

التجاري
Al-Tijari



ANNUAL REPORT

Commercial Bank of Kuwait (K.S.C.P.)

2024



His Highness

Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah

The Amir of the State of Kuwait



His Highness

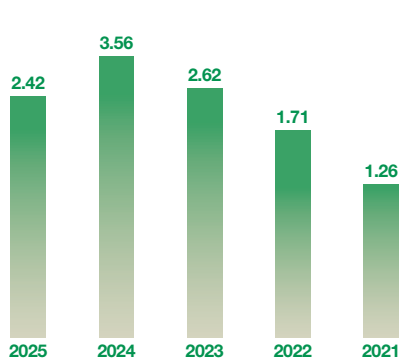
Sheikh Sabah Khaled Al-Hamad Al-Sabah

The Crown Prince of the State of Kuwait

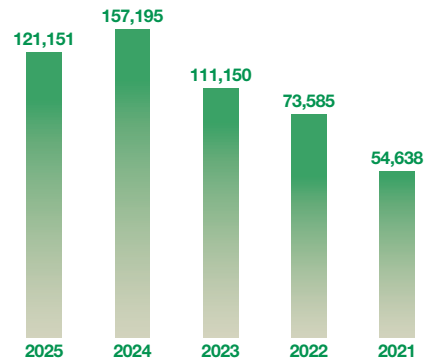
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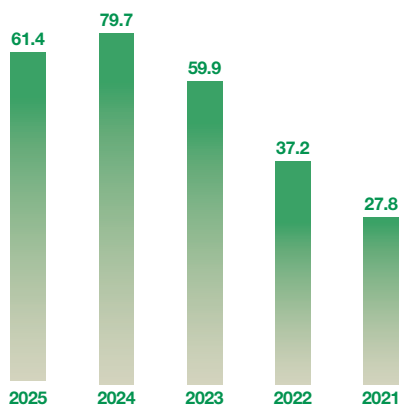
Financial Trends



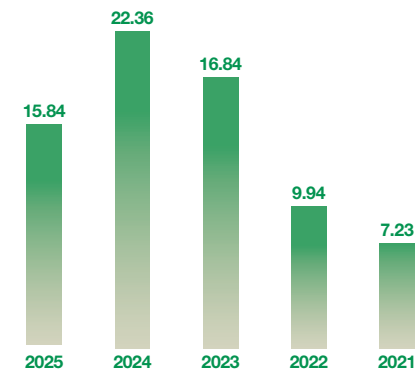
Return on Average Assets %



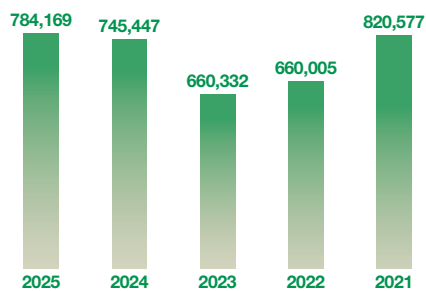
Net Profit Attributable to Shareholders of the Parent Bank
KD 000's



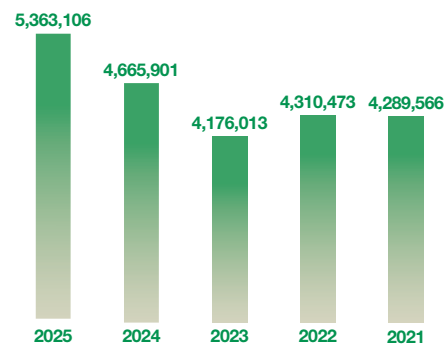
Earning Per Share Attributable to Shareholders of the Parent Bank
Fils Per Share



Return on Shareholders' Equity
(Average) %



Equity Attributable to Shareholders of the Parent Bank
KD 000's



Total Assets
KD 000's

Board of Directors

2024



Sheikh/ Ahmad Duajj Al-Sabah
Chairman



Abdulrahman Abdullah AlAli
Vice Chairman



Manaf Mohamed AlMuhanna
Board Member



Dhari Ali AlMudhaf
Board Member



Sheikh/Talal Mohammad AlSabah
Board Member



Mohammed Abdulrazzaq AlKandari
Board Member



Yousef Yaqoub AlAwadhi
Board Member



Fahad Zuhair AlBader
Independent Board Member



Tareq Ahmad AlJassim
Independent Board Member



Husam Abdulrahman AlBassam
Independent Board Member



Ahmad Bader Wahedi
Independent Board Member

Introduction

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Introduction

Commercial Bank of Kuwait: Sixty-Five Years of Banking Excellence and Innovation

In 2025, the Commercial Bank of Kuwait celebrated its 65th anniversary as one of Kuwait's pioneering banking institutions—a distinguished legacy spanning more than six decades, during which the Bank has continuously evolved and reinforced its position as the second-oldest established Bank in the country.

The year marked yet another chapter of success, defined by strong financial and operational achievements. The Bank delivered solid profitability while sustaining robust key financial indicators, underscoring its resilient financial standing and agile business model in navigating economic challenges with confidence and discipline.

Amidst rapid digital advancements transforming the banking industry, Al-Tijari remains firmly committed to investing in cutting-edge technologies to expand and enhance its digital banking solutions. Operating within a rigorous regulatory framework and guided by a prudent, forward-looking approach, the Bank continues to scale advanced digital systems to build a secure, integrated, and future-ready banking ecosystem—further strengthening its competitive edge in the sector.

Maintaining steady momentum, the Bank continues to expand its operations and introduce innovative banking services tailored to the diverse needs of its customers. The state-of-the-art banking services and products offered by the Bank not only meet and exceed expectations but also compete with world-class solutions at the local, regional, and international levels. This growth is reinforced by the Bank's sustained and structured efforts in sustainability and social responsibility, reflecting its integral role within Kuwait's economic and social endeavors.

Guided by a clear strategic vision, advanced service capabilities, and a strong commitment to sustainable development, the Bank will continue to pursue qualitative transformation across the banking industry. This will be driven by attracting top-tier expertise and investing in a highly skilled, experienced, and professional workforce. The Bank also reaffirms its adherence to the core principles championed by its Board of Directors and Executive Management: corporate citizenship, leadership, sustainability, and social responsibility.



