 4.4 billion to EGP 31.35 billion. This growth was underpinned by enhanced portfolio management initiatives and contributed positively to overall consumer profitability.

Products and Segments

ABK-Egypt continued to broaden and enhance its retail product offering, delivering customized solutions designed to address the diverse needs of its customer base. Key initiatives undertaken during the year included:

- Launched multiple credit card promotional campaigns, including fuel and grocery cashback, Eid Al Adha cashback, New Year, international spending, and educational and stationery payment campaigns.
- Enhanced the credit policy, resulting in total credit card limits reaching EGP 3.4 billion, a 24% year-on-year increase.
- Launched retail channels contests to drive personal loan acquisitions.
- Launched new short-term liabilities products.
- Launched new programs for unsecured lending.
- Roll-out of auto loan promotional campaigns in collaboration with car dealers and authorized agencies.
- Additional value benefits for Wealth customers, such as Call Centre priority and onboarding communication.
- Implemented sales incentive contests supporting trade finance and bancassurance.
- Revamp of Retail Assets Policy programs.
- Enhanced personal loan eligibility criteria for strategic segments, including university professors and armed forces personnel.
- Launched new merchant partnership agreements with selected merchants.
- Enhanced credit card policy and introduction of new target customer segments.
- Proactively handled incoming customer complaints and suggestions, resulting in improved card services.
- Expanded the Bank's value proposition in 2025 by growing the base of strategic partnerships with selected commercial brands.
- Established an integrated ecosystem of exclusive offers tailored specifically for Wealth customers, aligned with the Bank's value-added strategy.
- Strengthened competitiveness and operational efficiency by expanding usage scope, increasing spending rates, and broadening card acceptance across multiple sectors.
- Launched new short-term liabilities products (Descending Time Deposits).
- Launched new short-term liability products (donation accounts).
- Launched branch contest to promote current account net sales.
- Launched branch contest to promote bancassurance products.
- Launched social media campaign to promote Floating Certificate of Deposit.
- Signed a nine-year partnership agreement with Mastercard to support the growth and profitability

of the card business. The agreement also reinforces Mastercard's role as ABK-Egypt's trusted advisor and advances the Bank's digital solutions for both individual and corporate customers in Egypt.

Digital Banking & Alternative Channels

In 2025, ABK-Egypt's Digital Banking & Alternative Channels division delivered exceptional performance, reinforcing the Bank's strategic commitment to digital transformation, innovation, and customer-centric service delivery. Digital adoption continued to accelerate throughout the year, with transactions executed through digital services recording a 45% year-on-year increase, reflecting a strong shift in customer behavior toward seamless, self-service banking experiences.

Digital channels now account for 96.4% of total transfers, credit card payments, and cash-in/cash-out transactions, significantly reducing reliance on branches and enhancing operational efficiency. This strong migration to digital platforms translated into tangible financial benefits, with fees and float income generated through digital services increasing by more than 51% year-on-year.

Customer engagement remained a key success driver, as approximately 62% of the Bank's eligible customer base actively utilized digital banking services during the year. This growing adoption highlights the trust placed in the Bank's digital platforms and the value delivered through enhanced functionality, reliability, and user experience.

These achievements reflect the effectiveness of the Bank's strategic investments, executed through three core pillars underpinning the Digital Banking & Alternative Channels strategy: scalable growth, superior customer experience, and long-term value creation.

Contact Centre

In 2025, the ABK-Egypt Contact Centre achieved significant progress in enhancing customer service quality by focusing on operational efficiency and service reliability, and by implementing targeted strategic initiatives and advanced technological upgrades.

New Cisco IVR System

The Bank successfully launched a new Cisco IVR system, maintaining all core functionalities of the previous Genesys IVR while introducing several advanced features that cater to customers' needs and rising expectations.

Wealth Customer Priority Queue

A specialized queue was introduced for Wealth customers, providing priority handling and direct routing to dedicated Contact Centre representatives.

Agent Interface Enhancements

Improvements were implemented across agent interfaces, alongside the introduction of additional options within the "Customer Transfer" menu to streamline call handling.

Advanced Reporting & Dashboards

Detailed dashboards were introduced, providing real-time visibility into IVR performance metrics and agent productivity, supporting data-driven decision-making and operational excellence.

Customer Relationship Management Enhancement

The Customer Relationship Management (CRM) system was further enhanced to improve efficiency and reduce operational complexity. These enhancements significantly reduced the number of systems and screens required by agents, improving response times and service quality:

- Real-time case updates and instant CIF synchronization were introduced.
- CRM 360° views were launched, consolidating customer information into unified tabs covering Accounts, Certificates of Deposit (CDs), Time Deposits (TDs), Loans, and Debit Cards.

Employee Development & Operational Improvements

In support of staff loyalty, engagement, and career progression, high-performing agents were promoted to Shift Leader roles. This initiative expanded responsibilities, reinforced team loyalty, and offered clear growth pathways for high-performing employees, fostering a culture in which dedication and excellence are recognized and rewarded.

Contact Centre Performance Highlights

- Service Level Excellence: The Contact Centre successfully handled 99.17% of calls offered in 2025, representing a 30.87% increase in service level compared to the previous year.
- An outstanding First Call Resolution (FCR) rate of 97.84% was achieved throughout the year, reflecting notable year-on-year improvement and underscoring the effectiveness of system enhancements and agent empowerment.

Through these achievements, the Contact Centre continued to demonstrate excellence in customer service delivery, reinforcing the Bank's commitment to innovation, efficiency, and customer-centricity.

ATMs & Self-Service Solutions

In 2025, ABK-Egypt continued to strengthen its self-service banking ecosystem by expanding its ATM network to 121 machines strategically located nationwide, enhancing

accessibility and convenience for customers across Egypt.

The ATM fleet recorded 8% growth in transaction volume and 10% growth in transaction value compared to the previous year, highlighting increasing customer reliance on the Bank's self-service channels.

As part of the Bank's ongoing modernization strategy, the ATM fleet was upgraded with latest-generation machines offering faster transaction processing, enhanced ergonomics, intuitive user interfaces, and improved accessibility. Cardless deposit functionality was also introduced, providing customers with faster, more secure, and flexible transaction options.

These initiatives further reinforce ABK-Egypt's commitment to operational excellence, digital transformation, and superior customer experience.

Digital Channels

Revamped Internet & Mobile Banking Platforms

In 2025, ABK-Egypt successfully launched completely redesigned Internet and Mobile Banking platforms, introducing advanced capabilities and setting a new benchmark for digital banking in Egypt.

Major Digital Transformation Milestones

- First bank in Egypt to eliminate the need for a separate soft token application, embedding token functionality directly within the Mobile Banking app.
- A unified platform serving Retail, SME, and corporate customers, featuring comprehensive 360° dashboards.

Enhanced Features & Accessibility

- Mobile Banking access enabled for corporate clients, extending convenience beyond traditional channels.
- Modern, intuitive user experience with bilingual support (Arabic and English).
- Seamless access across mobile, PC, and tablet devices, ensuring a consistent experience.

Security & Self-Service Innovations

- Biometric login and multi-factor authentication for enhanced security.
- Self-registration functionality, reducing dependency on branch visits.

New Digital Services

- Online CASA opening and CD/TD booking, enabling digital onboarding.
- Introduction of Saving Goals across Mobile and Online Banking.
- Support for own-account FCY-to-EGP transfers, allowing customers to sell foreign currency digitally.

Enhanced Card Management & Interactive Views

- Visual card displays showing cardholder name, masked card number, and expiry date.
- Interactive product views for Accounts, Loans, CDs/TDs, and Cards.

Smart Payments & Customer Engagement

- Smart payments and bulk transfer capabilities.
- Personalized campaigns and real-time notifications.

Increased Transaction Limits

- Increased limits for internal transfers (within ABK-Egypt), domestic transfers (to other banks in Egypt), and international transfers.
- New limits rank among the highest in the market, providing superior flexibility.

Financial Performance

- Internet and Mobile Banking user base increased by 27% since launch.
- Total transaction value rose by 23% compared to FY 2024.

Strategic Fintech Partnership

ABK-Egypt expanded its digital payments ecosystem through a fintech collaboration with one of Egypt’s leading fintech solutions, Halan. This successful acquisition of the Halan Mobile Wallet positions ABK-Egypt as a pioneer in digital banking–fintech integration, accelerating the transition toward a cashless economy.

Instant Payment Network (IPN)

ABK-Egypt further strengthened its position within Egypt’s Instant Payment Network, achieving substantial growth, with the number of transactions increasing by 93.63% year-on-year and transaction value rising by 97.18%.

Government Payments

In 2025, ABK-Egypt continued to enhance its government payment services, recording a 48.6% increase in transaction volume compared to the previous year, driven by expanded digital capabilities and increased adoption among corporate customers.

During the year, the Bank successfully finalized and launched the Corporate Payment Services (CPS) platform for corporate customers, providing a fully digital, centralized solution for executing governmental payments. CPS serves as a one-stop platform enabling companies to manage all their governmental payment obligations efficiently through a single secure interface.

The CPS platform offers:

- Instant online execution of governmental payments, enabling significant time and cost efficiency.
- 24/7 accessibility through any web browser and device, with no installation required.
- Real-time visibility into due governmental payments and settlement statuses.
- Secure, reconciled, and verified transactions across all supported governmental entities.
- Comprehensive reporting capabilities, allowing customers to view, download, and print official payment receipts.

The successful deployment of CPS reinforces ABK-Egypt’s commitment to supporting corporate clients through innovative digital solutions, strengthening operational efficiency, compliance, and transparency in governmental payment processing.

CorPay

In 2025, ABK-Egypt continued to enhance its digital services offerings for corporate clients with the launch of CorPay. This electronic system, designed specifically for corporate customers, is directly integrated with the Egyptian Central Bank’s Automated Clearing House (ACH). Corpay enables businesses to execute bulk financial transactions electronically, saving time, and reducing the need for branch visits.

Key Features

- **Bulk Payments (Direct Credit):** Facilitates direct deposits into beneficiaries’ accounts, including employee salaries, supplier payments, pensions, and dividends.
- **Bulk Collections (Direct Debit):** Enables the automatic collection of invoices and receivables from customers or subscribers, enhancing cash flow and minimizing manual processing.
- **Security:** Implements high-level security measures, including electronic authentication devices (tokens) and multi-level user permissions within the organization.
- **Reporting:** Provides comprehensive financial reports and real-time tracking of all operations.

ABK Bot

In 2025, ABK-Egypt successfully launched ABK Bot, introducing a new digital communication channel designed to provide customers with instant, secure, and personalized access to comprehensive information about all ABK-Egypt products and services in both Arabic and English. The chatbot ensures a seamless experience, reducing waiting times and empowering customers with quick and accurate responses to their queries.

Treasury & Capital Markets

The Treasury & Capital Markets division serves the Bank’s diverse customer base across multiple financial markets and guides balance sheet strategy through its asset-liability management activities. The division offers foreign exchange services in both spot and forward markets and maintains an active presence in local Egyptian debt markets, consistently ranking among the top non-primary dealer banks in the secondary market for T-bills and T-bonds.

The division’s performance in 2025 was supported by a more accommodative macroeconomic and monetary environment. Active balance sheet management remained central to balance sheet strategy, supporting effective liquidity deployment throughout the monetary easing cycle. Trading revenues were driven by robust client activity and flow-based income, alongside disciplined management of the trading book.

Financial Institutions & Global Transaction Services

ABK-Egypt continued to expand the scope of its Financial Institutions (FI) division in 2025 through active participation in syndicated and bilateral loans. The FI team continued to nurture relationships with the global correspondent network to support corporate trade requirements and strategic objectives, offering a diverse and tailored set of trade services.

Global Transaction Services (GTS) had a significant impact on the Bank’s success over the year following its successful integration with the Bank’s Lines of Business to provide trade finance, cash management, supply chain finance, and data-driven solutions. As a result, total liabilities increased by 74% by the end of 2025.

Project Management Office (PMO)

Throughout 2025, ABK-Egypt’s Project Management Office (PMO), encompassing Project Management, Total Quality Management, and Business Process Reengineering, worked closely with all business divisions to deliver the Bank’s strategic transformation goals. The PMO focused on strengthening digital platforms, enhancing process governance, improving operational efficiency, and ensuring compliance with regulatory mandates.

The PMO remains committed to supporting ABK-Egypt’s strategic direction through strong governance, cross-functional collaboration, and continuous process and service improvement. Below is a list of major initiatives successfully delivered during 2025:

- **SWIFT ISO 20022 Compliance Upgrade:** ABK-Egypt completed full compliance with the SWIFT ISO 20022 standard across five major systems covering Payments, Trade Finance, Treasury, Online/Mobile Banking, and Core Integration layers. The upgrade improved data quality, enhanced AML and sanctions screening, enabled richer structured messages, and increased straight-through processing with fewer repair cases. This achievement aligned fully with the CBE’s payment modernization roadmap and enhanced the speed and transparency of domestic and cross-border transfers.
- **ARIS – Process Governance and Repository:** ABK-Egypt successfully launched the ARIS platform as a centralized process repository, allowing all bank procedures and policies to be uploaded, reviewed, and linked directly to mapped business processes. This improved documentation quality, provided unified process ownership across divisions, strengthened compliance with CBE and Internal Audit standards, and enabled faster redesign and clearer visibility into cross-functional workflows.
- **ERP – Fixed Asset Tracking Module:** The Fixed Asset module went live in November 2025, completing a full overhaul of the Bank’s asset management process. More than 48,000 assets across 46 branches and Headquarters were reconciled and migrated into the ERP system with unified reporting and complete traceability. The system enhanced asset lifecycle visibility, ensured compliance with audit and regulatory requirements, and enabled accurate asset control and analytics.
- **New Corporate Internet & Mobile Banking Launch:** ABK-Egypt launched new Corporate Online and Mobile Banking platforms, completing full migration of corporate users and decommissioning the legacy system. Adoption reached 21,826 active corporate users within 10 days of launch. The platform delivers faster performance, real-time account visibility, improved payroll uploads, and enhanced payment capabilities, significantly improving the everyday banking experience for corporate clients.

- **PCI DSS v4.0.1 Certification:** ABK-Egypt achieved PCI DSS v4.0.1 certification, reinforcing cardholder data protection and ensuring full compliance with international security standards. This resulted in reduced operational risk and improved trust with retail and corporate clients.
- **Reconciliation & Posting Automation:** The Retail Reconciliation and Dispute Management module was implemented, automating posting entries and improving invoice matching accuracy. This eliminated unjustifiable suspense entries and reduced replenishment requests for out-of-cash cases, enhancing operational accuracy and control.
- **Phone Banking and Call Centre Upgrade:** The upgraded IVR system enhanced customer experience through faster service and new automated functionalities, reduced operational costs, and improved call peak handling thus improving service quality across all customer segments.
- **Branch Quality Visits:** The Total Quality Management team conducted scheduled and ad-hoc branch quality visits to assess service consistency, operational discipline, documentation accuracy, and procedural compliance. Corrective actions resulted in improved service quality and stronger audit readiness across the branch network.
- **Go Green – Paper Reduction Initiative:** ABK-Egypt achieved a 27% reduction in black-and-white and color printing volumes since 2022, reinforcing its commitment to environmental responsibility operational efficiency, and cost optimization across all branches and divisions.

Operations Division

In 2025, Egypt's Operations Division continued to enhance service quality, strengthen operational control, and support the Bank's strategic objectives across Treasury Back Office, Retail Operations, CAMC/TAMC, Clearing & Settlement, Trade Finance, Custody, Hubs, AML Operations, and Business Procedures. The division focused on automation, turnaround time (TAT) improvement, compliance, and centralized processing to deliver faster and more consistent services to customers and business lines.

New Projects and Process Enhancements

Several upgrades were delivered to improve accuracy, reduce manual intervention, and enhance service consistency. FX rates, secured-loan spread updates, and KYC alerts were fully automated. A centralized AML system and new Odoo workflows reduced branch workload and improved turnaround time. Mutual fund processing, corporate bond evaluation, and PDC batch handling were also automated.

Product and Service Launch Support

The Operations Division supported major product introductions across Retail, Corporate, and Treasury, including:

- Implementation of the CBE's 15% loan initiative.
- Launch of Floating Rate Notes with full automation.
- Introduction of written-off micro-business loan processing, commercial auto loans for companies, descending-rate CDs, and three-year accumulated CDs.

Operational Efficiency and TAT Improvement

Clearing losses declined by 75.7% following process redesign. Revised approval limits reduced TAT and enabled an average of 90 straight-through outward transfers daily. PDC batch automation accelerated cheque handling and several branch-heavy tasks. Credit card settlement, debit card issuance, internal transfers, payroll processing, and FX execution were centralized, improving consistency and reducing errors.

Paper Reduction and Digital Archiving

Paper usage was significantly reduced through full digital adoption. HR letters, payroll checks, SWIFT confirmations, and I-Score approvals transitioned to electronic processing. Printed A4 usage for IDC and Form 4 declined by 60%.

Risk Management and AML Operations

The AML Operations team strengthened control and accelerated case handling through new daily monitoring and investigation capabilities, clearing 14,930 alerts and eliminating the delayed-case backlog ahead of schedule. Ad-hoc operational procedures were reduced from 135 to 55, reflecting tighter processes and improved operational discipline.

Sustainability and Sustainable Finance

Sustainability and sustainable finance remain integral to ABK-Egypt's core values and business strategy. In 2025, the Bank strengthened its Sustainable Finance division and further operationalized its sustainability strategy through enhanced ESG risk management frameworks, portfolio monitoring, and governance structures, in line with regulatory requirements and best international practices.

For the first time, ABK-Egypt measured and reported financed emissions across its portfolio, reflecting a significant step towards integrating climate considerations into its lending and investment activities. The Bank also issued its second Annual Sustainability Report based on GRI standards, along with a dedicated Carbon

Footprint Report, supporting transparency, credibility, and a commitment to long-term value creation for all stakeholders.

The Bank advanced green financial products through participation in the Green Resilience for Egypt's Economic Transition (GREET) Initiative with GIZ, enhancing internal technical capabilities related to green finance frameworks and environmental impact assessment.

Institution-wide sustainability awareness and capacity-building initiatives continued across all departments and new hires.

Information Technology

In 2025, the Information Technology Division played a pivotal role in enabling the Bank's digital transformation strategy, focusing on accelerating digital delivery, meeting regulatory mandates, strengthening resilience, and maximizing technology investments.

Key achievements included the launch of the 'FDA' Online-Mobile Banking Digital Platform, which introduced several innovative features for the first time in Egypt, serving both retail and corporate customer journeys with a seamless digital experience. In parallel, delivery of the Enterprise API Gateway, supporting Open Banking, significantly reduced point-to-point integrations, accelerated time-to-market for new services, and successfully enabled smooth migration of IPN to this new platform.

Customer experience was further enhanced through the successful rollout of CRM 360° View across Call Centre and Customer Service functions, providing a unified customer view and improved turnaround time for various services. The Phone Banking Service (IVR) also migrated to a modern platform with zero customer impact, increasing call handling capacity, quality reports for better customer experience and improving business continuity readiness.

From an infrastructure and resilience standpoint, IT successfully executed a series of strategic initiatives. These included the migration, next-generation storage deployment, and data warehouse that strengthened the Bank's analytical and reporting capabilities, in addition to several upgrades across core networks and systems. Collectively, these initiatives have reinforced operational performance, scalability, and regulatory compliance, while ensuring uninterrupted service delivery and business continuity enhancement.

Regulatory and mandatory programs remained a top priority throughout 2025. ABK-Egypt achieved PCI-DSS

certification for the first time, completed SWIFT ISO mandate implementation, upgraded related payment system to support the new Swift message types, and delivered multiple Trade Finance and Treasury system upgrades to maintain full regulatory compliance.

Operational efficiency and automation were key themes during the year. Major deliveries included new phase of ERP to manage Expenses and Fixed Assets, ATM and card reconciliation and posting automation was finalized to ensure reconciliation cycle is End-to-End with full control, Operational Enterprise Case Management (ECM) has been expanded with more than 10 additional workflows, which greatly enhanced customer experience and control over the operations cycle. Furthermore, security posture was further enhanced by finalizing Privilege Access Management (PAM) implementation for IT access control and reporting.

The IT Division also implemented key business acceleration initiatives, including Halan Mobile-Wallet digital onboarding, CPS e-Finance implementation, the successful launch of Corpay payment services, bulk upload capabilities for Post Dated Cheque (PDC) processing, HR new staff onboarding automation, end of day (EOD) process automation via Robotics Process Automation (RPA), and Wi-Fi calling enhancements for 23 branches for better mobile network coverage.

ABK-Egypt remains committed to delivering secure, resilient, and innovative technology capabilities that support ABK-Egypt's growth, regulatory obligations, and customer-centricity initiatives.

Human Resources

In 2025, the Human Resources Division continued fostering a culture of meritocracy, engagement, and performance development. This year, we heightened our focus on employee engagement by introducing comprehensive programs designed to enhance both technical and leadership capability building. Furthermore, our dedication to continuous learning was strengthened through targeted career programs that support employees' growth and, career advancement.

Additionally, we aimed to create a more rewarding and equitable environment through market-aligned compensation structures. This included enhancing allowances, reassessing staff benefits, and elevating our recognition programs.

Financial Inclusion

In alignment with the Bank’s commitment to advancing financial inclusion and supporting national goals, ABK-Egypt participated in six CBE-led financial inclusion initiatives targeting key underbanked segments: women, youth, farmers, and individuals with disabilities.

Throughout 2025, ABK-Egypt also conducted a series of financial literacy seminars and on-the-ground activations, directly engaging over 4,650 individuals across the country. These efforts were focused on raising awareness on financial inclusion, promoting banking knowledge, and encouraging saving habits, particularly among the younger population.

Notable Financial Inclusion Programs and Awareness Days

- International Women’s Day
- Arab Day
- International Youth Day
- Farmer Day
- International Saving Day
- International Day of People with Disabilities

These initiatives reflect ABK-Egypt’s ongoing commitment to financial inclusion and financial literacy, specifically targeting underserved and unbanked populations. By reaching out to diverse communities and fostering a culture of financial empowerment, the Bank plays a crucial role in integrating these groups into the formal banking sector, thereby supporting the broader goal of inclusive economic growth. ABK-Egypt’s participation in these national initiatives highlights its dedication to promoting financial awareness, building banking access, and contributing to the sustainable development of Egypt’s financial ecosystem.

Marketing & Corporate Communications

ABK-Egypt achieved notable progress in 2025 through targeted marketing activities, strengthening brand presence and customer engagement. The Bank implemented comprehensive product marketing activities across all business lines, aimed at enhancing product awareness and customer adoption.

Digital marketing continued to play a central role in expanding brand reach and communication impact, contributing to sustained growth in followers, higher engagement levels, and increased lead generation.

In recognition of its achievements, ABK-Egypt was honored with several prestigious awards. The Bank received the ‘Best Corporate Banking Services – Egypt 2025’ award, while CEO and Managing Director, Mr. Khaled El Salawy, was named ‘Banking CEO of the Year 2025’ by International Business Magazine. In addition, ABK-Egypt was awarded ‘Best Credit Card Offerings – Egypt 2025’ by Global Business Outlook. These accolades underscore the Bank’s strong performance, consistent growth, and successful transformation since the Group’s acquisition of Piraeus Bank Egypt in 2015.

Products Marketing Campaigns

Throughout the year, ABK-Egypt delivered a series of successful marketing campaigns across its wide range of products and services, including retail banking, affluent and youth segments, loans, saving schemes, cards, and digital banking solutions. These initiatives focused on increasing product awareness, strengthening market penetration, and supporting customer acquisition. As a result, the Bank enhanced brand visibility and achieved solid growth in new account openings and product uptake, reinforcing ABK-Egypt’s position as a preferred banking partner for retail customers.

Digital Marketing

ABK-Egypt’s digital marketing strategy remained a key driver of customer engagement and lead generation in 2025. Through an integrated approach combining social media initiatives and targeted online advertising, the Bank significantly enhanced its digital footprint and increased traffic to its digital platforms. Social media campaigns were carefully tailored to appeal to diverse customer segments, leveraging engaging and interactive content to strengthen brand awareness, encourage participation, and build a stronger sense of community around ABK-Egypt.



Launch of ABK Wealth Management

A key milestone during the year was the establishment of ABK Wealth Management, combining the efforts of Private Banking and ABK Capital. This marked a strategic step in strengthening our capabilities. ABK Wealth Management serves as a dedicated platform designed to deliver holistic, client-centric investment advisory services and tailored wealth solutions.

Through close collaboration we endeavor to enhance access to:

- Specialized investment advisory services
- A broader range of asset classes and structured solutions
- Diversified local and regional investment opportunities

This collaboration ensures that clients benefit from best-in-class expertise, deeper market insights, and a wider range of products aligned with their risk profiles and long-term objectives.

Enhancing Client Engagement

In its continued efforts to enhance the engagement with its clients, ABK Wealth Management launched its first NexGen initiative, a trip to Geneva, designed to deepen relationships with Next Generation high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients through an impactful educational experience with top tier asset managers from our strategic partners; alongside a memorable exclusive tour of the Vacheron Constantin watch factory.

Overall, the trip significantly enhanced client trust and engagement, elevated the perception of ABK Wealth Management, and positioned the Bank as a leading institution among the next generation of UHNW clients. It showcased ABK's ability to deliver world-class wealth management experiences while reinforcing its identity as a forward-thinking, client-centric organization. Valuable feedback and interest were generated, laying the groundwork for future client relationships and forums.

Asset Management Product Platform

ABK Wealth Management continued to enhance its product platform to remain closely aligned with evolving investor needs and market dynamics. During the year, new infrastructure and private equity investment solutions were launched, expanding its private markets capabilities and broadening the range of opportunities available to clients. These solutions were designed to complement existing offerings and provide access to long-term, growth-oriented investments to complement its wide-ranging income-oriented offerings.

With the introduction of these solutions, ABK Wealth Management is now able to address additional investor needs, particularly for clients seeking diversification and alternative asset exposure. In parallel, we continued to advance multiple solutions currently in development, reinforcing its commitment to building a comprehensive and client-focused multi-asset platform.

Investment Banking

ABK Wealth Management delivered another strong year in investment banking, with active participation in several significant capital market transactions.

During the year, the investment banking team advised on and executed notable deals, including the Tier 2 capital issuance for ABK and the bond issuance for Markaz. These transactions highlight the team's ability to deliver structured financing solutions in dynamic market conditions.

This continued high performance reflects the experience and execution capabilities of the ABK Wealth Management team and further strengthens its position as a trusted advisor within Kuwait's capital markets.

Digital Transformation

Digital transformation remains a central pillar of ABK Wealth Management's strategy, supporting our commitment to delivering greater client experiences, strengthening operational excellence, and aligning for sustainable growth in an increasingly digital investment landscape.

Building on this progress, 2025 continued the expansion of ABK Wealth Management's digital capabilities, rolling out online brokerage platform offering access to local, regional, and international markets. In addition to seamless brokerage client account funding through ABK Mobile Banking. Furthermore, several digital enhancements were introduced, including back-office operations, asset management front-office processes and compliance.

ABK Wealth Management also began work on its flagship Digital Investment Access Platform, envisioned as a single digital gateway through which clients can access the full range of investment offerings. This initiative reflects our continued commitment to innovation, operational excellence, and delivering a trusted, secure and modern digital experience for our clients.

Furthermore, ABK Wealth Management strengthened its value proposition by expanding beyond traditional banking services to deliver a more integrated and forward-looking wealth management offering. This included enhancements to our mobile banking capabilities through the launch of dedicated features designed to deliver a seamless and personalized digital experience for clients.

Offshore Opportunities

As part of this evolution, ABK now provides clients enhanced opportunities to invest in, mortgage, and finance offshore real estate offshore through the Bank's overseas branches in Egypt and the UAE. This enables clients to diversify their investment portfolios and access attractive real estate markets across the region.

Expanding Geographic Presence

ABK Capital DIFC, the subsidiary of ABK Wealth Management newly established in the Dubai International Financial Centre (DIFC), initiated several 'preferred business partnerships' with international firms, such as LGT Bank (Switzerland) Ltd. This new partnership will enhance ABK Wealth Management's offerings by granting its clients access to world-class financial institutions, innovative investment solutions, and Swiss private banking capabilities.

The launch of the DIFC subsidiary reinforces ABK Wealth Management's broader growth objectives, which are centred on innovation, strategic partnerships, and expanding its investment management capabilities across the region. The firm continues to invest in talent, platforms, and partnerships that elevate its client experience and offer differentiated, high-quality investment solutions.

As of 31 December 2025, ABK Wealth Management's total AUM was KD 1 billion.

ESG and Sustainability

ABK recognizes the importance of ESG considerations in supporting long-term business sustainability, effective risk management, and stakeholder confidence. ESG principles are incorporated into the Bank's governance framework and business practices to support responsible decision-making and sustainable value creation.



Governance and Oversight

Oversight of ESG matters is embedded within ABK's governance structure. The Board of Directors provides strategic oversight of ESG related matters, while the designated responsible stakeholder ensures implementation and integration across relevant functions. ESG considerations are addressed through existing governance processes, policies, and internal controls to ensure appropriate oversight and accountability.



ESG and Risk Management

ESG considerations are integrated into ABK's risk management. This includes identifying and assessing relevant ESG risks that may impact the Bank's operations, clients, and reputation. These considerations support informed decision-making and contribute to the Bank's overall risk resilience.



Environmental Considerations

ABK is committed to responsible environmental practices and to supporting broader efforts toward environmental sustainability. The Bank is enhancing its internal processes to better understand and manage its environmental footprint, including energy use and climate-related considerations, and continues to assess how environmental factors may affect its operations over time.



Social Responsibility

ABK places strong emphasis on its people and the communities in which it operates. The Bank focuses on employee development, training, and engagement, while fostering a respectful and inclusive workplace. ABK also contributes to community initiatives that support social development and financial awareness, reflecting its role as a responsible corporate citizen.



Ethics, Conduct and Transparency

Integrity and ethical conduct are fundamental to ABK's operations. The Bank maintains policies and procedures covering compliance, ethical behavior, whistleblowing, and the protection of customer information. Ongoing awareness initiatives support adherence to these standards and reinforce a culture of transparency and accountability.



Reporting and Continuous Enhancement

ABK continues to enhance its ESG reporting and disclosure practices in line with evolving regulatory requirements and international best practices. The Bank's sustainability disclosures are guided by recognized reporting frameworks, and ongoing efforts are focused on strengthening governance, data collection processes, and internal coordination to support more comprehensive ESG reporting in future periods.

ABK's sustainability reporting is guided by internationally recognized ESG frameworks and market best practices. The Bank prepares its disclosures with reference to the Global Reporting Initiative (GRI) Standards and considers alignment with other relevant international frameworks and principles where applicable. This includes sustainability related disclosure developments and climate-related reporting expectations. ABK continues to enhance its reporting approach to improve consistency, transparency, and comparability of ESG disclosures over time.

Our Culture and People

Employees in leadership positions have an ongoing task to maintain organisational effectiveness and viability. By establishing a strong corporate culture, we are able to express our goals through our guiding values and beliefs.

Culture, an intangible, is anchored in the unspoken. It's a set of unwritten rules that set the stage for the organization's norms and expectations. It represents the behaviors and mindsets which we adopt to maintain solidarity and strength today and, in the years, to come. Culture and leadership are therefore inevitably interlinked.

At ABK, we understand that leaders shape our culture both consciously and unconsciously where we rely on each one of our employees to maintain social order and cultural norms through properly aligning them with personal values.

Our corporate culture is more than just a feeling, it's a shared purpose that fosters the capacity to thrive. ABK employees therefore have a responsibility to adapt to the culture as it effectively exists as a group phenomenon that simply can't only apply to a single individual.

ABK's culture can therefore be categorized as shared and enduring. Although each organization's culture is unique, our core values represent main pillars that unite us under our shared purpose where we are committed to:

Simplicity

Ensure business activities and tasks are executed in an efficient and effective manner



Integrity

Being honest and showing a consistent and uncompromising adherence to ethical values

Excellence

Always strive to exceed our customers' and colleagues' expectations

Transparency

Being open, straightforward, and unbiased in all our dealings

With these values in mind, ABK strives to offer staff equal growth opportunities that enable them to achieve their full potential in a mutually beneficial and inclusive environment. Not only do these core values define us internally, but they also act as an external reflection of our public image. Undoubtedly, employees' functionality within the workplace is critical but public perception remains an equally key component. ABK therefore likes to set a cultural example for external stakeholders – be it customers, potential talent, and so on.

Complemented by our core values, what do we believe in?

ABK believes in a culture of **experience and engagement** where employees can feel motivated and passionate about their work and, in turn, solve problems efficiently. We look to continuously strengthen this to encourage commitment through creating a community of employees who are driven by mutual principles and can find relatability in one another.

Equally, engaging employees translates to ensuring **enjoyment** in a lighthearted yet proficient atmosphere where professional relationships can be built through our social calendar of activities and events.

ABK also ensures that employees always feel valued as both members of their team and the organization as a whole to encourage **productivity**. This establishes a feeling of inclusiveness where each employee's contributions matter thus leading to stronger operational output.

In the same spirit, appreciation is translated into the **attraction and retention of talents**. Not only does this create a strongly dedicated workforce but it also puts ABK on the map for talented nationals as a sought-after organization of employment where employees can flourish and grow their capabilities

This growth comes hand-in-hand with **learning and development** where ABK embraces creativity and innovation. We welcome curiosity and knowledge and strive to explore and offer different opportunities that help employees move further along in their career paths.

Investing in employees' professional development would, in turn, foster a culture of **success and achievement**. Driven by this, employees are encouraged to accomplish their goals and achieve noteworthy results that positively reflect the Group.

Equally as significant is the recognition of female successes and achievements which translates to our appreciation and belief in **gender diversity and women empowerment**. ABK endeavors to continue building a strong female workforce in leadership positions who can propel us further into the future.

ABK's **caring** nature to inspire and empower is based on the aim of bringing people together. We believe in maintaining a welcoming and supportive atmosphere complemented by sincerity and teamwork where mutual trust can be built in a safe work environment.

Safety is equally mirrored as an organization that is cautious, prepared, and plans ahead. ABK encourages a risk conscious workplace where employees are able to carefully think through challenges to effectively engage in decision-making in a protected environment.

Last, but most certainly not least, ABK is built on **respect**. We aspire to maintain a nurturing environment and safe space for employees who, in turn, honor the Group's customs.

Overall, a strong corporate culture makes work exciting and worthwhile. It gives meaning and purpose where ABK ensures to actively enhance efforts to ensure motivation, growth, productivity, and efficiency. Simply put, our employees are our greatest asset and they drive our success. We strongly believe in fostering our culture of continuous learning, fairness and growth across all the geographies we operate in.

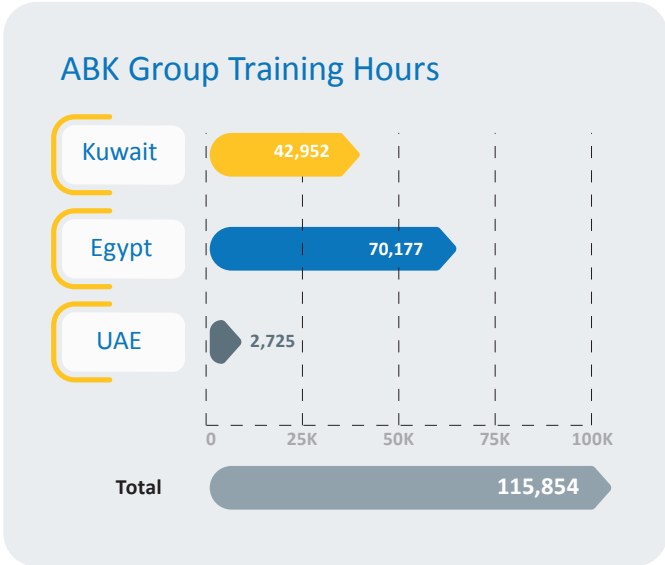
How do we bring our culture to life?

