The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

30 June 2026
(Unaudited)

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

RSM

RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000
F +965 22412761
www.rsm.global/kuwait

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF COMMERCIAL BANK OF KUWAIT K.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Bank of Kuwait K.P.S.C. ("the Bank") and its subsidiary (together called "the Group") as of 30 June 2026 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared in all material respects in accordance with the basis of presentation set out in Note 2.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its executive regulations, as amended, or of the Memorandum of Incorporation and Articles of Association of the Bank as amended, during the six-month period ended 30 June 2026 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 review and to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business, and its related regulations during the six-month period ended 30 June 2026 that might have had a material effect on the business of the Bank or on its financial position.

Bader A. Al-Wazzan
License No. 62A
Deloitte & Touche - Al-Wazzan & Co.

Dr Shuaib A. Shuaib
License No. 33A
RSM Albazie & Co.

28 July 2026

Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026 (Unaudited)

	Note	**30 June 2026 KD 000's**	*(Audited)* 31 December 2025 KD 000's	30 June 2025 KD 000's
ASSETS				
Cash and short term funds	4	**646,556**	672,278	764,598
Treasury and Central Bank bonds		**134,199**	182,579	114,155
Due from banks and other financial institutions	5	**546,587**	598,121	451,551
Loans and advances	6	**2,969,040**	2,973,935	2,791,880
Investment securities	7	**765,897**	760,381	572,256
Premises and equipment		**23,933**	22,989	21,785
Intangible assets		**3,506**	3,506	3,506
Other assets		**151,293**	149,317	139,313
TOTAL ASSETS		**5,241,011**	5,363,106	4,859,044
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		**202,384**	364,210	296,719
Due to other financial institutions		**64,200**	72,990	146,490
Customer deposits		**2,563,935**	2,610,884	2,501,244
Certificates of deposit		**300,484**	226,232	-
Other borrowed funds	8	**1,021,264**	1,039,148	934,912
Other liabilities		**283,941**	265,138	244,159
TOTAL LIABILITIES		**4,436,208**	4,578,602	4,123,524
EQUITY				
Equity attributable to shareholders of the Bank				
Share capital		219,127	219,127	219,127
Treasury shares		**(98,890)**	(98,890)	(98,890)
Reserves		**292,839**	285,524	273,682
Retained earnings		**367,681**	329,076	317,620
		780,757	734,837	711,539
Proposed dividend		**23,679**	49,332	23,679
		804,436	784,169	735,218
Non-controlling interests		**367**	335	302
TOTAL EQUITY		**804,803**	784,504	735,520
TOTAL LIABILITIES AND EQUITY		**5,241,011**	5,363,106	4,859,044

Sheikh Ahmad Duaij Jaber Al Sabah
Chairman

Ahmad Khaled Al-Khudhur
Acting CEO

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
Period ended 30 June 2026 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2026	2025	**2026**	2025
		KD 000's	KD 000's	**KD 000's**	KD 000's
Interest income		**62,628**	61,186	**124,792**	119,299
Interest expense		**(31,429)**	(30,392)	**(63,580)**	(59,314)
NET INTEREST INCOME		**31,199**	30,794	**61,212**	59,985
Fees and commissions		**13,864**	12,573	**26,871**	24,292
Net gain from dealing in foreign currencies		**1,891**	2,117	**4,143**	3,825
Net gain from investment securities		**-**	14	**7**	15
Dividend income		**60**	2,361	**1,006**	2,361
Other operating income		**429**	627	**575**	903
OPERATING INCOME		**47,443**	48,486	**93,814**	91,381
Staff expenses		**(8,470)**	(9,081)	**(17,799)**	(18,671)
General and administrative expenses		**(7,884)**	(6,104)	**(14,693)**	(11,930)
Depreciation and amortisation		**(370)**	(438)	**(429)**	(524)
OPERATING EXPENSES		**(16,724)**	(15,623)	**(32,921)**	(31,125)
OPERATING PROFIT BEFORE PROVISIONS		**30,719**	32,863	**60,893**	60,256
Net reversal of impairment and other provisions	9	**9,593**	981	**5,113**	2,957
PROFIT BEFORE TAXATION AND CONTRIBUTIONS		**40,312**	33,844	**66,006**	63,213
Taxation and contributions		**(2,022)**	(1,489)	**(3,693)**	(2,827)
NET PROFIT FOR THE PERIOD		**38,290**	32,355	**62,313**	60,386
Attributable to:					
Shareholders of the Bank		**38,271**	32,344	**62,284**	60,363
Non-controlling interests		**19**	11	**29**	23
		38,290	32,355	**62,313**	60,386
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	10	**19.4**	16.4	**31.6**	30.6