Sheikh/ Ahmad Duaij Al-Sabah
Chairman

Chairman's Message

In the Name of Allah the Most Gracious, the Most Merciful

Dear Shareholders,

Peace and Blessings of Allah be upon you

It is my pleasure to present the Annual Report for the year ended 31 December 2025 and to share with you the Bank's performance and progress during the year 2025. I do so with confidence in the strength of our institution and appreciation for the continued trust you place in the Commercial Bank of Kuwait.

Performance Overview

The year ended 31/12/2025 marked a return to normalized performance following the exceptional results achieved in 2024, which benefited from significant non-recurring recoveries. Against this backdrop, the Bank delivered solid underlying results, supported by the continued strength of its core operations, disciplined execution of strategy, and prudent balance sheet management.

During 2025, operating profit before provisions increased to KD 123.6 million, reflecting growth of 5.5% compared to the previous year. This improvement underscores the sustainability of our earnings base and the effectiveness of our client-focused business model. Net profit for the year amounted to KD 121.2 million remained fully supported by recurring income streams.

Our performance continues to be driven by deep and longstanding client relationships, a diversified business mix, and consistent execution across all divisions. These strengths have enabled the Bank to navigate a dynamic operating environment while maintaining financial stability and operational efficiency.

Financial Strength and Risk Discipline

The Bank maintained a strong capital and liquidity position throughout the year, providing a solid foundation to support business growth and safeguard against potential market volatility. As at year-end 2025, the Bank reported:

- Total Assets: KD 5,363 million, an increase of 14.9%
- Loans and Advances: KD 2,974 million, up by 6.0%
- Loan Loss Reserves: KD 246.1 million
- NPL coverage Ratio: 1,043.2%
- Capital Adequacy Ratio: 18.3%
- Liquidity Coverage Ratio: 211.0%
- Net Stable Funding Ratio: 109.5%
- Leverage Ratio: 10.8%

Our disciplined approach to risk management remains a defining pillar of the Bank's success. Conservative underwriting standards, proactive portfolio monitoring, and effective early-recognition mechanisms have enabled us to preserve asset quality. I am pleased to note that, notwithstanding the resolution taken earlier for the revocation of the Bank's Zero NPL Policy, the Bank has continued to demonstrate the strength of its credit discipline, closing the year 2025 with non-performing loans low at 0.6%.

During the year, both Moody's and Fitch reaffirmed the Bank's credit ratings with a Stable Outlook, reflecting confidence in our financial profile, capitalization, liquidity buffers, and consistent operating performance. These reaffirmations from international rating agencies reinforce the credibility of our strategy and the resilience of our business model.

Business Progress and Strategic Initiatives

Across all business lines, we continued to pursue selective and disciplined growth aligned with our strategic priorities. The Treasury and Investment Division continued to optimize the Bank's funding structure and balance sheet, supporting capital efficiency and enhancing our capacity to participate in larger and more complex financing opportunities.

The Retail Banking Division remained focused on delivering a secure, efficient and accessible banking experience. Increased adoption of digital and self-service channels reflects our continued investment in technology aimed at simplifying customer journeys, enhancing protection, and meeting the evolving needs of clients across all demographics for digital banking services.

The Corporate Banking Division sustained healthy activity levels, with growth across both traditional sectors and emerging industries, including technology-enabled and environmentally focused businesses. This selective expansion supports portfolio diversification, reduces concentration risk, and aligns with the Bank's objective of increasing sustainable financing.

The International Banking Division further strengthened its relationships with multinational corporations, Kuwaiti clients operating abroad and overseas companies. Through proactive engagement and coordinated coverage, the Division expanded cross-border opportunities and positioned the Bank to benefit from increased global activity as conditions continue to evolve.

Reinforcing Digital Banking Services

The Bank has been expanding its self-service network through the strategic deployment of advanced self-service machines across key locations in Kuwait. This initiative underscores the Bank's commitment to customer-centricity, ensuring seamless access to essential banking services anytime anywhere. Furthermore, the Bank has successfully opened its new Khaitan branch and equipped existing branches with cutting-edge technologies that enhance our digital excellence.

Ongoing Efforts for Customer Engagement and Awareness

The Bank continues to extensively communicate with the public and enhance its banking offerings and digital products. Through a series of strategically designed activities, initiatives and events, the Bank aimed to introduce customers to its newly launched banking packages and services. These packages introduce a new dimension in the advanced digital banking experience that the Bank is keen to provide to all society segments. The said activities and events served not only as a platform to showcase the Bank's products and services but also played a vital role in educating customers on the importance of safeguarding their financial information. Furthermore, these initiatives focused on fostering financial literacy across various social segments within the framework of the "Let's Be Aware" Campaign.

Sustainability and Social Responsibility

Sustainability remains an integral part of Al-Tijari's long-term strategy and value creation approach. During 2025, we continued to advance our sustainability agenda in line with our "Shaping the Future 2022-2026" plan and Kuwait Vision 2035, strengthening governance frameworks and deepening engagement with international and local partners.

Our initiatives focused on environmental awareness, responsible consumption, employee well-being, and community engagement. Through targeted campaigns, educational workshops, and social initiatives, we continued to embed sustainability principles across the organization and contribute positively to the wider community.

Outlook

Having celebrated our 65th anniversary as the second-oldest Bank in the State of Kuwait, we marked a milestone that bears witness to the Bank's robust standing being a pioneer in introducing innovative banking services, while leading in Sustainability and Corporate Social Responsibility (CSR). Looking ahead, we remain optimistic to continue our excellence and innovation journey, while maintaining the utmost prudence and caution given the global and regional geopolitical and economic conditions that continue to present uncertainties.

We will continue to focus on sustainable growth, operational efficiency, and prudent capital allocation, with the objective of delivering consistent returns and long-term value for our shareholders, while fulfilling our responsibilities to clients, employees, and society.

Appreciation

On behalf of the Board of Directors, I extend my sincere gratitude to His Highness the Amir of the State of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, and His Highness the Crown Prince, Sheikh Sabah Khaled Al-Hamad Al-Sabah, for their wise leadership and unwavering commitment to the progress and stability of the State of Kuwait.

I also express my appreciation to the Central Bank of Kuwait and all regulatory authorities for their continued guidance and support. Finally, I thank our shareholders, customers, Executive Management and all Al-Tijari employees for their dedication, professionalism, and tireless efforts, which remain the cornerstone of the Bank's success and reputation.