In 2025, we strived to provide a safe and nurturing environment to our workforce through an employee-first approach and invest in training, professional development and wellbeing programs.

Learning and Development

ABK recognizes the importance of adopting a strategic approach towards training and developing employees. We aim to understand and translate the business strategies, then identify the skill gaps and future challenges to plan training events and thus ensure that staff development is aligned with the Bank’s direction and core values.

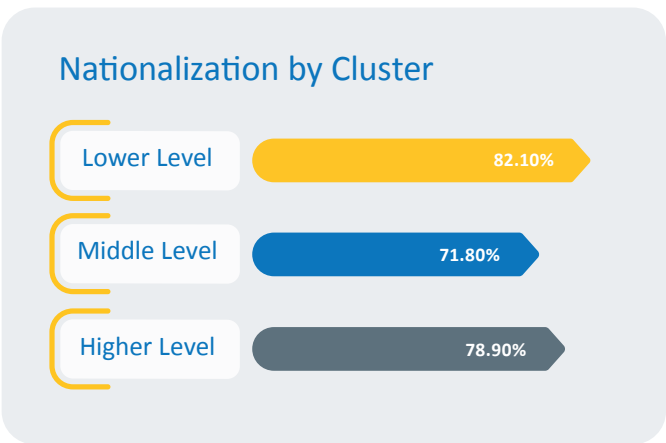
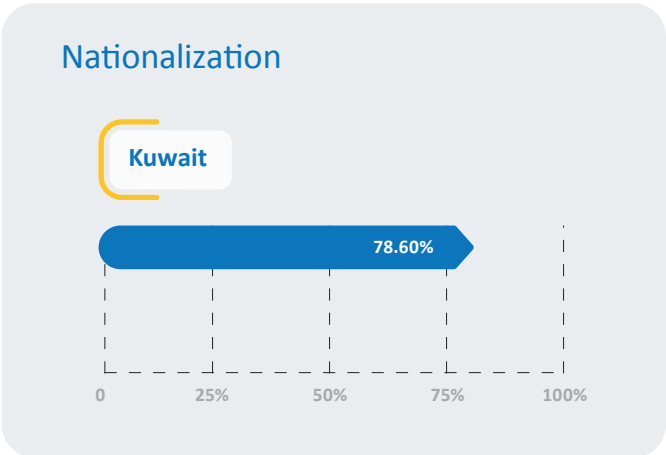
ABK staff will have an equal opportunity to develop their knowledge, skills and competencies through a wide range of offerings and learning methods that include coaching, on-the-job training, classroom courses, workshops, online learning platforms as well as conferences and seminars.



Nationalization

ABK recognizes the importance of nurturing young national talent within the banking industry. We therefore aim to hire local nationals across the Bank in order to provide meaningful job opportunities to enable the creation of qualified, skilled and competent industry leaders for the future through specialized programs developed in partnership with reputable training providers.

ABK has diligently focused on cultivating a sustainable pool of national talent and nurturing the future leadership of the Bank through robust succession plans embedded within the organization. Utilizing various developmental strategies, the Bank has taken proactive steps to nationalize critical business areas within the institution. ABK’s commitment stems from the belief in our organization’s responsibility in shaping a brighter future and contributing to the country’s strategy. ABK aims to fortify its foundations with the national talent that is developed, empowered and capable to progress as competent future leaders in the banking sector.



Attraction and Retention of Talents

ABK aims at attracting the best talent by actively participating in job fairs that are organized by educational and governmental bodies throughout the year targeting a wide array of potential candidates. In addition to these participations, the Bank engages in numerous educational sessions that are held for the public to raise awareness about ABK and what it represents. For more demanding and specialized roles, ABK partners with the most competent headhunting companies to expand outreach. With regards to retention, HR closely works with all internal stakeholders to create plans for high-potential employees and skills that are rare to find.



Experience and Engagement

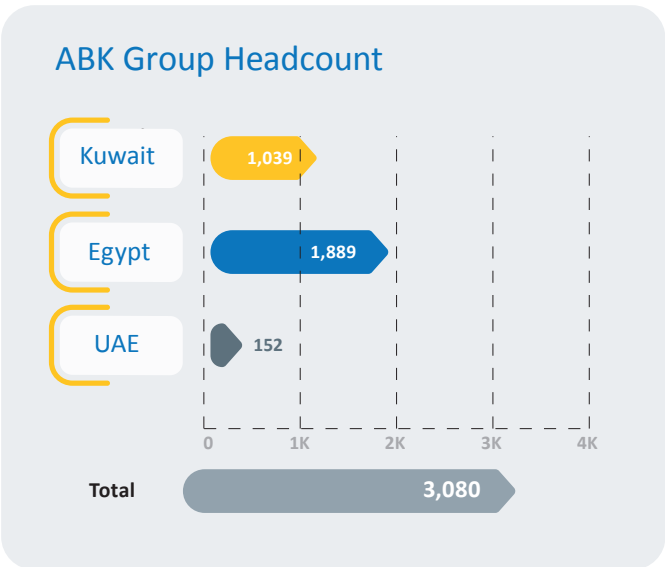
An engaged workforce ultimately leads to better productivity, a healthier environment, and a more positive culture. ABK ensures that employees are provided with worthwhile experiences throughout their tenure at the Bank.

ABK runs multiple engagement activities and events all year round, some of which may be seasonal, awareness-related, and country-specific.

ABK aims to provide staff with a positive experience by ensuring that a fair and transparent set of policies are shared and practiced in daily dealings with both internal and external stakeholders.

In order to enhance engagement scores and sentiments, the Bank runs multiple surveys to identify the areas of improvement and create the necessary action plans.

ABK provides employees with multiple communication channels that enable them to engage with executives and voice their options through the Bank’s open-door policy and relevant activities.



Gender Diversity and Women Empowerment

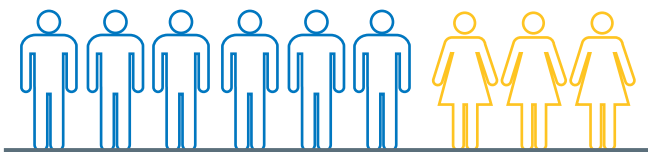
ABK is committed to fostering a diverse and inclusive environment where all employees can thrive. As such, ABK signed the Women’s Empowerment Principles (WEPs) ‘Equality Means Business’ pledge, an initiative of UN Women to achieve gender equality. Since then, the Bank is working on ensuring that all its policies and practices that might insinuate any possible gender discriminations are removed.

ABK works to ensure that our highly capable female professionals are unhindered in their climb up the career ladder through providing relevant development opportunities and the right level of support.



ABK Group Gender Diversity

Country	Females	Males	Total	% of Females	% of Males
Kuwait	415	624	1,039	39.94%	60.06%
Egypt	682	1,207	1,889	36.10%	63.90%
UAE	62	90	152	40.79%	59.21%
Total	1,159	1,921	3,080	37.63%	62.37%



ABK Group Leaders

Country	Female	Male	Total	% of Female Leaders
Kuwait	140	350	490	28.57%
Egypt	151	397	548	27.55%
UAE	20	90	62	32.26%
Total	311	837	1,100	28.27%

Work-Life Balance

Employees across the globe expect a reasonable work-life balance. Therefore, ABK aims to influence this in a positive manner by designing practices and policies that give employees some flexibility - be it attendance-related or the various leave types that the Bank offers.

In addition, the Bank sponsors professional job-related certifications as well as gives specific time off periods for employees to study for their academic examinations. The Bank also sponsors employee interest by providing financial support to a set of hobby clubs.

Health and Safety

ABK aims to provide employees with the best possible conditions to maintain good health and safety throughout the year. This ranges from physical to mental wellbeing including employee engagement activities, awareness campaigns on various health-related topics, as well as offering employees discounted and subsidized checkups.

Recognition and Rewarding

Performance ABK understands the importance and need for employees to stay motivated and encouraged to perform their best in their line of work. The Bank therefore aims to remain up-to-date with the latest compensation practices and information relevant to the markets operated in.

This enables the Bank to devise the proper approaches to rewarding performance through incentives and performance bonus payouts. In addition to monetary awards, the Bank recognizes employees throughout the year using multiple metrics related to sales achievements, service, and SLA compliance.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an ongoing strategy that continuously evolves to create a positive impact. Fueled by our mission to consistently provide experiences that simplify and enrich people's lives, we endeavor to cultivate strong connections with the communities in which we operate. These connections are fostered and sustained through our purposeful CSR initiatives, awareness campaigns, volunteering efforts, and continual communication.

ABK acknowledges the mutually dependent relationship we share with the communities around us. Supporting the local community often yields positive effects on employee morale, society, and ultimately our financial performance. Through CSR, ABK interacts with and influences various external stakeholder groups, varying in their level of engagement based on the nature of the event and the audience involved. Each ABK branch tailors the focus of its CSR initiatives and contributions according to their strategic CSR priorities and the evolving needs of their local communities.

CSR Across the Group

As a bank dedicated to leaving a lasting legacy, making a difference holds significant importance for us. Positioned as a leading Kuwaiti bank with a regional footprint, we have the opportunity to make a positive difference beyond national boundaries. Creating a societal impact is integral to responsible management and serves as a crucial driver for achieving sustainable business outcomes. Through responsible banking, including our contributions to the communities where we conduct business, ABK upholds a strong reputation and addresses societal needs.

CSR Areas Covered by the Group in 2025



Humanitarian Support



Health



Financial Literacy



Education



Sports

ABK-Kuwait

Humanitarian Support

As part of its commitment to social responsibility, the Bank continued to deliver a comprehensive Ramadan program that reflects its core values of solidarity, generosity, and community engagement. In collaboration with the Kuwait Red Crescent Society, the Bank distributed Iftar meals and food baskets across multiple areas, ensuring support reached those most in need. The initiative was further reinforced through a Ramadan awareness campaign highlighting the values of compassion and giving that define the holy month.

In addition, the Bank sponsored the Girgian celebration at Hope School for Special Needs, reaffirming its commitment to inclusion and contributing to positive social impact by bringing joy to students and their families.

The Bank remains dedicated to implementing its Ramadan initiatives annually, mobilizing volunteers and partnering with public and private sector entities to maximize reach and effectiveness. These efforts underscore the Bank's role in supporting humanitarian work and strengthening social cohesion across Kuwait.

Health

Recognizing health as a cornerstone of sustainable development, the Bank collaborated with Amiri Hospital and several hospitals and healthcare centres across Kuwait. It supported and sponsored a range of medical conferences and health initiatives, with a particular focus on diabetes and chronic disease awareness, in line with evolving healthcare priorities.

Through these initiatives, the Bank aims to promote healthier lifestyles among citizens and residents, raise awareness of preventive healthcare, and contribute to improving national health outcomes, thus supporting Kuwait's progress across key health and development indicators.

Financial Literacy

Financial inclusion and awareness remain central pillars of the Bank's social responsibility strategy. The Bank continued its financial literacy program by conducting year-round educational visits to schools across Kuwait, targeting students at various educational levels. These sessions focused on building foundational financial knowledge, introducing banking services and products, and promoting a culture of saving and responsible financial behavior from an early age.

The Bank also strengthened partnerships with educational institutions to deliver ongoing awareness workshops that empower students with practical financial skills, supporting long-term financial independence and informed decision-making.

In parallel, the Bank continued its collaboration with the Central Bank of Kuwait and the Kuwait Banking Association under the 'Let's Be Aware' banking awareness campaign. Content was actively shared across branches, digital platforms, and social media channels, supported by television and radio appearances, thus reinforcing the Bank's role in enhancing financial literacy and advancing financial inclusion across Kuwaiti society.

Education

Education remains a strategic priority for the Bank, given its critical role in shaping Kuwait's future workforce. The Bank sponsored the Dr. Jawad Behbehani Award for Dental Research and supported graduation projects, reflecting its commitment to academic excellence, innovation, and scientific research.

The Bank also partnered with schools and civil society organizations to support practical educational initiatives, including sponsoring a vertical farming project at The English School of Kuwait and collaborating with LOYAC to distribute essential school supplies. These initiatives help create supportive learning environments and enable students to begin the academic year with confidence.

The Bank will continue to invest in educational initiatives that contribute to improving learning outcomes across all levels and preparing future generations to contribute effectively to national development.

Sports

In line with its belief in the role of sports in promoting healthy lifestyles and youth engagement, the Bank sponsored a wide range of sports events throughout 2025. These included continued sponsorship of Al Arabi Football Club, as well as major national tournaments such as HH the Amir Cup Final and the HH the Crown Prince Cup Final. The Bank also supported regional and community events, including the Arab Elite Tennis Championship and Al Arabi Club's Ramadan Football Tournament, in partnership with relevant sports federations.

Additionally, the Bank sponsored the Porsche Club Kuwait Festival, leveraging the event as a platform to engage with youth, automotive enthusiasts, and customers, while staying aligned with evolving trends in the automotive sector.

ABK Wealth Management

ABK Wealth Management sponsored the Kuwait Red Crescent Society's initiative to distribute blankets and heating supplies to families across the State of Kuwait. This sponsorship reflects the Group's commitment to social responsibility, as well as its keenness to strengthen its presence in the local market and expand cooperation with various civil society institutions by supporting events and activities that are regularly organized.

ABK-Egypt

Since commencing operations in Egypt in 2016, ABK-Egypt has actively supported CSR and sustainable development aligned with Egypt's national agenda and CBE directives. In 2025, the Bank expanded its CSR reach through partnerships with numerous NGOs. These included, but were not limited to, Tahya Misr Fund, Egyptian Food Bank, Al Orman Association, Ahl Masr Burn Hospital, Ibrahim A. Badran Foundation, Zewail City of Science & Technology, Baheya Foundation Kolena Maa Baad Organization, Al Nas Hospital, Wahet Nour El Haya Association, Al Hassan Foundation, Dialogue in the Dark, Nour El Baseera Community Organization, Banati Foundation, Children's Cancer Hospital Egypt 57357, and Egyptian Clothing Bank.

ABK-Egypt's employees actively participated in volunteer initiatives, charity events, and community programs, demonstrating their dedication to benefiting society and their understanding of the significant importance of these initiatives.

Governance



Corporate Governance Report

Introduction

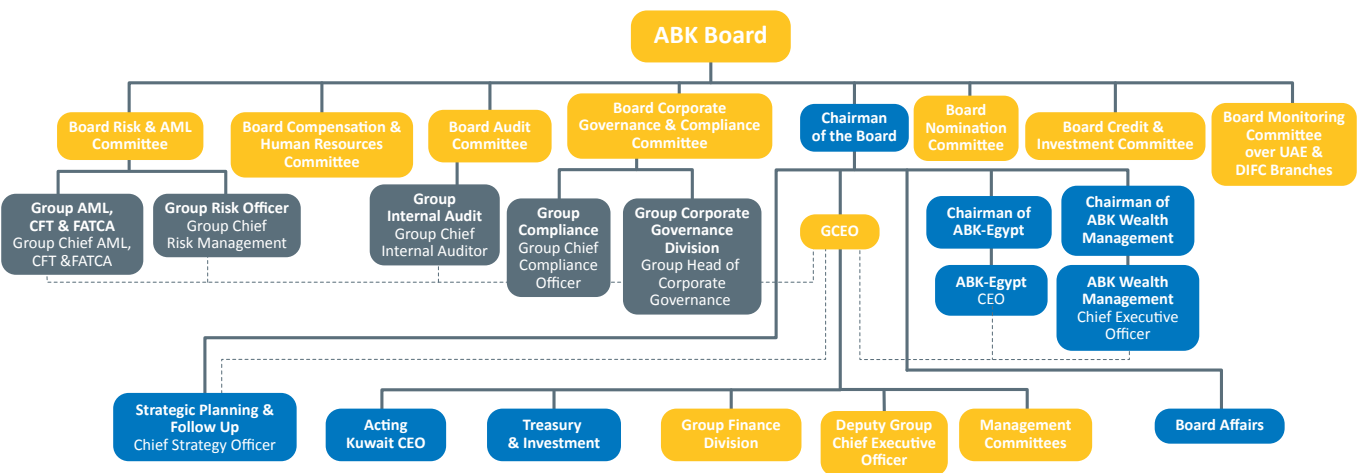
The Al Ahli Bank of Kuwait (ABK) Group is committed to adopting the standards of sound Corporate Governance (CG) set out by regulatory authorities, establishing solid and effective corporate values, and fostering a strong culture of CG across the entire Group. The development of the Group’s CG framework reflects ABK’s commitment to implementing the instructions issued by the Central Bank of Kuwait (CBK) regarding CG rules and regulations in Kuwaiti banks, as well as international standards issued by the Basel Committee on Banking Supervision. This approach aims to establish best practices in sound CG at the Group level and to meet regulatory and legal obligations in the countries in which the Group operates. The Bank applies its CG manual, together with a set of charters, policies, and practices with the objective of enhancing and promoting sound CG principles and culture across the Bank and the Group.

During 2025, the Bank continued to enhance its CG policies and practices to ensure effective implementation of regulatory instructions and the application of sound management principles that safeguard the Bank, its interests, and the interests of its shareholders and other stakeholders. The Bank also remained focused on engaging shareholders and stakeholders by enabling them to monitor the Bank’s performance through enhanced transparency and timely disclosure of material information, in line with the regulations and instructions issued by the Capital Markets Authority, and the rules of Boursa Kuwait. These disclosures were made through Boursa Kuwait and published on the Bank’s website.

Group Governance Structure

The Board of Directors (BOD) is committed to applying effective CG standards across the Group. Accordingly, a comprehensive CG structure and framework have been established to ensure effective oversight of the Group’s entities and activities, in line with the principles of independence and control enshrined in good governance. This structure is subject to regular review and evaluation to ensure its continued relevance and effectiveness.

The following hierarchy illustrates the Group’s CG as at the end of 2025:



Board of Directors’ Key Responsibilities and Achievements for the Year 2025

Board of Directors Formation & Organisational Structure

Pursuant to the resolution of the Ordinary General Assembly of Al Ahli Bank of Kuwait K.S.C.P issued on 16/04/2025, the appointment and election of a new Board of Directors (BOD) for the period from 2025 to 2028 consisting of 11 non-executive members, of whom 7 are non-independent members and 4 are independent members. The Board of Directors is authorized to determine their annual remuneration, in accordance with the law, the Bank’s Articles of Association, CG rules, and the regulations and instructions of the regulatory authorities. In addition, two non-independent alternate members and two independent alternate members were elected.

Collectively, the BOD structure has various academic qualifications, practical experience, and specialized skills with adequate knowledge in banking, finance, strategic planning, CG, risk management, internal controls, and the regulatory and control environment. Furthermore, the BOD is regularly updated on local, regional, and global economic developments. Board members also enhanced their skills by attending appropriate training programs throughout the year.

Board of Directors



Mr. Talal Mohammed Reza Behbehani

Chairman

Year of Appointment at ABK

- Board Member: 2007 – 2014
- Deputy Chairman: 2014
- Chairman: 2014 to date

Academic Qualifications

- Bachelor of Arts Degree in English, Kuwait University

Professional Experience and Memberships

- Deputy Chairman, Kuwait Insurance Co.
- Deputy Chairman, United Beverage Company K.S.S.C
- Board Member, A'ayan Leasing Co.
- Former Board Member, Industrial Bank of Kuwait



Mr. Salah Ahmed Al Serhan

Deputy Chairman

Year of Appointment at ABK

- Board Member: 1987
- Deputy Chairman: 2014 to date

Academic Qualifications

- Diploma in Electronic Engineering, Heald College, USA

Professional Experience and Memberships

- Former Board Member, Kuwait Clearing Co.



Mr. Ali Ebrahim Hejji Hussain Marafi

Board Member

Year of Appointment at ABK

2004

Academic Qualifications

- Bachelor's Degree in Economics and Political Science, Kuwait University

Professional Experience and Memberships

- Chairman, ABK-Egypt
- Chairman, Commercial Facilities Co.
- Board Member, UBAC Curaçao N.V. (Paris)
- Former Chairman, American Real Estate Services Co.
- Board Member, UBAF (Paris and Hong Kong)
- Former Deputy Chairman, United Real Estate Co.
- Former Board Member, Financial and General Bank, London



Mr. Khaled Othman Abdul-Wahab Al Othman

Board Member

Year of Appointment at ABK

2004

Academic Qualifications

- Bachelor's Degree in Statistics and Economics, Kuwait University

Professional Experience and Memberships

- Former Board Member, ABK-Egypt
- Former Board Member, Gulf Bank
- Former Deputy Chairman, Kuwait National Cinema Co.
- Former Deputy Chairman and CEO, Al Hamra Real Estate
- Former Chairman and Managing Director, Ajial Real Estate & Entertainment Co.

Board of Directors



Mr. Adel Ibrahim Yali Ahmed Behbehani

Board Member

Year of Appointment at ABK

2016

Academic Qualifications

- Bachelor of Commerce Degree (Accounting), Kuwait University

Professional Experience and Memberships

- Former Board Member, Al-Mutajara Real Estate Company
- Former Senior Executive Manager, Commercial Bank of Kuwait
- Former Credit Manager, Gulf Bank



Mr. Raed Abdulkareem Al Moamen

Board Member

Year of Appointment at ABK

2019

Academic Qualifications

- MBA, University of Strathclyde, UK
- Bachelor of Commerce Degree, Kuwait University
- Certified Public Accountant, Colorado, USA
- Member of the Association of Chartered Certified Accountants (ACCA), UK

Professional Experience and Memberships

- Managing Partner, S&O Consulting
- Former Assistant Finance Manager, Commercial Bank of Kuwait
- Former Assistant Internal Auditor, Gulf Bank
- Former Senior Internal Auditor, KPMG
- Former Audit Manager, BDO
- Former Manager, Al-Shall Investment Company



Mr. Tarek Fareed Abdulrahman Al Othman

Independent Board Member

Year of Appointment at ABK

2022

Academic Qualifications

- Bachelor of Management Sciences and Marketing Degree, Kuwait University

Professional Experience and Memberships

- Vice Chairman & Executive President, Tijara & Real Estate Investment Co. – Kuwait
- Vice Chairman, Khatif Holding Co. – Kuwait
- Vice Chairman, Raz Amwal Co. – Saudi Arabia
- Former Chairman, Mizin Holding Co. – Bahrain
- Former Board Member, Commercial Bank of Kuwait
- Former Board Member, Alfarabi Investment Co. – Kuwait
- Former Board Member, Gulf Holding – Bahrain
- Former Board Member, Cham Bank – Syria
- Former Manager, Head of Domestic Credit, Bank of Kuwait and the Middle East
- Former Project Senior Officer, Industrial Bank of Kuwait



Dr. Mahdy Ismail Aljazzaf

Independent Board Member

Year of Appointment at ABK

2022

Academic Qualifications

- PhD in Operations Research, North Carolina State University, USA
- Master of Science and Bachelor of Science Degrees in Electrical & Computer Engineering, University of California, Santa Barbara, USA

Professional Experience and Memberships

- Faculty Member, College of Business – Kuwait University
- Executive Director, the Conference Board Gulf Center for Economic & Business Research
- Former Vice Chairman and Commissioner, CMA Board of Commissioners
- Former Director, Policy Unit, Office of the Prime Minister, Kuwait
- Previous Executive Director, World Bank Group
- Previous Chairman and/or member of the boards of directors of multiple companies in Kuwait

Board of Directors



Mr. Ahmad Abdullah Mohammed Al-Baghli

Independent Board Member

Year of Appointment at ABK

2025

Academic Qualifications

- Bachelor's Degree in Industrial Engineering from Northeastern University
- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)

Professional Experience and Memberships

- Former Manager of the Internal Audit Department, Kuwait Investment Authority
- Former Manager of Internal Audit, Kuwait Investment Office – London
- Former Chief Internal Auditor, Burgan Bank
- Former Head of Management Information Systems Division, Gulf Bank



Dr. Mohammad Munther Abdul Kareem Al-Zuhair

Independent Board Member

Year of Appointment at ABK

2025

Academic Qualifications

- Bachelor's Degree in Petroleum Engineering from the University of Tulsa, USA
- Master's Degree in Finance and Investment from The George Washington University
- PhD in Finance from The George Washington University

Professional Experience and Memberships

- Assistant Professor of Finance and International Business, Department of Finance and Financial Institutions – College of Business Administration, Kuwait University
- Senior Advisor, Governance and Finance – GOVERN Economic and Corporate Governance Center
- Former Acting Assistant Vice President for Strategic Planning, Kuwait University
- Former Director, Capacity-Building Unit – Center of Excellence in Management, College of Business Administration, Kuwait University
- Former Chairman of the Founding Board of Directors, Kuwait National Fund for Small and Medium Enterprise Development
- Former Board member (VP for GCC countries), International Council for Small Business – USA
- Former Full-time Member, Supreme Council for Privatization – Council of Ministers
- Former Advisor to the Director, Government Performance Monitoring Agency – Council of Ministers
- Former Planning Analyst; Senior Planning and Investment Analyst; Non-oil Product Development Manager; and Strategic Project Coordinator – Kuwait Petroleum International

Board Affairs



Mr. Ghazi Abdul-Rahman Hamad Al-Sanea

Non-Independent Board Member
(Representative of PIFSS)

Year of Appointment at ABK

2025

Academic Qualifications

- Bachelor's Degree in Banking and Finance from Hofstra University, USA

Professional Experience and Memberships

- Board Member, Wafra InterVest Corporation
- Board Member, Shamal Az-Zour Al-Oula Power and Water Company K.S.C.
- Head of Investment Research, Public Institution for Social Security (PIFSS)
- Former Partner in Investment Due Diligence, Albourne Partners Ltd.
- Former AVP – Investment Funds, Global Investment House – Kuwait



Mr. Fawzy T. Al Thunayan

General Manager, Board Affairs

Year of Appointment at ABK

2014

Academic Qualifications

- Bachelor's Degree in Business Management, Catholic University of America

Professional Experience and Memberships

- Former Chairman, ABK Capital
- Former General Manager of Board Affairs, Gulf Bank
- Former Manager of the Foreign Operations Department, Central Bank of Kuwait
- Former Deputy General Manager, International Financial Advisors
- Former Deputy General Manager, Arab Company for Trading Securities

Board of Directors' Key Responsibilities and Duties

The Bank's BOD holds overall responsibility for the Bank's operations, including setting strategic objectives, approving action plans and budgets, defining the Bank's risk appetite and strategy, updating CG standards, approving policies, building public trust in the Bank's management, and actively contributing to regulating the Bank's business.

Furthermore, the BOD is responsible for ensuring the Bank's financial soundness and safeguarding the interests of shareholders and stakeholders. This includes emphasizing risk management and governance (including cybersecurity risks and compliance governance); enhancing internal control systems; conducting internal and external audits; overseeing the executive management; and other responsibilities assumed by the board under applicable laws, regulations, and regulatory instructions and resolutions.

The BOD emphasizes the importance of fostering a strong culture of corporate values across the Bank. This is achieved by aligning staff efforts with strategic objectives, improving performance, and adhering to laws and regulatory instructions, particularly CG rules. As such, the BOD ensures that governance principles are embedded within the Bank's corporate culture, rather than applied solely as regulatory compliance.

Key Achievements of the Board of Directors for the Year 2025

- Reviewed and approved the Group's financial statements for the financial year ended 31 December 2024.
- Reviewed and approved the quarterly Global Financial Crisis reports.
- Reviewed and approved the bank-wide risk appetite results.
- Reviewed and approved updates to policy manuals, frameworks, and charters.
- Reviewed and approved amendments to the Bank's organisational structure.
- Reviewed and approved reports on the work of BOD committees.
- Reviewed and approved the Bank's strategy, action plans, and budget.
- Reviewed and approved capital bond issuances, as required.
- Reviewed and approved the Bank's data on non-performing loans (NPL), including quarterly and annual provisions.
- Reviewed and approved the interim and year-end financial statements.
- Reviewed and approved the Internal Capital Adequacy Assessment Process (ICAAP) results and quarterly stress test outcomes.
- Reviewed and approved the quarterly regulatory compliance activities reports.
- Reviewed and approved the quarterly Anti-Money Laundering (AML) and Combatting the Financing of Terrorism (CFT) reports.
- Reviewed and approved the external auditor's report on internal control systems.

Executive Management



Mr. Giel-Jan M. Van Der Tol

Group Chief Executive Officer

Year of Appointment at ABK

2025

Academic Qualifications

- Master of International Management – Thunderbird School of Global Management, Phoenix, USA
- Bachelor of Business Administration – Nyenrode Business University, Breukelen, Netherlands
- Certificate in Board Directorship – GCC Board Directors Institute, Riyadh/Dubai

Professional Experience and Memberships

- Former CEO & Managing Director, Emirates NBD Bank, Egypt
- Former Group Head Wholesale Banking, Emirates NBD Bank, UAE
- Former Chief Executive Officer, Dubai Bank
- Former Managing Director, Tier One Capital, Netherlands
- Former Corporate Executive Vice President, ABN AMRO Bank, Netherlands
- Former CEO & Managing Director, Saudi Hollandi Bank, Saudi Arabia
- Vice Chairman Advisory Board, GCC Board Directors Institute (UAE Chapter)
- Non-Executive Board Director, Tamweel AlOula Finance Company, Saudi Arabia
- Fellow, GCC Board Directors Institute
- Member, EMEA Advisory Council, Thunderbird School of Global Management
- Member, Institute of Directors, UK



Mr. Abdulla M. Al Sumait

Deputy Group Chief Executive Officer

Year of Appointment at ABK

2000

Academic Qualifications

- Bachelor of Economics, Kuwait University

Professional Experience and Memberships

- Former Board Member, KNET
- Former General Manager of Corporate Banking, ABK
- Former General Manager of Corporate Banking, Gulf Bank
- Former Chairman, ABK Capital
- Former Board Member, Bank of Bahrain & Kuwait



Mr. Ahmad AlDuwaisan

Acting Chief Executive Officer – Kuwait
General Manager, Corporate Banking

Year of Appointment at ABK

2023

Academic Qualifications

- EMBA, American University of Beirut, Lebanon
- Bachelor of Science in Mechanical Engineering, Northeastern University, USA

Professional Experience and Memberships

- Board Member, KNET
- Former General Manager of Corporate Banking, Gulf Bank
- Former Board Member and Chairman of the Audit & Risk Committee, Kuwait Finance & Investment Company (KFIC)



Mr. Khaled El Salawy

Chief Executive Officer and Managing Director,
ABK-Egypt

Year of Appointment at ABK

2016

Academic Qualifications

- Bachelor of Economics, American University of Cairo, Egypt

Professional Experience and Memberships

- Former Group Deputy Chief Executive Officer of Corporate Banking, Treasury and Investment, SMEs, and Financial Institutions, Union National Bank
- Former Head of Corporate Banking and SMEs, Bank of Alexandria/ Intesa Sanpaolo Group
- Former Assistant Vice President, Corporate Banking Division, Egyptian American Bank acquired by Credit Agricole Egypt

Executive Management



Mr. Omar Wahby

Chief Executive Officer – UAE

Year of Appointment at ABK

2021

Academic Qualifications

- MBA, Boston University, USA
- Bachelor of Communication and Electronics, Cairo University

Professional Experience and Memberships

- Former Deputy Chief Executive Officer, International Banking Group, National Bank of Kuwait
- Former Board Member, NBK-Egypt
- Previous experience at:
 - Citibank, UAE
 - BNP Paribas, Egypt



Mr. Amjad Siddique

Group Chief Internal Auditor

Year of Appointment at ABK

2023

Academic Qualifications

- Master of Forensic Accounting, University of Toronto, Canada
- Master of Commerce, Punjab University, Pakistan
- Bachelor of Commerce, Punjab University, Pakistan
- Certified Public Accountant (CPA), American Institute of Certified Public Accountants
- Certified Internal Auditor (CIA), American Institute of Internal Auditors
- Chartered Internal Auditor (CMIIA), Chartered Institute of Internal Auditors, UK
- Qualification in Internal Audit Leadership (QIAL), Institute of Internal Auditors, USA
- Chartered Management Accountant (CGMA), AICPA and CIMA UK
- Chartered Accountant (FCA), Institute of CAs, Pakistan

Professional Experience and Memberships

- Former SVP & Head of Audit, Riyadh Bank, Saudi Arabia
- Former Group Chief Audit Executive, Masraf Al-Rayan, Doha, Qatar
- Former Chief Internal Auditor, The Saudi Investment Bank, Riyadh, Saudi Arabia
- Former Director of Financial Control, CIBC Wholesale Bank, Toronto, Canada



Ms. Sana Al Saqabi

Group Chief Compliance Officer

Year of Appointment at ABK

2008

Academic Qualifications

- Bachelor of Commerce – Accounting Department, Ain Shams University – Egypt
- Commercial & Financial Transactions Diploma
- International Advanced Certificate in Anti-Money Laundering (ICA) – with merit
- International Advanced Certificate in Compliance (ICA) – with distinction
- International Advanced Certificate in Corporate Governance (ICA)
- Certified Compliance Professional (CCP) – (GAFM)
- Certified Corporate Governance Officer (CCGO) – London School of Business & Finance
- Certified Anti-Money Laundering Specialist (CAMS)
- Certified Compliance Officer (CCO) – (IAFM)
- Certificate of Continuous Professional Education (CPE) - Saudi Anti-Fraud Association (SAFA)

Professional Experience and Memberships

- Former experience in the regulatory sector, Central Bank of Kuwait
- Former experience in operations management, Burgan Bank



Mr. Ammar Al Jazzaf

Group Chief Anti-Money Laundering & Combating the Financing of Terrorism (AML & CFT)

Year of Appointment at ABK

2022

Academic Qualifications

- Bachelor of Economics, Kuwait University
- ICA International Advanced Certificate in Anti-Money Laundering
- Certified Anti-Money Laundering Consultant (CAMC)

Professional Experience and Memberships

- Former Group Head of Anti-Financial Crimes, Burgan Bank
- Former Head of AML, Gulf Bank
- Former Head of Inspection, Central Bank of Kuwait

Executive Management



Gaurav Dhingra

Group Chief Risk Officer

Year of Appointment at ABK

2016

Academic Qualifications

- Associate Chartered Accountant (ACA) – The Institute of Chartered Accountants of India (ICAI)
- Professional Risk Manager (PRMIA)
- Financial Risk Manager (Global Association of Risk Professional – GARP)
- Certified in Risk and Information Systems Control (ISACA)
- Certified Basel 3 Professional (CBPRO)
- Certified Asset and Liability Manager, New York Institute of Finance (NYIF)
- Leading Financial Services in a Rapidly Changing World Program, Harvard Business School
- Bachelor of Commerce (B.Com.), India

Professional Experience and Memberships

- Former Acting Group CRO, ABK
- Deputy Group CRO, ABK
- Assistant General Manager – Group Risk Division, ABK
- Head – Financial Risk, Doha Bank, Qatar
- Board Member, ABK-Egypt
- Board Member, ABK Cayman
- Board Risk Committee Member, ABK-Egypt



Dr. Ayman Al Buloushi

Group Head of Corporate Governance

Year of Appointment at ABK

2024

Academic Qualifications

- Doctor of Philosophy – Corporate Governance, University of Dundee, United Kingdom
- Master of Management and Finance, University of Southampton, United Kingdom
- Bachelor of Economics, Kuwait University

Professional Experience and Memberships

- Former Deputy Director General for Financial and Administrative Affairs, Public Institution for Social Security (PIFSS)
- Former Chairman of Wafra Real Estate Company
- Former Director of Compliance and Governance Department, PIFSS
- Former Director of the Follow-up Department, PIFSS
- Former Financial Advisor of the Director General, PIFSS
- Former Board Member and Risk Committee Chairman, Commercial Facilities Company
- Former Board Member, Kuwait Clearing Company



Dr. Abdulaziz Jawad

Chief Strategy Officer

Year of Appointment at ABK

2022

Academic Qualifications

- Doctorate in Business Studies, IE University, Spain
- Master in Research Methodology - Management Science - IE Business School, Spain
- Master of Business Administration, London Business School
- Bachelor of Science in Finance and Computer Science, Kuwait University