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 30 June 2026 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2026 **KD 000's**	2025 KD 000's	**2026** **KD 000's**	2025 KD 000's
Net profit for the period	**38,290**	32,355	**62,313**	60,386
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to interim condensed consolidated statement of income				
Equity securities classified as fair value through other comprehensive income:				
Net changes in fair value	**3,696**	1,713	**7,875**	2,393
Property revaluation loss	**-**	(460)	**-**	(460)
Items that are or may be reclassified subsequently to interim condensed consolidated statement of income				
Debt securities classified as fair value through other comprehensive income:				
Net changes in fair value	**5,755**	(156)	**(557)**	(770)
	9,451	1,097	**7,318**	1,163
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**47,741**	33,452	**69,631**	61,549
Attributable to:				
Shareholders of the Bank	**47,712**	33,442	**69,599**	61,526
Non-controlling interests	**29**	10	**32**	23
	47,741	33,452	**69,631**	61,549

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 30 June 2026 (Unaudited)

	KD 000's														
	Attributable to shareholders of the Bank														
				Reserves											
	Share Capital	Proposed Bonus Shares	Treasury Shares	Share Premium	Statutory Reserve	General Reserve	Treasury Shares Reserve	Property Revaluation Reserve	Investment Valuation Reserve	Total Reserves	Retained Earnings	Proposed Dividend	Total	Non-controlling Interests	Total
Balance at 1 January 2025	199,206	19,921	(98,890)	66,791	115,977	17,927	49	24,100	54,450	279,294	274,161	71,755	745,447	279	745,726
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(460)	1,623	1,163	60,363	-	61,526	23	61,549
Transfer of revaluation surplus on disposal	-	-		-	-	-	-	(6,775)	-	(6,775)	6,775	-	-	-	-
Dividend paid	19,921	(19,921)	-	-	-	-	-	-	-	-	-	(71,755)	(71,755)	-	(71,755)
Proposed dividend	-	-	-	-	-	-	-	-	-	-	(23,679)	23,679	-	-	-
Balance at 30 June 2025	219,127	-	(98,890)	66,791	115,977	17,927	49	16,865	56,073	273,682	317,620	23,679	735,218	302	735,520
Balance at 1 January 2026	**219,127**	**-**	**(98,890)**	**66,791**	**115,977**	**17,927**	**49**	**18,921**	**65,859**	**285,524**	**329,076**	**49,332**	**784,169**	**335**	**784,504**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,315**	**7,315**	**62,284**	**-**	**69,599**	**32**	**69,631**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(49,332)**	**(49,332)**	**-**	**(49,332)**
Proposed dividend	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(23,679)**	**23,679**	**-**	**-**	**-**
Balance at 30 June 2026	**219,127**	**-**	**(98,890)**	**66,791**	**115,977**	**17,927**	**49**	**18,921**	**73,174**	**292,839**	**367,681**	**23,679**	**804,436**	**367**	**804,803**

Annual General Assembly of the shareholders held on 11 March 2026 approved to distribute final cash dividend of 25 fils per share (2024: 40 fils) and nil bonus shares (2024: 10 bonus shares for every 100 shares held) for the year ended 31 December 2025.

The Board of Directors in their meeting held on 9 July 2026, recommends distribution of 12 fils per share of interim cash dividend (2025: 12 fils per share), to the registered shareholders, subject to regulatory approvals.

Investment valuation reserve includes a loss of KD 5,526 thousand (31 December 2025: KD 5,481 thousand and 30 June 2025: KD 5,480 thousand) arising from foreign currency translation of the Bank's investment in a foreign associate.