Sheikh/ Ahmad Duaij Al-Sabah

Chairman

Executive & Supervisory Management

LEADERSHIP

Executive & Supervisory Management

Elham Yousry Mahfouz

Chief Executive Officer

Hussain Ali AlAryan

General Manager - Treasury & Investment Division

Masud UI Hassan Khalid

Chief Financial Officer
Financial Planning & Control Division

Mona Hussain AlAbdulrazzaq

Secretary to the Board

Ahmad Khaled AlKudhur

General Manager - Operations Division

Tan Tat Thong

Chief Risk Officer - Risk Management Division

Sadeq Jaafar AlAbdullah

General Manager - Human Resources Division

Tamim Khaled AlMeaan

General Manager - Compliance & Corporate Governance Division

Sarah Mohamed Mansour

General Manager - Legal Division

Abdulaziz Mustafa Ali

Head of Anti-Money Laundering and Combating the Financing of Terrorism Department

Sheikha/ Nouf Salem AlAli AlSabah

General Manager - Corporate Communications Division

Bader Mohammed Musleh Qamhieh

General Manager - Information Technology Division

Amr Mohamed EIKasaby

Chief Internal Auditor - Internal Audit Division

Abdulaziz Saleh AlZaabi

General Manager - Retail Banking Division

Kunal Singh

General Manager - International Banking Division

Ebtissam Baqer AlHaddad

General Manager - Strategic Planning & Follow up Division

Ahmad Hamed BoAbbas

Acting General Manager - Corporate Banking Division

Talal Reyadh AlNassar

Head of General Services Division

Mohammad Bader AlHaid

Chief Digital Officer - Digital Transformation & Innovation Division

Kholoud Basam AlMousa

Head of Customer Complaints & Protection Department

Economic Review

2024

Global Economy

According to the IMF's October 2025 World Economic Outlook, the global economy is characterized by a "lower-growth equilibrium," with real GDP growth projected at 3.2% for 2025 and 3.1% for 2026. However, the outlook remains subdued compared to pre-pandemic trends due to intensified trade tensions, uneven disinflation, divergent monetary policies, and persistent geopolitical and financial risks.

Several major and interrelated threats are currently weighing on global economic stability, creating an environment of significant uncertainty. These include geopolitical risks, persistent inflation and changing monetary policy, high global debt levels, trade fragmentation, and climate-related challenges.

According to the OECD Economic Outlook (December 2025), global GDP growth is projected to moderate from 3.2% in 2025 to 2.9% in 2026, before a modest rebound to 3.1% in 2027. This cooling trend is primarily driven by escalating trade barriers, persistent geopolitical risks, and heightened policy uncertainty. Central banks in most major advanced economies (excluding Japan) are expected to continue reducing policy rates during 2025, provided inflation expectations remain anchored and trade tensions do not escalate.

The US Federal Reserve is likely to continue easing gradually but faces a bind from a cooling labor market and persistent inflation. The ECB may be nearing the end of its rate cut cycle as Eurozone services inflation remains sticky.

Investment has been a drag on potential output growth since the global financial crisis and the pandemic, despite low financing costs and strong corporate profitability. Public investment and housing investment are also lagging.

Kuwait Economy

The Kuwaiti economy is projected to recover in 2025 and 2026, driven by an expansion in oil production as OPEC+ cuts are unwound. However, as per IMF's December 2025 report shows the central government's budget faces increasing pressure from lower oil revenues, leading the IMF to project the fiscal deficit to widen to 8.7% of GDP (approximately KD 4.2 billion) in the 2025/26 fiscal year, and potentially further to 9.4% in 2026/27. The current account surplus is also expected to moderate from 29.1% of GDP in 2024 to around 19.1% in 2026, reflecting lower oil prices.

Real GDP growth: After contracting by an estimated 2.8% in 2024, Kuwait's real GDP is forecast to expand by 2.6% in 2025, with further acceleration to 3.8% anticipated in 2026.

Oil sector: The oil sector, which saw a significant contraction of roughly 4.2% in 2024 due to OPEC+ production cuts, is expected to see a rebound of around 2.4% in 2025, picking up further momentum in 2026 as production targets increase.

Non-oil sector: The non-oil sector continues to perform well, supported by resilient domestic demand, project execution, and credit growth. Non-oil GDP expanded by approximately 2.7% in 2025 and is forecast to grow by 3.0% in 2026. The project market reached a 7-year high in 2024 (KD 2.8bn in awards) and is on track to match that solid performance in 2025, with further growth expected in 2026.

Inflation: Inflation is moderating but remains a factor. Headline CPI inflation is projected to decline from 2.9% in 2024 to 2.3% in 2025, falling further to 2.1% in 2026. The Central Bank of Kuwait (CBK) cut its discount rate by 25 bps in both September and December 2025, bringing the rate to 3.50%, citing slowing inflation and relative stability of the Dinar.

The central government's budget faces increasing pressure from lower oil revenues and ongoing spending commitments, with the IMF projecting the fiscal deficit to widen to approximately 8.7% of GDP (KD 4.2 billion) in the current 2025/26 fiscal year. The current account surplus is also expected to moderate in 2025/26 to around 19% of GDP due to lower average oil export prices. A new public debt law enacted in March 2025 has been actively utilized. For the first time in almost a decade, the government has issued approximately KD 2.1 billion in local bonds as of late 2025, providing immediate flexibility for deficit financing and infrastructure projects. Furthermore, the State of Kuwait issued international debt totaling USD 11.25 billion in 2025. Despite immediate deficits and new debt issuance, Kuwait maintains exceptional financial buffers. The country benefits from robust sovereign wealth assets, managed by the Kuwait Investment Authority (KIA) and valued at over \$950 billion, along with the lowest debt-to-GDP ratio globally.

Kuwait Stock Market

As of December 31, 2025, the Kuwait Premier Market Index was the top-performing market across the GCC, with year-to-date (YTD) gains reaching approximately 21% to close at 9501.69, while the All-Share Index also recorded a 21% approx. performance to close at 8908.01.

Kuwait's stock market outperformed its GCC peers in 2025 due to a combination of optimism over key economic reforms, strong banking sector earnings, attractive valuations, a significant increase in market liquidity and velocity, expected growth in the non-oil GDP sector, interest rate cuts and, rising foreign direct investments.