Professional Experience and Memberships

- Chairman of ABK Wealth Management
- Former Board Member, Zain Iraq
- Former Chief Executive Officer (Zain Drone) and Group Head of Corporate Finance (Zain Group)
- Former experience in ABK's Corporate Banking Division
- Former experience in Boubyan Bank's Credit Risk Division



Mr. Shiamak Soonawalla

Group Chief Finance Officer

Year of Appointment at ABK

2004

Academic Qualifications

- Bachelor of Commerce, University of Bombay, India
- Chartered Accountant (India)

Professional Experience and Memberships

- Former Board Member, ABK-Egypt
- Previous experience at:
 - o Ernst & Young, Saudi Arabia and Kuwait
 - o National Commercial Bank, Saudi Arabia

Executive Management



Ms. Noura Abdulmohsen Alduweesh

General Manager, Treasury and Investment

Year of Appointment at ABK

2021

Academic Qualifications

- MBA in Strategic Management, Maastricht School of Management
- Bachelor in English Literature, Kuwait University

Professional Experience and Memberships

- Member of Kuwait Forex Association
- Former Head of Treasury, HSBC Kuwait



Mr. Mohammed AlQattan

Chief Consumer Officer

Year of Appointment at ABK

2024

Academic Qualifications

- MBA in Strategic Management, Maastricht School of Management
- Bachelor of Statistics and Operations Research, Minor Accounting, Kuwait University

Professional Experience and Memberships

- Former General Manager of Consumer Banking, Gulf Bank
- Former Board Member, Head of Audit and Risk Committee and Head of Actuarial Committee at the Public Institute for Social Security (PIFSS)
- Former Board Member, Credit Information Network Company (CINET)
- Former Board Member, Oula Wasata
- Former Vice Chairman, Priority Automobile Company



Ms. Yasmine Salamah

General Manager, Multinational Corporates and Structured Finance

Year of Appointment at ABK

2003

Academic Qualifications

- Bachelor of Business Administration, American University of Beirut, Lebanon

Professional Experience and Memberships

- Former Assistant General Manager, Corporate Banking Division
- Former ABK Capital Chairperson
- Former Board Member, ABK Capital; Chairperson of Risk and Audit Committee
- Former Board Member, Kuwait Finance and Investment Company; Chairperson of Risk and Audit Committees



Legal Counsel Dr. Nawaf Shabib Al-Shuraiaan

General Counsel - Head of Legal Division

Year of Appointment at ABK

2022

Academic Qualifications

- PhD in Sharea'a - Islamic Banking, Cairo University (Darul Uloom), Egypt
- Master of Islamic Law and Comparative Jurisprudence, Cairo University (Darul Uloom)
- Bachelor of Jurisprudence and Principle of Jurisprudence, Kuwait University

Professional Experience and Memberships

- Recipient of the Legal 500 GC Powerlist Middle East 2024 award
- Visiting Scholar at École des Hautes Études en Sciences Sociales (EHESS), Paris, France
- Lecturer at the Kuwait Institute for Judicial and Legal Studies
- Lecturer at the Permanent National Committee for International Humanitarian Law
- Former Judge in the Sixth Civil Circuit of the Court of Appeal (civil law)
- Former Head Judge of multiple circuits in the Court of First Instance (Commercial, Administrative, Criminal)
- Former First Director of Media, Information and Publication Affairs Prosecution
- Former Chief Prosecutor and Director of several prosecution offices
- Former Deputy Public Prosecutor
- Lawyer registered before the Supreme Court of Cassation and the Constitutional Court

Executive Management



Mr. Mohammad Al Bloushi

General Manager, Operations

Year of Appointment at ABK

2021

Academic Qualifications

- Bachelor of Management Information Systems, California State University Fullerton, USA

Professional Experience and Memberships

- Board Member, Kuwait Credit Information Network Company (CINET)
- Former Deputy General Manager – IT & Operations Group, National Bank of Kuwait



Mr. Salem Al Sarraf

Chief Information Officer

Year of Appointment at ABK

2006

Academic Qualifications

- Master of Science in Electrical Engineering, Kuwait University
- Bachelor of Computer Engineering, Iowa State University, USA
- Certified Information Security Professional, GISP
- Leadership Development Program, Harvard University

Professional Experience and Memberships

- Former Chief Transformation Officer, ABK
- Former AGM of Information Technology, ABK
- Former Assistant Development Manager, KNET
- Former IT Development Manager, Burgan Bank
- Former Application Development Manager, Kuwait Real Estate Bank



Ms. Afrah Al Arbash

General Manager, Human Resources

Year of Appointment at ABK

2020

Academic Qualifications

- Chief Human Resources Officer Program, Wharton University, USA
- Bachelor of Arts in International Relations, Kent State University, USA

Professional Experience and Memberships

- Former Human Resources Director, Kuwait National Culture District (KNCD) Al Diwan Al Amiri Project
- Former HR Manager heading recruitment and administration, Kuwait Energy Company



Ms. Johair Marafi

General Manager, Retail Banking

Year of Appointment at ABK

2000

Academic Qualifications

- Bachelor of Business Administration, Kuwait University

Professional Experience and Memberships

- Former Board Member, ABK Capital
- Former Board Member, KNET
- Former AGM, Sales & Distribution, ABK

Executive Management



Mr. Khalil AlQattan

Chief Digital Transformation & Innovation Officer

Year of Appointment at ABK
2022

Academic Qualifications

- Master of Business Administration, Brunel University London, UK
- Bachelor of Science in Internet Technology (Honours Degree), University of Portsmouth, UK

Professional Experience and Memberships

- Former AGM of Retail Banking, ABK
- Former Head of Digital Transformation and Growth, Burgan Bank
- Former Executive Manager of Digital Transformation & Innovation, Commercial Bank of Kuwait
- Former Board Member, KNET

The Board Committees: Main Roles, Responsibilities, and Key Achievements for 2025

As part of its efforts to strengthen the Group’s CG principles, the BOD has established a number of Board Committees to enhance oversight of the Group’s key operations. The formation of these committees takes into account the size of the Group, the nature of its activities, and the geographical distribution of its entities.

Each committee operates under a charter approved by the BOD, which clearly defines its roles and responsibilities and governs its functions. These also set out the requirements for preparing periodic reports within each committee’s scope of roles and responsibilities, and for submitting such reports to the BOD.

All committees are composed of ABK board members with relevant experience aligned with the committee’s scope, in accordance with applicable governance rules. The establishment of Board Committees does not, however, relieve the board of its collective responsibility for all matters relating to the Group.

The Board Committees consist of the following:

1. Board Audit Committee (BAC)
2. Board Risk and AML&CFT Committee (BRAC)
3. Board Corporate Governance and Compliance Committee (BCGCC)
4. Board Nomination Committee (BNC)
5. Board Compensation and Human Resources Committee (BCHRC)
6. Board Credit & Investment Committee (BCIC)
7. Board Monitoring Committee for UAE Branches and DIFC Branch (BMC)

Board Audit Committee (BAC)	
Committee Composition	– Dr. Mahdy Ismail Aljazzaf – Chairman (Independent Board Member) – Mr. Ahmad Abdullah Mohammed Al-Baghli – Vice Chairman (Independent Board Member) – Mr. Raed Abdulkareem Al Moamen – Member
Main Roles & Responsibilities	The BAC is composed of three non-executive members, including one independent board member who heads the committee. All BAC members are qualified in the banking and financial fields. The BAC meets at least once every quarter, or at the request of the BAC Chairman. The BAC’s roles and responsibilities include, but are not limited to, the following: • Reviewing the annual and quarterly financial statements, including related disclosures, and submitting recommendations to the BOD • Reviewing the engagement letter and approving the appointment of the external auditor responsible for issuing the Internal Control Systems Report (ICR) • Reviewing the findings, action plans, and recommendations contained in the ICR and recommending the report to the BOD • Reviewing external auditor reports relating to the Consumer & Instalment Loans Portfolio, as well as any other tasks related to internal control systems, including follow-up reports • Reviewing and recommending to the BOD the ICR issued by an external consultant on the effectiveness of the ABK Group’s internal control systems, for inclusion in the annual report • Overseeing the activities of the Internal Audit Division (IAD), reviewing the Internal Audit Charter, and recommending it to the BOD for approval • Reviewing and approving the internal audit scope, plans, strategies, procedures, activities, and organisational structure • Reviewing reports and documents submitted by IAD • Ensuring that IAD remains objective and independent and that no executive responsibilities are assigned to it

	• Reviewing and recommending to the BOD the appointment or replacement of the Group Chief Internal Auditor (GCIA), and conducting an annual performance assessment of the GCIA • Reviewing the external auditor independence and rotation policy and submitting it to BCGCC for review, and subsequently to the BOD for approval Reviewing regulatory findings and sanctions related to internal audit and internal control systems, and assessing the corrective actions taken by the Executive Management to address such observations • Annually reviewing and recommending to the BOD the appointment, re-appointment, or termination of the external auditors for financial statements, including fees, terms, and scope of engagement, and evaluating the auditors’ objectivity and independence
Key Activities	The BAC’s key activities include, but are not limited to, the following: • Reviewing the interim and annual financial statements • Reviewing and following up on the ICR • Reviewing and approving the internal audit plan and related activities • Reviewing the quarterly CBK-mandated Consumer and Instalment Loans Report • Reviewing periodic internal audit reports • Preparing the BAC’s semi-annual activity report and submitting it to the BOD • Discussing inspection reports issued by regulatory authorities • Reviewing the assessment and recommending the appointment of the external auditor • Reviewing the external auditor’s cybersecurity report as mandated by CBK • Providing oversight of internal audit activities at overseas branches and subsidiaries • Reviewing, updating, and recommending the Internal Audit Policy and Charter to the BOD for approval • Reviewing and approving amendments to the organisational structure of the Group’s IAD • Reviewing updates related to IAD training

Board Risk and AML & CFT Committee (BRAC)	
Committee Composition	– Mr. Ahmad Abdullah Mohammed Al-Baghli – Chairman (Independent Board Member) – Mr. Raed Abdulkareem Al Moamen – Vice Chairman – Mr. Tarek Fareed Abdulrahman Al Othman – Member (Independent Board Member)
Main Roles & Responsibilities	The BRAC is composed of three non-executive members, including one independent board member who heads the committee. All BRAC members are qualified in the banking and financial fields. The BRAC meets at least four times annually. The BRAC’s roles and responsibilities include, but are not limited to, the following: • Overseeing the roles and responsibilities for identifying, assessing, and controlling risks across the Group in line with governance instructions issued by CBK and the Basel Committee, and the three lines of defense model or other applicable models • Overseeing the alignment of the Group’s risk profile with its strategic plan and objectives • Reviewing and submitting recommendations to the BOD regarding reports on the Group’s risk appetite, risk profile, emerging risks, and risk exposures across all risk categories, including capital and liquidity management, as well as the implementation status and effectiveness of the risk management strategy, frameworks, policies, models, and applicable Basel requirements (collectively referred to as the Risk Management arrangements) • Reviewing reports submitted by the Group Chief Risk Officer (GCRO) on the effectiveness of the Group’s Risk Management arrangements • Reviewing the Risk Management framework, policies, and strategies, and submitting appropriate recommendations to the BOD • Reviewing and recommending to the BOD the appointment or dismissal of the GCRO, taking into account the requirement to discuss any proposed dismissal with CBK prior to taking action • Reviewing credit and non-credit reports, as appropriate • Reviewing reports on the assumptions and methodologies used in the computation of ICAAP and stress testing various risks, to assess their impact on capital adequacy • Recommending to the BOD the appointment or replacement of the Group Chief AML & CFT Officer • Reviewing updates to AML & CFT policies and procedures prior to submitting them to the BOD for approval • Annually assessing the performance of the Group Chief AML & CFT Officer and determining related promotions and remuneration, subject to approval • Reviewing periodic reports provided by AML & CFT regarding the AML & CFT framework within the Group, and submitting such reports to the BOD

Key Activities	The BRAC's key activities include, but are not limited to, the following: • Reviewing, submitting, and approving recommendations regarding policies, charters, work models, and frameworks, and authority matrices related to the Bank's business • Reviewing the Corporate Banking Division's portfolio and reviewing collateral coverage • Reviewing credit portfolio concentration risks, including name and sector concentrations • Providing oversight of risk management matters related to overseas branches and subsidiaries • Reviewing the Retail Banking Division's portfolio • Reviewing the International Banking Department's portfolio • Reviewing and approving the annual risk management plan • Reviewing the functions of the Post Fact Unit • Reviewing the business continuity plan (BCP) • Reviewing the reputational risk report • Reviewing and recommending to the BOD assessments related to risks arising from the Group's complex structure • Reviewing market and liquidity risk reports • Reviewing investment risks • Reviewing the Operational Risk Department's activities • Reviewing updates related to IT and IT Security • Reviewing updates on business continuity management and testing • Reviewing information security and cybersecurity strategies, policies, and controls in accordance with CBK requirements • Reviewing the reports prepared by RMD on monitoring information security and cybersecurity • Reviewing and approving the dealing limits set for countries, financial institutions, and banks • Reviewing and approving defaulted credit facilities, related provisions, and proposed solutions, including updates to IFRS 9 models • Calculating the capital adequacy ratio and capital increase requirements • Reviewing and approving ICAAP documents, stress tests, and the risk appetite on a quarterly basis • Reviewing and discussing the CBK's CAMEL BCOM • Preparing and submitting a report to CBK on developments in the global financial crisis • Reviewing the updates to the AML/CFT policies and procedures prior to BOD approval • Reviewing the AML/CFT risk assessment study prior to BOD approval • Reviewing periodic reports submitted by AML & CFT
----------------	---

Board Corporate Governance and Compliance Committee (BCGCC)	
Committee Composition	– Mr. Talal Mohammed Reza Behbehani – Chairman – Mr. Ali Ebrahim Hejji Hussain Marafi – Vice Chairman – Dr. Mohammad Munther Abdul Kareem Al-Zuhair – Member (Independent Board Member)
Main Roles & Responsibilities	The BCGCC is composed of three non-executive members, including one independent board member. All members of the BCGCC are qualified and/or experts in the financial and banking field. The BCGCC meets at least twice annually. The BCGCC's roles and responsibilities include, but are not limited to, the following: • Assessing the Group's CG structure and reviewing the composition of the BOD committees • Following up on the implementation of the CG Manual standards and controls • Reviewing BOD and BOD committees' charters • Reviewing and updating the CG Manual and related policies, as well as developing new CG policies • Reviewing the CG report included in the Bank's annual report, assessing the extent of the Group's compliance with the implementation of CG Manual requirements, identifying any instances of non-compliance, and submitting the report to the BOD • Proposing and reviewing amendments to the Bank's Memorandum and Articles of Association related to CG rules and regulations, and submitting the report to the BOD • Reviewing periodic reports submitted by the CG Officer concerning CG matters within the Group, including those related to subsidiaries and foreign branches, and submitting them to the BOD with the necessary recommendations • Reviewing updates to the regulatory compliance policy prior to submitting them to the BOD for approval • Reviewing the Compliance Division's roles and responsibilities in preparation for its approval by the BOD. • Ensuring that the Compliance Division has adequate independence, authority, and direct access to the BOD to effectively discharge its responsibilities across the Group • Reviewing periodic reports submitted by the Compliance Division concerning regulatory compliance within the Group and submitting them to the BOD • Reviewing and recommending to the BOD the appointment or replacement of the Group Chief Compliance Officer and the CG Officer
Key Activities	The BCGCC's key activities include, but are not limited to, the following: • Following up on the implementation of the CG Manual's objectives • Reviewing the Governance Report within the Bank's Annual Report • Reviewing and approving the organisational structure of the CG Division • Reviewing the CG annual plan • Reviewing and updating the CG Manual and approving CG policies • Reviewing CBK inspection reports and following up on the Bank's responses to those reports • Reviewing the periodic reports submitted by the Group CG Division • Reviewing the Compliance Division's periodic reports at the Group level • Reviewing, updating and submitting a recommendation regarding the BCGCC charter • Reviewing and approving work programs/plans for the Compliance Division and following up on their implementation

Board Nomination Committee (BNC)	
Committee Composition	– Mr. Tarek Fareed Abdulrahman Al Othman – Chairman (Independent Board Member) – Mr. Ali Ebrahim Hejji Hussain Marafi – Vice Chairman – Mr. Adel Ibrahim Yali Ahmed Behbehani – Member
Main Roles & Responsibilities	The BNC is composed of three non-executive members, including one independent board member who heads the committee. All BNC members are qualified in the banking and financial fields. The BNC meets at least twice annually. The BNC's roles and responsibilities include, but are not limited to, the following: • Ensuring that procedures for nominating, electing, and appointing members of the BOD are carried out in accordance with the relevant legislation and regulatory requirements, in order to safeguard the interests of the Bank • Providing newly elected BOD members with an induction guide outlining their rights, responsibilities, and duties. • Supporting the continuous enhancement of the collective and individual knowledge of the BOD, and strengthening the skillsets of its members. • Conducting an annual review of the skills required for board membership and preparing a description of the capabilities and qualifications required for membership • Periodically reviewing and updating the methodology used to assess the overall performance of the BOD as well as individual BOD members • Annually ensuring the continued fulfillment of independence criteria by independent board members throughout their tenure • Providing updates to BOD regarding articles published in the media related to banks' business, BOD of banks, and financial institutions • Conducting an annual review of the working practices of the BNC to ensure all the responsibilities outlined in this charter have been carried out
Key Activities	The BNC key activities include, but are not limited to, the following: • Ensuring the completion of procedures for nominating and re-electing BOD members in accordance with CBK requirements and other relevant regulatory authorities • Ensuring that an induction program for newly appointed BOD members is in place, as well as ongoing development programs for existing members to support continuous development • Conducting an annual review of the required skills and structure of the BOD and preparing a set of capabilities and qualifications required for membership • Reviewing and approving BOD members' training programs in line with regulatory requirements • Reviewing the annual assessment of the performance of the BOD as a whole as well as each member individually • Carrying out an annual review to ensure the effective implementation of all responsibilities set out in the committee's charter

Board Compensation and Human Resources Committee (BCHRC)	
Committee Composition	– Mr. Ali Ebrahim Hejji Hussain Marafi - Chairman – Dr. Mahdy Ismail Aljazzaf – Vice Chairman (Independent Board Member) – Mr. Adel Ibrahim Yali Ahmed Behbehani – Member
Main Roles & Responsibilities	The BCHRC is composed of three non-executive members, including one independent board member. All BCHRC members are qualified in the banking and financial fields. The BCHRC meets at least twice a year. The BCHRC's roles and responsibilities include, but are not limited to, the following: • Reviewing and recommending the appointment and promotions of the Executive Management, and carrying out the necessary amendments and/or observations to ABK's organisational chart, presenting them to the BOD, and ensuring a succession plan is reviewed to cover all Executive Management positions • Annually reviewing and assessing the Remuneration Policy and overseeing its implementation in coordination with the relevant divisions • Liaising with the BRAC and/or the GCRO to ensure that ABK's variable and deferred remuneration are aligned with its risk profile and risk time horizon • Making recommendations to the BOD on the fixed and variable components of Executive Management remunerations, including those of material risk takers and financial and risk control staff. • Ensuring an independent annual review of ABK's general remuneration policies, conducted by Internal Audit or external consultants. • Recommending to the BOD any amendments and/or updates to ABK's general remuneration policies • Ensuring that Executive Management has implemented firm regulations, procedures, and effective controls to ensure full compliance with the general remuneration policies and rules • Reviewing HR policies and considering reports and matters raised by the Executive Management regarding HR at ABK, and providing guidance thereon • Ensuring the application of a clear, transparent, and objective system for evaluating and measuring employee performance at all levels, including measures to avoid conflict of interest, and ensuring such systems are circulated to employees • Ensuring that performance evaluations, as well as the determination of promotions and remuneration for the heads of the control and supervisory functions, are conducted objectively and independently by their respective committees
Key Activities	The BCHRC's key activities include, but are not limited to, the following: • Reviewing changes to the HR policy • Reviewing the recommend amendments to the Group's organisational chart for BOD approval • Reviewing and approving bonus distribution percentages and performance ratings for ABK employees • Reviewing the Kuwaitization report • Discussing and approving the promotion cycle • Reviewing resignations and appointments • Reviewing nomination documents prior to their submission to CBK • Reviewing and discussing ABK's Succession Plan • Reviewing and updating the HR Policy

Board Credit & Investment Committee (BCIC)	
Committee Composition	– Mr. Talal Mohammed Reza Behbehani – Chairman – Mr. Adel Ibrahim Yali Ahmed Behbehani – Vice Chairman – Mr. Khaled Othman Abdul-Wahab Al Othman – Member – Dr. Mohammad Munther Abdul Kareem Al-Zuhair – Independent Board Member – Mr. Ghazi Abdul-Rahman Hamad Al-Sanea - PIFSS
Main Roles & Responsibilities	The BCIC is composed of at least four non-executive BOD members. All BCIC members are qualified in the banking and financial fields. The BCIC meets once a week or as required. It is forbidden to combine membership of the Group BCIC with membership of the BRAC or BAC. The BCIC’s responsibilities include, but are not limited to, the following: • Reviewing and advising on changes to the Group’s credit and investment policies, as well as periodic portfolio updates • Reviewing and approving credit applications that exceed the authorities of the management committees, in accordance with the credit authority matrices, for credit proposals with respect to granting, renewing or amending credit facilities, as well as investment proposals, credit-related policy exceptions, legal actions taken in this regard, and the rescheduling or restructuring of credit exposures
Key Activities	The BCIC’s key activities include, but are not limited to, the following: • Reviewing and approving credit proposals related to granting, renewing or amending credit facilities, as well as investment proposals, credit-related policy exceptions, legal actions, and the rescheduling or restructuring of credit exposures • Reviewing credit facilities for BOD members and their related parties, and referring them to the BOD for final approval • Periodically reviewing credit portfolio reports • Reviewing and approving the credit and investment policy and submitting it to the BOD for approval • Reviewing defaulted credit facilities and proposing appropriate solutions • Reviewing and approving the credit authorities of the management committees

Board Monitoring Committee for UAE Branches and DIFC Branch (BMC)	
Committee Composition	– Mr. Ali Ebrahim Hejji Hussain Marafi - Chairman – Mr. Adel Ibrahim Yali Ahmed Behbehani – Vice Chairman – Dr. Mohammad Munther Abdul Kareem Al-Zuhair – Independent Board Member
Main Roles & Responsibilities	The BMC is composed of three non-executive members. All BMC members are qualified in the banking and financial fields. The BMC meets at least four times a year. The BMC’s responsibilities include, but are not limited to, the following: • Reviewing proposed changes to the Organisational Structure that facilitate effective oversight and sound governance, and recommending them to the BCHRC for submission to the BOD for approval • Reviewing and recommending to the BCHRC the appointment and promotion of the Executive Management • Reviewing HR policies and considering the reports and matters raised by the Executive Management regarding HR matters • Reviewing and monitoring the business strategy related to regional and sectoral market growth

	• Reviewing and monitoring the implementation of the approved overall business strategy, including key strategic initiatives • Reviewing branch results and financial performance against BOD-approved business strategies and budgets • Reviewing and monitoring the risk appetite statement, risk profile, and related matrix, and escalating any concerns to the relevant authority as appropriate • Reviewing instances of regulatory non-compliance related to compliance, CG, and AML, and assessing the corrective actions taken • Reviewing follow-up actions taken in relation to the collection of Non-Performing Loans (NPLs) • Reviewing key strategies aimed at improving NPLs recovery and collection performance • Reviewing and recommending to the BOD decisions related to real estate acquisitions, sales, or office leasing for ABK branches in the UAE and the DIFC • Reviewing and recommending to the BOD special projects related to ABK branches in the UAE and the DIFC, including monitoring the implementation of such projects • Reviewing matters related to capital management and capital planning, as well as overseeing funding strategies and funding diversification, in line with the BOD-approved strategy
Key Activities	The BMC’s key activities include, but are not limited to, the following: • Reviewing the UAE and DIFC branches’ business and operating performance together with the applicable regulatory and statutory obligations • Ensuring the implementation of the instructions and regulations of the regulatory authorities and the Central Bank of the United Arab Emirates (CBUAE) • Following up on and monitoring the implementation of the business strategy related to growth at the regional level, sectors and markets, and the main strategic initiatives to ensure the implementation of the approved strategy initiatives • Following up on and monitoring the risk appetite statement recommended by the BRAC and approved by the BOD, and the relevant risk profile and matrix, and raising any concerns regarding them to the BRAC for action • Reviewing retail and corporate banking’s updates • Reviewing quarterly financial statements • Ensuring that the branches are committed to implementing and adhering to the instructions of the regulatory authorities, in addition to CG instructions and AML & CFT laws, and submitting its recommendations to the Board Committees concerned with these topics • Following up on the procedures for collecting Non-Performing Loans (NPLs) and suggesting strategies to improve the recovery and collection process

The Chairman of ABK Group’s BOD regularly follows up on the work of the Board Committees to ensure that they effectively discharge the responsibilities entrusted to them. The role of the BOD of the parent bank, particularly with respect to ensuring the existence and effectiveness of adequate governance standards across the Group, is further strengthened through the presence of two BODs at the Bank’s two subsidiaries. Their supervisory roles are supported by committees formed therefrom, as well as by a specialized BOD committee tasked with monitoring and overseeing the operations of the Bank’s branches in the UAE and the DIFC Branches, in addition to the independent control and supervisory functions of those entities.

BOD and Board Committees Meetings and their Attendance in 2025

Outlined below is a summary brief details of the meetings held by the BOD and its committees during 2025, along with an overview of members’ attendance:

#	Board Members	BMC									
		AGM	BOD	BCIC	BCGCC	BAC	BNC	BCHRC	BRAC	UAE	DIFC
		1	7	49	5	9	2	6	12	4	4
1	Talal Mohammed Reza Behbehani – Chairman BOD	1/1	7/7	42/49	5/5						
2	Salah Ahmed Al Serhan – Deputy Chairman BOD	1/1	4/7			2/9			1/12		
3	Ali Ebrahim Hejji Hussain Marafi – Board Member	1/1	6/7		5/5		2/2	6/6		4/4	4/4
4	Khaled Othman Abdul-Wahab Al Othman – Board Member	1/1	5/7	38/49							
5	Adel Ibrahim Yali Ahmed Behbehani – Board Member	1/1	7/7	44/49			2/2	6/6		4/4	4/4
6	Raed Abdulkareem Al Moamen – Board Member	1/1	4/7			8/9			11/12	1/4	1/4
7	Zaid Khaldoun Al-Naqeeb – Independent Board Member	-	1/7					2/6	3/12		
8	Tarek Fareed Abdulrahman Al Othman – Independent Board Member	1/1	7/7	6/49			2/2		7/12		
9	Dr. Mahdy Ismail Aljazzaf – Independent Board Member	1/1	7/7		1/5	9/9		3/6			
10	Bassem S. M. AlOtaibi – Independent Board Member	-	-	6/49							
11	Ahmad Abdullah Mohammed Al-Baghli – Independent Board Member	1/1	5/7			6/9			8/12		
12	Dr. Mohammad Munther Abdul Kareem Al-Zuhair – Independent Board Member	1/1	6/7	36/49	4/5					3/4	3/4
13	Mohammad Yousef Ali AlMatrouk – PIFSS	-	1/7	11/49							
14	Ghazi Abdul-Rahman Hamad Al-Sanea – PIFSS	-	1/7	7/49							

- Mr. Zaid Khaldoun Al-Naqeeb was a member of the BOD until 16/4/2025
- Mr. Bassem S. M. AlOtaibi was a member of the BOD until 16/4/2025
- Mr. Salah Ahmed Al Serhan was a member of BAC & BRAC until 16/4/2025
- Mr. Raed Abdulkareem Al Moamen was a member of BMC until 16/4/2025
- Mr. Ahmad Abdullah Mohammed Al-Baghli joined the BOD and was appointed as a BAC and BRAC member on 16/4/2025
- Dr. Mohammad Munther Abdul Kareem Al-Zuhair joined the BOD and was appointed as a BCIC, BMC, and BCGCC member on 16/4/2025
- Dr. Mahdy Ismail Aljazzaf was a member of BCGCC and was appointed as a BCHRC member on 16/4/2025
- Mr. Tarek Fareed Abdulrahman Al Othman was a member of BCIC and was appointed as a BRAC member on 16/4/2025
- Mr. Mohammad Yousef Ali AlMatrouk joined the BOD as Representative of PIFSS and was appointed as a BCIC member on 17/6/2025 until 21/9/2025
- Mr. Ghazi Abdul-Rahman Hamad Al-Sanea joined the BOD as Representative of PIFSS and was appointed as a BCIC member on 13/10/2025

- Board Via Modern Means of Communications Resolutions during 2025: **36**
- BNC Via Modern Means of Communications Resolutions during 2025: **None**
- BCIC Via Modern Means of Communications Resolutions during 2025: **13**
- BAC Via Modern Means of Communications Resolutions during 2025: **8**
- BCHRC Via Modern Means of Communications Resolutions during 2025: **2**
- BCGCC Via Modern Means of Communications Resolutions during 2025: **3**
- BRAC Via Modern Means of Communications Resolutions during 2025: **1**
- BMC via Modern Means of Communications Resolutions during 2025: **4**

Corporate Ethics and Values

The Bank, its BOD, and Executive Management continue to uphold sound CG practices, viewing them as fundamental principles and significant components of its overall culture. These practices are reinforced through a set of policies, procedures, and practices applicable across the Bank, including the following:

Code of Conduct

Approved by the BOD, the Code of Conduct is one of the Bank’s essential CG pillars. The BOD, Executive Management, and employees are committed to adhering to this Code of Conduct in the Bank’s day-to-day operations and in dealing with employees, clients, and other stakeholders.

The Code of Conduct is periodically reviewed to ensure alignment with evolving CG standards, ethical practices, and work ethics. The BOD also supervises its effective implementation through internal audit and internal control processes to identify any gaps and take corrective actions, as necessary.

Conflict of Interest

The Bank implements a Conflict of Interest Policy approved by the BOD, which defines conflicts of interest and outlines some case examples. The BCGCC periodically reviews this policy in light of the Bank’s business nature, as well as legislative and supervisory developments, and supervises its implementation. The Bank has also adopted a set of procedures, forms, and registers to manage conflict of interest disclosures and ensure appropriate handling of identified conflicts.

Related-Party Transactions

The Bank conducts all transactions with related parties on an arm’s length basis and under terms consistent with those applied to non-related parties, without any preferential treatment. A policy covering related party transactions, approved by the BOD, guides this process. The BCGCC regularly reviews the policy and supervises its implementation. In addition, the Bank maintains related party lists, procedures, and forms to regulate such transactions. The nature and volume of related party transactions are disclosed within the Bank’s published financial statements, and periodic reports are submitted to CBK.

Banking Secrecy

The BOD, Executive Management, and employees prioritize the confidentiality of information and data related to the Bank, its customers, and other stakeholders, in compliance with laws, CBK rules and instructions, and other regulatory authorities. The Bank maintains robust controls that guarantee confidentiality in accordance with BOD-approved policies and internal control systems that safeguard banking secrecy.

Disclosure and Transparency

The Bank emphasizes disclosure and transparency as essential tools that enable shareholders to exercise their rights and engage with other stakeholders in monitoring the Bank’s performance. A BOD-approved Disclosure & Transparency Policy governs the handling of information available to the BOD and Executive Management that must be disclosed to the local regulatory authorities, other authorities, and the public. This policy establishes a framework for the disclosure process, promotes best practices, and ensures compliance with laws and regulations issued by CBK, the Capital Markets Authority and Bursa Kuwait concerning disclosure and transparency.

The Insiders

The Bank is committed to preserving the confidentiality of its insider information, including that of its customers. Procedures to regulate the dealing in securities of insiders are in place to prevent any potential abuse of such information. Furthermore, the Bank has implemented measures, such as obtaining acknowledgments and undertakings from insiders, formalizing contractual arrangements with the other insiders, maintaining and updating the insiders’ lists, and ensuring all required forms and records are kept up to date.

Customer Complaints

Within the Bank's endeavors to find proper solutions for complaints received from customers and to satisfy regulatory requirements, the Bank has established a specialized unit with a direct reporting line to the CEO, to deal with customers' complaints. This unit operates under an approved policy and procedures governing its duties and responsibilities, and mechanisms for handling complaints efficiently. It also oversees the effective implementation of the Customer Protection Manual and submits reports thereon to the BOD, in accordance with CBK instructions..

Whistleblowing

The board-approved Whistleblowing Policy is intended to promote an effective open communication culture among the Bank's employees and other stakeholders. It serves as a tool through which stakeholders can participate in protecting the Bank and its interests. The policy also aims to establish a mechanism that enables stakeholders to report to the Bank any information comes to their knowledge regarding any transaction or behavior suspected of violating, or that has already violated, the Bank's regulations. This policy allows whistleblowers to directly communicate their concerns to the Chairman of the BOD and, at the same time, provides them with the necessary protection.

Assessment of Board of Directors and Board Members

In implementation of CG rules, the Board Nomination Committee, through a self-assessment methodology under a set of applicable forms and indicators, evaluates the performance of the BOD and all board members on an annual basis. This evaluation is presented to the BOD for review and approval, and for taking up the required recommendations. The ultimate objective is to enhance the BOD and board members' competencies and credentials in all areas associated with their roles and responsibilities as well as to identify key development and training needs. The evaluation outcomes of 2025 were positive with respect to the performance and roles of the board and its members.

Risk & Internal Control

The Bank has an independent risk management function headed by the Group Chief Risk Officer, who reports directly to the BRAC and has the authority to communicate directly with the Chairman and the Head of the Risk Committee. The Risk Management Division plays a crucial role in the Group's operations by identifying, evaluating, and controlling risks at a Group level. It monitors and measures the Group's exposure to these risks within the framework of the Bank's approved risk appetite. To effectively manage risks, the Group has established comprehensive risk management systems and procedures, designed to identify the nature of all significant risks to which the Bank's Group is exposed, and prepare reports for the BRAC and BOD accordingly.

The Bank also has an independent Compliance function that reports directly to the BCGCC to ensure its independence. The Compliance function is a fundamental component of the Group's CG framework, given the unique nature of non-compliance risks that may arise from failure to comply with regulatory rules and instructions. The Compliance function operates in accordance with a compliance policy approved by the BOD and regularly updates the BOD, through the BCGCC, as well as Executive Management, on the Bank's compliance with relevant legislation and regulatory instructions and informs them of developments in this field.

The CG framework features three clearly defined distinct lines of defense, as follows:

- **First Line of Defense:** Represented by the business units, which are responsible for activities that may give rise to risks for the Bank. Accordingly, these units are responsible for proactively evaluating and managing such risks.
- **Second Line of Defense:** Comprises the Risk Management and Compliance Divisions, which operate independently of the first line of defense. The Risk Management Division is responsible for monitoring and evaluating the Bank's risks, and submitting reports to the BRAC to manage and supervise these risks independently. The Compliance Division, on the other hand, is responsible for monitoring compliance with relevant laws and regulatory instructions, and submits reports in this regard to the BCGCC.
- **Third Line of Defense:** The internal audit function, which operates independently from both the first and second lines of defense.

Information Security and Cybersecurity

In view of the increasing importance of information security in the banking industry, and the risks arising from the rapid technological developments, the Bank is committed to enhancing the Group's information security protection systems of the Group and avoid those risks in line with the latest developments and practices. This is achieved through the development and approval of relevant policies and controls for information security and cybersecurity systems, and the establishment of an independent and specialized department equipped with the necessary cadres and resources to implement and monitor these policies and controls, and submitting relevant reports to the Risk Committee and the BOD, as well as spreading awareness in this field.