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Period ended 30 June 2026 (Unaudited)

	Note	Six months ended 30 June 2026 KD 000's	Six months ended 30 June 2025 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and contributions		**66,006**	63,213
Adjustments for:			
Net reversal of impairment and other provisions	9	**(5,113)**	(2,957)
Income from investment securities		**(1,013)**	(2,376)
Foreign exchange gain on investment securities		**(5,355)**	(4,516)
Depreciation and amortisation		**429**	524
Cash flow before changes in operating assets and liabilities		**54,954**	53,888
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		**48,380**	(27,694)
Due from banks and other financial institutions		**51,588**	(223,965)
Loans and advances		**20,452**	18,790
Other assets		**(986)**	(66,578)
Due to banks		**(161,826)**	52,313
Due to other financial institutions		**(8,790)**	(29,849)
Customer deposits		**(46,949)**	11,481
Certificates of deposit		**74,252**	-
Other liabilities		**8,431**	(22,531)
Net cash from (used in) operating activities		**39,506**	(234,145)
INVESTING ACTIVITIES			
Proceeds from sale/maturity of investment securities		**50,495**	60,364
Acquisition of investment securities		**(49,278)**	(199,102)
Dividend income from investment securities		**1,006**	2,361
Proceeds from disposal of premises and equipment		**9**	7,754
Acquisition of premises and equipment		**(247)**	(677)
Net cash from (used in) investing activities		**1,985**	(129,300)
FINANCING ACTIVITIES			
Other borrowed funds		**(17,884)**	174,952
Dividends paid		**(49,332)**	(71,755)
Net cash (used in) from financing activities		**(67,216)**	103,197
Net decrease in cash and short term funds		**(25,725)**	(260,248)
Cash and short term funds at 1 January		**672,321**	1,024,865
Cash and short term funds at 30 June	4	**646,596**	764,617

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The Commercial Bank of Kuwait K.P.S.C ("the Bank") is a public shareholding company incorporated in the State of Kuwait and is registered as a Bank with the Central Bank of Kuwait ("CBK") and listed on the Boursa Kuwait. The address of the Bank's registered office is P.O. Box 2861, 13029 Safat, State of Kuwait.

The Bank and its subsidiary are together referred to as ("the Group") in this interim condensed consolidated financial information.

The shareholders' annual ordinary general assembly meeting held on 11 March 2026 approved the audited consolidated financial statements of the Group for the year ended 31 December 2025.

The interim condensed consolidated financial information of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 9 July 2026.

The principal activities of the Group are explained in note 13.

2 MATERIAL ACCOUNTING POLICIES

a) The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' except for point (b) below. The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2025.

b) The interim condensed consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations, require banks and other financial institutions regulated by CBK to adopt the IFRS - Accounting Standards with the following amendments:

i) Expected credit loss ("ECL") on credit facilities to be measured at the higher of ECL computed under IFRS 9 - Financial Instruments ("IFRS") in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures;

The above framework is hereinafter referred to as 'IFRS as adopted by CBK for use by the State of Kuwait'.

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with IFRS - Accounting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2025. In the opinion of the Group's management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

New standards, interpretations and amendments adopted by the Group

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

New standards or amendments to existing standards which are effective for annual accounting period starting from 1 January 2026 did not have any material impact on financial position or performance of the Group.

3 SUBSIDIARY

			% of ownership		
Name of entity	**Country of incorporation**	**Principal activities**	**30 June 2026**	*(Audited)* 31 December 2025	30 June 2025
Al-Tijari Financial Brokerage Company K.S.C. (Closed)	Kuwait	Brokerage Services	**98.16**	98.16	98.16

4 CASH AND SHORT TERM FUNDS

	30 June 2026 KD 000's	*(Audited)* 31 December 2025 KD 000's	30 June 2025 KD 000's
Cash and cash items	**41,216**	38,533	84,574
Balances with the CBK	**239,984**	238,061	280,389
Deposits with banks maturing within seven days	**365,396**	395,727	399,654
	646,596	672,321	764,617
Less : Provision for impairment (ECL)	**(40)**	(43)	(19)
	646,556	672,278	764,598

Deposits with banks are classified as stage 1 at each reporting period. During the period, there were no movement between stages.