Key Drivers of Outperformance

- **Anticipation of Economic Reforms:** Optimism surrounding the implementation of transformative reforms, such as the new public debt law (Financing and Liquidity Law) and a potential mortgage law, was a major catalyst. These laws are expected to boost government spending on major infrastructure projects (e.g., Al-Zour refinery, new airport terminal, Mubarak Al-Kabeer Port) and accelerate growth for local banks' retail portfolios.
- **Strong Corporate Earnings:** The market performance was significantly driven by robust and anticipated strong earnings, particularly within the banking, oil and gas, and real estate sectors. Several major banks reported substantial profit increases, which bolstered investor confidence.
- **Attractive Valuations:** Kuwaiti stocks traded at less demanding valuations compared to the average of their Gulf counterparts, making them more attractive to investors seeking value.
- **Increased Liquidity and Trading Activity:** The Kuwaiti market experienced a significant surge in trading volume and value in 2025, with market velocity outpacing other GCC markets. This influx of liquidity from both retail and institutional investors contributed to the upward trajectory of the indices.
- **Potential Index Upgrade:** There was anticipation that the Kuwait index could be upgraded from secondary to advanced emerging-market status by index compiler FTSE Russell, which, while not triggering immediate massive inflows, boosted overall market sentiment.
- **Favorable Economic Environment:** The broader economic climate in Kuwait included strong domestic credit growth, a smaller than expected government fiscal deficit for this year, and a Central Bank interest rate cut in September & December 2025, all of which supported non-oil economic activity and investor confidence.

Kuwait's integration into the MSCI index elevates its exposure to global financial market sentiment. Current market expectations strongly position Kuwait as a leading investment destination in 2025, a forecast primarily underpinned by ongoing economic reforms, robust financial reserves that provide resilience against oil price volatility, and a stable fiscal budget.

The 2026 outlook suggests continued resilience and growth potential for Kuwait's stock market, provided the domestic reform agenda stays on track and global economic conditions remain stable.

Review of Operations

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Retail Banking Division

The Retail Banking Division (RBD) continues to strengthen its pivotal role as a key business area by offering an integrated range of products and services that meet the needs of diverse customer segments. Throughout 2025, RBD focused on expanding the Bank's customer base and developing digital products and raising operational efficiency to enhance customer's banking experience and boost the Bank's competitive position in the domestic market.

This year witnessed a significant expansion in the Bank's digital solutions, supported by a strategic focus on transformation to digital channels and the adoption of the latest technologies. Further, RBD continued to develop its financing offers and credit card programs, in addition to modernizing the branches network, the Contact Center, and digital banking services intended to provide an integrated and seamless experience across all customers' touch points.

Throughout 2025, RBD developed resilient operating models. Such models contributed to raising efficiency and improving the quality of the services, thus enhancing the Bank's competitiveness and achieving sustainable growth across diverse banking products.

Through RBD, the Bank remains focused on providing customer-centric services by continuously listening to customers' feedback and meeting their aspirations through innovative and customized solutions. Furthermore, the close cooperation amongst relevant departments and integration between work teams have contributed to enhancing the quality of decisions and developing products that match the evolving needs of customers. RBD continually improves the quality of its services reflecting the Bank's commitment to achieving the highest levels of banking satisfaction and excellence.

RBD Achievements Throughout 2025

- **Expanding Digital Banking Solutions and Self-Service Covering All of Kuwait**

The Bank continued to deploy modern self-service machines available around the clock in the Bank's branches and in vital locations in Kuwait, such as Al-Mubarakiyah, Sama Mall, 360 Mall, Murouj, The Gate Mall, Salmiya, Kuwait Petroleum Corporation, Petroleum Training Center, Jleeb Al-Shuyoukh, Jazeera Airways Terminal, Al-Amiri Hospital, Jaber Al-Ahmad Hospital, Farwaniya Hospital, Kuwait Technical College and Hawalli Plaza Complex.

The self-service machines allow diverse banking transactions to be carried out using the ATM card, civil ID card, QR code via the CBK Mobile App, or through "Kuwait Mobile ID" App, thus providing a more flexible and easier digital banking experience.

- **The All New Banking Cards Design and Enhancements of Credit Card Benefits**

As part of the Bank's ongoing efforts to enhance customer experience and strengthen its position as a leader in banking innovation, the Bank launched new designs for its cards of all segments this year, giving them a modern identity that reflects the Bank's vision towards excellence and innovation. This step comes as part of a strategy aimed at developing the visual identity of the Bank's cards and providing a secure, comfortable and seamless user experience.

The new cards feature beautiful and harmonious colors that reflect the spirit of each segment. A combination of luxury and simplicity was taken into account in choosing the colors, while marking the identity of each card through innovative design elements that make it stand out and give customers a smoother and seamless experience. Printing materials and technologies have also been developed to provide the highest levels of card quality and durability, enabling a safer and more reliable use across all banking channels.

In addition to developing card designs, the Bank also worked on improving loyalty programs for credit card holders by enhancing benefits and rewards and linking them to usage patterns. The Bank also expanded the offers by partnering with a variety of stores and brands in various sectors. This expansion aims to provide the Bank's customers with added value and enhance their experience through more offers that meet their daily needs.

These integrated efforts come as part of the Bank's vision towards offering advanced and innovative banking solutions that ensure exceptional experience for customers and keep pace with their expectations in light of the rapid transformations in the banking sector. The Bank's credit cards are the optimal solution for customers both in Kuwait and abroad, as they offer exceptional travel benefits such as access to lounges at regional and international airports and card acceptance worldwide, thus eliminating customers' need to carry cash.

- **Contact Centre**

The Contact Centre plays a pivotal role in offering integrated banking services, and assisting customers banking with CBK around the clock. Through advanced technological channels such as video, voice options and CBK Mobile App, customers can easily make their banking transactions, inquire about the Bank's products and services and get prompt assistance in performing their transactions.

The Contact Centre also focuses on data protection and security and instant responses to fraud or card theft cases. In addition, the Contact Centre offers guidance to customers on best banking solutions that meet their needs. These services ensure regular communication with customers, offering them timely support and safeguarding their banking privacy.

Summary of the Marketing Department Efforts and Campaigns for 2025

- **Launching the Premier Family Banking Package**

The Bank has successfully launched the Premier Family Banking Package for Premier Banking customers, aligned with the Bank's strategy and commitment to elevating customer experience and expanding the range of high-end services offered to them. It represents an important step towards enabling customers to share their premier banking benefits with their family members, fostering both stronger family ties and financial stability.