Internal & External Audit

The BOD and Executive Management place great importance on the independence of both internal and external audit, recognizing the value of their work and observations in evaluating the effectiveness of internal controls and providing an independent review of the information and data provided by the Executive Management to the BOD within the framework of the Group's internal control and governance rules.

The Bank has established an independent and effective internal audit function that operates with a high degree of autonomy and reports directly to the BAC. External audits of the Bank's financial statements are conducted under a dual-audit process through the appointment of two independent auditors, who are rotated in accordance with the Bank's BOD-approved External Auditor Independence and Rotation Policy. This approach supports the Bank's commitment to sound CG practices. The auditors submit their reports to the BAC and meet with it to discuss the findings in preparation for the presentation of the financial statements to the BOD for approval.

Statement of the Board of Directors Regarding the Evaluation of Internal Control Systems

The BOD's responsibilities cover, inter alia, ensuring that the Board exercises its duties in accordance with the relevant legislation and regulatory instructions, particularly those issued by CBK. The Board is also responsible for the Bank's financial soundness and for ensuring that the Bank's business is prudently managed within the acceptable risk parameters, without exposing the Bank to unnecessary risks. The BOD should also confirm that the Bank has proper internal control systems in place.

In view of the above, the BOD has approved an appropriate organisational structure for the Bank's business activities to implement the Bank's strategies and objectives and to conduct its business activities in compliance with CG rules. This structure includes oversight over the Executive Management activities through the BOD and its committees, supported by independent control functions: Internal Audit, Risk Management, Compliance, AML, and CG. Proper identification of the duties, responsibilities, and authorities of all functions within this organisational structure should be observed. Furthermore, the organisational structure incorporates internal control systems that mandate dual control, segregation of duties and responsibilities to avoid conflict of tasks, adequate policies and procedures, and detailed descriptions for all related functions.

The BOD reviews the internal control systems appropriate to the Bank and its group, through periodic reports and recommendations submitted by BOD committees. It also verifies their effectiveness in compliance with CBK guidelines regarding CG rules and regulations. The BOD also reviews and considers any observations raised by regulatory authorities, external auditors, and Internal Audit. In addition, internal control systems are a recurring item on the BOD agenda, ensuring that developments in this field are discussed and any observations raised are addressed.

An external and independent auditor has been appointed to conduct an annual assessment of the Bank's internal control systems for FY 2024, in accordance with CBK regulations and guidelines. The review of the Group's current governance and internal control framework did not identify any issues of significant impact. Based on the above, the BOD affirms that the current internal control framework of the Group is functioning as intended, including the internal policies necessary to comply with CBK regulations, such as CG, Risk Management, Internal Controls, Compliance, Internal Audit, Financial Reporting, and External Auditing, all of which have been implemented and reviewed to ensure their appropriateness.

External Auditor’s Report

The following is the independent external auditor’s report on the evaluation of ABK Group’s internal control systems:



The Board of Directors
Ahli Bank of Kuwait K.S.C.P.
State of Kuwait
29 June 2025

Revised - Report on Accounting and Other Records and Internal Control Systems

In accordance with our letter of engagement dated 10 March 2025, we have performed limited procedures over the accounting and other records, in addition to the internal control systems of Ahli Bank of Kuwait K.S.C.P., and its branches and subsidiaries (together referred to as “the Group”), which were in existence during the year ended 31 December 2024. We covered all areas of the Group as follows:

1. Ahli Bank of Kuwait
 - Corporate Governance.
 - Risk Management.
 - Anti-Money Laundering & Combatting the Financing of Terrorism and FATCA & CRS.
 - Retail Banking.
 - Wealth and Private Banking.
 - Corporate Banking.
 - Multinational Corporate and Structured Finance.
 - Treasury and Investment.
 - Human Resources.
 - Operations.
 - Trade Finance.
 - Finance.
 - Compliance.
 - Internal Audit.
 - Information Technology.
 - Legal Affairs.
 - Board Affairs.
 - Enterprise Program Management Office.
 - Facilities Management.
 - Complaints and Customer Protection.
 - Strategic Planning and Follow-up.
 - Digital Transformation.
 - Procurement.
 - Service Quality.
 - Executive Management Affairs.
 - Confidentiality of Customer Information.
 - Fraud and Embezzlement.
 - Financial Securities Activities.
 - International Banking and Overseas Branches.

2. Al- Ahli Bank of Kuwait’s Subsidiaries
 - Ahli Capital Investment K.S.C.C (Subsidiary of ABK).
 - Al Ahli Bank of Kuwait - Egypt S.A.E (Subsidiary of ABK).
 - Al Ahli Bank of Kuwait - Egypt Leasing Company (Subsidiary of ABK- Egypt).
 - ABK Cayman Island Limited (Subsidiary of ABK).

The internal controls review was primarily based on enquiry, observation and analytical review procedures supplemented by limited testing of transactions, reports and reconciliations. The resulting issues and recommendations were discussed with management during the course of our engagement and prior to the finalization of this report.

Our procedure have been carried out in consideration of the requirements of the Central Bank of Kuwait (CBK) circular dated 13 January 2025 considering the requirements contained in the General Instruction Manual for the Internal Control Systems in Banks and Auditors’ Reports on the Evaluation of Those Systems issued by the CBK on 14 November 1996, Pillar IV of Corporate Governance instructions in respect of risk management and internal controls issued by the CBK on 20 June 2012 and amended on 10 September 2019, CBK instructions regarding combating money laundering and terrorism financing updated 16 February 2023, instructions dated 9 February 2012 regarding confidentiality of customer’s information.

As Board of Directors of Ahli Bank of Kuwait, 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 and complying with the requirements contained in the CBK instructions mentioned in the above paragraph. The objective of this report is to highlight our observations on the extent to which the adopted procedures and systems are adequate to safeguard the assets against loss from unauthorized use or disposition; that key risks are properly monitored and evaluated; that transactions are executed in accordance with established authorization procedures and are recorded properly. The procedures we performed did not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards, accordingly we do not provide an opinion, and attestation or other form of assurance with respect to our review, except as may be specified in this report.

Further, we did not plan and perform our work with the objective of preventing or discovering fraud. Our procedures under this engagement are also not designed to and are not likely to reveal misrepresentation by the management of the bank. Accordingly, we do not express any assurance regarding the absence of fraudulent activity (whether originating from management or external parties) nor of any other irregularities or misstatements by the Bank’s management or any other individuals during the period covered by our engagement.

This report has been prepared solely for the information of the board of directors, board audit committee and management of the bank for their internal use and benefit and is not intended to nor may it be relied upon by any other party (“Third Party”). We permit a copy of our report to be shared with the Central Bank of Kuwait only, provided that a full copy of our report is provided. Neither this report nor its contents may be distributed to, discussed with, or otherwise disclosed to any Third Party without our prior consent. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

Our work was limited to the Internal Control Review and was based on the information made available through to 29 June 2025. Accordingly, any changes in circumstances after this date could affect the findings attached in this report, except for the follow-up phase that will be performed for the two periods ended on 30/9/2025 and 31/12/2025.

Khalid Ebrahim Al-Shatti

License No.175
PricewaterhouseCoopers (Al-Shatti & Co.)

Remuneration

The Bank has a remuneration policy approved by the BOD, which is periodically reviewed, updated, and its implementation supervised by the BCHRC. This policy has been prepared with the aim of:

- Including all aspects and components of financial remuneration
- Aligning with the Bank’s strategic objectives, financial performance, and risk appetite
- Attracting and retaining highly qualified, competent, skilled, and knowledgeable staff
- Maintaining a sound governance system for remunerations, disclosure, and transparency
- Complying with the requirements of regulatory authorities in the countries in which the Bank operates

The remuneration policy considers all aspects and components of financial rewards, which are based on two primary components that together constitute the total remuneration:

- **Fixed Remuneration:** Remuneration to be paid to employees regardless of the performance of the Bank or the employee, covering the following:
 - Basic salary and fixed annual bonus, which is equivalent to 15% of the employee’s total annual basic salary
 - Allowances, such as travel allowance, end-of-service benefits, and job-related allowancesFor salaries, amounts are determined according to the contract as a wage for the employee’s skills, competencies, and experience used in performing their role. The annual salary review process considers the total remuneration package, market conditions, and employee performance with regard to risk.
- **Variable Bonus:** A performance-based bonus, covering:
 - Variable cash bonus
 - Variable deferred bonus:

The variable remuneration system is designed to incentivize and reward high-performing employees within the Bank’s overall risk framework. Individuals are allocated variable rewards based on their individual performance, as well as the performance of their divisions and the Bank as a whole, using a performance evaluation and measurement system which includes equity shares (as per the Phantom Shares Plan).

The Bank ensures an appropriate balance between fixed and variable remuneration, allowing for the possibility of reducing variable remuneration in the event of poor or negative financial performance, and enhancing variable remuneration in cases of performance exceeding expectations.

Remuneration for supervisory functions (Audit, Risk, Compliance, CG, and AML & CFT) is determined by their respective Board Committees in light of the independence of those functions.

The BOD, through BCHRC, conducts an independent annual review of the remuneration policy to evaluate the Bank’s commitment to sound remuneration practices.

Disclosure of Remuneration for 2025

- The total remuneration for the board members amounted to KD 990,000.
- The total remuneration paid to the top five executives, along with the GCEO, GCFO, GCIA, and GCRO amounted to KD 2,080,504

The following are the details of the bonuses paid to the various categories of employees:

2025	Number of Employees	(KD)		
		Fixed Salaries Other Benefits	Bonus Based on Performance	Total
Senior Management	21	2,083,868	437,451	2,521,319
Decision Makers of Risky Activities (Material Risk Personnel)	42	3,094,455	967,395	4,061,850
Financial Control and Risk Control Personnel	31	2,135,643	585,946	2,721,589
Total	94	7,313,966	1,990,793	9,304,758

Main Shareholders of the Bank

As of 31 December 2025, the following are the major shareholders of the Bank who own or control more than 5% of the Bank’s share capital:

#	Shareholder’s Name	Number of Shares	Percentage %
1.	Wafra International Investment Company - Customers Account	298,269,946	11.394%
2.	Behbehani General Trading Company	248,946,345	9.510%
3.	Ali Morad Yousuf Behbehani	179,242,693	6.847%
4.	Behbehani Investment Company - Ali Morad Behbehani and Partners	152,691,569	5.833%
5.	Behbehani Finance Company	131,892,374	5.038%

Shareholders’ Rights and Stakeholders

The Bank’s current internal bylaws, policies, and practices reflect the provisions of the laws, bylaws, and instructions issued by regulatory authorities. These encompass controls and measures for protecting the rights of shareholders and stakeholders, treating them equally, including minority and foreign shareholders, and providing them the opportunity to question the board and rectify any violations of their rights by providing shareholders with adequate and accurate information without discrimination.

The Bank is fully aware protecting stakeholders’ rights constitute an essential pillar of sound CG and that the Bank’s success is the result of joint efforts with various parties. Stakeholders include any person or entity having a relationship with the Bank, such as shareholders, staff members, depositors, creditors, customers, suppliers, and society.

Compliance with the Corporate Governance Manual

The Bank has demonstrated compliance with the standards and controls set forth in the CBK instructions regarding governance rules and regulations, as well as the BOD-approved CG manual. This has been achieved through the preparation, approval, and periodic review and updating of charters and policies related to CG rules.

Furthermore, measures have also taken to ensure the proper application of CG rules, including the composition and formation of the BOD and its committees, including independent members. These committees enhance the effectiveness of the board’s supervision of key operations, monitor the implementation of CG requirements, and submit periodic reports and recommendations to the BOD. The Bank’s approved organisational structure also includes appropriate oversight over the Group’s activities, in addition to independent functions for Risk Management, Compliance, CG, and Internal Audit to achieve sound CG. This also covers aspects related to remuneration, disclosure and transparency, conflict of interest, confidentiality, and other CG standards and controls.

The Internal Audit Division, as an entity independent of the Executive Management, is responsible for auditing the proper application of governance rules. The division submits its reports to the Board Audit Committee, which then presents them to the BOD. Each year, the Bank appoints an independent external auditor to evaluate its internal controls and prepare a report. This report, submitted to CBK, includes a section specifically addressing the Bank’s compliance with governance instructions and rules. The external auditor’s report for FY 2024 did not include any significant observations regarding the Bank’s compliance with governance rules.

The Bank remains committed to complying with CG instructions and achieving the principles of sound management by implementing governance rules.

Stakeholders

Shareholders

- Shareholders shall have the rights provided in ‘Shareholders’ Rights and Obligations,’ Chapter 6 of Section 9 of Law No. 1 of 2016 on the Promulgation of the Companies Law, and amendments thereof
- ABK ensures equitable treatment of its shareholders and that their voting rights are preserved
- All shareholders shall be able to obtain information about their shares and their rights
- ABK shall protect the interests of minority shareholders and ensure their equitable treatment
- ABK shall encourage the attendance of shareholders at all shareholders’ general assembly meetings
- Where shareholders are unable to attend, they can vote by proxy or electronically in accordance with the Policies and Procedures Manual for General Assemblies through electronic systems issued by the Kuwait Clearing Company (KCC)
- The confidential voting process is carried out under the supervision of KCC and the Ministry of Commerce and Industry (MOCI)
- ABK announces the agenda, date and time of AGMs in Bourse Kuwait and in local newspapers, ensuring sufficient time prior, in accordance with the applicable procedures and regulations, and sends invitations to the shareholders to attend the AGMs
- ABK allows shareholders who own 10% and above to call for an Ordinary AGM, or those who own 15% and above to call for an Extra-Ordinary AGM, request a resolution, and act by written consent
- All processes and procedures for AGMs shall allow for equitable treatment of all shareholders

Investor Relations

ABK continued to operate as an established constituent of Bourse Kuwait’s Premier Market, meeting and continuously enhancing the applicable liquidity and capitalization requirements. The Bank’s continued inclusion in the Premier Market reflects its commitment to transparency, sound governance, and timely market communication and disclosure requirements.

The Investor Relations (IR) function serves as the primary interface between the Bank and the investment community, including shareholders, analysts, and investors. IR is responsible for the accurate and timely dissemination of investor presentations, including financial and non-financial information, in full compliance with Capital Markets Authority and Bourse Kuwait requirements. In recognition of the Bank’s strong investor engagement, ABK was awarded “Best Investor Relations Bank 2025” by International Finance magazine.

Engagement with the market is maintained through regular interaction with local and regional equity research firms and investors, including earnings calls, investor meetings, and participation in investor conferences. The IR function is also responsible for coordinating capital market-related activities, including coordination on Debt Capital Market (DCM) and Equity Capital Market (ECM) transactions, management of research coverage, organization of investor roadshows, and ongoing engagement with the analysts’ community.

In addition, IR provides structured market feedback and investor sentiment insights to senior management, supporting informed decision-making and effective market positioning. This includes monitoring shareholder composition, trading liquidity, valuation benchmarks, peer positioning, and key investor trends.

These activities support a clear market understanding of the Bank’s performance, strategy, and outlook. IR also supports shareholder communication and disclosure-related processes by responding to investor and analyst inquiries and coordinating with internal stakeholders across Finance, Strategy, Legal, and Corporate Governance to ensure consistency of external communications. The function further supports Board-level and senior management engagement with the investment community through targeted briefings, market intelligence reporting, and post-transaction investor feedback.

Customers

ABK protects the rights provided to customers that include, but are not limited to, the following:

- Fair and equal treatment
- Present the available products accurately and transparently
- Financial awareness and culture
- Professional conduct
- Protecting customers against financial fraud
- Financial inclusion
- Protection of privacy and confidential information
- Addressing customer complaints and grievance

Community

ABK reaffirms its commitment to community engagement. This represents one of the key pillars of the Group’s corporate social responsibility (CSR) efforts which is of equal importance to companies as it is to communities.

ABK strives to forge a strong relationship and bond with the community through committing to CSR activities which represent the main contributors towards improving quality of life, the environment, and the economy.

The Group’s activities throughout the year are disclosed in this annual report.

Staff Members

ABK’s Policies and Practices aim at ensuring that the rights of our employees are respected and abided by. This includes, but is not limited to:

- Equal opportunity and access to development programs
- Safe, inclusive working environment
- Transparent remuneration and compensation practices
- Clear and accessible whistleblowing policy and reporting platform

Risk Management

THE GROUP STRUCTURE

The Group structure consists of Al Ahli Bank of Kuwait K.S.C.P. (“the Bank”) and its wholly-owned subsidiary, Ahli Capital Investment Company K.S.C.C (“the Subsidiary”) and Al Ahli Bank of Kuwait - Egypt (together “the Group”) which are engaged in commercial banking activities of corporate banking, retail banking, international banking, treasury services and investment activities and advisory services. The Bank and the Subsidiary are headquartered in Kuwait. The Bank has a significant investment in Credit One Kuwait Holding Company K.S.C., which is classified as an associate and located in Kuwait.

PILLAR III DISCLOSURES

Under the Central Bank of Kuwait (CBK) Basel III guidelines, banks are advised to follow a standardised approach for the Pillar I minimum capital requirement. The Central Bank of Kuwait issued guidelines in June 2009 for the Internal Capital Adequacy Assessment Process (ICAAP) under the Pillar II supervisory review process.

The Group has adopted these guidelines in its capital adequacy assessment and management of all material risks covered under Pillar I and Pillar II.

The major highlights of these regulations are:

- Banks must maintain a capital adequacy ratio at a minimum of 13.5 per cent (including D-SIB).
- Banks have to adopt the Standardised Approach for implementing Basel III, using national discretion for
 - Adopting Option II for bank exposures
 - Adopting the top three rating agencies as External Credit Assessment Institutions, and
- The Bank’s external auditors must audit the annual capital adequacy returns.
- The Bank must conduct an Internal Capital assessment for all material risks (Pillar II risks) under the Internal Capital Adequacy Assessment Process (ICAAP). These risks include credit concentration risk, Credit Risk Mitigation risks, remained operation risk, legal risk, interest rate risk, liquidity risk, strategic risk, reputation risk, AML risk, Cybersecurity Risk, Model Risk and Climate Risk, etc.
- The Bank must conduct stress testing of its one year forward business projections under different scenarios and assess the impact on capital adequacy and profitability.

Under the Capital Adequacy framework, the Bank must provide timely, accurate, relevant and adequate disclosures of qualitative and quantitative information that enable users to assess its activities and risk profile. The following public disclosures are made in line with the requirements of the Central Bank of Kuwait.

Subsidiaries and Significant Investments

The Bank has a wholly-owned subsidiary company, Ahli Capital Investment company K.S.C. (Closed). The Subsidiary is engaged in investment management and advisory activities and comes under the supervision of the Capital Market Authority. The Bank also has a significant investment in Credit One Investment & Holding Co. and classifies the same as an associate. The amount invested in the associate is below the threshold deduction limit of 10 per cent and 15 per cent of the Bank’s common equity tier one (CET1) and hence has not been deducted for the calculation of common equity tier one and so has been risk weighted at 250 per cent.

The Bank has also a majority owned (98.7%) subsidiary bank in Egypt with a full-fledged retail and corporate banking activities within Egypt. This bank was acquired in Nov 2015 and is operating with the name of Al Ahli Bank of Kuwait - Egypt (“ABKE”) and is subject to regulatory jurisdiction of that country.

Risk exposures and capital management in the Group are performed at consolidated level, including the subsidiary’s activities. The Bank also performs capital level assessments on a standalone basis. However, the subsidiaries, in line with their respective regulatory requirements also perform their own separate capital adequacy exercise to determine their standalone capital adequacy levels.

CAPITAL STRUCTURE

The capital structure of the Group consists of Common Equity Tier I, Additional Tier I capital (paid-up equity capital and reserves, including fair value reserves) and Tier II capital, which includes general provision (subject to maximum of 1.25 per cent of total credit risk weighted assets) and issued securities.

	(KD 000)	
Capital Structure	2025	2024
Paid-up share capital/common stock	261,776	249,311
Reserves	399,537	359,646
Less:		
Treasury shares	(5,135)	(5,135)
Other intangibles (except mortgage servicing rights)	(4,223)	(4,162)
Defined benefit pension fund liabilities	318	484
Threshold deductions arising from investments in FIs where ownership is <= 10%	-	-
Common Equity Tier I (CET)	652,274	600,144
Additional Tier I	91,560	91,560
Capital eligible as T2	129,447	99,420
General provisions (subject to maximum of 1.25% of total credit risk weighted assets)	59,083	61,594
Threshold deductions arising from investments in FIs where ownership is <= 10%	-	-
Tier II	188,530	161,014
Total eligible capital after deductions	932,364	852,718

The authorised, issued and fully paid-up common equity shares of the Group amount to **KD 261,776 thousand**, comprised of **2,617,762,008 shares** of 100 fils each. These shares are issued in compliance with Kuwaiti commercial law for public shareholding companies. Discretionary dividend payments on these shares are subject to regulatory approval. These shares are classified as share capital under the financial statements of the Group and have been recognised as part of its Common Equity Tier 1 Capital.

Capital Adequacy

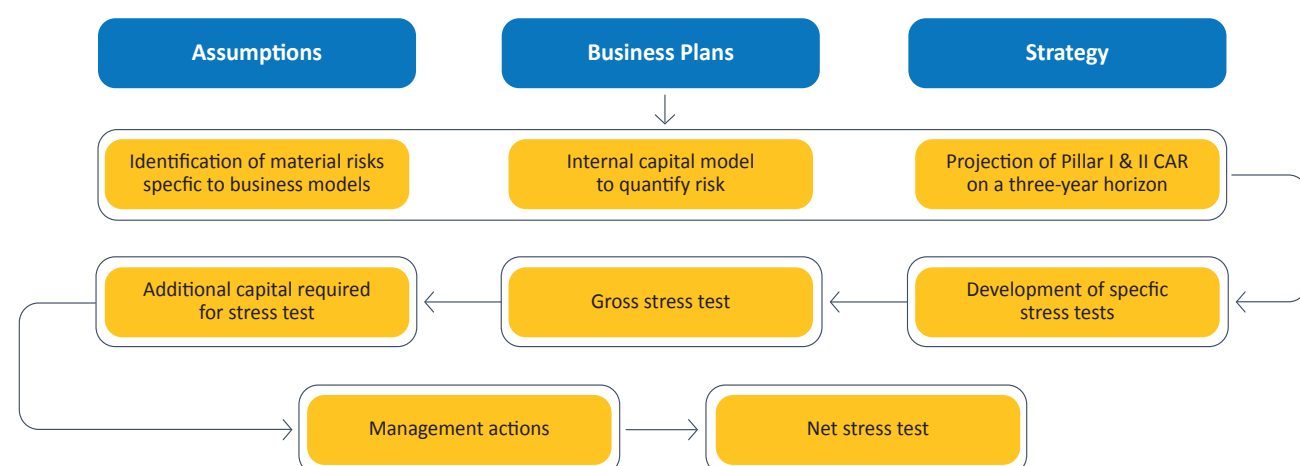
The Group’s capital management objective is aimed at maintaining an optimum level of capital to enable it to pursue its strategic goals that build long-term shareholder value, whilst always maintaining minimum Pillar I capital requirements as well as meeting Pillar II capital requirements. Pillar II capital which is the Group’s internal estimate of the capital required to cover all its material risks, including those which are not captured under Pillar I capital requirement, and include credit concentration risk, interest rate risk in the banking book, liquidity risk, legal risk, residual operational risk, strategic risk, reputation risk, cybersecurity risk, model risk AML Risk and climate risk etc.

The objective is to maximise its return on capital and, at the same time, maintain capital for unexpected losses. The Group manages its capital in an integrated manner with the aim of maintaining strong capital ratios and high ratings. This calls for a balanced approach of maintaining capital levels that are sufficient to provide a high return to shareholders, while meeting the requirements of regulators, rating agencies and other stakeholders (including deposit holders), including supporting future business growth. The cost of capital, and its composition, is also taken into consideration.

The Group has established an ICAAP framework which entails:

- Incorporation of the business plan with a three-year horizon for capital assessment.
- Assessment and measurement of the material risks in the Bank’s exposures as per Pillar I & II guidelines.
- Monitoring of risks against the risk limits established.
- Monitoring capital at Group level within the risk appetite framework.
- Stress testing on a Group-wide basis, to assess its capital adequacy in case of adverse scenarios.
- Periodic assessment and reporting of the ICAAP results to the senior management and Board so the appropriate remedial actions can be taken.

ICAAP framework of the Bank



Capital Adequacy Scoring Allocation Matrix

The Bank also conducts a self-assessment exercise to assess inherent risk, as well as the strength of the control framework over internal supervision, the risk management system, infrastructure, other support systems and governance.

The Bank manages the adequacy of its capital under the following structures:

Capital Adequacy Planning Framework

The Group reviews the adequacy of its group regulatory capital to support its current and future activities on an ongoing basis for internal capital management and regulatory reporting. Strategic business objectives and future capital needs are assessed within this framework. The Bank employs capital rationing techniques to allocate capital for each of the Bank's business units through budgetary planning process to optimise returns. An annual budget plan provides an overall direction to individual business units to estimate overall growth in assets and its impact on the required regulatory capital. The Bank ensures that capital adequacy ratios are maintained above the regulatory minimum under Pillar I to meet Pillar II requirements and certain stress conditions. Under the terms of the framework, sources of future capital are identified and plans put in place to raise and retain capital.

The Bank plans its capital projections for a forward-looking period in line with approved strategy of the Bank to assess capital availability and adequacy, taking into account strategic business plans and other initiatives considering the strategic business environment and other factors in capital assessment process.

The annual dividend pay-out is prudently determined and proposed by the Board of Directors, and endeavours to meet shareholder expectations and regulatory capital requirements.

The capital levels are monitored throughout the year factoring the business plans and economic environment to maintain capital adequacy at targeted levels.

Sensitivity Analysis and Stress Testing

The Group has set up a structural programme for stress testing, whereby Risk Management, in coordination with the business lines, identifies all the material risk factors affecting the Bank's operations. Based on these risk factors, plausible stress scenarios (mild, medium and severe) are designed and exposures are stressed to assess the impact on the Bank's capital adequacy and profitability.

The Bank carries out sensitivity analysis on the volatility of collateral, fair valuation reserves, possible rating downgrades of borrowers/ guarantors and the impact on profit. The Bank's capital solvency is then assessed and reported to the Board of Directors.

The Group runs the stress testing programme as part of its risk management process for capital management. This process is performed every quarter to assess capital adequacy and reported to the Board of Directors. Stress testing is run at a consolidated group level to assess loss impact on capital adequacy levels as well as at local reporting levels for overseas branches and subsidiaries.

The stress testing programme covers the following risk categories:

- **Credit Risk:** Default on loans provided to counterparties, including financial institutions, corporate and retail borrowers including sensitivity analysis on the volatility of collateral, fair valuation reserves, possible rating downgrades of borrowers/ guarantors.
- **Concentration Risk:** Concentration in the form of exposure towards individuals, or particular industries/sectors, collateral or concentration in countries or regions.
- **Interest Rate Risk:** Adverse changes in interest/yield curve.
- **Market Risk:** Adverse changes in prices of assets and currencies and the effect of these market changes on the portfolio of the Bank.
- **Liquidity Risk (Deposit Run Off):** Reduction in credit lines, non-availability of financing facilities, Bank-specific and systemic liquidity shocks, etc.
- **Operational Risk:** Operational losses & risk categories as defined under Basel III. The Bank also measures Cybersecurity Risk and AML risks separately due to their significance and magnitude.
- **Remained Operational Risk:** Risks arising from documentation gaps, process breakdowns, and challenges related to the implementation or enforcement of contractual rights.
- **Credit Risk Mitigation (CRM) Risk:** Collateral values considered as CRM are stressed, taking into consideration the decline in market values of shares and real estate.
- **Legal Risk:** Legal risks are stressed as part of the operational risk scenario analysis.
- **Strategic Risk & Reputation Risk:** Capital requirements for strategic risk and reputation risk are assessed and stressed under the mild, medium & severe scenarios.
- **Cybersecurity Risk:** Cybersecurity threats and attacks on Bank's information assets with varying degree of severity.
- **AML Risk:** Risk of losses due to stress scenarios related to Anti-Money Laundering (AML) events.
- **Climate Risk:** Identifying and measuring risks associated with climate change, including the resulting capital impact under stressed scenarios.
- **Model Risk:** Assessing the impact of models used for various regulatory and internal purposes.

For the purposes of stress testing, the Group considers all portfolios and includes:

- All on-balance sheet positions in the banking and trading books
- Off-balance sheet positions (commitments, contingencies, derivative contracts etc.)
- Risk mitigants such as collateral values, values of hedging instruments etc; and
- Exposures across geographies, sectors, etc.
- Stress scenarios on operational risks
- Liquidity profiles and gaps

The stress testing program is run in line with stress testing guidelines issued by regulatory authorities coupled with internal methodology.

The Group has also instituted governance controls over its capital adequacy and assessment process, with independent reviews by Internal Audit for compliance with policy and governance.

Composition Analysis

The consolidated composition of capital (Tier I and II) is analysed to ensure capital stability and reduce volatility in the capital structure.

	(KD 000)	
Capital Adequacy (Required Capital)	2025	2024
1. Claims on sovereigns	24,157	12,759
2. Claims on public sector entities (PSEs)	37,274	54,859
3. Claims on multilateral development banks (MDBs)	199	601
4. Claims on banks	51,960	69,237
5. Claims on corporate	332,490	346,329
6. Regulatory retail exposures	106,355	98,405
7. Past due exposures	4,493	4,638
8. Other exposures	57,539	53,749
Total	614,467	640,577
Less: General provision in excess of 1.25% risk weighted assets	(32,722)	(33,567)
Net credit risk weighted exposure	581,746	607,010
Market risk exposure	6,198	3,664
Operational risk exposure	46,334	43,550
Grand Total	634,278	654,224
Capital Adequacy Ratios		
Tier 1	15.25%	13.74%
CET 1	13.37%	11.93%
Total	19.11%	16.94%

The Capital Adequacy Ratio of banking subsidiary Al Ahli Bank of Kuwait - Egypt as at 30 November 2025 is **22.85%**.

Additional capital disclosures required by Basel III regulations are shown below.

	(KD 000)		
Common Disclosure (Component of Regulatory Capital Reported by the Bank)	2025	2024	Reference of the Balance Sheet under the Regulatory Scope of Consolidation
Common Equity Tier 1 Capital: Instruments and Reserves			
Directly issued common share capital plus related stock surplus	420,673	408,208	c + d
Retained earnings	94,054	81,068	f
Accumulated other comprehensive income (and other reserves)	171,255	143,418	
Directly issued capital subject to phase out from CET 1 (only applicable to non-joint stock companies)	-	-	
Common share capital issued by subsidiaries and held by third parties (minority interest)	1,340	1,034	
Common Equity Tier 1 capital before regulatory adjustments	687,321	633,727	
Common Equity Tier 1 Capital: Regulatory Adjustments			
Dividends	(26,008)	(24,770)	
Goodwill (net of related tax liability)	-	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	(4,162)	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(4,223)	-	
Cash-flow hedge reserve	-	-	
Shortfall of provisions to expected losses	-	-	
Securitization gain on sale	-	-	
Gain and losses due to changes in own credit risk on fair valued liabilities	-	-	
Defined-benefit pension fund net assets	318	484	
Investments in own shares (if not netted off paid-in capital on reported balance sheet)	(5,135)	(5,135)	e
Reciprocal cross-holdings in common equity of banks, FIs, and insurance entities	-	-	
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 share capital (amount above 10% threshold of the Bank’s CET 1 capital)	-	-	
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 (amount above 10% threshold of the Bank’s CET 1 capital)	-	-	
Mortgage servicing rights (amount above 10% threshold of the Bank’s CET 1 capital)	-	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	
Amount exceeding the 15% threshold	-	-	
of which: significant investments in the common stock of financials	-	-	
of which: mortgage servicing rights	-	-	
of which: deferred tax assets arising from temporary differences	-	-	
National specific regulatory adjustments	-	-	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	

Total regulatory adjustments to Common Equity Tier 1	(35,047)	(33,583)
Common Equity Tier 1 capital (CET 1) after regulatory adjustments	652,274	600,144
Additional Tier 1 Capital: Instruments		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	-
of which: classified as equity under applicable accounting standards	-	-
of which: classified as liabilities under applicable accounting standards	-	-
Directly issued capital instruments subject to phase out from Additional Tier 1	91,560	91,560
Additional Tier 1 instruments issued by subsidiaries and held by third parties	-	-
of which: instruments issued by subsidiaries subject to phase-out	-	-
Additional Tier 1 capital before regulatory adjustments	91,560	91,560
Additional Tier 1 Capital: Regulatory Adjustments		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
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	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
National specific regulatory adjustments	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total Regulatory Adjustments to Additional Tier 1 Capital	-	-
Additional Tier 1 capital (AT1)	91,560	91,560
Tier 1 capital (T1 = CET1 + AT1)	743,834	691,704
Tier 2 Capital: Instruments and Provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	129,447	99,420
Directly issued capital instruments subject to phase-out from Tier 2	-	-
Tier 2 instruments issued by subsidiaries and held by third parties	-	-
of which: instruments issued by subsidiaries subject to phase-out	-	-
General provisions included in Tier 2 capital	59,083	61,594
Tier 2 capital before regulatory adjustments	188,530	161,014
Tier 2 Capital: Regulatory Adjustments		
Investments in own Tier 2 instruments	-	-
Reciprocal cross-holdings in Tier 2 instruments	-	-
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	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
National specific regulatory adjustments	-	-
Total regulatory adjustments to Tier 2 capital	-	-

Tier 2 capital (T2)	188,530	161,014	
Total capital (TC = T1 + T2)	932,364	852,718	
Total risk weighted assets	4,879,060	5,032,500	
Capital Ratios and Buffers			
Common Equity Tier 1 (as a percentage of risk weighted assets)	13.37%	11.93%	
Tier 1 (as a percentage of risk weighted assets)	15.25%	13.74%	
Total capital (as a percentage of risk weighted assets)	19.11%	16.94%	
Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement, expressed as a percentage of risk weighted assets)	13.00%	13.0%	
of which: capital conservation buffer requirement	2.50%	2.50%	
of which: bank specific countercyclical buffer requirement	2.50%	2.50%	
of which: D-SIB buffer requirement	0.5% - 2.0%	0.5% - 2.0%	
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	7.00%	7.0%	
National Minima			
National Common Equity Tier 1 minimum ratio (i.e. 9.5%)	463,511	478,088	
National Tier 1 minimum ratio (i.e. 11%)	536,697	553,575	
National total capital minimum ratio (i.e. 13% excluding CCY and D-SIB buffers)	634,278	654,225	
Amounts below the Threshold for Deductions (before Risk Weighting)			
Non-significant investment in the capital of other financials below the threshold	-	-	
Significant investments in the common stock of financials	-	-	
Mortgage servicing rights (net of related tax liability)	-	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
Applicable Caps on the Inclusion of Provisions in Tier 2			
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	310,788	319,798	b-a
Cap on inclusion of provisions in Tier 2 under standardized approach	251,705	258,204	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	

A reconciliation of the balance sheet as per published financial statements to the regulatory scope of consolidation at 31 December 2025 & 31 December 2024 is shown below. The Bank follows IFRS standards for consolidation purposes which are also applied for Basel III reporting.

Reconciliation

Item	Balance Sheet as in Published Financial Statements		Reference to Common Disclosure
	2025	2024	
Cash and balances with banks	790,404	1,043,183	
Kuwait Government treasury bonds	159,000	5,000	
Central Bank of Kuwait bonds	16,772	81,453	
Loans and advances (net of specific provisions)	4,864,309	5,136,753	
General provisions on loans and advances	(298,619)	(307,707)	a
Investment securities	1,100,150	1,119,235	
Investment in an associate	35,482	33,435	
Other assets	140,180	149,271	
Intangible assets	5,442	5,371	
Premises and equipment	111,987	107,519	
Total assets	6,925,107	7,373,513	
Due to banks and other financial institutions	1,107,861	1,497,755	
Customers' deposits	4,071,697	4,424,809	
Medium term borrowings	151,387	538,463	
Other liabilities	632,772	167,170	
Specific provision on contingent liabilities	159,449	12,303	
General provision on contingent liabilities	15,189	12,091	b
Total liabilities	6,138,356	6,652,592	
Share capital	261,776	249,311	c
Share premium	158,897	158,897	d
Treasury shares	(5,135)	(5,135)	e
Retained earnings	94,054	81,068	f
Reserves	145,562	119,130	
Perpetual Tier 1 capital securities	91,560	91,560	
Non-controlling interests	1,861	1,320	
Proposed dividend	26,008	24,770	
Total shareholders' equity	774,583	720,921	

The main features table includes information on the amount recognised in regulatory capital as at 31 December 2025 which is available on the Bank's website under disclosures.