5 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2026 KD 000's	*(Audited)* 31 December 2025 KD 000's	30 June 2025 KD 000's
Placements with banks	**334,039**	435,002	338,788
Less: Provision for impairment (ECL)	**(343)**	(393)	(60)
	333,696	434,609	338,728
Loans and advances to banks	**214,730**	165,164	114,309
Less: Provision for impairment	**(1,839)**	(1,652)	(1,486)
	212,891	163,512	112,823
	546,587	598,121	451,551

Due from banks and other financial institution are classified as stage 1 at each reporting period. During the period, there were no movement between stages.

6 LOANS AND ADVANCES

	30 June 2026 KD 000's	*(Audited)* 31 December 2025 KD 000's	30 June 2025 KD 000's
Loans and advances	**3,166,426**	3,175,864	2,991,858
Less: Provision for impairment	**(197,386)**	(201,929)	(199,978)
	2,969,040	2,973,935	2,791,880

Provision for expected credit losses (ECL) on credit facilities are the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines and the provision required by the CBK rules on classification of credit facilities.

The available provision on non-cash facilities of KD 39,076 thousand (31 December 2025: KD 42,518 thousand and 30 June 2025: KD 43,250 thousand) is included under other liabilities. The total provision for cash and non cash credit facilities in accordance with CBK rules is amounted to KD 236,462 thousand as at 30 June 2026 (31 December 2025: KD 244,447 and 30 June 2025: KD 243,228 thousand)

The ECL on credit facilities (cash and non cash) determined under IFRS 9 in accordance with the CBK guidelines amounted to KD 121,156 thousand as at 30 June 2026 (31 December 2025: KD 139,120 thousand and 30 June 2025: KD 136,685 thousand).

The provision required under CBK rules on classification of credit facilities is higher than ECL under CBK guidelines for IFRS 9.

An analysis of the gross amounts of credit facilities, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance with CBK guidelines are as follows:

	30 June 2026			
	KD 000's			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Superior	**724,951**	**8,333**	**-**	**733,284**
Good	**1,456,892**	**43,530**	**-**	**1,500,422**
Standard	**734,004**	**72,369**	**-**	**806,373**
Past due but not impaired	**76,725**	**33,877**	**-**	**110,602**
Impaired	**-**	**-**	**15,745**	**15,745**
Cash credit facilities	**2,992,572**	**158,109**	**15,745**	**3,166,426**
Non cash credit facilities	**3,247,887**	**243,961**	**30,877**	**3,522,725**
ECL provision for credit facilities	**41,135**	**35,640**	**44,381**	**121,156**

	31 December 2025 (Audited)			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	684,969	938	-	685,907
Good	1,435,156	57,245	-	1,492,401
Standard	727,859	173,980	-	901,839
Past due but not impaired	64,821	11,609	-	76,430
Impaired	-	-	19,287	19,287
Cash credit facilities	2,912,805	243,772	19,287	3,175,864
Non cash credit facilities	3,145,729	315,876	34,168	3,495,773
ECL provision for credit facilities	41,929	45,850	51,341	139,120

	30 June 2025			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	657,875	4,365	-	662,240
Good	1,232,093	63,298	-	1,295,391
Standard	755,145	111,975	-	867,120
Past due but not impaired	76,211	73,765	35	150,011
Impaired	-	-	17,096	17,096
Cash credit facilities	2,721,324	253,403	17,131	2,991,858
Non cash credit facilities	2,800,009	141,117	35,756	2,976,882
ECL provision for credit facilities	41,622	44,473	50,590	136,685

Movement in ECL for Credit Facilities:	**30 June 2026**			
	KD 000's			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL 1 January 2026	**41,929**	**45,850**	**51,341**	**139,120**
Transfer to stage 1	**1,798**	**(336)**	**(1,462)**	**-**
Transfer to stage 2	**(1,179)**	**1,395**	**(216)**	**-**
Transfer to stage 3	**(94)**	**(409)**	**503**	**-**
Net (released) / charged	**(1,365)**	**(10,873)**	**7,915**	**(4,323)**
Written-off	**-**	**-**	**(13,696)**	**(13,696)**
Exchange difference	**46**	**13**	**(4)**	**55**
ECL 30 June 2026	**41,135**	**35,640**	**44,381**	**121,156**