The Package delivers a seamless integrated experience, featuring personalized support from a dedicated Premier Relationship Manager and direct contact service via WhatsApp for effortless daily banking. Furthermore, the customers can enjoy exclusive access to 17 Premier lounges and dedicated branch offices, alongside exceptional offers and experiences tailored specifically for Premier customers and their families.

- **Launch of the YOU Prepaid Card with Exceptional Benefits for the Youth**

The Bank continues to empower the younger generation by streamlining their banking experience with the launch of the YOU Prepaid Card, specifically tailored for students receiving the student allowance. More than just a payment tool, the YOU card is a secure, smart, and innovative solution designed to align with the dynamic lifestyles and daily needs of today's youth.

Reflecting the Bank's commitment to environmental stewardship, the YOU card is the Bank's first sustainable offering, crafted from 70% recycled marine plastics. This initiative underscores our dedication to national and global sustainability goals. Additionally, as part of our digital-first strategy, the card can be managed entirely through the CBK Mobile App, providing instant access without the need for in-branch visits. The YOU prepaid package also unlocks a diverse range of exclusive benefits and rewards.

- **Strategic Partnerships to Enhance Communication with the Youth**

In line with the Bank's commitment to youth empowerment and community engagement, 2025 saw a strengthened strategic partnership with Zone, a leading firm specializing in youth-centric events. This partnership was designed to amplify the Bank's presence across university campuses, fostering direct engagement with students while promoting financial literacy and healthy lifestyles.

Throughout the year, the Bank visited over ten universities, including Kuwait University, the Gulf University for Science and Technology (GUST), the American University of Kuwait (AUK), and the American University of the Middle East (AUM). These visits gave the Bank the opportunity to interface with thousands of students, allowing the Bank to better understand their evolving financial requirements and showcase tailored services and products designed specifically for the youth segment.

A key highlight was the Bank's participation in the 'Make a Move' initiative where sports, social events, activities and interactive competitions were organized at universities. Through this initiative, the Bank encouraged an active lifestyle while highlighting its digital banking ecosystem and the YOU Prepaid Card and more. These engagements not only increased awareness of our digital services and exclusive offers, but also strengthened the Bank's presence at universities and served to build long-term brand loyalty with the youth—a segment central to the Bank's long-term strategy.

These initiatives reflect the Bank's overarching vision to maintain close presence to all segments of society, deliver innovative solutions that meet the aspirations of the next generation, and serve as a key partner for youth and education in Kuwait.

- **Tijari Junior “TJ” – Kids’ Banking Package**

During the year, RBD launched the newly revamped Tijari Junior (TJ) package, tailored for children up to 15 years old. This initiative underscores the Bank’s commitment to fostering financial literacy among younger generations. By offering secure, innovative banking solutions, the package encourages children to learn the fundamentals of saving and responsible spending under the direct oversight of their parents or guardians.

To mark the launch of the “TJ” package, the Bank organized an event at The Avenues – Phase II. The Bank’s booth at The Avenues witnessed significant attendance from young customers and their families eager to explore the features of the “TJ” package. The interactive zone in the Bank’s booth attracted notable turnout, as it featured a virtual reality experience inspired by the TJ Coloring Book. This dedicated space blended education with entertainment, providing children with a memorable and engaging banking experience.

The “TJ” package is a smart kick-start banking product that meets children’s needs. It provides them with an ATM card available in two exclusive designs. In addition, the account can be opened with a minimum deposit of just 10 Kuwaiti Dinars. The “TJ” package gives parents or the guardians full control over their children’s accounts and transaction monitoring, ensuring a secure and balanced banking experience. Furthermore, the package is designed to instill sound financial habits and a culture of saving from an early age.

- **The New Summer Campaign to Reward the Bank’s Credit Card Customers**

The Bank launched its annual Summer Campaign, which ran from June to August 2025. Tailored for Al-Tijari credit cardholders, the initiative aimed to reward customers with additional benefits beyond the existing programs such as points redemption, hotel bookings, and cashback.

During the Campaign, eligible credit cardholders earned up to 3% cashback on travel, tourism, and entertainment expenditures, both locally and abroad. This benefit was applied automatically to monthly spends of KD 100 or more, with cashback capped at KD 200. These offers were available to all credit cardholders (with the exception of Visa Signature holders, who enjoy a separate program).

- **Exclusive Offer for Al-Tijari Customers in Cooperation with Samsung Al-Babtain**

The Bank launched an exclusive offer in cooperation with Al-Babtain Integrated Solutions Company (Samsung Al-Babtain), which includes KD 100 cashback upon pre-order for Samsung Galaxy S25 series purchased via Al-Tijari’s eligible credit cards.

- **iPhone 17 Exclusive Offer in Cooperation with Gait**

The Bank continued its special partnership with Gait - Apple’s Authorized Reseller - to offer an exclusive cashback of up to KD 150 when pre-ordering the iPhone 17 purchased via Al-Tijari’s eligible cards (BA World & Platinum, Visa Infinite, Visa Signature, Visa Platinum).

This exclusive offer comes in line with the Bank’s continued success in presenting special offers on iPhone devices for more than six consecutive years.

- **Sport Events for Football Fans and Premier Customers**

In collaboration with VOX Cinemas at The Avenues Mall, the Bank organized three exclusive sporting events during 2025, specifically curated for football fans. These events featured live screenings of high-profile international football matches, including the Champions League Final and the celebrated La Liga El Clásico between Real Madrid and Barcelona. Held in the luxurious THEATRE lounge, these experiences were part of a broader suite of entertainment programs tailored to Premier customers.

- **Auto Loans: Zero interest Offer**

The Bank launched a strategic auto financing promotion in collaboration with several leading automotive dealerships in Kuwait. The promotion featured 0% interest loans on a wide range of vehicles, allowing eligible customers to secure loans of up to KD 25,000, with a flexible repayment tenor of up to five years.

- **Enhancing Al-Tijari’s Concierge Services for 2025**

The Bank significantly enhanced its Concierge services by expanding their geographic reach internationally, and

integrating a dedicated WhatsApp chat service to streamline customer requests. Furthermore, the Bank extended complimentary valet parking amenities to BA Visa Infinite and MasterCard World holders, now available twice monthly at an expanded network of locations.

To further elevate the summer offer, the Bank launched a premium airport transfer promotion in partnership with Q'go Concierge. Effective June 1st 2025, this promotion offered eligible credit cardholders with seamless pick-up and drop-off services, providing a luxurious and stress-free travel journey.