RISK MANAGEMENT STRUCTURE AND PROCESS

The Group has established comprehensive risk frameworks for managing all material risks under Central Bank of Kuwait and other applicable regulatory guidelines. The frameworks address the identification, measurement and monitoring processes of all material risks across the Bank. In addition to credit risk, market risk and operational risk under Pillar I, banks have been advised by the Central Bank of Kuwait to assess the risks and capital under Pillar II for all material risk, such as credit concentration risk, Credit Risk Mitigation CRM risk, interest rate risk in the banking book, liquidity risk, remained operation risk, legal risk, strategic risk, reputation risk, AML risk, Cybersecurity risk, Model risk and Climate risk amongst others. The Group also incorporated regulatory guidelines issued by the respective regulators, where the Group operates, in the Pillar II assessment of overseas branches and subsidiaries.

Risk management is governed by the Risk Management Framework that include risk policy, risk appetite and assessment, risk measurement & stress testing models and methodology and capital adequacy assessment matrices, which are approved by the Board. Risk is embedded in the decision-making process on all risk types to enable the Bank to manage the risks assumed within acceptable levels.

The Group has articulated a Risk Appetite Statement which sets out the boundaries within which the risks have to be assumed and managed in terms of availability and use of capital, after setting aside buffer for stress conditions. Descriptions of the Risk Appetite Statement along with the risks identified and the methodology used to manage those risks are stated below:

Risk Appetite Statement

The Group has established a risk appetite framework and risk culture in managing its exposure diligently in order to ensure risks are taken and managed within the risk appetite through capital budgeting, risk limits etc. In this respect, a risk appetite statement has been defined and provides a basis for setting the Group's risk-taking capacity, maintaining a risk buffer, risk limits within business strategy, risk parameters for overall business objectives, appetite indicators for monitoring, and reporting. Objectives of this appetite framework includes:

- Supporting strategic initiatives
- Embedding risk appetite into the Bank's business culture
- Risk appetite and availability of capital
- Setting boundaries of limits and thresholds for risk taking
- Measuring both qualitative and quantitative risk parameters
- Evaluating risks in a consistent manner
- Monitoring risk levels against limits and thresholds down to business level and risk type
- Supporting stakeholder value maximization by monitoring and improvising expectations

At a Group-wide level, the risk appetite statement is based on CAMEL framework maintaining capital adequacy ratio, Risk adjusted return on Capital (RAROC), quality of assets under non-performing loans, concentration risk, Interest rate risk sensitivity, earnings volatility, and other metrics, such as the liquidity risk, operational risk, reputational risk, AML Risk and regulatory compliance amongst others. These parameters are then cascaded down to the geographies where the Bank operates and business units by setting a series of risk limits applicable for each business line.

Risk Limits/Thresholds

The Bank sets risk limits as part of the various policies governing different business areas. These limits are monitored, within the risk appetite framework, by the business lines based on business plans. The Risk Appetite Statement is embedded within each risk management framework for managing credit, market, interest, operational, liquidity and strategic and reputation risk. These appetite statements have been translated into specific risk limits and thresholds for managing risk levels within appetite. An escalation process is also embedded in the risk appetite framework highlighting to the BRAC and Board respective Risk appetite parameters that are "near" limits or cross the internal thresholds along with remediation plan.

Monitoring, Control & Reporting of Risk Appetite and Limits

ABK monitors the risk appetite, risk limits and thresholds periodically through its monitoring, control and reporting mechanism. This monitoring performed with the aim of assessing the level of the Bank's risk exposures, and take the appropriate corrective measures required to maintain the appetite levels within acceptable ranges can be taken.

Risk Control and Governance

The primary goal of risk management is to ensure that the Bank's asset and liability profile, trading positions, and credit and operational activities do not expose it to losses that could threaten its viability. Risk Management assists in ensuring that risk exposures do not become excessive, relative to the Bank's capital and financial positions. The Bank maintains a limit monitoring system to oversee over-the-counter transactions, hedges FX risk through forwards and spot deals and mitigates interest rate risk using IRS, and cross currency swaps to support balance sheet management. Risk management applies a combination of qualitative and quantitative techniques including scoring of key risk factors and trends, statistical and sensitivity analyses, industry benchmarking, peer group comparison and stress and scenario testing.

Risk Management includes the following four elements:

- Risk Identification
- Risk Measurement
- Risk Monitoring
- Risk Control

The Group Risk Management Division’s organisational structure is set out below:



The Group’s Risk Management Division reports directly to the Board Risk Committee with a dotted reporting line to the Group CEO.

The business lines, along with the support divisions, risk management division and the internal audit division, comprise the three components that ensure effective compliance with the control processes laid down for risk management in the Bank. A separate Compliance Division also independently ensures the regulatory guidelines are followed and complied with. The Risk Management Division, with the active support of the Board and top management, is committed to instilling a risk conscious culture throughout the Bank.

Credit Risk Management

Credit risk arises from potential financial losses resulting from customers failing to honour the terms of their contractual obligations. It includes the risk of loss in portfolio value as a result of credit quality migration from lower risk to higher risk categories.

Credit risk is the most significant risk to which the Bank is exposed to, and its proactive management is key to ensuring the Bank’s long-term sustainability.

The Bank maintains a comprehensive due diligence framework to assess and approve credit facilities. It also maintains well-defined policies for controlling and managing credit risk at the counter-party, group, economic sector and country levels.

Credit risk soundness is further enhanced through a robust obligor risk rating system to assess the default risk of corporate borrowers incorporating international best practices. Wholesale credit borrowers are graded on a scale of 1 to 10, where “1” denotes excellent credit quality and “10” reflects the weakest rating. The obligor risk rating model considers key risk factors, such as business and financial risk performance including country, industry, competitive position, cash-flow & leverage parameters, and other factors such as management and governance, financial policy, capital structure and business diversification which are duly weighted to arrive at the rating. Borrowers’ risk rating changes/migration are monitored annually.

In addition, the Bank applies a Facility Risk Rating Model to determine the composite obligor rating. The Bank has a separate retail risk rating scorecard (including mortgage retail risk scorecard) to assess retail credit risk.

With international borrowers and foreign financial institutions, the Bank relies on external credit rating agencies for credit grading assessments, including political risk assessment, and deals mainly with investment grade borrowers and countries. The Bank uses Standard & Poor’s, Moody’s and Fitch Ratings for claims on sovereign and bank exposures, choosing the higher of the lowest two ratings for assigning risk weight to an exposure.

The Bank follows mapping notations of Standard & Poor’s public issue ratings to assets in the Bank’s book.

S&P Rating	ABK Revised Risk Grade
AAA	1
AA+, AA, AA-	2
A+, A, A-	3
BBB+, BBB, BBB-	4+, 4, 4-
BB+, BB, BB-	5+, 5, 5-
B+, B, B-	6+, 6, 6-
CCC/CC/C	7,8,9
D	10

All corporate, international and sovereign credit requires an independent credit risk review as per risk management practice. Borrower exposures are managed through exposure limits to them, and wherever group exposure exceeds a stipulated limit, the Board Credit & Investment Committee’s approval is sought. Credits extended to the Board of Directors are approved strictly in accordance with Central Bank of Kuwait requirements and executed on an arms-length basis, which are governed through the Bank’s corporate governance process.

With regard to credit culture, Risk Management ensures that appropriate policies, guidelines, processes and procedures exist to cover all business areas and activities where credit risk arises. It ensures the consistent application of the Bank’s credit extending standards and the periodic review and updating of credit policies, guidelines and procedures.

The policy sets limit criteria for individual exposures, group exposures, economic sector and countries. Business with any counterparty does not commence until a credit line has been approved. A strict credit approval process exists with authority levels defined to ensure the efficient conduct of business.

Risk Management ensures that credits are granted according to the approved standards and that all risks are comprehensively highlighted in the credit risk review, including policy exceptions.

Credit facility risk covers the analysis of the nature of on and off-balance sheet counter-party exposure (size, tenor, complexity and liquidity), including secured and unsecured credit facilities, and reporting thereof.

Portfolio risk arises because of a high positive correlation between individual credit facilities, meaning that default by one borrower can lead to several related borrowers who bear that correlation. This may include:

- Concentration of exposure in geographical areas, sectors, groups, counterparties or rating categories
- Trend analysis in volume, sectors and concentration
- Trends in portfolio quality (borrowers’ risk migration, non-performing loan)

The Bank monitors and reports to Central Bank of Kuwait on a quarterly basis, with statements of all credit concentrations of 5 per cent or more, in accordance with CBK circular dated BSS/101/1995. The Bank monitors and complies with CBK instructions that any one customer’s liability (cash limits or exposures, whichever is higher, and non-cash liabilities) and its related parties to the Bank should not exceed 15 per cent of the Bank’s capital as defined in the CBK guidelines under BSS/101/1995. The Bank complies with CBK with regard to credit disbursal/regulation to various sectors of the economy.

In addition to the above, the Bank has prudent internal portfolio exposure limits to manage concentration in various sectors. Portfolio exposure analysis is performed at regular intervals, and whenever required, the Bank will revise/limit its exposures to manage/contain risks. As far as retail credit is concerned, the Bank also has the necessary policies, controls and processes in place. These are in line with Central Bank regulations(and other applicable regulations) on consumer and instalment loans and credit cards. Retail loans are originated through the Bank’s local or international

branches or direct sales team network. The retail loans that comply with policy criteria are processed when approved by the necessary approving authorities. Exceptions are reviewed independently by Risk Management and approved by the credit committee. A separate Retail Lending Unit under Retail Banking reviews and ensures all necessary procedures and documentations are completed. The Bank also reviews the retail portfolio for deterioration and has mechanisms for loan and instalment collections when past due. The Bank's subsidiary sources its Retail portfolio from local market after due consideration of Group credit risk policies.

Under Pillar II risks, the concentration risk is assessed to provide capital and manage the concentration risk prudently. CRM risk is also assessed based on the quality of collateral, the liquidity, the volatility and the effectiveness of documentation, etc.

Market Risk

Market risk is the risk of adverse impact on the value of assets, liabilities or revenues arising from changes in market conditions or movements in market rates and prices. Market-sensitive exposures originate from loans, investments, and proprietary trading operations. For measuring market risk in the trading book, all positions are marked to market daily, and limits are approved and independently monitored by Risk Management function. Appropriate limits are endorsed by the Asset Liability Management Committee (ALCO) and Investment committee in line with Board-approved policies.

Market risk capital is also assessed under Pillar II for exposures such as concentration in trading positions, market illiquidity, positions marked-to-model. The Bank adopts a standardised approach under Pillar I for the measurement of market Risk.

Foreign Exchange Risk

Foreign exchange risk represents the Bank's exposure to fluctuations in the values of current holdings and future cash flows denominated in other currencies. Exposures arise from foreign currency-denominated loans and liabilities, future cash flows from customer and proprietary FX transactions, and open positions in the Banks's investment and trading activities.

All foreign exchange (FX) risk is primarily managed by the Bank's Treasury department through the use of approved instruments such as foreign exchange spot, forwards contracts, options and other derivatives. These instruments are used to hedge and protect the Bank against losses that may arise due to significant movements in foreign exchange rates. All foreign exchange exposures are centrally managed by the Bank's Treasury, with positions marked-to-market daily. Limits are established with respect to overnight open positions, stop loss and authorised currencies to monitor and control foreign exchange exposures. Foreign exchange risk is also assessed under Pillar II, including under stressed conditions using historical volatility-based model to ensure adequate capital coverage and resilience under extreme but plausible market condition.

Interest Rate Risk

Interest rate risk arises from mismatch in re-pricing of assets and liabilities. The majority of the Bank's loans are re-priced in line with changes in the Central Bank of Kuwait's Discount Rate. However, deposit pricing often follows market competition rather than moving in direct correlation with CBK Discount Rate. This structural difference gives rise to basis risk. Other sources of interest rate risk include the Bank's holdings of fixed income securities in the investment portfolio, treasury bills and bonds, Central Bank of Kuwait bonds. .

The Bank's overall goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect the Bank's net interest income. Interest rate risk is measured through repricing gap analysis, earning at risk and standardized interest rate shock scenarios.

Simulations are used to estimate the impact of various interest rate scenarios on the Bank's net interest income. These simulations incorporate assumptions of asset and liability re-pricing and maturity characteristics. Exposures against limits and simulation analysis are regularly monitored by the ALCO.

Under Pillar II and in line with Central Bank of Kuwait's internal capital adequacy assessment process (ICAAP) guidelines, the Bank performs stress testing on the interest rate risk in the banking book and allocates specific capital with the underlying risk profile.

Liquidity Risk

Liquidity refers to the Bank's ability to accommodate liability maturities and deposit withdrawals, fund asset growth and business operations and meet contractual obligations through unconstrained access to funding at reasonable market rates.

Liquidity needs are monitored on a forward looking basis, and strategies are implemented according to approved liquidity policies and a contingency funding plan. A liquidity stress test is conducted to assess the impact of deposit withdrawals, crystallisation of contingent liabilities etc. in the mild, medium and severe scenario, both under Bank-specific, and general market crisis scenarios. The funding concentration in deposits is monitored on a regular basis and reviewed by ALCO.

Liquidity risk appetite is defined through parameters that include – liquidity ratios, loans to deposits; liquidity coverage ratio, net stable funding ratio ; cumulative negative maturity mismatch; funding source diversification; stress testing thresholds; and capital consumption under stress. These appetite parameters are used for driving liquidity risk and the exposure the Bank would be willing to take and manage risk levels within appetite levels.

Under Pillar II, liquidity risk is assessed for both idiosyncratic and market wide scenarios, and capital is provided to manage the risk.

The Bank also ensures compliance with Basel III liquidity Coverage Ratio and net Stable Funding Ratio requirements , which Central Bank of Kuwait and other regional regulators have adopted, and monitors these ratios daily.

Asset Liability Management Risk

Risk Management plays a critical role in assessing the risk embedded in the Bank's assets and liabilities. It recommends measures to manage risks efficiently within the agreed risk appetite. Risk Management's role includes assessing the volatility and concentration of revenues; effectiveness in pricing to cover costs and risk; and facilitating and setting RAROC hurdle rates, etc.

The variability of net interest income in different scenarios is monitored, aiming to maximise net interest income within acceptable risk levels. Optimising balance sheet management by conducting balance sheet reviews for managing yields through optimal deployment of surplus liquidity, managing cost by focusing on low cost deposits and making recommendations to prudently manage cost of funds. Also, recommendations are made of appropriate funding mix between local currency and foreign currency thereby optimising the balance sheet returns within acceptable risk limits.

Operational Risk Management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Managing this risk relies on identifying risks that exist within the organisation; educating Bank employees on the operational risks they encounter in the course of their duties; and ensuring that the control framework works effectively.

The Bank identifies and assesses the operational risk in products, activities, processes and systems. It also ensures that the associated operational risks are properly assessed and mitigated, before any new products or services, activities, processes or systems are introduced.

Risk identification is vital to the development of operational risk monitoring and control systems. Risk identification considers internal factors such as the Bank's structure, the nature of its activities, the quality of its human resources, organisational changes and employee turnover. It also examines external factors such as changes in the industry, major political and economic changes, and technological advances.

Operational Risk Models

The Bank has developed Operational Risk Models (ORMs) that cover key risks identified in the Bank's business and support areas through a self-assessment exercise and/or other risk assessment methods. The risks highlighted in the ORMs are discussed with the respective business units and are reviewed by the Management Risk Committee.

The Bank has an operational risk Value at Risk (VaR) model to quantify its exposure by systematically tracking and recording the frequency and severity of individual error and loss events, and other relevant information, and measures the losses through operational risk VaR.

Under Pillar II, remaining operational risk is assessed using the VaR model to assess all material operational risks. The Bank separately measures and reports Pillar II risks arising out of Cybersecurity risks as well as AML Risks using Board approved models.

Legal risks are assessed as part of the operational risk VaR model, and capital is assessed based on the impact and likelihood of material legal risk issues.

The Bank's internal error/loss database captures loss events from material activities and exposures. It tracks individual internal error/loss data (actual loss, potential loss, near misses and attempted frauds), mapping these into the relevant business lines. The Bank also collects information about the events and recoveries, as well as descriptive information about the causes and drivers of the loss events. The loss data events collected are analysed and any deficiencies in the Bank's processes are remedied.

Control and Mitigation of Operational Risk

The Bank has established policies, processes and procedures to control and mitigate material operational risks. It periodically reviews risk exposures and control strategies and adjusts the operational risk profile accordingly, using appropriate strategies in light of its overall risk appetite and profile. In this respect the Bank ensures:

- There is appropriate segregation of duties, and that personnel are not assigned responsibilities that may create a conflict of interest, or enable them to conceal losses, errors or inappropriate actions.
- Policies and procedures for managing risks associated with outsourcing activities have been established. Outsourcing arrangements are based on robust contracts and service level agreements that ensure a clear allocation of responsibilities between external service providers and the Bank.
- Adequate internal audit coverage to verify that operating policies and procedures have been implemented effectively.
- An independent compliance risk unit to monitor compliance with various regulatory and internal guidelines.
- An IT Risk Unit to ensure adequate IT processes and controls for IT systems and information security controls.
- Insurance cover to mitigate operational risk.
- A Disaster Recovery Plan and a Business Continuity Plan in place and regularly tested for processing transactions from the disaster recovery site.

Fraud Risk

The Bank is committed to conducting its business according to the highest standard of ethics and integrity. To foster a culture of fraud prevention, the Bank has established a Fraud Risk Management Unit as an integral part of the Risk Management Division. The primary goal of this unit is to implement a robust fraud risk management framework that enables assessment, prevention, detection and response to internal and external fraud risks. The key objectives of the Fraud Risk Management Unit include:

- Raising fraud risk awareness among employees, customers, counterparties and other relevant stakeholders.
- Conducting effective Fraud Risk Assessment and recommending mitigating strategies to reduce the likelihood and impact of identified fraud risk.
- Upholding a zero-tolerance approach to bribery and corruption.
- Reporting incidents of fraud to relevant stakeholders.

Strategic Risk & Reputational Risk Management

The Bank has put in place risk frameworks covering policy, guidelines, procedures and tools.

Strategic Risk

The Bank defines strategic risk as the current or prospective impact on the Bank's earnings, capital, and risks arising from changes in its operating environment from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry strength, economic direction or technological changes. In this regard, the Bank has put in place a strategic risk measurement framework to measure, and report strategic risk capital impact. For the purposes of strategic risk, the sources of risks are from:

- An inadequate strategic governance framework.
- An inadequate identification of factors that impact the strategy and/or business plans.
- Insufficient planning and resource allocation process.
- Failure in the execution of plans, projects and initiatives.
- Issues related to environment dynamics – internal and external including products, services and Bank practices.

Strategic risk is primarily assessed by the Strategy and Follow Up division and shared with the Risk Management division in terms of the controls available to mitigate such risks and the Bank's ability to successfully implement its goals under its long-term strategic plan. Matrices have been developed to monitor and measure risk, using a scorecard process, to assess strategic risks to the strategic plan, and to consider whether the Bank has adequate capacity to withstand those risks against the stated/approved risk appetite. Capital is assessed based on a metric score, taking into account all strategic initiatives that impact the business and earnings through a self-assessment exercise.

Reputational Risk

Reputational risk is defined as the risk of current or prospective negative impact on the Bank's earnings, or capital arising from damage to the Bank's reputation in the perception of major stakeholders. The Bank seeks to manage reputational risk through a reputational risk management framework that focuses on:

- Identifying key reputational risk indicators under each driver.
- Establishing the roles and responsibilities of different entities in the reputational risk assessment and management process.
- Developing a formalised and structured approach for managing risks to the Bank's reputation.

The Bank has identified various reputational risk indicators and has classified these under 12 drivers. These Key risk Indicators (KRI's) are managed under customer satisfaction; financial soundness; corporate governance; management integrity; business practice; risk management and control environment; regulatory compliance; transparency; media and rumours; corporate culture; staff competence; and crisis management. These parameters are used for assessing and managing reputation risk.

Under Pillar II, the Bank assesses reputational risk based on reputational risk scorecards to assess risk through key drivers that influence the Bank's reputation in the perception of its significant stakeholders.

Climate Risk

In line with the directives issued by CBK to local banks concerning the guidelines on sustainable finance, the Bank focussed on Implementing climate risk model as a part of its Capital assessment framework. The regulatory guidelines required the banks to work on identifying and measuring the risks associated with climate change, and take this into account when conducting the Internal Capital Adequacy Assessment Process (ICAAP) to address Pillar II risks. The model considers physical risk and transition risk as a part of its assessment.

Model Risk

ABK calculates additional capital requirements under Pillar II to cover model risk, in case the model or inaccurate model output may lead to potential (financial) losses or an underestimation of risks.

Past Due Credit Exposures

The Bank defines past due exposure in line with Central Bank of Kuwait guidelines. Accordingly, a cash facility will be considered past due in the following circumstances:

- The overdraft account exceeds 10% over the limit continuously.
- The current account is in debit balance without any authorised limit.
- The credit facility is not renewed/extended on expiry.
- The instalment due on the loan has not been repaid on its due date.
- The interest accrued on the loan has not been settled on its maturity date.

Impaired facilities have been defined in significant accounting policies in the financial statements.

The Bank provides specific and general provisions, based on Central Bank of Kuwait guidelines, as set out below. However, for UAE branches and Subsidiary bank in Egypt the respective regulations also apply.

Specific Provision

The required minimum specific provision will be computed on the delinquent amount outstanding, based on the number of days of irregularity as shown below:

Irregular Days	Minimum Required Provisions
Between 91 days and 180 days	20%
Between 181 days and 365 days	50%
Over 365 days	100%

Specific provisions are also made for monitoring category accounts, using management judgment and discretion.

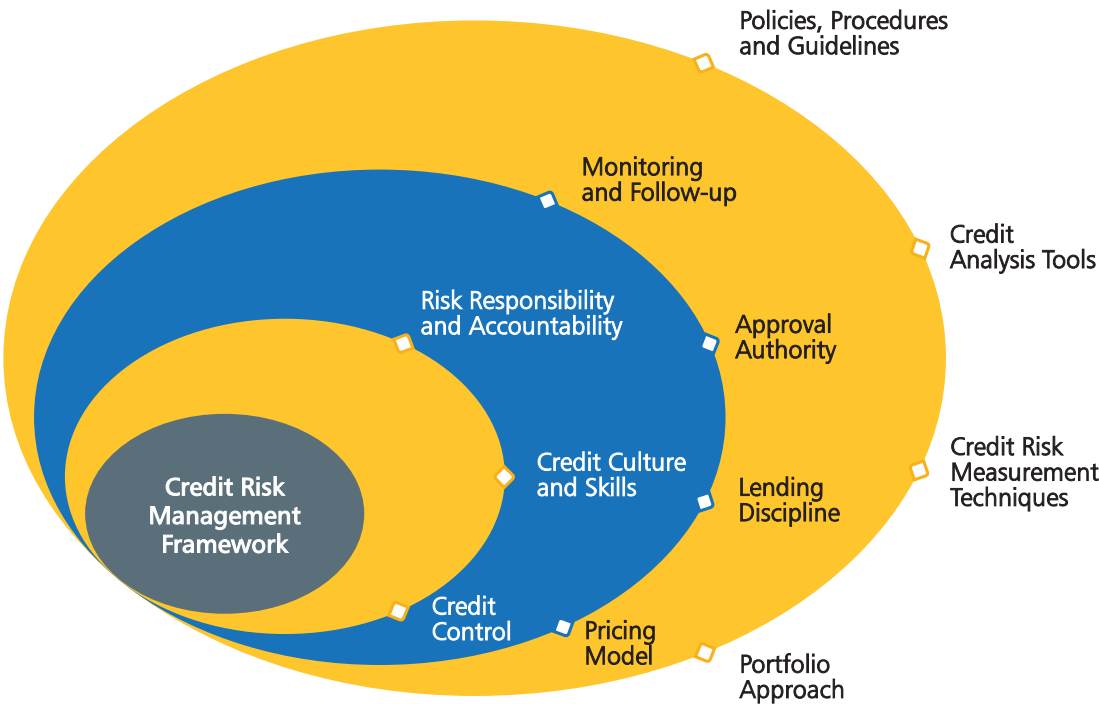
General Provision

As mandated by the Central Bank of Kuwait, the Bank provides general provision on all credit facilities to customers, net of certain restricted categories of collateral to which Central Bank of Kuwait instructions are applicable. However, for branches and subsidiaries outside the regulation the respective jurisdictions apply.

The Bank makes additional general provisions to cover the general credit and market risk inherent in the portfolio. To ensure that the credit risk is effectively managed, the Bank has a well-established and comprehensive credit risk management policy framework covering the entire credit spectrum, to ensure that non-performing loans are minimised.

In line with regulatory instructions, the Bank calculates the expected credit loss in accordance with the requirements of IFRS 9 as per with CBK instructions in this regard as well as per CBK instructions concerning the Rules and Regulations for Classification of Credit Facilities, Calculation of their Provisions and Method for Treating the Revenues Resulting therefrom and considers the higher of the two for reporting purposes.

Bank’s Credit Risk Management Policy Framework



Gross Credit Risk Exposure before Risk Mitigants (KD 000)

As at 31 December 2025 and 31 December 2024						
Description	Funded		Unfunded		Total	
	2025	2024	2025	2024	2025	2024
1. Cash items	28,482	40,376	-	-	28,482	40,376
2. Claims on sovereigns	1,249,619	1,319,819	7,880	9,921	1,257,499	1,329,740
3. Claims on public sector entities (PSEs)	533,406	624,543	1,622	269	535,028	624,812
4. Claims on multilateral development banks (MDBs)	94,824	9,243	-	-	94,824	9,243
5. Claims on banks	750,070	1,093,183	732,100	1,160,640	1,482,170	2,253,823
6. Claims on corporate	3,222,703	3,326,888	824,323	973,835	4,047,026	4,300,723
7. Regulatory retail exposures	898,032	844,984	31,095	31,030	929,127	876,014
8. Past due exposures	38,057	42,384	17,760	1,090	55,817	43,474
9. Other exposures	380,258	356,297	10,307	-	390,565	356,297
Total	7,195,451	7,657,717	1,625,086	2,176,785	8,820,537	9,834,502

Gross Credit Risk Exposure – Average Balance before Risk Mitigants (KD 000)

As at 31 December 2025 and 31 December 2024						
Description	Funded		Unfunded		Total	
	2025	2024	2025	2024	2025	2024
1. Cash items	28,548	38,025	-	-	28,548	38,025
2. Claims on sovereigns	1,288,503	1,275,221	9,505	17,359	1,298,008	1,292,580
3. Claims on public sector entities (PSEs)	571,646	635,670	840	4,095	572,486	639,765
4. Claims on multilateral development banks (MDBs)	30,596	4,596	-	-	30,596	4,596
5. Claims on banks	918,379	925,070	928,271	1,036,393	1,846,650	1,961,463
6. Claims on corporate	3,267,796	3,132,343	922,958	950,430	4,190,754	4,082,773
7. Regulatory retail exposures	891,295	789,320	30,603	22,578	921,897	811,897
8. Past due exposures	37,743	40,684	4,955	1,272	42,699	41,956
9. Other exposures	381,876	350,632	2,578	137	384,454	350,770
Total	7,416,382	7,191,561	1,899,711	2,032,263	9,316,093	9,223,824

Geographic Distribution – All Exposures (KD 000)

As of 31 December 2025						
Description	Domestic (Kuwait)	Other Middle East	Europe	Asia Pacific	Rest of World	Total
1. Cash items	21,276	7,206	-	-	-	28,482
2. Claims on sovereigns	600,412	592,221	7,811	3,045	54,010	1,257,499
3. Claims on public sector entities (PSEs)	96,799	403,094	25,654	-	9,482	535,028
4. Claims on multilateral development banks (MDBs)	-	91,770	-	-	3,054	94,824
5. Claims on banks	52,273	901,392	348,693	121,270	58,542	1,482,170
6. Claims on corporate	2,100,080	1,493,480	104,060	157,606	191,800	4,047,026
7. Regulatory retail exposures	713,232	215,782	58	13	42	929,127
8. Past due exposures	51,667	4,150	-	-	-	55,817
9. Other exposures	305,109	85,400	54	0	0	390,564
Total	3,940,848	3,794,495	486,330	281,934	316,930	8,820,538

As of 31 December 2024						
Description	Domestic (Kuwait)	Other Middle East	Europe	Asia Pacific	Rest of World	Total
1. Cash items	31,509	8,866	-	-	-	40,376
2. Claims on sovereigns	637,125	555,503	7,452	2,994	126,666	1,329,740
3. Claims on public sector entities (PSEs)	70,251	543,338	11,223	-	-	624,813
4. Claims on multilateral development banks (MDBs)	-	-	-	-	9,243	9,243
5. Claims on banks	113,233	1,180,372	774,432	139,818	45,968	2,253,823
6. Claims on corporate	2,537,384	1,170,027	152,643	206,034	234,636	4,300,723
7. Regulatory retail exposures	686,957	188,840	122	26	69	876,014
8. Past due exposures	36,643	6,825	-	-	6	43,474
9. Other exposures	285,287	70,902	79	29	-	356,297
Total	4,398,389	3,724,673	945,951	348,900	416,588	9,834,502

Geographic Distribution – Funded Exposures (KD 000)

As of 31 December 2025						
Description	Domestic (Kuwait)	Other Middle East	Europe	Asia Pacific	Rest of World	Total
1. Cash items	21,276	7,206	-	-	-	28,482
2. Claims on sovereigns	592,532	592,221	7,811	3,045	54,010	1,249,619
3. Claims on public sector entities (PSEs)	95,188	403,082	25,654	-	9,482	533,406
4. Claims on multilateral development banks (MDBs)	-	91,770	-	-	3,054	94,824
5. Claims on banks	39,588	380,679	242,151	30,475	57,176	750,070
6. Claims on corporate	1,466,891	1,401,403	95,863	80,831	177,715	3,222,703
7. Regulatory retail exposures	708,155	189,765	57	13	42	898,032
8. Past due exposures	34,257	3,800	-	-	-	38,057
9. Other exposures	294,803	85,400	54	0	0	380,258
Total	3,252,691	3,155,327	371,591	114,364	301,479	7,195,451

As of 31 December 2024						
Description	Domestic (Kuwait)	Other Middle East	Europe	Asia Pacific	Rest of World	Total
1. Cash items	31,510	8,866	-	-	-	40,376
2. Claims on sovereigns	627,204	555,503	7,452	2,994	126,666	1,319,819
3. Claims on public sector entities (PSEs)	70,142	543,178	11,223	-	-	624,543
4. Claims on multilateral development banks (MDBs)	-	-	-	-	9,243	9,243
5. Claims on banks	97,425	543,801	385,129	35,680	31,148	1,093,183
6. Claims on corporate	1,813,458	1,064,376	144,851	83,500	220,703	3,326,888
7. Regulatory retail exposures	682,592	162,176	121	26	69	844,984
8. Past due exposures	36,525	5,856	-	-	3	42,384
9. Other exposures	285,287	70,902	79	29	-	356,297
Total	3,644,143	2,954,659	548,855	122,229	387,833	7,657,718

Geographic Distribution – Unfunded Exposures (KD 000)

As of 31 December 2025						
Description	Domestic (Kuwait)	Other Middle East	Europe	Asia Pacific	Rest of World	Total
1. Cash items	-	-	-	-	-	-
2. Claims on sovereigns	7,880	-	-	-	-	7,880
3. Claims on public sector entities (PSEs)	1,611	12	-	-	-	1,622
4. Claims on multilateral development banks (MDBs)	-	-	-	-	-	-
5. Claims on banks	12,684	520,713	106,541	90,795	1,366	732,100
6. Claims on corporate	633,188	92,077	8,197	76,775	14,085	824,323
7. Regulatory retail exposures	5,077	26,017	1	-	-	31,095
8. Past due exposures	17,409	351	-	-	-	17,760
9. Other exposures	10,307	-	-	-	-	10,307
Total	688,156	639,170	114,739	167,570	15,452	1,625,086

As of 31 December 2024						
Description	Domestic (Kuwait)	Other Middle East	Europe	Asia Pacific	Rest of World	Total
1. Cash items	-	-	-	-	-	-
2. Claims on sovereigns	9,921	-	-	-	-	9,921
3. Claims on public sector entities (PSEs)	109	160	-	-	-	269
4. Claims on multilateral development banks (MDBs)	-	-	-	-	-	-
5. Claims on banks	15,808	636,571	389,303	104,138	14,820	1,160,640
6. Claims on corporate	723,927	105,650	7,792	122,533	13,933	973,835
7. Regulatory retail exposures	4,365	26,664	1	-	-	31,030
8. Past due exposures	120	969	-	-	-	1,089
9. Other exposures	-	-	-	-	-	-
Total	754,249	770,015	397,096	226,672	28,752	2,176,784

Gross Credit Exposure – Residual Contractual Maturity (KD 000)

As of 31 December 2025					
Description	Less than 1 Month	1 Month to 1 Year	1 Year to 5 Year	Over 5 Years	Total
1. Cash items	27,627	-	855	-	28,482
2. Claims on sovereigns	405,020	337,207	342,463	172,809	1,257,499
3. Claims on public sector entities (PSEs)	11,953	130,087	320,681	72,307	535,028
4. Claims on multilateral development banks (MDBs)	91,770	-	-	3,054	94,824
5. Claims on banks	555,520	585,678	176,189	164,782	1,482,170
6. Claims on corporate	438,739	1,717,580	1,285,567	605,141	4,047,026
7. Regulatory retail exposures	102,500	170,318	232,477	423,832	929,127
8. Past due exposures	22,788	19,297	1,952	11,780	55,817
9. Other exposures	337,248	35,497	16,956	863	390,564
Total	1,993,165	2,995,663	2,377,140	1,454,568	8,820,537

As of 31 December 2024					
Description	Less than 1 Month	1 Month to 1 Year	1 Year to 5 Year	Over 5 Years	Total
1. Cash items	39,521	855	-	-	40,376
2. Claims on sovereigns	685,328	269,963	238,806	135,643	1,329,740
3. Claims on public sector entities (PSEs)	61,926	119,616	357,182	86,088	624,812
4. Claims on multilateral development banks (MDBs)	-	-	-	9,243	9,243
5. Claims on banks	705,180	852,773	360,522	335,347	2,253,823
6. Claims on corporate	607,258	1,728,855	1,260,792	703,818	4,300,723
7. Regulatory retail exposures	87,492	162,625	196,486	429,411	876,014
8. Past due exposures	4,605	26,252	3,566	9,051	43,473
9. Other exposures	312,877	18,508	24,911	-	356,297
Total	2,504,187	3,179,448	2,442,266	1,708,601	9,834,501

Impaired Credit Facilities and Provision – by Category (KD 000)

As at 31 December 2025 and 31 December 2024								
Description	NPL		Specific Provision		General Provision		Specific Provision Charge	
	2025	2024	2025	2024	2025	2024	2025	2024
1. Claims on sovereigns	-	-	-	-	103	524	-	-
2. Claims on banks	-	-	-	-	2,045	2,709	-	-
3. Claims on corporate	82,045	63,895	34,546	27,370	301,778	310,156	28,045	15,752
4. Regulatory retail exposures	13,794	12,967	5,475	6,016	6,862	6,413	9,084	8,452
Total	95,839	76,862	40,021	33,386	310,788	319,802	37,129	24,204

Impaired Credit Facilities and Provision – by Geographic Area (KD 000)

As at 31 December 2025 and 31 December 2024							
Description	NPL		Specific Provision		General Provision		
	2025	2024	2025	2024	2025	2024	2024
Domestic (Kuwait)	80,534	58,966	28,866	22,395	238,658	257,840	
Other Middle East	15,305	17,896	11,155	10,991	68,489	59,693	
Europe	-	-	-	-	2,561	1,278	
USA	-	-	-	-	72	9	
Asia Pacific	-	-	-	-	594	539	
Rest of World	-	-	-	-	414	443	
Total	95,839	76,862	40,021	33,386	310,788	319,802	

Movement in Provisions for Credit Facilities Impairment (KD 000)

As at 31 December 2025 and 31 December 2024						
Description	Funded		Unfunded		Total	
	2025	2024	2025	2024	2025	2024
Provisions as on 1 January 2025	328,790	319,832	24,398	26,815	353,188	346,647
Exchange difference	243	(7,180)	17	(318)	260	(7,498)
Amounts written off during the year (net of recoveries)	(47,001)	(27,658)	-	-	(47,001)	(27,658)
Transfer	-	-	-	-	-	-
Charge for the year	41,419	43,796	2,943	(2,099)	44,362	41,697
Provisions as at 31 December 2025	323,451	328,790	27,358	24,398	350,809	353,188

Risk Weighted Exposure Post Credit Conversion and Risk Mitigation (KD 000)

As at 31 December 2025 and 31 December 2024						
Description	Rated		Unrated		Total	
	2025	2024	2025	2024	2025	2024
1. Claims on sovereigns	185,821	98,148	-	-	185,821	98,148
2. Claims on public sector entities (PSEs)	156,680	166,364	130,045	255,631	286,725	421,995
3. Claims on multilateral development banks (MDBs)	1,527	4,622	-	-	1,527	4,622
4. Claims on banks	386,795	496,469	12,901	36,123	399,696	532,592
5. Claims on corporate	73,342	88,314	2,484,277	2,575,751	2,557,619	2,664,065
6. Regulatory retail exposures	-	-	818,113	756,959	818,113	756,959
7. Past due exposures	-	-	34,563	35,674	34,563	35,674
8. Other exposures	-	-	442,611	413,458	442,611	413,458
Total	804,165	853,917	3,922,510	4,073,596	4,726,675	4,927,513

Counter Party Credit Risk

The Bank has put in place risk policies and processes to identify, measure, monitor and report on counter party credit risk. These policies are integrated into credit risk management and have been applied in determining the internal house limits for maximum exposure, based on the counterparty’s credit rating. High grade counter parties will attract higher limit exposure, while low credit grade customers will be restricted to lower level exposure. These limits have been determined based on the probability of default associated with each risk grade of borrowers. The Bank seeks to minimise unexpected losses based on the probability of default.