	30 June 2025			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
ECL 1 January 2025	29,318	23,974	37,552	90,844
Transfer to stage 1	5,172	(5,172)	-	-
Transfer to stage 2	(226)	226	-	-
Transfer to stage 3	(83)	(333)	416	-
Net charged	7,444	25,778	99,648	132,870
Written-off	-	-	(87,026)	(87,026)
Exchange difference	(3)	-	-	(3)
ECL 30 June 2025	41,622	44,473	50,590	136,685

7 INVESTMENT SECURITIES

The Group designated certain debt securities as hedged items, to hedge the fair value changes arising from changes in market interest rates. Interest rate swap (IRS) is used as hedging instruments in which the Group pays fixed and receives floating interest rate.

Based on the matching of critical terms between the hedge items and the hedged instruments it was concluded that the hedges are effective.

The carrying value of debt securities designated as hedged item as at 30 June 2026 was KD 558,452 thousand (31 December 2025: KD 598,115 thousand and 30 June 2025 was KD 471,135 thousand). The net gain from the change in fair value of these securities resulting from changes in market interest rate (hedged risk) during the period was KD 6,362 thousand (30 June 2025: loss KD 4,096 thousand). The changes in the fair value related to hedged risk during the period was recognised in the interim condensed consolidated statement of income.

8 OTHER BORROWED FUNDS

	Effective interest rate	30 June 2026 KD 000's	*(Audited)* 31 December 2025 KD 000's	30 June 2025 KD 000's
Subordinated Tier 2 bonds	**CBK+3.00%**	**100,000**	**100,000**	100,000
Long term borrowings - Floating- (2023-2030)	**1.13% to 5.58%**	**921,264**	**939,148**	834,912
		1,021,264	**1,039,148**	934,912

The first tranche of Subordinated Tier 2 bonds was issued in September 2023 amounting to KD 50,000 thousand and second tranche in July 2024 amounting to KD 50,000 thousand with carrying an interest rate of 3% per annum over the CBK discount rate, subject to a floor of 5%. The bonds are unsecured and callable, in whole but not in part, at the option of the bank after 5 years from the date of issuance, subject to certain conditions and approval of CBK. The maturity dates of Subordinated Tier 2 bonds are 10 years from the issuance dates.

Long term borrowings include securities sold under agreements to repurchase amounting to KD 530,075 thousand (31 December 2025: KD 511,482 thousand and 30 June 2025: KD 266,827 thousand). The Group enters into collateralised borrowing transactions (repurchase agreements) in the ordinary course of its financing activities. Collateral is provided in the form of securities held within the investment securities portfolio. At 30 June 2026, the fair value of investment securities that had been pledged as collateral under repurchase agreements was KD 549,388 thousand (31 December 2025: KD 551,583 thousand and 30 June 2025: KD 300,929 thousand). The collateralised borrowing transactions are conducted under standardised terms that are usual and customary for such transactions.

9 NET REVERSAL OF IMPAIRMENT AND OTHER PROVISIONS

Net reversal of impairment and other provisions for the period ended 30 June 2026 amounted to KD 5,113 thousand (30 June 2025: KD 2,957 thousand) which mainly represent specific, general and other provisions against loans and advances and other financial assets after recoveries amounting to KD 24,890 thousand (30 June 2025: KD 81,522 thousand).

Impairment and other provisions includes release of ECL on financial assets other than loans and advances for the period ended 30 June 2026 amounting to KD 89 thousand (30 June 2025: KD 11 thousand).

10 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period attributable to shareholders of the Bank by the weighted average number of shares outstanding during the period.