- **Enhancement and Renewal of MasterCard World in Cooperation with British Airways**

In collaboration with British Airways, the Bank successfully renewed its exclusive MasterCard World BA co-branded offering, introducing an enhanced suite of lifestyle and travel benefits. The offering provides cardholders with seamless access to the global oneworld® alliance network, allowing for the redemption of Avios points on reward flights, cabin upgrades, and premium hotel stays. Additionally, members continue to enjoy elite travel privileges, including global airport lounge access, comprehensive travel insurance, and curated Priceless Cities experiences by MasterCard.

- **The Bank's Participation in the "Let's Be Aware" Campaign**

Throughout 2025, the Bank continued its prominent role in supporting the "Let's Be Aware" Campaign, launched by the Central Bank of Kuwait in cooperation with the Kuwait Banking Association and Kuwaiti banks. The Campaign aims to enhance financial and banking culture across various segments of society, raise awareness of customer rights and responsibilities, mitigate fraud and cybercrime risks and promote sound financial practices while supporting financial inclusion.

As part of this Campaign, RBD exerted significant efforts in 2025 by engaging directly with customers through presence in various malls and events. This outreach aimed to strengthen credit, financial, and banking awareness, ensuring customers are fully aware of the key aspects of responsible banking services. RBD also expanded the use of new communication channels, including SMS alerts, media advertisements, printed materials displayed in the Bank's branches and weekly email messages to all customers. Such communication channels remind customers of sound financial practices, ways to protect banking data, and methods to prevent fraud.

Key highlights from 2025 include:

- **Field Awareness and Financial Inclusion:** The Bank expanded its field presence by organizing visits to universities, schools, and civil society institutions, and participating in various events and activities. These efforts aimed to market suitable products and services that meet customer needs, ensure transaction security, promote financial inclusion and spread awareness about saving and responsible finance.
- **Secure Banking Cards and Digital Services:** During travel and vacation periods, the Bank urges customers to use the CBK Mobile App for real-time transaction monitoring. Customers are encouraged to utilize prepaid cards as a safe option for online shopping. The Bank also provides operational advice, including updating personal data, managing credit limits, and taking immediate steps in case of a lost card, such as card deactivation via the App and contacting the service center directly.
- **Data Protection and Cybersecurity:** Through its digital platforms and press releases, the Bank emphasizes the importance of safeguarding personal and banking data, warning against evolving fraud tactics such as "phishing". Awareness campaigns include guidance on verifying the authenticity of websites and electronic links, and avoiding sharing One-Time Passwords (OTP) or Personal Identification Numbers "PINs" with any party.
- **Dedicated Fraud Reporting Channels:** The Bank provides clear channels for reporting fraud, along with dedicated contact lines and support to assist customers who suspect or have experienced fraud attempts or transactions.
- **Combating Fraud and Financial Crimes:** The Bank works to raise awareness about risks of dealing with unlicensed entities, warning against unsafe investments such as virtual currencies, loan encashment deals and crimes related to money laundering and terrorist financing.
- **Awareness of Real Estate Fraud:** The Bank offers preventive advice to avoid real estate fraud via social media platforms, stressing the importance of verifying the legal aspects of properties and dealing exclusively with trusted companies.

These efforts reflect the Bank's commitment to providing customers with a secure and reliable banking environment.

Corporate Banking Division

Corporate Banking Division has continued to advance its visions towards extending its credit support to its clientele base despite a challenging business environment, where it aims at optimizing the risk and return by focusing on financing high quality assets supporting targeted industries in the economy. Throughout the year, the Division focused its efforts on improving the quality of credit portfolio by reducing Non-Performing Loans as well as focusing on operational entities with wide-scale economic impact. The Division has continued to support Kuwait's long term development agenda under Kuwait Vision 2035 through direct financing or by participating in syndicated loans to finance mega government/quasi-government projects/PPP projects. These efforts contributed to the successful financing of new projects worth about KD 1.3 billion distributed across multiple clients locally and within the GCC.

To complement these initiatives, CBD has continuously strived to tailor the product offerings to meet specific financing preference of its clients and provide a wide array of services to accommodate the execution of their business transactions. These include bond issuance and IPO financing offering structured financing options under our Wealth Management Unit. Our team has worked diligently to ensure participation of CBK clients to a large pool of market bond offerings, securing long-term attractive returns.

Delivering these solutions relies on the expertise and dedication of CBD's team of highly skilled professionals having significant exposure and experience in handling client relationships while providing structured solutions under six specialized business units which cater to requirements of various sectors. A specialized Credit Analysis Unit within CBD focuses on conducting detailed financial, industry and overall risk analysis of clients to enhance the comprehensive credit proposal presented by the business team. In parallel, CBD's Corporate Service Desk (CSD) plays an important role in handling the daily operations, business transactions and banking inquiries relating to corporate clients through seamless communication channels or in-person customer service.

As part of social responsibility, CBD has pioneered the ESG workshop aimed at addressing ESG fundamentals and requirements from corporate and risk perspective to its corporate clients, in line with Central Bank regulations of the said topic. It has also launched infographic content to its clients under "Let's Be Aware" campaign to raise awareness on key Central Bank regulatory requirements. These initiatives represent our ongoing efforts to promote transparency and knowledge to ensure clients are well-informed on requirements governing their banking relationship with us.

Looking forward, CBD is adamant in continuing to be a vital pillar in the Kuwait banking industry through participating in the country's economic agenda by driving sustainable growth as aligned with Kuwait vision 2035. Our emphasis to be digitally-driven remains our top priority, helping our clients to navigate through an evolving digital platforms efficiently and reliably to meet their business requirements.

International Banking Division

Commercial Bank of Kuwait's relationships with banks, financial institutions located in local, regional, and international markets as well as and Multi-National Corporates (MNCs) permit the Bank to support its customers and stakeholders in their cross border banking activities.

International Banking Division (the "Division") facilitates the Bank's proprietary and customers' cross border transactions by maintaining a broad base of reciprocal business activities with local, as well as foreign banks and financial institutions. The Division contributes to the Bank's strategic mandate to diversify its geographical and sectoral exposure by engaging in lending activities bilaterally as well as participating in syndicated lending activities outside the country. The Division also supports various banking needs of MNCs by providing credit facilities specifically tailored to meet requirements for their businesses in Kuwait. Further, the Division also provides financing for projects, within and outside Kuwait, which are strategic to the State of Kuwait.