For derivatives, the limits structure that has been set up is based on the tenor of the contract and the risks which are the function of the volatility of the underlying. Counterparty limits structures are in place by product limits including for daily maximum delivery risk.

The Bank has implemented policies for accepting and securing collaterals as risk mitigation, as well as processes for monitoring valuation fluctuations and legally securing collateral to protect the Bank’s interest. Processes and methods are in place for the continuous monitoring of fluctuations in the values of collateral support on counter party credit. Triggers have been established to ensure the top-up of collateral based on marked to market on the daily value fall below the trigger. The Bank uses a standardised approach to calculate credit value adjustment (CVA) as per the regulations.

Credit Risk Mitigation

The policies and processes for on- and off-balance sheet netting (and the extent to which the Bank makes use of them); the policies and processes for collateral valuation and management; and a description of the main types of collateral taken, are described below.

Credit risk mitigation (CRM) encompasses collateral management, credit guarantee and netting arrangements. Netting techniques are currently not employed as a CRM technique.

However, the Bank has in place a system of collateral valuation and management. All listed equity collateral is valued daily, for collateral coverage determination. To manage the concentration risk of equity collateral, the Bank has a stipulated percentage of paid-up capital of the company as the maximum that can be accepted as collateral.

To manage the quality of quoted equity collateral, equity shares have been graded in three groups based on the liquidity and financial strength of the equity, with Grade I representing the highest quality. The required collateral coverage increases from Grade I to Grade III.

In respect of real estate collateral, an appropriate valuation as per internal policy based on CBK guidelines is considered. Real estate collateral is valued each year.

The Bank normally accepts the following types of collateral:

- Equity shares and funds
- Cash margins and fixed deposits
- Real estate comprising of income-producing and non-income producing assets

Among other Risk mitigants, the Bank also insists on the assignment of Insurance on inventories, plants and machinery and also accepts unlisted equity, guarantees of individuals, corporates and banks, based on their creditworthiness and rating grades.

In this respect, the Bank has put in place specific policies over the types of collateral that are acceptable. In addition, it has set up processes to properly value the collateral support provided and to ensure that this support is secured legally, including documentation. Adequate legal processes are in place to ensure that documentation is adequate to protect the Bank’s interest. In addition, the Bank also has in place to monitor the valuation continuously to ensure adequate coverage over the credit exposures. The Bank continuously monitors the concentration of collateral support on an aggregate basis and has set up limits to ensure risk is maintained within collateral risk limits.

Guarantors who provide collateral support are assessed for their credit worthiness based on their financial strength and external ratings, if available. In the case of individuals, their personal net worth is taken into account, while for corporate guarantors, their financial strength is assessed and rated based on their audited financials. External agency ratings are used in the case of financial institutions.

Collateralised Credit Exposure with Eligible Collateral (KD 000)

As at 31 December 2025 and 31 December 2024										
Description	Gross Credit Exposure		Collateralized Exposure		Financial Collaterals		Bank Guarantees		Real Estate	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
1. Cash items	28,482	40,376	-	-	-	-	-	-	-	-
2. Claims on sovereigns	1,257,499	1,329,740	-	-	-	-	-	-	-	-
3. Claims on public sector entities (PSEs)	535,028	624,812	128,167	104,720	114,437	84,194	-	-	-	-
4. Claims on multilateral devel-opment banks (MDBs)	94,824	9,243	-	-	-	-	-	-	-	-
5. Claims on banks	1,482,170	2,253,823	-	-	-	-	-	-	-	-
6. Claims on corporate	4,047,026	4,300,723	1,558,047	1,863,390	855,222	883,353	94,890	96,619	-	-
7. Regulatory retail exposures	929,127	876,014	242,347	218,675	87,274	91,225	1,696	1,904	-	-
8. Past due exposures	55,817	43,474	39,969	16,267	159	399	-	-	-	-
9. Other exposures	390,565	356,297	1,410	500	633	500	-	-	-	-
Total	8,820,537	9,834,502	1,969,939	2,203,553	1,057,725	1,059,672	96,587	98,523	-	-

Credit Risk Exposure After Credit Conversion Factor and CRM (KD 000)

As at 31 December 2025 and 31 December 2024							
Description	Before CRM		CRM		Net Exposure		
	2025	2024	2025	2024	2025	2024	
1. Cash items	28,482	40,376	-	-	28,482	40,376	
2. Claims on sovereigns	1,249,698	1,319,918	-	-	1,249,698	1,319,918	
3. Claims on public sector entities (PSEs)	533,762	624,630	(114,437)	(84,194)	419,325	540,436	
4. Claims on multilateral development banks (MDBs)	94,824	9,243	-	-	94,824	9,243	
5a. Claims on banks - rated	886,888	1,113,191	-	-	886,888	1,113,191	
5b. Claims on banks - unrated	50,983	134,951	-	-	50,983	134,951	
6. Claims on corporate	3,622,627	3,784,484	(950,112)	(979,971)	2,672,515	2,804,513	
7. Regulatory retail exposures	913,466	861,087	(88,971)	(93,131)	824,495	767,956	
8. Past due exposures	46,937	42,929	(159)	(399)	46,778	42,530	
9. Other exposures	382,320	356,297	(632)	(500)	381,688	355,797	
Total	7,809,987	8,287,106	(1,154,311)	(1,158,195)	6,655,676	7,128,911	

Market Risk for Trading Portfolio, Foreign Exchange and Commodities Exposures

The Bank uses a standardised approach for measuring the market risk of its portfolio consisting of FX, equity and derivative instruments.

Capital Requirements for Market Risk Exposures (KD 000)

	2025	2024
1. Equities position risk	4,843	2,941
2. Foreign exchange risk	728	723
Minimum capital required for market risk	5,571	3,664

Operational Risk

The Bank uses a standardised approach to measure operational risk. The profit for each business line is determined using the transfer pricing methodology followed by the Bank. The mapping policy provides detailed guidelines on the mapping of business income into eight standard business lines.

Capital Requirements for Operational Risk (KD 000)

	2025	2024
1. Trading and sales	5,950	8,291
2. Commercial banking	24,506	21,853
3. Retail banking	15,040	12,672
4. Asset management	838	734
Minimum capital required for operational risk	46,334	43,550

Equity Position in the Banking Book

All equity positions that are not marked as trading exposures are classified as exposures in the banking book. The Bank’s holdings of listed equities are valued based on the closing bid price. For unquoted shares, the valuation conforms to IFRS 9 & 13 requirements. All investments require the approval of the Investment Committee or the Board Credit & Investment Committee, depending on the amount of exposure. The accounting techniques and valuation methodologies used, including key assumptions used in the valuation, are disclosed in the significant accounting policies note to the financials. The types and nature of investments classified as quoted and unquoted are disclosed in note 12 of the consolidated financial statements.

Equity risk is monitored by specifying the maximum asset allocation as a percentage of total assets of the Bank. The Bank has also put in place sector, market and stop loss limits.

A maximum portfolio limit is also established for unlisted equity exposure as a percentage of Maximum Investment Limit. Periodically, a comprehensive portfolio report is presented to the Investment Committee and Board Credit & Investment Committee on the performance of the equity investment portfolio and its compliance with the various limits laid down in the Bank’s investment policy.

Capital Requirement for Investments (KD 000)

Total Value of Investments Disclosed in the Consolidated Statement of Financial Position (KD 000)

Description	Total		Quoted		Unquoted	
	2025	2024	2025	2024	2025	2024
Investment securities (fair value through other comprehensive income)	781,345	800,108	554,414	749,494	226,931	50,614

Total Investment Gains (KD 000)

	2025	2024
Realized gains recorded in the consolidated statement of income	3,077	836
Unrealized gains recorded in the consolidated statement of changes in shareholders’ equity	30,125	11,931
100% of the above included in Tier 1 Capital	30,125	11,931

Capital Requirement for Investments (KD 000)

	2025	2024
Investment securities – available for sale	34,459	44,795

Interest Rate Risk in the Banking Book (IRRBB)

The nature of IRRBB, key assumptions and the frequency of IRRBB measurement, are set out below:

Interest rate risk is limited as majority of KWD loans are re-priced with any change in the Central Bank of Kuwait’s Discount Rate except retail instalment loans which are committed for a fixed rate for five years. However, the pricing of deposits is not linked to the CBK Discount Rate and hence the interest rates on deposits are not re-priced together with the loans. The resulting mismatch gives rise to interest rate risk (basis risk). The other elements in the consolidated statement of financial position carrying interest rate risk are Treasury Bonds, Central Bank of Kuwait Bonds and Debt securities in the investment portfolio.

Deposits are re-priced based on their final maturity or, if linked to a floating rate index, on the re-pricing date. Deposits that are insensitive to interest rate movements are categorised separately. Assets and liabilities that do not have definite maturities/re-pricing intervals, and off-balance sheet items, will be assigned to the respective time-bands according to judgment, empirical studies and the Bank’s past experiences. The earnings at risk are calculated based on interest rate re-pricing gaps. Simulation analysis is conducted under different interest rate scenarios and the impact is quantified at regular intervals. Exposure against limits and simulation analysis are monitored regularly by ALCO. The Bank hedges the interest rate risk in the banking book, where appropriate, by using derivative instruments like interest rate swaps, etc. Hedging is done in the same currency and covers the period of the underlying transaction.

	(KD 000)	
	2025	2024
1bp sensitivity in KD book	152	127
1bp sensitivity in USD book	94	86

The Bank recognises the need to be transparent and has implemented comprehensive disclosures. It has made maximum public disclosure to enable stakeholders to assess the risk profile of the Bank; to assess the risk measurement and management techniques used; and to make informed decisions when dealing with the Bank. The Bank has detailed a comprehensive risk framework in compliance with the BIS III accord of the Central Bank of Kuwait and identified key risks – detailing the measurement and monitoring techniques under each risk area.

Remuneration Practices

The Bank has established policies over remuneration practices and guides its remuneration based on performance and risk. For this purpose, the Bank has set up the Board Compensation and Human Resources Committee (BCHRC). The objective of the BCHRC is to enhance the Board of Directors’ effectiveness in overseeing the hiring and promotion of Executive Management, as well as remuneration matters for the Bank and its governance and human resources.

BCHRC will have an effective composition, size and commitment to enable it to discharge its responsibilities and shall promote coherent remuneration policies and practices across ABK to attract and retain key individuals that create value for shareholders; develop ABK’s remuneration and performance management policy and on a regular basis oversee its operation and effectiveness.

The remuneration policy provides the basis of determining remuneration to the Bank’s associates, senior management and executive management based on their responsibilities and authority levels. This remuneration philosophy and general framework apply to all ABK employees based in Kuwait, its subsidiaries and foreign branches. However, practices and pay components and amounts may differ based on local legislations, market conditions and practices.

The material risk takers are the business line executives who include Group Chief Executive Officer, Deputy Group Chief Executive Officer, Kuwait CEO, business line heads of Corporate Banking, Multinational, Structured Finance and Recoveries, Consumer Banking, Treasury & Investments, International Banking & Overseas Branches, UAE branches, Al Ahli Bank of Kuwait - Egypt and ABK Wealth Management.

The guiding principle of the remuneration policy is pay for performance. The remuneration has fixed and variable components, which comprises both a cash and deferred component. Specific employee role and responsibility-related performance metrics are designed in the form of Key Performance Indicator Metrics (KPIs) to continuously evaluate executive and staff performance, which is evaluated based on a combination of

- a. Targets and their achievement is measured on a transparent basis
- b. Behavioural dimension or expected behaviours which represent robust and prudent leadership, and applied for determining rewards

The objective of the policy is to link reward to performance, while considering the panning out of risk over a long-term horizon through a claw back on the deferred remuneration for key risk-taking roles as well as other executives.

In line with this principle, the Long-Term Incentive (LTI) Plan is utilized to align the interests of key employees with those of our shareholders and encourage long-term value creation. The remuneration philosophy remains centred on linking rewards to performance, with both ex-ante and ex-post measures utilized to determine compensation. This includes a range of performance metrics, such as key performance indicators (KPIs), operating profit, and asset quality, ensuring a long-term view that incorporates risk considerations.

The remuneration of Group Risk, Group AML & CTF, Group Compliance, Group Corporate Governance and Group Internal Audit employees are not linked to the Bank’s financial performance. The Board Risk & AML Committee, Board Corporate Governance & Compliance Committee and Board Audit Committee oversee the remuneration risk, AML & CTF, compliance, governance and audit staff respectively, based on performance measures determined by each of the respective committees.

The KPIs are in the form of a balanced scorecard and are based on financial, risk and control parameters, as well as strategic achievements.

To ensure having a clear and transparent performance cycle and proper assessment of staff achievement against set objectives, the Bank continues to an HR system for the automation of performance management.

Both ex-ante and ex-post measures are used to determine compensation. In determining remuneration, the Bank takes into account the risks taken by business executives, where future risks and crystallization of such risks are considered through appropriate deferred remuneration schemes and claw back. Performance-related rewards are part-retained and subject to long-term performance review.

The Bank has put in place ex-ante measures such as trend in NPLs, trend in net profit related to business units & peers’ performance and ex-post matrices such as, operating profit, net profit, asset quality that are used to determine rewards taking long-term view including deferred payment of such rewards and claw back when the performance criteria are not met. The performance of the business divisions is linked to the Bank’s overall performance, the divisional performance and the employee contribution. However, the performance of the control functions is linked to the divisional performance and employee contribution. There is a matrix by which the overall performance bonus pot is directly impacted by the financial achievement. If the achievement is below target, the performance bonus pool is suitably reduced based on the matrix.

The Bank typically defers a portion of its variable reward pay out for senior executives over future periods. Future performance assessment incorporates factors directly related to claw-back considerations prior to vesting.

As part of its variable remuneration, the Bank uses a cash performance bonus, as well as deferred reward schemes. The Bank does not have any stock/stock option scheme.

	(KD 000)		
Total Value of Remuneration Awards for 2025 Fiscal Year	No. of Employees	Unrestricted	Deferred
Fixed Remuneration			
– Cash-based	93	6,517	Nil
– Other	93	797	Nil
Variable Remuneration			
– Cash-based	93	1,493	498

	Senior Management			Material Risk Takers			Financial & Control Functions		
	No.	%	KD	No.	%	KD	No.	%	KD
Variable	21	23%	437,451	41	44%	967,395	31	33%	585,946
Guaranteed Bonus	21	23%	144,216	41	44%	258,426	31	33%	172,114
Sign-on Awards	-	0%	-	1	100%	15,000	-	0%	-
End of Service Payments	-	0%	-	2	50%	38,946	2	50%	140,084

	(KD 000)		
Total Value of Remuneration Awards for 2024 Fiscal Year	No. of Employees	Unrestricted	Deferred
Fixed Remuneration			
– Cash-based	94	6,104	Nil
– Other	94	870	Nil
Variable Remuneration			
– Cash-based	94	1,555	518

	Senior Management			Material Risk Takers			Financial & Control Functions		
	No.	%	KD	No.	%	KD	No.	%	KD
Variable	22	23%	723,553	39	41%	774,499	33	35%	575,762
Guaranteed Bonus	22	23%	217,466	39	41%	292,282	33	35%	244,631
Sign-on Awards	-	0%	-	-	0%	-	-	0%	-
End of Service Payments	4	50%	119,357	3	38%	28,021	1	13%	3,651

Within the framework of implementing Basel III reforms, Central Bank of Kuwait has issued regulations (circular no. 2/RB/342/2014 dated 21/10/2014) on the application of a leverage ratio. The regulation prescribes a minimum ratio requirement of 3 per cent and is calculated as Tier 1 capital divided by the leveraged exposures. The leverage ratio computed as of 31 December 2025 & 31 December 2024 is disclosed in the table below.

Table (2): Summary Comparison of Accounting Assets vs. Total Leverage Ratio Exposure (KD 000)

		2025	2024
S.N.	Item		
1	Total consolidated assets as per published financial statements	6,925,107	7,373,513
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 accounting policy but excluded from the leverage ratio exposure measure (as shown in footnote 2)	-	-
4	Adjustments for derivatives	7,518	15,883
5	Adjustment for securities financing transactions	-	-
6	Off-balance sheet exposures (i.e. credit equivalent amounts)	621,500	661,850
7	Other exposures	-	-
8	Total exposures in the leverage ratio measure (i.e. total of above-mentioned items)	7,554,125	8,051,246

Table (3): Leverage Ratio Common Disclosure (KD 000)

		2025	2024
S.N.	Item		
On-balance Sheet Exposures			
	Total consolidated assets as per published financial statements	6,925,107	7,373,513
	Add: Cash general provision	298,619	307,707
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	7,223,726	7,681,220
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	7,223,726	7,681,220
Derivative Exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,597	4,788
5	Add-on amounts for PFE associated with all derivatives transactions	5,921	11,095
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)	7,518	15,883
Securities Financing Transaction Exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale 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	1,980,236	1,999,520
18	(Adjustments for conversion to credit equivalent amounts)	(1,358,736)	(1,337,670)
19	Off-balance sheet items (sum of lines 17 and 18)	621,500	661,850
Capital & Total Exposures			
20	Tier 1 capital	743,834	691,704
21	Total exposures (sum of lines 3, 11, 16 and 19)	7,852,744	8,358,953
22	Leverage Ratio		
23	BASEL III Leverage Ratio	9.47%	8.28%

Consolidated Financial Statements

31 December 2025



Directors' Report

Statement of Income

Overall, we performed exceedingly well during the financial year ended 31 December 2025.

We achieved operating profits of KD 124.5 million, up by 16%, while net profits reached KD 62.6 million, up by 19% with earnings per share of 22 fils up by 10%.

Although our balance sheet contracted by 6% to KD 6.9 billion as we repositioned our loan portfolio and put in considerable efforts to improve our balance sheet efficiency; resulting in a significant reduction in our cost of funds improving our net interest margins, an outstanding achievement in a reducing interest rate environment.

We remained committed to continued investment in our workforce and advancing our technology and digital transformation initiatives to improve operational efficiency and cost optimization. These efforts contributed to a reduction of 270 bps in the cost-to-income ratio to 43.8% from 46.5% in 2024, enhancing our profitability.

This performance reflects the results of our value driven strategy, focused on profitable growth, investment in best-in-class products and services which enhanced our competitive position and strengthened our shareholder value.

During the year we also took a number of measures including issuing a Tier 2 bond and focused on our portfolio optimisation to improve our capital adequacy ratio to 19.11% at the year-end well above the 16.94% achieved in 2024. We also maintained our investment grade ratings of A (Stable) from Fitch and A2 (Stable) from Moody's reflecting our strong fundamentals, resilient earnings capacity and stable funding base.

Our diversified footprint continued to enhance earnings resilience and growth potential. Our international operations, including UAE branches and ABK Egypt, contributed 41% of operating income and 36% of total assets, underlining their strategic importance to the Group.

Financial Position

As of 31 December 2025, the Group's consolidated total assets stood at KD 6.9 billion.

On the funding side, we rationalized our deposit mix and also strengthened our funding profile through the issuance of short-term Certificates of Deposits and medium-term syndicated borrowings, secured at competitive rates, resulting in improving our cost of funds.

During the year, we selectively expanded our loan portfolio with a clear focus on asset quality and improved margin. Non-Performing Loans (NPLs) remained well contained at 1.29%, supported by a strong provision coverage ratio of 366%. Our prudent provisioning policy maintains significant reserves exceeding IFRS 9 requirements by KD 215 million and remains fully aligned with Central Bank of Kuwait regulations.

Proposed Dividend

The Board of Directors has recommended a cash dividend of 10 fils per share and bonus shares of 5%, subject to approval at the Annual General Meeting.



Talal Mohammed Reza Behbehani

Chairman

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL AHLI BANK OF KUWAIT K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Ahli Bank of Kuwait K.S.C.P. (the “Bank”) and its subsidiaries (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, 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 the consolidated 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.

Credit Losses on Credit Facilities

The recognition of credit losses on loans, advances and non-cash credit facilities (together “credit facilities”) to customers is the higher of Expected Credit Loss (“ECL”) determined under International Financial Reporting Standard 9: Financial Instruments (“IFRS 9”), according to Central Bank of Kuwait (the “CBK”) guidelines, and the provision required by the CBK instructions as disclosed in the accounting policies and in Note 2.9 to the consolidated financial statements.

The recognition of ECL under IFRS 9, according to CBK guidelines, is a complex accounting policy, which requires considerable judgement 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.

The recognition of a specific provision on an impaired credit facility under the CBK instructions is based on the rules prescribed by the 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 the credit facilities and the related estimation uncertainty and management’s judgement in assessing significant increase in credit risk, classification of credit facilities into various stages and adjustments to ECL models, where applicable, this was considered 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 ECL based on IFRS 9, according to CBK guidelines, we have selected samples of credit facilities outstanding as at the reporting date, which included rescheduled credit facilities 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL AHLI BANK OF KUWAIT K.S.C.P.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Credit Losses on Credit Facilities (continued)

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, which included rescheduled credit facilities, 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 verified 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 2025 Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and will 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 in 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL AHLI BANK OF KUWAIT K.S.C.P.

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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/ B.S. 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, and 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/B.S. 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, nor 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.



SHEIKHA AL FULAIJ

LICENCE NO. 289 A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS

4 February 2026
Kuwait



ALI B. AL-WAZZAN

LICENCE NO. 246A
DELOITTE & TOUCHE -
AL WAZZAN & CO.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	Notes	KD 000	KD 000
ASSETS			
Cash and balances with banks	9	790,404	1,043,183
Kuwait Government treasury bonds	10	159,000	5,000
Central Bank of Kuwait bonds	10	16,772	81,453
Loans and advances	5,11	4,565,690	4,829,046
Investment securities	12	1,100,150	1,119,235
Investment in an associate	13	35,482	33,434
Premises and equipment		111,987	107,519
Intangible assets	14	5,442	5,371
Other assets	15	140,180	149,272
TOTAL ASSETS		6,925,107	7,373,513
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	16	1,107,861	1,514,246
Customers' deposits	17	4,071,697	4,408,318
Certificates of deposit	18	151,387	-
Other borrowed funds	19	632,772	538,463
Other liabilities	20	186,807	191,565
TOTAL LIABILITIES		6,150,524	6,652,592
EQUITY			
Share capital	21	261,776	249,311
Share premium	21	158,897	158,897
Treasury shares	21	(5,135)	(5,135)
Reserves	21	265,624	224,968
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		681,162	628,041
Perpetual Tier 1 capital securities	21	91,560	91,560
Non-controlling interests		1,861	1,320
TOTAL EQUITY		774,583	720,921
TOTAL LIABILITIES AND EQUITY		6,925,107	7,373,513



Talal Mohammed Reza Behbehani
Chairman



Giel-Jan M. Van Der Tol
Group Chief Executive Officer

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

		2025	2024
	Notes	KD 000	KD 000
Interest income	22	493,267	477,776
Interest expense	23	(333,765)	(333,596)
NET INTEREST INCOME		159,502	144,180
Net fees and commission income	24	37,982	37,104
Net foreign exchange gain		6,871	8,106
Net gain on investment securities		4,406	1,857
Dividend income		3,213	1,791
Share of results from an associate	13	3,648	3,646
Other operating income		5,847	4,066
OPERATING INCOME		221,469	200,750
Staff expenses		(54,936)	(50,781)
Other operating expenses		(36,029)	(37,035)
Depreciation and amortisation		(5,974)	(5,521)
OPERATING EXPENSES		(96,939)	(93,337)
OPERATING PROFIT FOR THE YEAR		124,530	107,413
Provision / impairment losses	25	(46,297)	(42,661)
PROFIT FOR THE YEAR BEFORE TAXATION AND DIRECTORS' FEE		78,233	64,752
Taxation	26	(14,273)	(11,205)
Directors' fee	8	(990)	(810)
NET PROFIT FOR THE YEAR		62,970	52,737
Attributable to:			
Shareholders of the Bank		62,591	52,414
Non-controlling interests		379	323
		62,970	52,737
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	27	22 fils	20 fils

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	KD 000	KD 000
Net profit for the year	62,970	52,737
Items that will not be reclassified subsequently to consolidated income statement:		
<i>Equity instruments at fair value through other comprehensive income:</i>		
- Effect of net changes in fair value	9,722	(24)
Re-measurement of defined benefit obligation	(167)	394
Revaluation of freehold land	391	1,124
	9,946	1,494
Items that are or may be reclassified subsequently to consolidated income statement:		
<i>Debt instruments at fair value through other comprehensive income:</i>		
- Effect of net changes in fair value	12,025	667
- Expected credit losses (release) charge	(137)	(271)
- Recycling of net gain on sale	(3,273)	(884)
	8,615	(488)
Foreign currency translation:		
- Net exchange difference on translation of foreign operations	2,882	(23,466)
Total other comprehensive income (loss) for the year	21,443	(22,460)
Total comprehensive income for the year	84,413	30,277
Attributable to:		
Shareholders of the Bank	83,872	30,244
Non-controlling interests	541	33
	84,413	30,277

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to shareholders of the Bank														
					Reserves										
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Treasury shares reserve	Other reserves (Note 21)	Cumulative changes in fair value	Retained earnings	Total reserves	Total	Perpetual Tier 1 capital securities	Non-controlling interests	Total equity	
	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	
At 1 January 2025	249,311	158,897	(5,135)	97,338	82,075	8,065	(55,505)	11,927	81,068	224,968	628,041	91,560	1,320	720,921	
Net profit for the year	-	-	-	-	-	-	-	-	62,591	62,591	62,591	-	379	62,970	
Other comprehensive income for the year	-	-	-	-	-	-	3,065	18,216	-	21,281	21,281	-	162	21,433	
Total comprehensive income for the year	-	-	-	-	-	-	3,065	18,216	62,591	83,872	83,872	-	541	84,413	
Bonus shares issued (Note 21)	12,465	-	-	-	-	-	-	-	(12,465)	(12,465)	-	-	-	-	
Dividends paid (Note 21)	-	-	-	-	-	-	-	-	(24,770)	(24,770)	(24,770)	-	-	(24,770)	
Transfer due to derecognition of equity investments at FVOCI	-	-	-	-	-	-	-	(23)	23	-	-	-	-	-	
Interest payment on Perpetual Tier 1 Capital Securities	-	-	-	-	-	-	-	-	(5,981)	(5,981)	(5,981)	-	-	(5,981)	
Transfer to reserve	-	-	-	6,412	-	-	-	-	(6,412)	-	-	-	-	-	
At 31 December 2025	261,776	158,897	(5,135)	103,750	82,075	8,065	(52,440)	30,120	94,054	265,624	681,162	91,560	1,861	774,583	

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to shareholders of the Bank														
					Reserves										
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Treasury shares reserve	Other reserves (Note 21)	Cumulative changes in fair value	Retained earnings	Total reserves	Total	Perpetual Tier 1 capital securities	Non-controlling interests	Total equity	
	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000	
At 1 January 2024	237,439	158,897	(5,135)	91,926	82,075	8,065	(33,866)	12,481	67,670	228,351	619,552	-	1,300	620,852	
Net profit for the year	-	-	-	-	-	-	-	-	52,414	52,414	52,414	-	323	52,737	
Other comprehensive loss for the year	-	-	-	-	-	-	(21,639)	(531)	-	(22,170)	(22,170)	-	(290)	(22,460)	
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(21,639)	(531)	52,414	30,244	30,244	-	33	30,277	
Bonus shares issued (Note 21)	11,872	-	-	-	-	-	-	-	(11,872)	(11,872)	-	-	-	-	
Dividends paid (Note 21)	-	-	-	-	-	-	-	-	(21,231)	(21,231)	(21,231)	-	-	(21,231)	
Transfer due to derecognition of equity investments at FVOCI	-	-	-	-	-	-	-	(23)	23	-	-	-	-	-	
Adjustment arising from change in non-controlling interest	-	-	-	-	-	-	-	-	54	54	54	-	(13)	41	
Proceeds from issuance of Perpetual Tier 1 capital securities (Note 21)	-	-	-	-	-	-	-	-	-	-	-	91,560	-	91,560	
Perpetual Tier 1 capital securities issuance cost (Note 21)	-	-	-	-	-	-	-	-	(578)	(578)	(578)	-	-	(578)	
Transfer to reserve	-	-	-	5,412	-	-	-	-	(5,412)	-	-	-	-	-	
At 31 December 2024	249,311	158,897	(5,135)	97,338	82,075	8,065	(55,505)	11,927	81,068	224,968	628,041	91,560	1,320	720,921	

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2025

		2025	2024
	Notes	KD 000	KD 000
OPERATING ACTIVITIES			
Profit for the year before directors’ fees and taxation		78,233	64,752
Adjustments for:			
Net gain on sale of investment securities		(3,077)	(836)
Dividend income		(3,213)	(1,791)
Share of results from an associate		(3,648)	(3,646)
Depreciation and amortisation		5,974	5,521
Provision / impairment losses	25	46,297	42,661
Operating profit before changes in operating assets and liabilities		120,566	106,661
<i>Changes in operating assets and liabilities:</i>			
Deposits with banks		41,552	(51,995)
Kuwait Government treasury bonds		(154,000)	12,500
Central Bank of Kuwait bonds		64,681	82,259
Loans and advances		227,066	(814,773)
Investments at fair value through profit or loss		(7,744)	(6,533)
Other assets		21,998	(37,326)
Due to banks and other financial institutions		(407,769)	412,825
Customers’ deposits		(371,672)	907,572
Other liabilities		151,387	-
Taxes paid		(20,756)	7,600
		(7,823)	(9,970)
Net cash flows (used in) from operating activities		(342,514)	608,820
INVESTING ACTIVITIES			
Purchase of investment securities		(605,261)	(1,259,827)
Proceeds from sale/redemption of investment securities		665,804	966,191
Dividend received from investment in an associate		1,601	1,440
Net purchase of premises and equipment		(8,750)	(8,468)
Dividend income received		3,213	1,791
Net cash flows from (used in) investing activities		56,607	(298,873)
FINANCING ACTIVITIES			
Proceeds from issuance of Tier 1 Capital Securities	21	-	91,560
Interest paid on Tier 1 Capital Securities		(5,981)	-
Dividend paid		(24,770)	(21,231)
Transaction cost on issue of Perpetual Tier 1 Capital Securities		-	(578)
Syndicated borrowings	19	68,798	-
Proceeds from issuance of subordinated bonds	19	29,830	-
Net cash flows from financing activities		67,877	69,751
Foreign currency translation adjustments		(431)	(74,564)
Net (decrease) increase in cash and cash equivalents		(218,461)	305,134
Cash and cash equivalents at 1 January		888,055	582,921
Cash and cash equivalents at 31 December		669,594	888,055
Cash and Cash Equivalent Comprise:			
Cash in hand and in current account with other banks		57,345	62,417
Balances and deposits with Central Banks (original maturity not exceeding thirty days)		366,721	569,087
Deposits with other banks (original maturity not exceeding thirty days)		245,528	256,551
		669,594	888,055

Interest received amounted to KD 493,492 thousand (2024: KD 464,833 thousand) and interest paid amounted to KD 344,568 thousand (2024: KD 316,070 thousand).

The attached notes 1 to 29 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. INCORPORATION AND REGISTRATION

Al Ahli Bank of Kuwait K.S.C.P. (the “Bank”) is a public shareholding company incorporated in Kuwait on 23 May 1967 and is registered as a Bank with the Central Bank of Kuwait (“CBK”). The Bank is listed on Boursa Kuwait. Its registered office is at Al Safat Square, Ahmed Al Jaber Street, Kuwait City. It is engaged in banking operations, primarily in Kuwait, United Arab Emirates and Egypt.

These consolidated financial statements of the Bank and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025 were authorised for issue by the Bank’s Board of Directors on 22 January 2026. The Bank is the ultimate parent of the Group. The annual general assembly of the shareholders has the power to amend these consolidated financial statements after issuance.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Statement of Compliance

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

The above framework is hereinafter referred to as “IFRS Accounting Standards as adopted by the CBK for use by the State of Kuwait”.

2.2 Basis of Preparation

The consolidated financial statements are prepared under the historical cost basis except for “investment securities classified as fair value through profit or loss and as fair value through other comprehensive income”, “freehold land”, and “derivative financial instruments” that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars (“KD”), which is the Bank’s functional currency, rounded to the nearest thousand except when otherwise stated.

2.3 Changes in Material Accounting Policies and Disclosures

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The significant amendments are as follows:

Lack of Exchangeability (Amendments to IAS 21)

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity’s financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

This amendment did not have a material impact on the Group’s consolidated financial statements.

Other amendments to IFRS Accounting Standards which are effective for annual accounting period starting from 1 January 2025 did not have any material impact on the accounting policies, financial position or performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Standards and Revisions 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. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued *Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments* (the Amendments), which are effective from annual periods starting on or after 1 January 2026. The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
- 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)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements*, which are effective for reporting periods beginning on or after 1 January 2027. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest.

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank as at 31 December 2025 (the “reporting date”) and its subsidiaries (investees which are controlled by the Bank) as at the same date or a date not earlier than one month from the reporting date. The Bank consolidates a subsidiary when it controls it. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Group’s consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income are attributed to the equity holders of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group lose control over a subsidiary, it derecognises the related assets (including goodwill and intangible assets), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated income statement. Any investment retained is recognised at fair value.