	Three months ended 30 June		Six months ended 30 June	
	2026	2025	**2026**	2025
Net profit for the period attributable to shareholders of the Bank (KD 000's)	**38,271**	32,344	**62,284**	60,363
Weighted average of authorised and subscribed shares (numbers in 000's)	**2,191,262**	2,191,262	**2,191,262**	2,191,262
Less: Weighted average of treasury shares held (numbers in 000's)	**(217,989)**	(217,989)	**(217,989)**	(217,989)
	1,973,273	1,973,273	**1,973,273**	1,973,273
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	**19.4**	16.4	**31.6**	30.6

11 RELATED PARTY TRANSACTIONS

During the period, certain related parties (directors and officers of the Group, their families and companies of which they are principal owners) were customers of the Group in the ordinary course of business. The terms of these transactions are approved by the Group's management. The balances at the date of interim condensed consolidated financial position are as follows:

	30 June 2026			30 June 2025		
	Number of Directors/ Executives	**Number of Related Members**	**Amount in KD 000's**	Number of Directors/ Executives	Number of Related Members	Amount in KD 000's
Board of Directors						
Loans	**2**	**-**	**71**	2	-	76
Credit cards	**4**	**1**	**20**	4	1	22
Deposits	**11**	**4**	**1,590**	11	7	1,477
Contingent liabilities	**4**	**2**	**287**	4	2	269
Directors' remuneration	**11**	**-**	**294**	11	-	294
Executive Management						
Loans	**42**	**4**	**2,161**	33	5	1,529
Credit cards	**29**	**2**	**55**	29	2	48
Deposits	**59**	**48**	**6,964**	45	37	3,550
Contingent liabilities	**41**	**3**	**163**	36	3	131
Associates						
Deposits	**1**	**-**	**27,602**	1	-	13,501
Major Shareholders						
Deposits	**1**	**-**	**204**	1	-	126

Interest income and interest expense include KD 30 thousand (30 June 2025: KD 21 thousand) and KD 446 thousand (30 June 2025: KD 386 thousand) respectively on transactions with related parties.

The detail of compensation for key management personnel included in the interim condensed consolidated statement of income are as follows:

	Six months ended 30 June	
	2026	2025
	KD 000's	KD 000's
Salaries and other short-term benefits	**1,309**	1,280
Post employment benefits	**15**	13
End of service benefits	**135**	101

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, saving accounts without a specific maturity and variable rate financial instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities that are carried at amortised cost, are not materially different from their fair values as most of these financial assets and liabilities are of short term maturities or repriced immediately based on market movement in interest rates.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	30 June 2026 KD 000's			
	Level 1	**Level 2**	**Level 3**	**Total**
Debt securities	**676,505**	**10,947**	**-**	**687,452**
Equities and other securities	**51,683**	**26,762**	**-**	**78,445**
	728,188	**37,709**	**-**	**765,897**

	31 December 2025 (Audited) KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	690,104	10,813	-	700,917
Equities and other securities	34,002	25,462	-	59,464
	724,106	36,275	-	760,381

	30 June 2025 KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	507,573	10,572	-	518,145
Equities and other securities	31,578	22,533	-	54,111
	539,151	33,105	-	572,256

During the period ended 30 June 2026, 31 December 2025 and 30 June 2025, there were no transfers between level 1, level 2 and level 3.

13 SEGMENTAL ANALYSIS

The Group operates in banking, brokerage services and investment activities which are segmented between:

a) Corporate and Retail banking provides a full range of lending, deposit and related banking services to domestic and international corporate and individual customers.

b) Treasury and Investment banking comprises of money market, foreign exchange, treasury bonds, asset management and brokerage services.

Management monitors the operating results of these segments separately for the purpose of making decisions based on key performance indicators.

	KD 000's					
	Corporate and Retail Banking		Treasury and Investment Banking		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2026	2025	**2026**	2025	**2026**	2025
Net interest income	**45,580**	48,227	**15,632**	11,758	**61,212**	59,985
Net non interest income	**26,542**	23,867	**6,060**	7,529	**32,602**	31,396
Operating income	**72,122**	72,094	**21,692**	19,287	**93,814**	91,381
Impairment and other provisions	**18,702**	7,384	**(13,589)**	(4,427)	**5,113**	2,957
Net profit (loss) for the period	**71,286**	64,540	**(8,973)**	(4,154)	**62,313**	60,386
Assets	**3,159,236**	2,947,214	**2,081,775**	1,911,830	**5,241,011**	4,859,044
Liabilities	**1,910,386**	1,894,738	**2,525,822**	2,228,786	**4,436,208**	4,123,524

14 OFF BALANCE SHEET ITEMS

Financial instruments with contractual amounts

In the normal course of business, the Group makes commitments to extend credit to customers. The contracted amounts represent the credit risk assuming that the amounts are fully advanced and that any collateral is of no value. The total contractual amount of the commitment does not necessarily represent the future cash requirement as in many cases these contracts terminate without being funded.