The global economy in 2025, for the large part, had been defined by the convergence of geopolitical events, as well as protectionist trade policies adopted by nations, together presenting significant growth challenges. Further, a dearth of quality assets in the region resulted in the loan market becoming more borrower friendly, thereby pushing the credit spreads lower despite the macro economic uncertainties. Following the cue from global events, the International Banking Division treaded through 2025 very carefully without chasing aggressive growth. The second half of the year, however, offered some respite as the uncertainties prevailing thus far mellowing down somewhat. The focus customer group continues to be banks in the MENA and Turkey, as well as Multilateral

Development Institutions (MDB). New lending during the year by the International Banking Division amounted to around KWD 210 million (circa. USD 700 million). However, the additions were partially offset by maturities of around KWD 80 million (circa. USD 270 million).

The project landscape in Kuwait is seemingly gaining a fair amount of traction, resulting in several projects under the PPP and EPC structure being rolled out by the Government and related agencies. Given the strategic nature of these projects to the State of Kuwait, the Division has actively bid for participation in the financing for these projects. Lending under these projects can potentially commence from the second half of 2026, and is likely to extend the Bank with a steady revenue stream. Some of the noteworthy projects in this regard are the Integrated Water and Power Plant in Al Zour, the Al Dibdiba Solar Energy Project, Al Khiran IWPP, the KOC Gathering Center etc.

During the year, the Division leveraged on its excellent relationship with European banks in issuing a large valued Letter of Guarantee for one of the Ministries in Kuwait. The guarantee was secured by the Bank amidst significant competition from local and regional banks. The Division continued to support the Oil exports by Kuwait Petroleum Corporation by handling the Letters of Credit issued by other banks in the MENA region, resulting in a healthy fees and commission income for the Division during 2025. The Division grew its unfunded assets portfolio by over KWD 250 million during the year.

The Division continued to support MNCs engaged in execution of various projects in Kuwait by providing these MNCs credit facilities for issuing the project bonds. The Division also continued to support counterparties engaged in strategic transactions like Oil exports by Kuwait Petroleum Corporation and the execution of the strategic Umm Al Hayman PPP (Public Private Partnership) project in Kuwait.

Through a combination of funded and unfunded transactions, the Division maintained its assets portfolio at healthy levels and continued to contribute to the Bank's overall profitability.

The Division continued to effectively leverage on its strong customer relationship base in procuring deposits for the Bank, thereby, contributing in enhancing the liquidity profile of the Bank.

The Division shall cautiously continue to grow asset book by building on the momentum gained by sourcing/participating in global transactions on an opportunistic basis based on a holistic risk-return analysis. The Division shall also endeavor to identify potential new revenue drivers for the Bank, as well as focus on continuously improving operational efficiencies within the Division.

Treasury and Investment Division

Year 2025: A Landmark Year for Proactive Treasury and Funding Strategy

The current year has proven to be a watershed moment for the Bank, marked by outstanding performance in the management of liquidity and the reduction of funding costs. By executing a strategic and forward-looking plan, the Bank has not only solidified its financial position but has also optimized its operational efficiency. This success was driven by a three-pronged approach: diversifying the funding base, opportunistically renegotiating debt, and strategically engaging with international investors.

- **Diversification of funding base**

In a move to increase resilience and secure long-term stability, the Bank intentionally broadened its sources of funding. By tapping into new long-term repos, international multi-currency Certificate of deposits, bilateral loans, and syndicated loans, the Bank has successfully reduced its reliance on any single funding channel. This strategic diversification not only safeguards against potential market disruptions but also ensures a stable and predictable liquidity profile. This is crucial in a volatile market where Central Bank policies are diverging and interest rate trajectories are uncertain.

- **Proactive debt management and cost reduction**

The Bank's Treasury and Investment Division capitalized on favorable market conditions, specifically a period of low credit spreads, to renegotiate existing high-cost debts. This proactive approach allowed the Bank to secure new financing with lower interest rates and longer durations. This not only directly reduced the Bank's overall cost of funds but also extended its liability profile, providing greater financial flexibility for future growth initiatives. This ability to reduce expenses while lengthening liabilities is a significant achievement in a competitive market. Demonstrating robust market confidence and strategic funding capabilities, the Bank successfully executed a USD 500 million, five-year syndicated loan facility. This issuance was highly

oversubscribed and secured at a comparatively advantageous rate, reinforcing the strength of our funding profile.

- **Successful non-deal roadshow in the APAC region**

In a highly coordinated effort, the Treasury and Investment and International Banking Divisions collaborated to conduct a successful non-deal roadshow. Engaging with investors in key markets across the Asia-Pacific region, including Shanghai, Taipei, Hong Kong, and Singapore, proved to be highly effective. While not tied to a specific fundraising effort, this initiative served several key purposes:

Strengthening investor relations: It enhanced transparency and strengthened relationships with both current and prospective institutional investors.

Assessing market sentiment: The roadshow provided invaluable feedback from investors regarding the Bank's strategy and performance, helping to inform future decisions.

Building investor confidence: By showcasing the Bank's strong operational performance and strategic vision, it boosted confidence among a diverse, international investor base.

This strategic engagement has laid the groundwork for future capital-raising activities and has significantly boosted the Bank's standing within the global financial community.

We have successfully launched a highly credit-rated, multi-currency Certificate of Deposit (CD) program totaling one billion dollars, which was strategically preceded by non-deal roadshow in the APAC region. This initiative enabled the Bank to replace a significant volume of more expensive liabilities with newly issued CDs at a comparatively lower cost. The program effectively achieves the following strategic objectives for the Bank:

- **Diversification:** Significant diversification across the Bank's funding base, tenor, currencies, and geographic reach.
- **Cost Efficiency:** Improved the Bank's net interest margin by replacing high-cost funding sources with cheaper alternatives.
- **Scale and Scope:** Established a scalable, multi-billion-dollar funding platform with broader market access.

The confluence of these strategic actions-diversifying funding sources, proactively managing debt, and engaging effectively with a broader investor base-has resulted in a stellar year for liquidity and cost of funds management. These accomplishments have not only optimized the Bank's financial health in the short term but have also positioned it for sustained stability and growth in the years to come.

Moreover, with recent issuance of Treasury bonds by the Central Bank since June 2025, the Bank is expected to have a better yield on the reserve balances. This additional income is expected to further fine tune the Bank's liquidity management and overall cost of funds.