The subsidiaries of the Group are as follows:

			Effective interest as at	
Name of Company	Country of Incorporation	Principal Business	31 December 2025	31 December 2024
Ahli Capital Investment Company K.S.C. (Closed)	Kuwait	Investment	99.8%	99.8%
Al Ahli Bank of Kuwait Egypt S.A.E (“ABK- EGYPT”)	Egypt	Banking	98.7%	98.7%
ABK Cayman Island Limited	Cayman Island	Investment	100%	100%
Held through ABK-EGYPT				
Al Ahli Bank of Kuwait - Egypt Leasing Co.	Egypt	Leasing	98.6%	98.6%
Al Ahli Bank of Kuwait - Egypt Investment Co.	Egypt	Investment	98.7%	98.7%
Held through Ahli Capital Investment Company K.S.C. (Closed)				
ABK Capital (DIFC) Ltd	UAE	Investment	99.8%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Initial Measurement and Recognition of Financial Assets and Financial Liabilities

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. All regular way purchase and sale of financial assets are recognised using settlement date accounting i.e. the date the Group receives or delivers the assets. Changes in fair value between the trade date and settlement date are recognised in the consolidated income statement or in other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

All financial assets or financial liabilities are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as investments at fair value through profit or loss. Transaction costs on financial assets classified as investments at fair value through profit or loss are recognised in the consolidated income statement.

2.7 Classification and Measurement of Financial Assets and Financial Liabilities

The Group determines classification and measurement category of financial assets, except equity instruments and derivatives, based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

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 observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

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.

SPPI Test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows met 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 (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than minimum 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 payments of principal and yield on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

2.7.1 Financial Assets

The Group classifies financial assets upon initial recognition of IFRS 9 into following categories

- Amortised cost (AC)
- Fair value through other comprehensive income (FVOCI),
- Fair value through profit and loss (FVTPL)

Amortised Cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses, impairment and any gain or loss on derecognition are recognised in the consolidated income statement. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in "Interest income" in the consolidated income statement. The losses arising from impairment are recognised in the consolidated income statement under "provision / impairment losses".

The Group classifies cash and balances with banks, Kuwait Government treasury bonds, Central Bank of Kuwait bonds, loans and advances and certain other financial assets as AC.

Fair Value Through Other Comprehensive Income (FVOCI)

Debt Instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions: -

- 1) The contractual terms of the financial asset meet the SPPI test.
- 2) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in consolidated income statement. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to the consolidated income statement..

Equity Instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when 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 instruments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in consolidated income statement when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition cumulative gains or losses will be reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity. Further, equity instruments which are fully written down will be derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Classification and Measurement of Financial Assets and Financial Liabilities (continued)

2.7.1 Financial Assets (continued)

Fair Value Through Profit and Loss (FVTPL)

The Group classifies financial assets as FVTPL when they have been purchased primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together and includes managed funds, for which there is evidence of a recent pattern of short-term profit taking.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated income statement. Interest income and dividends are recognised in the consolidated income statement according to the terms of the contract, or when the right to payment has been established.

Day 1 Profit or Loss

When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss. When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in the consolidated income statement. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in consolidated income statement when the inputs become observable, or when the instrument is derecognised.

2.7.2 Financial Liabilities

Financial liabilities are mainly classified as “Financial liabilities other than at fair value through profit or loss”. These comprise of Due to banks and other financial institutions, Customers’ deposits, Certificates of deposits, Other borrowed funds and certain other liabilities. The Group does not have any “Financial liabilities at fair value through profit or loss”.

Financial liabilities other than at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

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 recognized in the consolidated financial statements at fair value, being the premium received, in other liabilities. The premium received is amortised in the consolidated income statement in ‘net fees and commission income’ on a straight-line basis over the life of the guarantee. The guarantee liability is subsequently measured as a higher of the amount initially recognised less amortisation or the value of any financial obligation that may arise therefrom. Any increase in the liability relating to financial guarantees is recognised in consolidated financial statements.

2.7.3 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.

2.7.4 Modification of Financial Assets and Financial Liabilities

If the terms of a financial assets and liabilities are modified, the Group evaluates whether the cash flows of modified financial assets and liabilities are substantially different. If the cash flows of the financial assets and liabilities are substantially different, then the contractual rights to cash flows from the original assets and liabilities are deemed to have expired and a new financial assets and liabilities based on the modified terms are recognized at fair value.

If the cash flows of the modified financial assets and liabilities are not substantially different, then the modification does not result in derecognition of the financial assets and liabilities. In this case, the Group recalculates the gross carrying amount of the financial asset and liabilities 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 income statement.

In the context of IBOR reform, the Group’s assessment of whether a change to an amortised cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform Phase 2. This requires the transition from an IBOR to an RFR to be treated as a change to a floating interest rate.

2.7.5 Derivative Financial Instruments and Hedging

Derivative Financial Instruments

Derivatives include interest rate swaps, forward foreign exchange contracts and options. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the consolidated statement of financial position. For hedges, which do not qualify for hedge accounting and for “held for trading” derivatives, any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated income statement.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

The Group makes use of derivative financial instruments to manage exposures to interest rate and foreign currency risks. Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with the changes in fair value recognised in the consolidated income statement.

Hedge Accounting

In order to manage particular risks, the Group applies hedge accounting for transactions, which meet the specified criteria. At inception of the hedge relationship, the Group formal hedge accounting documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge effectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedge item and the hedging instrument.
- The effect of the credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Classification and Measurement of Financial Assets and Financial Liabilities (continued)

2.7.5 Derivative Financial Instruments and Hedging (continued)

Hedge Accounting (continued)

Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated income statement, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to consolidated income statement on disposal of hedge item.

The Group discontinues hedge accounting prospectively when the hedging relationship (or part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instruments expires or sold/terminated.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair Value Hedge

In relation to fair value hedges, which meet the conditions for hedge accounting, any unrealised gain or loss from re-measuring the hedging instrument to fair value is recognised in 'Other assets' or 'Other liabilities' and in the consolidated income statement.

The fair value change on qualifying hedging instruments is recognised in consolidated income statement except when the hedging instrument hedges an equity instrument designated at FVOCI, in which case it is recognized in consolidated statement of comprehensive income. For debt instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in consolidated income statement instead of other comprehensive income. Where hedging gains or losses are recognised in consolidated income statement, they are recognised in the same line as the hedged item.

If the hedging instrument expires or sold/terminated, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. In case of fair value hedges of interest-bearing financial instruments, any adjustment relating to the hedge is amortised over the remaining term to maturity.

Cash Flow Hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect consolidated income statement, the effective portion of changes in the fair value of the derivative is recognised directly in the other comprehensive income. The amount recognised in the other comprehensive income is removed and included in the consolidated income statement in the same year as the hedged cash flows affect consolidated income statement under the same income statement line item as the hedged item. Any ineffective portion of gain or loss on the fair value of the derivative is recognised immediately in the consolidated income statement.

If the derivative expires or is sold, terminated, or exercised, or no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is prospectively discontinued and the amount recognised in the other comprehensive income remains in the other comprehensive income until the forecast transaction affects consolidated income statement. If the forecast transaction is no longer expected to occur, then the balance in the other comprehensive income is recognised immediately in the consolidated income statement.

Hedge of Net Investment in a Foreign Operation

Hedges of net investments in a foreign operation 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 in other comprehensive income and accumulated in the foreign currency translation reserve 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 recognised in other comprehensive income is transferred to the consolidated income statement.

2.8 Derecognition of Financial Assets and Financial Liabilities

A financial asset (in whole or in part) is derecognised either when:

- the contractual rights to receive the cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the assets 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
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right 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 would be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

2.9 Impairment of Financial Assets

The Group recognises ECL for loans and advances, non-cash credit facilities in the form of bank guarantees, letters of guarantee, bank acceptances, revocable and irrevocable undrawn commitments (together "credit facilities"), investment in debt securities measured at AC or FVOCI and other financial assets measured at AC.

Balances with the CBK and bonds issued by the CBK and Kuwait government bonds is low risk and fully recoverable and hence no ECL is measured. Equity investments are not subject to ECL.

Impairment of credit facilities shall be recognised at the higher of ECL under IFRS 9 according to the CBK guidelines, and the provisions required by the CBK instructions relating to classification of credit facilities and calculation of their provisions ('the CBK Instructions').

Expected Credit Losses Under IFRS 9 According to CBK Guidelines

The Group applies three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

The Group measures loss allowances at an amount equal to 100% of net exposure i.e. after deduction from the amount of exposure value of collaterals determined in accordance with CBK regulations.

Lifetime ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of life-time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life-time ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment of Financial Assets (continued)

Expected Credit Losses Under IFRS 9 According to CBK Guidelines (continued)

Except for retail credit facilities, transfer of credit facilities from Stage 2 to Stage 1 is made after a period of 12 months from the satisfaction of all conditions that triggered classification of the credit facilities to Stage 2. Transfer of credit facilities from Stage 3 to Stage 2 or Stage 1 is subject to notification to the CBK.

When estimating lifetime ECL for undrawn commitments, the Group estimates the expected portion of the commitment that will be drawn down over its expected life in line with the CBK regulations. ECL is then calculated on the stage of the credit facilities.

Determining the Stage of Expected Credit Loss

The Group considers a financial instrument with an external rating of “investment grade” as at the reporting date to have low credit risk.

At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have 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. Evidence of Stage 2 classification includes observable data about the following:

- Significant deterioration of credit risk rating of the borrower in line with Central Bank of Kuwait regulations
- Restructured accounts where there is principal haircut, or a standstill agreement is signed or where the restructured account carries specific provision.

Credit facilities are classified under Stage 2 when there has been a downgrade in the facility’s credit rating by 2 grades for the facilities with Investment Grade and by 1 grade for those with Non-Investment Grade.

Event 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 past due more than 90 days on any material credit obligation to the Group; or the borrower is considered as credit impaired based on qualitative assessment for internal credit risk Management purposes and
- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held);
- Downgrade of the Bond or the Borrower to default grade “D” by any External Rating Agency
- Any fixed income security fails to pay the coupon on the due date or principal on the redemption date and the default continues for over 7 days without any advice to the Bank.

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:

- Borrower having past due liabilities to public creditors or employees;
- Breaches of covenants;
- Borrower is deceased; and
- Bankruptcy or declaring insolvency

Any credit impaired or stressed facility that has been restructured would also be considered as in default. The restructured facilities would be required to complete the moratorium period (if any) and meet the scheduled payments (all on current basis) for at least 1 year, or as determined by the Group for consideration for moving the facility to stage 2/stage 1.

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 more than 90 days past due. All credit impaired financial assets are classified as stage 3 for ECL measurement purposes.

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 credit impaired, these financial assets are classified as stage 1.

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls. 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 Probability of Default (PD) is the likelihood that an obligor will default on its obligations in the future. PD estimation process 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 S&P risk rating system based on the internal/external credit ratings. The Group converts the TTC PD to a point in time (PIT) PD term structures using appropriate models and techniques. The minimum PD is 1% for Non-Investment Grade facilities and 0.75% for Investment Grade credit facilities except for credit facilities granted to Government and Banks rated as Investment Grade by an external rating agency and financing transactions related to consumer and housing loans (except for credit cards).

For credit cards, observed default rates (ODRs) were estimated using a migration based approach over a 12 month performance window . The resulting quarterly ODRs were regressed against the selected macroeconomic variables to estimate portfolio level sensitivity to change in macroeconomic conditions. The scenarios specific impacts are then subsequently used to convert Through the Cycle (TTC) probabilities of default into point in time (PIT) PD term structures at portfolio level. The derived PIT PDs were finally applied at the Pool level to get the PIT PD term structure for ECL , consistent with IFRS 9 requirements.

The Exposure at Default (“EAD”) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities. As per the CBK requirements, the Group applies 100% Credit Conversion Factor (CCF) on utilized cash and non-cash facilities. For unutilized facilities CCF is applied based on the CBK requirements for leverage ratio issued on 21 October 2014.

Loss given default (LGD) is the magnitude of the likely loss if there is a default. It is usually expressed as a percentage of the EAD. 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. CBK has prescribed list of eligible collaterals and minimum hair-cuts that are applied in determination of LGD.

Further, for unsecured senior and subordinate credit facilities minimum LGD threshold applied is 50% and 75% respectively. The maximum period for which the credit losses are determined is the contractual life of a financial asset, including credit cards and other revolving facilities unless the Group has the legal right to call it earlier. However, for financial assets in Stage 2, the Group considers a minimum maturity of 7 years for all credit facilities (excluding consumer financing, credit cards and personal housing financing which is regulated by CBK based on salary) unless credit facilities have non-extendable contractual maturity and final payment is less than 50% of the total facility extended. For consumer financings & credit cards and personal housing financings in Stage 2, the Group considers minimum maturity of 5 years and 15 years respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment of Financial Assets (continued)

Expected Credit Losses Under IFRS 9 According to CBK Guidelines (continued)

Forward Looking Information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio relevant to Kuwait or the respective country where the facility is granted. Relevant macro-economic adjustments are applied to capture variations from economic scenarios. These reflect reasonable and supportable forecasts of future macro-economic conditions that are not captured within the base ECL calculations.

Macro-economic Factors

In its models, the Group relies on a broad range of forward-looking economic information as inputs, such as: GDP growth, unemployment rates, energy and non- energy indices. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the consolidated financial statements. Qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgment.

Multiple Forward-looking Scenarios

The Group determines its allowance for credit losses using three probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to achieve an unbiased projections and forecasts. The Group prepares the scenarios using forecasts. The forecasts are created using internal and external models which are modified by Group as necessary to formulate a 'Baseline' view of the most probable future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The process involves the development of two additional economic scenarios (Upturn, and Downturn) and consideration of the relative probabilities of each outcome.

The 'baseline' represents the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk, and 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 AC. In the case of debt instruments measured at FVOCI, the loss allowances for ECL is presented in OCI with no reduction in the carrying amount of the financial asset in the consolidated statement of financial position. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are presented together with the loan. ECL for loan commitments, letters of credit and financial guarantee contracts are recognised in other liabilities. The Group recognises the ECL charge in the consolidated income statement.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Loans and advances together with the associated provision account are written off when there is no realistic prospect of future recovery and all collateral have been realised or have been transferred to the Group. If a write off is later recovered, the recovery is recognised in the consolidated income statement.

Financial guarantees are assessed, and impairment loss is recorded in a similar manner as for loans and advances. The carrying amount of the asset is reduced through the use of a provision account and the amount of impairment loss is recognised in the consolidated income statement. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reversed by adjusting the provision account.

In case of the retail portfolio, borrowers have been segmented into pools that exhibit similar risk characteristics. The observed default rate in case of retail portfolio has been calibrated to probability of default using the statistical tools after incorporating macroeconomic factors.

The Provision for Credit Facilities in Accordance with CBK Instructions

The Group is required to calculate provisions for credit losses on credit facilities in accordance with the instructions of the 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 up to 90 days	Based on management's judgement
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.

Central Bank of Kuwait directives require the Group to maintain a minimum general provision of 1 per cent on regular cash facilities and 0.5 per cent on regular non- cash credit facilities, net of certain categories of collateral, which are not subject to specific provisioning.

2.10 Impairment of Non-financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of sale and value in use.

2.11 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks with original maturity not exceeding thirty days.

2.12 Renegotiated Loans

In the event of a default, the Group may seek to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. When the terms and conditions of these loans are renegotiated, the terms and conditions of the new contractual arrangement apply in determining whether these loans remain past due. If renegotiated terms are substantial, the loan is derecognised and recognised as a new facility with amended terms and conditions. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original effective interest rate as calculated before the modification of terms. Management periodically reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur and its classification between stages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group’s material investment in its associate is accounted for using the equity method. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group’s share of net assets of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group’s share of its associate’s post-acquisition profits or losses is recognised in the consolidated income statement and its share of post-acquisition movements in other comprehensive income of associate is recognised in consolidated statement of changes in equity. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

Where applicable, adjustments are made to bring the accounting policies of the associate in line with those of the Group. The difference in reporting date of the associate and the Group is not more than one month. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group’s consolidated financial statements.

At each reporting date, the Group determines if there is any objective evidence that the investment in the associate is impaired, in which case the Group calculates the amount of impairment loss as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement.

2.14 Premises and Equipment

Premises and equipment other than freehold land are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on all premises and equipment, other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its estimated useful life.

Freehold land is initially recognised at cost. After initial recognition freehold land is carried at its revalued amount which is the fair value at the date of revaluation based on valuations by external independent valuers. The resultant revaluation surplus or deficit is recognised, as a separate component under other comprehensive income to the extent the deficit does not exceed the previously recognised surplus. The portion of the revaluation deficit that exceeds a previously recognised surplus is recognised in the consolidated income statement. To the extent that a revaluation surplus reverses a revaluation loss previously recognised in the consolidated income statement, the increase is recognised in the consolidated statement of comprehensive income. Upon disposal the revaluation surplus relating to the freehold land sold is transferred directly to retained earnings.

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	5 years to 40 years
Furniture and fixtures	3 years to 5 years
Hardware and software	3 years to 10 years
Vehicles	5 years to 6 years

The carrying amounts of premises and equipment are reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets are written down to their recoverable amounts and the impairment loss is recognised in the consolidated income statement. Any gain or loss on the disposal of premises and equipment other than the revaluation surplus on freehold land is recognised in the consolidated income statement.

2.15 Intangible Assets Acquired in a Business Combination

Intangible assets represent separately identifiable non-monetary assets without physical substance arising from business combinations. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition and is recognised separately from goodwill.

Intangibles with finite useful life are carried at cost, less any accumulated amortization and any accumulated impairment losses. Amortization is recognised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangibles may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful economic life is reviewed at least at each financial position date.

Changes in the expected useful economic life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement under “depreciation and amortisation” consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized but tested for impairment annually by estimating recoverable amount using Value in Use (VIU) or whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. VIU calculation uses a five-year cash flow projection, unless a longer period can be justified. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised. Impairment losses on intangible assets recognized in the consolidated income statement in previous periods are reversed when there is an increase in the recoverable amount.

2.16 Property Acquired in Settlement of Debt

The Bank occasionally acquires property in settlement of certain loans and advances. Such property is recorded on initial recognition at the lower of the carrying value of the related loans and advances or the current fair value less cost to sell of such assets. After initial recognition these properties are carried at lower of the carrying value or fair value less cost to sell. Fair values are determined by appraisers having an appropriate recognised professional qualification. Gains or losses on disposal, and revaluation changes, are recognised in the consolidated income statement. Such properties are included as part of “Other assets”.

2.17 End of Service Benefits

The Group is liable to make defined contributions to local regulatory 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 plan is 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.

Defined Contribution Plan

The Group makes fixed contribution to state plans under a defined contribution plan and has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense in the consolidated income statement when they are due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.18 Treasury Shares

Treasury shares consist of the Bank's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. When the treasury shares are reissued, gains are credited to the "treasury shares reserve", which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to reserves. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.19 Fair Value Measurement

For those assets and liabilities carried at fair value, the Group measures fair value at each statement of financial position date. 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.

The fair value measurement of financial instruments is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial instruments takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values of non-financial instruments are measured based on valuation provided by independent valuers.

The fair value of a derivative financial instrument is the equivalent of the unrealised gain or loss from marking to market the derivative financial instrument, using relevant market rates or internal pricing models.

All assets and liabilities for which fair value is measured are categorised and disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. Valuation is derived from recent arm's length transaction, comparison to similar instruments for which market observable prices exists which includes price to book value multiples, price earnings multiples, Net Asset Value issued by the Fund Manager and external quotes.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Valuation techniques include discounted cash flow method, book value method or other relevant valuation techniques commonly used by market participants. The significant inputs for these valuation techniques include market interest rates, discount rates, terminal growth rate, illiquidity discount and cash flow estimates.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

2.20 Repurchase 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 rate method.

2.21 Revenue Recognition

The Effective Interest Rate Method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial assets. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding profit or loss impact.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

Fees And Commission Income

Fees and commission that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate. Other fees and commission are recognized over the period of service. Dividend income is recognised when the right to receive the payment is established.

2.22 Provisions

Provisions are recognised when, as a result of past events, it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation and the amount can be reliably estimated. The expense relating to any provision is presented in the income statement net of any reimbursement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.23 Taxation

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.

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.

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. Refer Note 26 for further information.

Taxation is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries in which the Group operates. 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 is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

2.24 Foreign Currencies

Foreign currency transactions are recorded at rates of exchange ruling at value date of the transaction. Monetary assets and liabilities in foreign currencies outstanding at the year-end are translated into Kuwaiti Dinars at rates of exchange ruling at the statement of financial position date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated to Kuwaiti Dinars at the foreign exchange rates ruling at the dates that the values were determined. In case of non-monetary assets whose changes in fair values are recognised directly in other comprehensive income, related foreign exchange differences are also recognised directly in other comprehensive income. For other non-monetary assets foreign exchange differences are recognised directly in the consolidated income statement.

Assets and liabilities, both monetary and non-monetary, of foreign operations are translated at the exchange rates prevailing at the statement of financial position date. Operating results of such operations are translated at average exchange rates for the year. The resulting exchange differences are accumulated in other comprehensive income until the disposal of the foreign operation. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated income statement.

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 representing right to use the underlying asset and a lease liability to make the lease payments at the lease commencement date.

The Group leases various premises and ATMs. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes. The Group, as a lessee, has adopted the following accounting policy in respect of its leases:

Right-of-use Assets

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

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The Group presents right-of-use assets in 'premises and equipment' and lease liabilities in 'other liabilities' in the consolidated statement of financial position.

2.26 Contingencies

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefit is probable.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Use of Judgements and Estimates

The Group bases its estimates and judgements on parameters available when the consolidated financial statements were prepared. Existing circumstances and judgements about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. The basis used by management in determining the carrying values of certain class of assets and the underlying risks therein are discussed below:

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.

Determining whether or not the market for a quoted financial instrument is active requires judgement based on assessment of the volume/market conditions and availability of ready and regular quotes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates

The key assumptions concerning the future and other key sources of estimates at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Fair Value Measurement

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured 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 judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Any changes in these estimates as well as the use of different, but equally reasonable estimates may have an impact on their carrying amounts. Considerable judgement by management is required in the estimation of the fair value of the assets acquired and liabilities assumed as a result of business combination including intangibles and contingent liabilities.

Impairment of Financial Instruments

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Group’s ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their dependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group’s internal credit rating model, which assigns PDs to the individual grades
- The Group’s criteria for assessing if there has been a significant increase in credit risk allowances for financial assets should be measured on a lifetime ECL basis and qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including various formulas and choice of inputs
- Determination of associations between macro-economic scenarios and, economic inputs, and the Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The Group has the policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Incorporation of Forward-looking Information

The following table shows certain key macro-economic variables (besides others) used to estimate the allowance for credit losses. For the base case, upturn and downturn scenarios, the projections are provided for the forward looking short to medium term view.

Macro-economic factor	Outlook 2026 (2025)
GDP Growth	Positive (Positive)
Energy Index	Negative (Negative)
Non-Energy Index	Negative (Negative)
Unemployment	Stable (Stable)
Market Index Average Growth	Positive (Positive)

The macro-economic outlook for some of the international exposures remained conservative compared to other geographies and the models were adjusted accordingly. The weighting of the multiple scenarios remained primarily unchanged with major weights being assigned to “Base scenario”, followed by Downturn scenario and upturn scenario in this order. The Group believes that the current macro-economic scenarios will affect some of the geographies where the Group operates and hence the Group has taken a conservative estimate for base as well as downturn scenarios for such geographies.

The Group estimates expected credit loss for all financial assets carried at amortised cost or fair value through other comprehensive income except for equity instruments. The determination of expected credit loss involves significant use of external and internal data and assumptions. Refer Note 2.9 impairment of financial assets for more information.

Impairment of Intangibles

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use or fair value less cost to sell of the cash-generating units to which the intangibles with indefinite useful lives are 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.

Effect of Climate Risk

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

4. SEGMENTAL INFORMATION

The Group is organised into segments that engage in business activities which earn revenues and incur expenses. These segments are regularly reviewed by the chief operating decision maker for resource allocation and performance assessment. For the purposes of segment reporting the management has grouped the operations into the following operating segments:

Commercial Banking	Comprising a full range of credit facilities, deposit and related banking services provided to its corporate and institutional customers.
Retail and Private Banking	Comprising a full range of products and services to customers which includes loans, credit cards, and wealth and asset management.
Treasury and Investments	Comprising of treasury services provided to customers and balance sheet management activities including money market, derivatives, propriety investment activities, assets management and residual impact of inter-segment fund transfer pricing.

	Commercial Banking	Retail and Private Banking	Treasury and Investments	Total
	KD 000	KD 000	KD 000	KD 000
2025				
Net interest income	69,936	62,024	27,542	159,502
Operating income	107,608	79,281	34,580	221,469
Segment results	54,484	39,625	23,226	117,335
Unallocated expense				(39,102)
Profit for the year before taxation and directors’ fee				78,233
Segment assets	3,773,506	946,783	2,058,519	6,778,808
Unallocated assets				146,299
Total assets				6,925,107
Segment liabilities	1,225,537	2,401,399	2,430,399	6,057,335
Unallocated liabilities				93,189
Total liabilities				6,150,524
	Commercial Banking	Retail and Private Banking	Treasury and Investments	Total
	KD 000	KD 000	KD 000	KD 000
2024				
Net interest income	63,672	62,490	18,018	144,180
Operating income	95,649	74,622	30,479	200,750
Segment results	46,885	37,721	19,639	104,245
Unallocated expense				(39,493)
Profit for the year before taxation and directors’ fee				64,752
Segment assets	4,124,003	882,333	2,209,834	7,216,170
Unallocated assets				157,343
Total assets				7,373,513
Segment liabilities	1,329,350	2,661,345	2,579,199	6,569,894
Unallocated liabilities				82,698
Total liabilities				6,652,592

Geographic Information

The following table show the Group’s operating income and segment assets from international operations (international branches and subsidiaries):

	2025	2024
	KD 000	KD 000
Operating income	89,889	90,296
Segment assets	2,483,415	2,514,669

5. RISK MANAGEMENT

INTRODUCTION

Risk is inherent in the Group’s activities but is managed through a process of ongoing risk identification, measurement and monitoring and by setting risk limits and controls. This process of risk management is critical to the Group’s continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her area of responsibilities. The Group has established comprehensive risk frameworks for managing all material risks. The frameworks address the risk identification, measurement and monitoring processes of all material risks across the Group. Risk management is embedded in the decision-making process on all risk types to enable the Group to manage the risks assumed within acceptable levels.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, including emphasis on selected geographic and industrial sectors. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The operations of the overseas branches and subsidiaries are also subject to regulatory requirements within the jurisdictions where they operate. Such regulations also prescribe capital adequacy levels, the branches or subsidiaries should maintain besides other regulations to minimise the risk of default and insolvency to meet unforeseen liabilities when these arise.

The risk profile is assessed before entering into hedge transactions which are authorised by the appropriate level of seniority within the Group.

Descriptions of the risk appetite statement along with the risks identified and the methodology used to manage those risks are stated below:

5.1 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The financial instruments exposed to these risks, the objectives, policies and procedures for managing and measuring these risks is explained in the Risk Management section of the annual report.

The maximum exposure to credit risk as at the statement of financial position date is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. This also includes credit exposures to a single borrower or group of related borrowers. Concentrations of credit risk indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographic location. Maximum concentration of credit risk to a single or group of related counterparties is limited to 15 per cent of the Group’s comprehensive capital as determined by the regulatory guidelines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. RISK MANAGEMENT (continued)

5.1 CREDIT RISK (continued)

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 which is composed of competent professional staff and which has 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 Group assesses provisioning requirements by monitoring Expected Credit Losses ("ECL") in line with IFRS 9 guidelines. Refer to Note 2.9 of the material accounting policies for the detailed guidelines.

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 whether there has been a significant increase in credit risk since initial recognition. Please refer to Note 2.9 of the material accounting policies for the assessment criteria and indicators of increase in credit risk.

The Group considers a financial asset as 'cured' (i.e. no longer be in default) and therefore reclassified out of stage 3 when it no longer meets any of the default criteria. In respect of restructured facilities which are classified in stage 3, these would be required to complete the moratorium period (if any) and meet the scheduled payments (all on current basis) for at least 1 year, or as determined by the Group for consideration for classifying the facility in stage 2/stage 1.

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 S&P Risk Rating System (CRE) as its internal credit-rating engine. The CRE tool provides the ability to analyse a business and produce risk ratings at both the obligor and facility level. 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.

In case of the retail portfolio, borrowers have been segmented into pools that exhibit similar risk characteristics. The observed default rate in case of retail portfolio has been calibrated to probability of default using the statistical tools after incorporating macro-economic factors.

Refer to Note 2.9 of the material accounting policies for further details on stage classification and measurement of ECL, forward looking information etc.

Derivative Financial Instruments

Credit risk arising from derivative financial instruments is limited to those with positive fair values, as recorded in the consolidated statement of financial position.

Credit-related Commitments Risks

The Group makes available to its customers, financial guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the financial guarantees. They expose the Group to risks similar to loans and advances and these are mitigated by the same control processes and policies.

Credit Concentration Risks

Geographical and industry sector concentrations of financial assets and contingent liabilities with credit risk exposure, after provisions, are as follows:

	2025		2024	
	Assets	Credit Related Contingent Liabilities	Assets	Credit Related Contingent Liabilities
	KD 000	KD 000	KD 000	KD 000
Geographic Region				
Middle East and North Africa (MENA)	5,823,032	927,070	5,970,247	912,055
Europe	351,319	62,832	523,067	52,337
Asia Pacific	110,606	137,619	161,485	211,266
North America	157,668	15,299	259,210	14,888
Rest of the world	171,556	153	149,412	15,468
	6,614,181	1,142,973	7,063,421	1,206,014
Industry Sector				
Trading and manufacturing	463,690	274,261	614,129	256,351
Banks and other financial institutions	1,162,728	224,191	1,443,725	216,175
Construction and real estate	1,003,352	409,965	1,069,662	394,671
Government and related entities	1,577,208	105	1,610,269	109
Personal	1,214,141	3,953	1,139,875	2,898
Crude oil & gases	548,082	31,647	554,993	117,698
Transport and public utilities	266,405	35,438	228,788	37,290
Others	378,575	163,413	401,980	180,822
	6,614,181	1,142,973	7,063,421	1,206,014

Maximum Exposures and Credit Quality of Financial Instruments

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position, without taking account of any collateral and other credit enhancements.

The table also shows the credit risk exposure, after provisions, by credit quality of financial assets by class, grade and status:

	Neither Past Due Nor Impaired			Past Due Including Individually Impaired	Total
	High Grade	Standard Grade	Acceptable Grade		
	KD 000	KD 000	KD 000	KD 000	KD 000
2025					
Balances with banks	708,141	53,780	-	-	761,921
Kuwait Government treasury bonds	159,000	-	-	-	159,000
Central Bank of Kuwait bonds	16,772	-	-	-	16,772
<i>Loans and Advances</i>					
- Corporate	3,153,803	440,430	32,620	67,746	3,694,599
- Retail	713,919	98,042	352	58,778	871,091
Debt securities	1,032,416	2,800	-	-	1,035,216
Other assets	71,133	4,215	234	-	75,582
Total	5,855,184	599,267	33,206	126,524	6,614,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. RISK MANAGEMENT (continued)

5.1 CREDIT RISK (continued)

Maximum Exposures and Credit Quality of Financial Instruments (continued)

	Neither Past Due Nor Impaired			Past Due Including Individually Impaired	Total
	High Grade	Standard Grade	Acceptable Grade		
	KD 000	KD 000	KD 000	KD 000	KD 000
2024					
Balances with banks	879,555	123,253	-	-	1,002,808
Kuwait Government treasury bonds	5,000	-	-	-	5,000
Central Bank of Kuwait bonds	81,453	-	-	-	81,453
<i>Loans and advances</i>					
- Corporate	3,384,750	517,748	73,902	43,750	4,020,150
- Retail	684,343	81,683	1,205	41,665	808,896
Debt securities	1,063,907	4,550	-	-	1,068,457
Other assets	70,781	5,326	550	-	76,657
Total	6,169,789	732,560	75,657	85,415	7,063,421

Past due but not impaired loans as at 31 December 2025 amounting to KD 56,591 thousand (31 December 2024: KD 26,773 thousand) are past due for a period less than 30 days and KD 35,101 thousand (31 December 2024: KD 20,067 thousand) are past due for a period between 30 to 90 days. The fair value of collaterals held by the Group for past due loans as at 31 December 2025 was KD 33,480 thousand (31 December 2024: KD 15,877 thousand).

The gross maximum credit risk exposure relating to contingencies amounts as at 31 December 2025 KD 1,142,973 thousand (31 December 2024: KD 1,206,014 thousand).

The high, standard and acceptable grades of classification of loans to customers above is based on inherent credit quality of the counterparties, the assessed risk profile, acceptability and availability of collateral in accordance with Group's internal rating model. The borrower risk rating model takes into consideration key factors, such as business trends, management, financials, collaterals, etc., which are duly weighted to arrive at the rating. These ratings changes/migrations are monitored annually. The Bank has introduced retail risk rating with the launch of a retail risk scorecard, which also provides an end-to-end automated system for processing loans and credit cards. Grading of balances with banks and debt securities are based on the external rating of the counterparties.

The fair value of collateral held by the Group for individually impaired loans and advances to customers and impairment losses are disclosed in Note 11. The Group has taken adequate legal measures to secure recovery of collateral when needed.

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Collateral and Other Credit Enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are cash, securities, and charges over real estate properties and counter-guarantees.

It is Group's policy to take legal recourse to enforce collaterals where warranted to recover the Bank's dues.

Of the total outstanding loans and advances, KD 1,913,705 thousand (2024: KD 2,018,728 thousand) were secured with a collateral value of KD 3,359,447 thousand (2024: KD 3,126,509 thousand).

5.2 LIQUIDITY RISK

Liquidity is the ongoing ability to accommodate maturing liabilities and deposit withdrawals; fund asset growth and business operations; and meet contractual obligations through unconstrained access to funding at reasonable market rates.

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may also result from an inability to sell a financial asset quickly at close to its fair value. The financial instruments exposed to these risks, the objectives, policies and procedures for managing and measuring these risks are explained in the Risk Management section of the annual report.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. Repayments, which are subject to notice, are treated as if notice were to be given immediately.

Financial Liabilities	Less Than One Month	One Month to One Year	Over One Year	Total
	KD 000	KD 000	KD 000	KD 000
2025				
Due to banks and other financial institutions	259,391	371,814	624,931	1,256,136
Customers' deposits	1,004,775	1,519,080	1,685,718	4,209,573
Certificates of deposits	61,080	91,620	-	152,700
Other borrowed funds	4,726	26,698	719,306	750,730
Other liabilities	-	77,417	16,367	93,784
	1,329,972	2,086,629	3,046,322	6,462,923
Contingent liabilities	202,973	639,329	300,671	1,142,973
Contractual amounts of forward foreign exchange contracts	102,530	183,565	-	286,095

Financial Liabilities	Less Than One Month	One Month to One Year	Over One Year	Total
	KD 000	KD 000	KD 000	KD 000
2024				
Due to banks and other financial institutions	331,765	446,633	809,307	1,587,705
Customers' deposits	1,215,228	1,856,434	1,504,457	4,576,119
Other borrowed funds	1,095	282,875	331,178	615,148
Other liabilities	-	76,504	15,686	92,190
	1,548,088	2,662,446	2,660,628	6,871,162
Contingent liabilities	131,005	768,322	306,687	1,206,014
Contractual amounts of forward foreign exchange contracts	281,750	408,106	-	689,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. RISK MANAGEMENT (continued)

5.2 LIQUIDITY RISK (continued)

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date, except for equity investments classified at fair value through profit or loss, investment carried at fair value through other comprehensive income, investment in an associate, premises and equipment, intangible assets, other assets, customer sight deposits and other liabilities which has been determined based on management's estimate of liquidation.