(i) Financial instruments with contractual amounts representing credit risk

	30 June 2026 KD 000's	*(Audited)* 31 December 2025 KD 000's	30 June 2025 KD 000's
Acceptances	**204,994**	206,015	222,557
Letters of credit	**116,461**	94,392	135,097
Letters of guarantee	**2,042,795**	2,065,816	1,755,454
Undrawn lines of credit	**1,119,399**	1,087,032	820,524
	3,483,649	3,453,255	2,933,632

(ii) Financial instruments with contractual or notional amounts that are subject to credit risk

	KD 000's		
30 June 2026	**Positive Fair Value**	**Negative Fair Value**	**Notional Amount**
Forward foreign exchange contracts	**1,889**	**259**	**260,649**
Interest rate swaps (held as fair value hedges)	**3,469**	**349**	**551,913**
Interest rate swaps (others)	**25,267**	**22,882**	**443,610**
	30,625	**23,490**	**1,256,172**

31 December 2025 (Audited)	KD 000's Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	371	703	328,524
Interest rate swaps (held as fair value hedges)	400	3,422	586,429
Interest rate swaps (others)	24,444	22,551	482,419
	25,215	26,676	1,397,372

30 June 2025	KD 000's Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	825	2,389	357,506
Interest rate swaps (held as fair value hedges)	690	3,279	466,115
Interest rate swaps (others)	25,767	23,812	373,588
	27,282	29,480	1,197,209

The amount subject to credit risk is insignificant and is limited to the current replacement value of instruments, which is only a fraction of the contractual or notional amounts used to express the volumes outstanding.

15 SIGNIFICANT EVENT

Impact of Geopolitical escalation risk and related Uncertainty

Geopolitical events in the Middle East that commenced in late February 2026 have affected GCC countries, including Kuwait, resulting in regional disruptions such as airspace closures, flight cancellations, supply chain delays and heightened uncertainty. These developments continue to evolve and have created increased business and economic uncertainties.

In response to address the crisis, the CBK implemented various measures targeted at reinforcing the banking sector's ability to play a vital role in the economy, including but not limited to the expansion of lending capacity, strengthening financing capabilities and in the provision of liquidity to impacted customers. Some of the important measures are given below:

a. Reducing the Liquidity Coverage Ratio (LCR) from 100% to 80%
b. Reducing the Net Stable Funding Ratio (NSFR) from 100% to 80%
c. Reducing the regulatory Liquidity Ratio from 18% to 15%
d. Increasing the permissible negative cumulative liquidity gap
e. Increasing the maximum lending limit (MLL) from 90% to 100%
f. Releasing 1.0% of risk weighted assets from the Capital Conservation Buffer (CET1), reducing the capital adequacy requirement from 13% to 12%

Expected Credit Loss (ECL) estimates

The Group considered the potential impact of the uncertainties caused by the ongoing geopolitical event in its estimation of ECL requirements for the period ended 30 June 2026. The Group has also given specific consideration on the relevant quantitative and qualitative factors when determining any significant increase in credit risk (SICR) and in assessing indicators of impairment for exposures to potentially affected sectors.

However, in line with the accounting policy, ECL accounted by the Bank as per CBK rules on classification of credit facilities is higher than the ECL calculated under IFRS 9 determined in accordance with the CBK guidelines.

Fair value measurement of financial and non-financial assets

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

Management continues to monitor the situation and assess potential impacts on the Group. As of the date of authorization of these interim condensed consolidated financial information, the financial effects cannot be reliably estimated due to the evolving nature of the events.