The actual maturities may differ from the maturities shown below since the borrower may have the right to prepay obligations with or without prepayment penalties, and customers' deposits might be repaid before their maturity.

The maturity profile as at 31 December 2025 is as follows:

	Less Than One Month	One Month to One Year	One Year to Five Years	Over Five Years	Total
	KD 000	KD 000	KD 000	KD 000	KD 000
ASSETS					
Cash and balances with banks	733,838	56,566	-	-	790,404
Kuwait Government treasury bonds	-	25,000	87,000	47,000	159,000
Central Bank of Kuwait bonds	-	16,772	-	-	16,772
Loans and advances	470,237	1,608,968	1,554,330	932,155	4,565,690
Investment securities	116,906	410,796	333,880	238,568	1,100,150
Investment in an associate	-	-	-	35,482	35,482
Premises and equipment	-	-	-	111,987	111,987
Intangible assets	-	-	263	5,179	5,442
Other assets	-	99,457	40,723	-	140,180
Total assets	1,320,981	2,217,559	2,016,196	1,370,371	6,925,107
LIABILITIES					
Due to banks and other financial institutions	258,759	360,702	488,400	-	1,107,861
Customers' deposits	995,050	1,448,484	459,754	1,168,409	4,071,697
Certificates of deposit	60,964	90,423	-	-	151,387
Other borrowed funds	-	-	503,324	129,448	632,772
Other liabilities	-	141,141	45,666	-	186,807
Total liabilities	1,314,773	2,040,750	1,497,144	1,297,857	6,150,524

The maturity profile as at 31 December 2024 was as follows:

	Less Than One Month	One Month to One Year	One Year to Five Years	Over Five Years	Total
	KD 000	KD 000	KD 000	KD 000	KD 000
ASSETS					
Cash and balances with banks	939,783	103,400	-	-	1,043,183
Kuwait Government treasury bonds	-	-	5,000	-	5,000
Central Bank of Kuwait bonds	14,000	67,453	-	-	81,453
Loans and advances	633,211	1,552,995	1,638,360	1,004,480	4,829,046
Investment securities	98,087	265,051	364,970	391,127	1,119,235
Investment in an associate	-	-	-	33,434	33,434
Premises and equipment	-	-	-	107,519	107,519
Intangible assets	-	-	386	4,985	5,371
Other assets	21,196	84,874	43,202	-	149,272
Total assets	1,706,277	2,073,773	2,051,918	1,541,545	7,373,513
LIABILITIES					
Due to banks and other financial institutions	346,237	422,248	745,761	-	1,514,246
Customers' deposits	1,199,103	1,775,581	453,073	980,561	4,408,318
Other borrowed funds	-	254,183	184,860	99,420	538,463
Other liabilities	-	148,665	42,900	-	191,565
Total liabilities	1,545,340	2,600,677	1,426,594	1,079,981	6,652,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. RISK MANAGEMENT (continued)

5.3 MARKET RISK

5.3.1 INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the interest rate gaps for stipulated years. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The financial instruments exposed to these risks, the objectives, policies and procedures for managing and measuring these risks are explained in the Risk Management section of the annual report.

The sensitivity of interest rate variability on the Group's consolidated income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2025 including the effect of hedging instruments. The sensitivity of interest rate variability on equity is calculated by revaluing fixed rate investments carried at fair value through other comprehensive income, including the effect of any associated hedges as at 31 December 2025 for the effects of the assumed changes in interest rates and is analysed by maturity of the asset or swap.

The following table reflects the effect of 25 basis points interest rate sensitivity, with all other variables held constant.

	Effect (KD 000)			
	2025		2024	
	Net Profit	Equity	Net Profit	Equity
Kuwaiti Dinar	2,020	15	1,297	2
US Dollars	286	1,376	792	2,518
Egyptian Pound	96	218	13	31

5.3.2 CURRENCY RISK

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Board of Directors has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits. The financial instruments denominated in foreign currencies are exposed to these risks. The objectives, policies and procedures for managing and measuring these risks are explained in the Risk Management section of the annual report.

Hedge of Net Investment in Foreign Operations

The Bank hedges part of EGP currency risk of its net investment in foreign operations (ABK- Egypt) using certain USD monetary assets held by ABK-Egypt. Gains or losses on the retranslation of these monetary assets are transferred to consolidated statement of comprehensive income to offset gains or losses on translation of the part of net investment in ABK-Egypt.

The effect on net profit for the year, as a result of 5 per cent change in currency rate due to the changes in fair value of monetary assets and liabilities, with all other variables held constant is shown below:

	Effect (KD 000)	
	2025	2024
Currency		
US Dollars	269	95
Egyptian Pound	151	61
Euro	11	19
Others	75	156

5.3.3 EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Bank's investment held in its proprietary books. The financial instruments exposed to these risks, the objectives, policies and procedures for managing and measuring these risks are explained in the Risk Management section of the annual report.

The effect on consolidated income statement (as a result of equity price risk on investments at fair value through profit and loss) and on Equity (as a result of a change in the fair value of FVOCI equity investments), as at 31 December, due to a 5 per cent change in equity indices, with all other variables held constant is as follows:

	Effect (KD 000)			
	2025		2024	
	Net Profit	Equity	Net Profit	Equity
GCC Stock Exchanges	109	233	100	325
Other Stock Exchanges	27	303	24	5

5.3.4 PREPAYMENT RISK

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans and advances when interest rates fall. Majority of the Group's interests bearing financial assets are at floating rates. Also, majority of the interest-bearing financial liabilities have a maturity of less than 1 year and accordingly, the Group is not exposed to significant prepayment risk. The financial instruments exposed to these risks, the objectives, policies and procedures for managing and measuring these risks are explained in the Risk Management section of the annual report.

5.4 OPERATIONAL RISK

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to function, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage these risks. Controls include effective segregation of duties, access to assets and IT resources, authorisation and reconciliation procedures, staff education and assessment processes, compliance monitoring including the use of internal audit. The financial instruments exposed to these risks, the objectives, policies and procedures for managing and measuring these risks are explained in the Risk Management section of the annual report.

The Risk Management Division manages operational risks 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 December 2003, regarding the sound practices for managing and supervising operational risks in banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

6. CAPITAL MANAGEMENT

The primary objectives of the Group’s capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong and healthy capital ratios in order to support its business and to maximize shareholders’ value.

The Group actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Group’s capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Central Bank of Kuwait in supervising the Group.

The Group’s regulatory capital and capital adequacy ratios calculated in accordance with Basel III regulations issued by Central Bank of Kuwait via circular 2/RB, RBA/336/2014 dated 24 June 2014 and its amendments are shown below:

	2025	2024
	KD 000	KD 000
Risk weighted exposure	4,879,060	5,032,500
Capital required	658,673	679,387
Capital available:		
Tier 1 capital	743,834	691,704
Common equity Tier 1	652,274	600,144
Additional Tier 1	91,560	91,560
Tier 2 capital	188,530	161,014
Total Capital	932,364	852,718
Common equity Tier 1 capital adequacy ratio	13.37%	11.93%
Tier 1 capital adequacy ratio	15.25%	13.74%
Total capital adequacy ratio	19.11%	16.94%

The Group’s financial leverage ratio calculated in accordance with circular 2/BS/ 342/2014 dated 21 October 2014 is shown below:

	2025	2024
	KD 000	KD 000
Tier 1 capital	743,834	691,704
Total exposure	7,852,744	8,358,953
Financial leverage ratio	9.47%	8.28%

The additional disclosures relating to the capital adequacy as per the above circulars are included under the ‘Risk Management’ section of the annual report.

7. FAIR VALUE MEASUREMENT

Financial Instruments

Financial Instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and balances with banks, Kuwait Government treasury bonds, Central Bank of Kuwait Bonds, loans and advances, investment securities, certain other assets and derivatives. Financial liabilities consist of due to banks and other financial institutions, customer deposits, certificates of deposit, other borrowed funds and certain other liabilities.

The fair value of financial instruments is categorised as under:

Financial Instruments Carried at Fair Value

The financial instruments carried at fair value comprise of investment securities and derivatives. The fair value along with the valuation techniques for investment securities and derivatives are disclosed in Note 12 and Note 29 respectively.

Financial Instruments Carried at Amortised Cost

The fair value of financial instruments carried at amortised cost is not materially different from their carrying value as most of these assets and liabilities are of short-term maturities or are re-priced immediately based on market movement in interest rates except for investment securities and subordinated bonds.

Non-Financial Instruments

Instruments carried at fair value, other than financial instruments, include freehold land (classified under premises and equipment) which were fair valued using significant valuation inputs based on unobservable market data and are classified under level 3.

If the freehold land was measured using the cost model, the net carrying amount as at 31 December 2025 would be KD 32,380 thousand (31 December 2024: KD 32,377 thousand).

8. RELATED PARTY TRANSACTIONS

These represent transactions with certain related parties (directors and senior management of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence and associate of the Group) who were customers of the Group during the year. The terms of these transactions are approved by the Group’s management.

In the normal course of business, these related parties have deposits with the Group and credit facilities granted to them by the Group. The balances included in the consolidated financial statements are as follows:

	Number of Directors		Number of Other Related Parties		Amount	
	2025	2024	2025	2024	2025	2024
					KD 000	KD 000
Directors						
Loans and advances	4	3	4	6	11,245	12,429
Customers’ deposits	6	6	18	20	33,931	49,959
Portfolio managed by Group	3	3	1	-	11,422	1,062
Commitments and contingent liabilities	-	-	5	5	10,994	9,537
Directors’ compensation	-	-	-	-	1,253	1,039

Loans and advances to related parties are secured by collaterals in accordance with the regulations of Central Bank of Kuwait.

Directors’ compensation above includes Directors’ fees KD 990 thousand (2024: KD 810 thousand) and compensation for participation in executive committees of the Group which are subject to the approval of the shareholders at the annual general meeting. Directors’ fees are within the amount permissible under local regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

8. RELATED PARTY TRANSACTIONS (continued)

	Number of Key Management		Number of Other Related Parties		Amount	
	2025	2024	2025	2024	2025	2024
					KD 000	KD 000
Key Management						
Loans and advances	19	18	4	2	674	567
Customers’ deposits	27	24	16	10	4,145	3,657
	Number of Associate		Number of Other Related Parties		Amount	
Associate						
Customers’ deposits	1	1	1	1	212	245
Commitments and contingent liabilities	1	-	-	-	12	-

Interest income and interest expense includes KD 511 thousand (2024: KD 628 thousand) and KD 1,752 thousand (2024: KD 1,990 thousand) respectively, on transactions with related parties.

Key Management Compensation

Compensation for key management is as follows:

	2025	2024
	KD 000	KD 000
Salaries and other benefits	4,187	4,030
Post-employment benefits	252	208
	<u>4,439</u>	<u>4,238</u>

9. CASH AND BALANCES WITH BANKS

	2025	2024
	KD 000	KD 000
Cash on hand and balances with other banks	57,345	62,417
Deposits with other banks	350,878	398,344
Balances and deposits with Central Banks	382,404	582,715
	<u>790,627</u>	<u>1,043,476</u>
Expected credit losses (ECL)	(223)	(293)
	<u>790,404</u>	<u>1,043,183</u>

Balances and deposits with Central Banks include balances and deposits with Central Banks of Kuwait, UAE and Egypt. As at the reporting date, the balance with banks and the related ECL are classified under stage 1 (2024: stage 1). There have been no transfers between the stages.

10. KUWAIT GOVERNMENT TREASURY BONDS AND CENTRAL BANK OF KUWAIT BONDS

These are financial instruments carried at amortised cost and are issued on behalf of the Ministry of Finance or issued by Central Bank of Kuwait on its own behalf. As of reporting date, these financial instruments are classified under stage 1 (2024: stage 1) and are of low risk and fully recoverable and hence no ECL is measured.

11. LOANS AND ADVANCES

	Corporate and Banks	Retail	Total	Corporate and Banks	Retail	Total
	2025	2025	2025	2024	2024	2024
	KD 000	KD 000	KD 000	KD 000	KD 000	KD 000
MENA	3,235,716	871,091	4,106,807	3,541,350	808,896	4,350,246
Europe	222,561	-	222,561	268,282	-	268,282
Asia Pacific	79,367	-	79,367	74,303	-	74,303
Rest of the World	156,955	-	156,955	136,215	-	136,215
Total	<u>3,694,599</u>	<u>871,091</u>	<u>4,565,690</u>	<u>4,020,150</u>	<u>808,896</u>	<u>4,829,046</u>

An analysis of provisions for credit losses for the year for loans and advances is as follows:

	2025	2024
	KD 000	KD 000
At 1 January	328,790	319,832
Exchange difference	243	(7,180)
Net amounts written off during the year	(47,001)	(27,658)
Net charge for the year	41,419	43,796
At 31 December	<u>323,451</u>	<u>328,790</u>
General Provision	298,619	307,707
Specific Provision	<u>24,832</u>	<u>21,083</u>

The charge for the year 2025 on non-cash facilities amounted to KD 2,943 thousand (2024: release of KD 2,099 thousand). The total available provision on non-cash facilities amounted to KD 27,358 thousand (2024: KD 24,398 thousand), which is included in other liabilities (Note 20).

Loans and advances individually determined to be impaired with related provision and fair value of collateral held are as follows:

	2025	2024
	KD 000	KD 000
Gross loans and advances	62,440	60,423
Provision	24,832	21,083
Fair value of collateral held	<u>31,661</u>	<u>21,705</u>

The collateral consists of cash, securities, bank guarantees and properties.

Refer to Note 5.1 for disclosures relating to credit risk management, credit concentration, credit quality by class and credit risk mitigants.

Expected Credit Losses (ECL) on credit facilities determined under IFRS 9 according to the CBK guidelines amounted to KD 136,198 thousand as at 31 December 2025 (2024: KD 149,209 thousand), which is KD 214,611 thousand lower (2024: KD 203,979 thousand lower) than the provision of KD 350,809 thousand (2024: KD 353,188 thousand) for credit losses under CBK Instructions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

11. LOANS AND ADVANCES (continued)

An analysis of the Gross amounts of Credit Facilities, and the corresponding Expected Credit Losses (ECL) based on the staging criteria under IFRS 9 in accordance with CBK guidelines are given below.

	Neither Past Due Nor Impaired			Past Due Including Individually Impaired	Total
	High Grade	Standard Grade	Acceptable Grade		
2025	KD 000	KD 000	KD 000	KD 000	KD 000
Corporate					
Stage 1	3,339,680	438,824	390	5,126	3,784,020
Stage 2	62,278	19,694	54,267	35,392	171,631
Stage 3	-	-	-	47,674	47,674
Retail					
Stage 1	720,076	98,341	-	33,973	852,390
Stage 2	417	684	358	17,201	18,660
Stage 3	-	-	-	14,766	14,766
	4,122,451	557,543	55,015	154,132	4,889,141
Commitments and contingent liabilities (refer to Note 28)	1,772,432	187,343	300	35,350	1,995,425
Gross credit facilities	5,894,883	744,886	55,315	189,482	6,884,566
ECL on Cash Facilities					
Corporate					
Stage 1	9,764	5,794	-	22	15,580
Stage 2	1,561	1,697	9,806	3,046	16,110
Stage 3	-	-	-	31,004	31,004
Retail					
Stage 1	17,127	1,570	-	685	19,382
Stage 2	-	33	45	1,311	1,389
Stage 3	-	-	-	14,583	14,583
ECL on non-cash facilities	3,578	3,543	61	30,968	38,150
Total ECL	32,030	12,637	9,912	81,619	136,198

	Neither Past Due Nor Impaired			Past Due Including Individually Impaired	Total
	High Grade	Standard Grade	Acceptable Grade		
2024	KD 000	KD 000	KD 000	KD 000	KD 000
Corporate					
Stage 1	3,536,044	527,292	-	3,259	4,066,595
Stage 2	70,888	16,398	125,687	8,246	221,219
Stage 3	-	-	-	47,793	47,793
Retail					
Stage 1	690,531	82,481	-	19,715	792,727
Stage 2	-	26	1,226	15,620	16,872
Stage 3	-	-	-	12,630	12,630
	4,297,463	626,197	126,913	107,263	5,157,836
Commitments and contingent liabilities (refer to Note 28)	1,872,446	98,024	28,019	13,395	2,011,884
Gross credit facilities	6,169,909	724,221	154,932	120,658	7,169,720
ECL on Cash Facilities					
Corporate					
Stage 1	9,792	8,577	-	8	18,377
Stage 2	3,197	2,381	27,607	355	33,540
Stage 3	-	-	-	41,380	41,380
Retail					
Stage 1	15,622	1,345	-	988	17,955
Stage 2	-	2	173	1,486	1,661
Stage 3	-	-	-	12,447	12,447
ECL on non-cash facilities	6,993	503	3,804	12,549	23,849
Total ECL	35,604	12,808	31,584	69,213	149,209

The expected credit losses and movement for the year is as follows:

	Stage 1	Stage 2	Stage 3	Total
	KD 000	KD 000	KD 000	KD 000
2025				
Opening balance of ECL as at 1 January	40,809	42,024	66,376	149,209
Net ECL movement for the year	(1,874)	(21,262)	57,126	33,990
Net amounts written off during the year	-	-	(47,001)	(47,001)
Closing Balance of ECL 31 December	38,935	20,762	76,501	136,198
2024				
Opening balance of ECL as at 1 January	38,722	37,087	58,297	134,106
Net ECL movement for the year	2,087	4,937	35,737	42,761
Net amounts written off during the year	-	-	(27,658)	(27,658)
Closing Balance of ECL 31 December	40,809	42,024	66,376	149,209

The Bank noticed non-material cases of curing related to consumer lending during the year, the impact of which is captured in the ECL movement for the year. The ECL movement pertaining to corporate cured accounts amounted to KD 7,442 thousand with an ECL impact of KD 606 thousand (2024: KD 266 thousand with an impact of ECL KD 23 thousand). Further, foreign currency translation had an insignificant impact on overall ECL movement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

12. INVESTMENT SECURITIES

	2025	2024
	KD 000	KD 000
Classified as at:		
Fair value through other comprehensive income (FVOCI)	781,346	800,108
Amortised cost (AC)	297,668	306,045
Fair value through profit or loss (FVTPL)	21,248	13,388
	1,100,262	1,119,541
Expected credit losses (ECL)	(112)	(306)
	1,100,150	1,119,235

As of 31 December 2025, investments securities include debt securities amounting to KD 460,962 thousand (2024: KD 573,464 thousand) provided as collateral under repurchase agreements.

Valuation of Investments carried at fair value is determined as follows:

	Valuation Techniques and Key Inputs	FVTPL		FVOCI	
		2025	2024	2025	2024
		KD 000	KD 000	KD 000	KD 000
Level 1:					
<i>Equity</i>	Quoted bid price	-	-	19,679	11,058
<i>Debt securities</i>					
- Government	Quoted bid price	-	-	396,615	443,393
- Non-Government	Quoted bid price	-	-	138,121	285,160
Level 2:					
<i>Debt securities</i>					
- Government	External quote	-	-	188,384	16,478
- Non-Government	External quote	-	-	3,050	2,350
<i>Managed funds</i>	Net asset value basis	18,631	11,105	-	-
Level 3:					
<i>Debt Securities</i>					
- Non-Government	Discounted cash flows	2,617	2,283	8,873	13,054
<i>Equity</i>	Discounted cash flows/ Dividend discount model/ Market multiples	-	-	26,624	28,615
		21,248	13,388	781,346	800,108

Fair values of financial instruments that are carried at amortised cost are not materially different from their carrying values.

Movement in level 3 of investment securities is summarised as below:

	2025	2024
	KD 000	KD 000
Opening balance as at 1 January	43,952	31,836
Net (disposal) addition	(6,205)	9,719
Change in fair value	367	2,397
Closing balance as at 31 December	38,114	43,952

Investment securities classified under level 3 have cash flows, observable market information of comparable companies, discount rates and estimated maintainable dividend as their significant inputs where a change in these variables will result in change in fair value.

The impact on the consolidated statement of financial position or the consolidated statement of changes in equity would be immaterial if the relevant risk variables used to fair value the securities classified under level 3 were altered by 5 per cent.

There were no material changes in the valuation techniques used for the purpose of measuring fair value of investment securities as compared to the previous year.

Impairment Losses on Investment Securities Subject to Impairment Assessment

Investments in debt securities classified as FVOCI and AC are subject to expected credit losses. As at the reporting date, the Group had debt securities amounting to KD 1,032,711 thousand (2024: KD 1,062,146 thousand), classified under stage 1 and debt securities amounting to KD Nil (2024: KD 4,334 thousand) classified under stage 2. There are no debt securities classified under stage 3.

During the year there has been transfer of debt securities amounting to KD 4,334 thousands from stage 2 to stage 1 (2024: Nil).

13. INVESTMENT IN AN ASSOCIATE

The Bank holds 40 per cent equity interest in Credit One Kuwait Holding Company K.S.C. ("Credit One"), an unquoted holding company incorporated in Kuwait engaged in providing credit facilities to customers on instalment sale of goods and services and leasing of motor vehicles through its subsidiaries.

Summarised financial information is as follows:

	2025	2024
	KD 000	KD 000
Current assets	74,725	71,705
Non-current assets	112,376	101,859
Current liabilities	80,037	75,878
Non-current liabilities	15,076	11,218
Equity	88,704	83,584
Investment in an associate	35,482	33,434
Revenue	33,789	30,364
Net profit	9,120	9,115
Share of results from an associate	3,648	3,646

The dividend received from Credit One amounted to KD 1,601 thousand (2024: KD 1,440 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

14. INTANGIBLE ASSETS

	Banking License	Core Deposits	Total
	KD 000	KD 000	KD 000
At 1 January 2025	4,985	386	5,371
Amortisation charge for the year	-	(133)	(133)
Exchange adjustment	194	10	204
Net carrying amount as at 31 December 2025	5,179	263	5,442
At 1 January 2024	8,021	834	8,855
Amortisation charge for the year	-	(155)	(155)
Exchange adjustment	(3,036)	(293)	(3,329)
Net carrying amount as at 31 December 2024	4,985	386	5,371

Intangible assets of the Group are allocated to ABK- Egypt. Banking license represents intangible asset with indefinite useful life and is annually tested for impairment by estimating the recoverable amount of ABK- Egypt using value-in-use ("VIU") calculations. The Group's VIU calculations are based on approved cash flow projections considering market conditions in Egypt and market position of ABK-Egypt. The cash flow projections have been discounted at 27 per cent (2024: 30 per cent) with a terminal growth rate of 6 per cent (2024: 8 per cent). Based on such analysis, there are no indications that intangible assets are impaired.

Core deposits represents intangible asset with finite life and is amortized on a straight-line basis over its useful life of 12 years.

15. OTHER ASSETS

	2025	2024
	KD 000	KD 000
Interest receivable	45,417	50,543
Properties acquired in settlement of debts	40,723	42,731
Others	54,040	55,998
	140,180	149,272

The fair values of properties acquired in settlement of debts are not materially different from their carrying values.

16. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025	2024
	KD 000	KD 000
Due to banks	928,704	1,373,084
Due to other financial institutions	179,157	141,162
	1,107,861	1,514,246

17. CUSTOMERS' DEPOSITS

	2025	2024
	KD 000	KD 000
Sight deposits	1,525,759	1,399,782
Time deposits	2,545,938	3,008,536
	4,071,697	4,408,318

18. CERTIFICATES OF DEPOSIT

The Bank has established a Certificate of Deposit (CD) programme under which the outstanding principal amount will not exceed USD 500 million (or its equivalent in other currencies). The CDs are issued either at a discount to their face value or can bear interest at a fixed or floating rate and can be of tenures from 1 to 364 days.

As at 31 December 2025, the bank has outstanding CDs issued in tranches with a total face value of USD 500 million at a discount with original maturities ranging from 3 months to 9 months.

19. OTHER BORROWED FUNDS

	2025	2024
	KD 000	KD 000
Syndicated borrowings (1)	503,324	439,043
Subordinated bonds – 2032 (2)	49,822	49,722
Subordinated bonds – 2033 (3)	49,796	49,698
Subordinated bonds – 2035 (4)	29,830	-
	632,772	538,463

- All syndicated borrowings are unsecured with a tenor of 3 years.
- During 2021 the Bank issued Subordinated Tier 2 bonds equivalent of KD 50 million, on 10 October 2021 with a tenor of up to 11 years, comprising equal tranches of fixed rate bonds and floating rate bonds. Fixed rate bonds carry a coupon rate of 4% per annum for the first six years and reset on the sixth-year anniversary of the date of issuance. Floating rate bonds carry a coupon rate of the prevailing Central Bank of Kuwait discount rate plus 2.25% per annum margin, subject to a maximum of 1% over the prevailing rate for the fixed rate bonds. The rates are reset semi-annually. These bonds are unsecured and callable in whole or in part at the option of the Bank after six years from the date of issuance, subject to certain conditions and regulatory approvals.
- During 2023, the Bank issued Subordinated Tier 2 bonds equivalent of KD 50 million, on 29 November 2023 with a tenor of up to 10 years, comprising equal tranches of fixed rate bonds and floating rate bonds. Fixed rate bonds carry a coupon rate of 6.25% per annum for the first five years and reset on the fifth-year anniversary of the date of issuance. Floating rate bonds carry a coupon rate of the prevailing Central Bank of Kuwait discount rate plus 2.25% per annum margin, subject to a maximum of 1% over the prevailing rate for the fixed rate bonds. The rates are reset semi-annually. These bonds are unsecured and callable in whole or in part at the option of the Bank after five years from the date of issuance, subject to certain conditions and regulatory approvals.
- During 2025, the Bank issued Subordinated Tier 2 bonds equivalent of KD 30 million, on 08 December 2025 with a tenor of up to 10 years, comprising equal tranches of fixed rate bonds and floating rate bonds. Fixed rate bonds carry a coupon rate of 5.75% per annum for the first five years and reset on the fifth-year anniversary of the date of issuance. Floating rate bonds carry a coupon rate of the prevailing Central Bank of Kuwait discount rate plus 2.25% per annum margin, subject to a maximum of 1% over the prevailing rate for the fixed rate bonds. The rates are reset semi-annually. These bonds are unsecured and callable in whole or in part at the option of the Bank after five years from the date of issuance, subject to certain conditions and regulatory approvals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

20. OTHER LIABILITIES

	2025	2024
	KD 000	KD 000
Interest payable	47,125	57,644
Staff related accruals	26,603	25,325
Accrued expenses and payables	41,125	31,758
Provisions on non-cash facilities	27,358	24,398
Provision for KFAS	538	448
Others	44,058	51,992
	186,807	191,565

21. EQUITY

- a. The authorised, issued and fully paid share capital comprises of 2,617,762,008 shares (2024: 2,493,106,675 shares) of 100 fils each.

The shareholders at the Annual General Meeting held on 16 April 2025 approved distribution of 5% bonus shares (31 December 2023: 5%) and cash dividend of 10 fils per share (31 December 2023: 9 fils per share) for the year ended 31 December 2024. Accordingly, the authorised, issued and fully paid up capital of the Bank was increased from KD 249,311 thousand to KD 261,776 thousand. The increase in authorised capital has been approved by the Ministry of Commerce and Industry.

- b. The balance in the share premium account is not available for distribution.

- c. As required by the Companies Law, 10 per cent of the profit for the year attributable to the shareholders' of the Bank before directors' fees and contribution to Kuwait Foundation for the Advancement of Sciences is required to be transferred to the statutory reserve until the reserve reaches 50% of the paid up share capital.

Distribution of this reserve is limited to the amount required to enable the payment of a dividend of 5 per cent of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

- d. The articles of association of the Bank require that an amount of not less than 10 per cent of the profit attributable to the shareholders' of the Bank for the year be transferred annually to a voluntary reserve. The transfer is before directors' fees and contribution to Kuwait Foundation for the Advancement of Sciences. This reserve, over and above the cost of treasury shares is available for distribution. Transfer to this reserve is discretionary and subject to approval of the shareholders at the annual general meeting. The annual general meeting of the shareholders for the year 2022 had approved the discontinuance of transfer to voluntary reserve.

- e. Treasury shares and Treasury share reserve:

	2025	2024
Number of shares held	16,923,674	16,117,152
Percentage of shares held	0.65%	0.65%
Market value (KD 000)	4,959	4,190
Weighted average market value per share (fils)	289	266

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 voluntary reserve throughout the holding period of these treasury shares.

- f. The directors have proposed a cash dividend of 10 fils per share (31 December 2024: 10 fils per share) and bonus shares of 5% (31 December 2024: 5%) for the year ended 31 December 2025, subject to the approval of the shareholders at the annual general meeting.

- g. Movement in other reserves is as below:

	Property Revaluation Reserve	Foreign Currency Translation Reserve	Employee Benefit Plan Reserve	Total Other Reserves
	KD 000	KD 000	KD 000	KD 000
At 1 January 2024	9,577	(43,534)	91	(33,866)
Other comprehensive gain (loss) for the year	1,120	(23,152)	393	(21,639)
As at 31 December 2024	10,697	(66,686)	484	(55,505)
Other comprehensive gain for the year	388	2,843	(166)	3,065
As at 31 December 2025	11,085	(63,843)	318	(52,440)

- h. Perpetual Tier 1 Capital Securities:

The Bank on 12 September 2024 issued Basel III compliant Perpetual Tier 1 Capital Securities (the "Securities"), amounting to USD 300 million (KD 91,560 thousand) and is classified as equity. The Securities are perpetual, subordinated, unsecured and redeemable at the option of the Bank at or after first call date of 12 September 2029. The Securities carry a coupon of 6.5% per annum till first call date and thereafter will be reset at five years interval. Interest will be payable semi-annually in arrears and will be treated as a deduction from equity.

22. INTEREST INCOME

	2025	2024
	KD 000	KD 000
Balances with banks	49,356	44,944
Debt securities	77,112	75,054
Loans and advances	366,799	357,778
	493,267	477,776

23. INTEREST EXPENSE

	2025	2024
	KD 000	KD 000
Due to banks and other financial institutions	60,833	74,865
Customers' deposits:		
- Sight deposits	73,369	59,712
- Time deposits	164,184	164,770
Other borrowed funds	35,379	34,249
	333,765	333,596

24. NET FEES AND COMMISSION INCOME

	2025	2024
	KD 000	KD 000
Fees and commission income	55,186	52,366
Fees and commission expense	(17,204)	(15,262)
	37,982	37,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

25. PROVISION / IMPAIRMENT LOSSES

	2025	2024
	KD 000	KD 000
Provision charge for credit losses on cash and non-cash credit facilities	44,362	41,697
Expected credit losses release on other financial assets	(425)	(36)
Impairment on property acquired in settlement of debt	2,360	1,000
	46,297	42,661

26. TAXATION

The taxation amount during the year, represents contribution to Kuwait Foundation for the Advancement of Sciences amounting to KD 538 thousand (2024: KD 448 thousand) and tax on overseas locations amounting to KD 13,735 thousand (2024: KD 10,309 thousand).

On 31 December 2024, the State of Kuwait issued Law Number 157 of 2024 (the Law) introducing Domestic Minimum Top-up Tax (DMTT) effective from 1 January 2025 on entities which are part of Multi National Entities (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 in each of the jurisdictions it operates in. 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. The taxable income and effective tax rate shall be computed in accordance with the Executive Regulations, which was issued on 30 June 2025.

The Group has completed its registration under the MNE Group Tax Law and the management has assessed the applicability of the DMTT law to the Group as of the reporting date and has concluded that the Group should be eligible for tax relief for the current year in accordance with the provision of the Law where the tax liability should be zero.

This relief is subject to annual reassessment with the tax relief available for a maximum period of five years.

27. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK

Basic and diluted earnings per share are computed by dividing the adjusted net profit/ (loss) for the year attributable to shareholders' of the Bank by the weighted average number of shares outstanding during the year net of treasury shares.

	2025	2024
Profit for the year attributable to shareholders of the Bank (KD 000)	62,591	52,414
Less: Interest payment on Perpetual Tier 1 Capital Securities (KD 000)	(5,981)	-
Adjusted profit for the year attributable to shareholders of the Bank (KD 000)	56,610	52,414
Weighted average number of the Bank's issued and paid-up shares (000)	2,617,762	2,617,762
Less: Weighted average number of treasury shares (000)	(16,924)	(16,924)
Weighted average number of shares outstanding during the year (000)	2,600,838	2,600,838
Basic and diluted earnings per share attributable to shareholders of the Bank	22 fils	20 fils

For computation of earnings per share, the weighted average number of the outstanding shares for 2025 and 2024 have been adjusted for bonus shares issued for 2024 which was approved by the shareholders in the Annual General Assembly Meeting held on 16 April 2025.

28. COMMITMENTS AND CONTINGENT LIABILITIES

	2025	2024
	KD 000	KD 000
Acceptances	59,789	110,234
Letters of credit	191,777	235,749
Guarantees	891,407	860,031
	1,142,973	1,206,014

The above balances represent the irrevocable contractual amounts of the Group's off-balance sheet financial instruments that commit the Group to make payments on behalf of the customers in the event of a specific act. The contractual amounts represent the credit risk, assuming that the amounts are fully advanced and that any collateral or other security is of no value. The total contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments may expire or terminate without being funded and/or are cancellable at the discretion of the Bank. Total commitments to extend credit at the statement of financial position date amounted to KD 852,452 thousand (2024: KD 805,870 thousand).

An analysis of the gross amounts of commitments and contingent liabilities, based on the staging criteria under IFRS 9 in accordance with CBK guidelines are given below.

	Stage 1	Stage 2	Stage 3	Total
	KD 000	KD 000	KD 000	KD 000
2025				
Contingent liabilities	1,075,887	34,131	32,955	1,142,973
Commitments	848,659	3,793	-	852,452
Total	1,924,546	37,924	32,955	1,995,425

	Stage 1	Stage 2	Stage 3	Total
	KD 000	KD 000	KD 000	KD 000
2024				
Contingent liabilities	1,153,525	39,094	13,395	1,206,014
Commitments	794,696	11,174	-	805,870
Total	1,948,221	50,268	13,395	2,011,884

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

29. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of its business the Group utilises derivative financial instruments to manage its exposure to fluctuations in interest and foreign exchange rates. Interest rate swaps used to hedge the change in fair value of the Group’s financial assets and liabilities which qualify as effective hedging instruments are classified 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 back-to-back transactions with counter parties. Derivative transactions result, to varying degrees, in credit as well as market risks.

The Group’s measure of derivative related credit risk is the cost of replacing contracts at current market rates should the counter party default on or prior to the settlement date and is limited to the positive fair value of instruments that are favourable to the Group.

Market risk arises as interest and foreign exchange rates fluctuate affecting the value of a contract. For risk management purposes and to control these activities, the Group has established appropriate procedures and limits approved by the Board of Directors.

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their contractual amounts. The contractual amount, recorded gross, is the amount of a derivative’s underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The contractual amounts represent the volume of transactions outstanding at the year end and are not indicative of the credit or market risk.

	2025			2024		
	KD 000			KD 000		
	Assets	Liabilities	Contractual Amounts	Assets	Liabilities	Contractual Amounts
Forward foreign exchange contracts	759	532	286,095	1,039	4,909	689,856
Interest rate swaps (held as fair value hedges)	838	3,915	188,198	3,749	965	293,280
Interest rate swaps (others)	213	171	23,009	-	-	-
	1,810	4,618	497,302	4,788	5,874	983,136

All derivative contracts are fair valued based on observable market inputs and are classified as level 2.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are contractual agreements to buy, sell or exchange a specified financial instrument at a specific price and date in the future. Forwards are customized contracts transacted on the over the counter market and are settled on a gross basis.

Swaps

Interest rate swaps relate to contracts taken out by the Bank with other counterparties in which the Bank either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest.