To provide a superior quality 24/7 FX business to our customers, we have developed and integrated an online FX platform with our core banking system that provides live streaming of FX rates at attractive spreads. The auto-hedging feature of this platform is helping the Bank manage the market risk most effectively.

TID leverages the latest in advanced trading technology, including Reuters FX, Bloomberg, and 360T, along with private Bank platforms, to ensure rapid and efficient trade execution. Our streamlined system, equipped with robust control features and a paperless dealing atmosphere, drives operational excellence. The automated processing of our Treasury Management System has significantly enhanced efficiency, reduced costs, and minimized errors. We are committed to continuously integrating new digital innovations to maintain our competitive advantage.

TID's major functions are handled by professionally experienced dealers through:

- **Foreign Exchange Desk:** Trading & covering in FX Spot/Forward & Swaps.
- **Money Market & Fixed Income Desk:** Nostro account cash flow management, Inter-Bank lending/borrowing, fixed income securities, liquidity, and other related statutory ratio management, hedging of market risk using swaps, investment portfolio, and bilateral / syndicate loans (borrowings), structured deposits, evergreen repos, and Term Repo of bonds.
- **Treasury Sales & Investment Desk:** Taking care of corporate clients' requirements offering various types of Treasury & Investment products such as deposits, FX spot, FX forwards, FX swaps, interest rate swaps, etc. the management of investment book such as quoted and unquoted equities, and assets pending sale. Actively trading in the quoted equity market in line with Equity trading policy.

Growth is witnessed in the non-resident customer deposits, bilateral / syndication loans, evergreen repo, term-repo, sovereign USD bond portfolio, and FX profitability.

Greater productivity with strict adherence to all regulatory guidelines and ethical practices combined with innovative technology helped TID achieve its goal in line with the Bank's strategy.

Risk Management Division

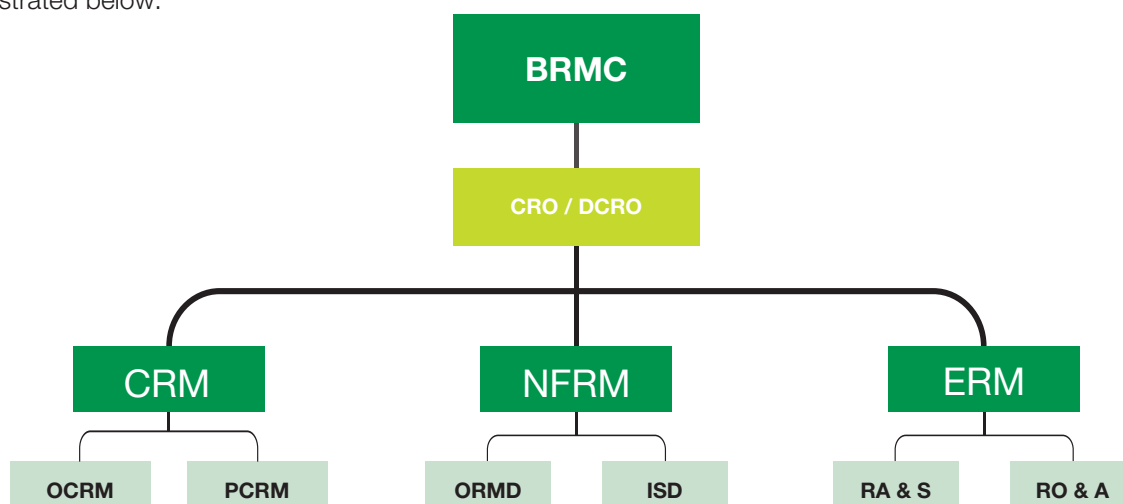
The Bank believes that risk management remains an integral part of ongoing business activity and decision-making process. Hence, the Bank's sustainable and sound performance relies on the ability to successfully identify and manage risk at all levels by adopting prudent risk management approaches, practices, and culture.

In Commercial Bank of Kuwait, Risk Management Division (RMD)'s primary objectives are to anticipate risks through a set of procedures, models; to measure and minimise the impact of identified or emerging risks; and adequately monitor the Bank's risk profile in terms of internal and external factors. The broad risk categories include credit risk, market risk, operational risk, liquidity risk, interest rate risk, reputational risk, strategic risk and information security risk.

Risk Management Division: Structure and Independence

The Bank's Risk Management Division is an independent Division which reports functionally to Board Risk Management Committee and administratively to the Chairman. The Division is a centralized function, headed by the Chief Risk Officer and assisted by the Deputy CRO, providing oversight and proactive advice / guidance on risk decisions assumed by risk-taking units and divisions in addition to reporting on the Bank's risk profile while ensuring appropriate and effective mitigations are adopted.

For better integration of the risk management process to aid decision making across the organization, the roles and functions of the Division are grouped into three broad risk categories, namely Credit Risk Management (CRM) Group, Non-Financial Risk Management (NFRM) Group and Enterprise Risk Management (ERM) Group as illustrated below:



Guided by sound practices, policies and procedures, Risk Management Division - comprising a team of experienced and dedicated risk professionals - is entrusted with assessing, monitoring and recommending strategies for control of credit, market, liquidity, operational, information security, enterprise and other relevant risks.

During 2025, Risk Management Division continued to work with various divisions, departments and functions with its proactive and prudent risk management approach. With a forward looking perspective, the Division revised several policies, risk appetite statement, internal limits and exposures to certain higher risk, vulnerable sectors and asset classes to ensure effective risk management. The Division strives to have capacity for early identification of exposures that may show signs of distress. One major effort revolves around working with various risk owners with the primary role of recognizing the emerging risks the Bank is exposed to and recommending proper mitigations.

Credit Risk Management (CRM) Group

The CRM Group comprises the following departments:

1. Obligor Credit Risk Management Department (OCRM) has specific focus on pre-fact assessment and post-fact review of credit facilities and investment exposures from business divisions including assessment of credit lines for various countries and banks, as per the Bank's credit and investment policies.

2. Portfolio Credit Risk Management Department (PCRMM) is responsible for monitoring the Bank's credit and investment portfolio in line with the broader benchmarks/ limits set in various policies. Additionally, the department is entrusted to provide independent risk opinion to management to improve the overall credit quality of the portfolio

and highlight any early warning signals along with the recommended mitigants.

Non-Financial Risk Management (NFRM) Group

The NFRM Group comprises the following departments:

1. Operational Risk Management Department (ORMD) is responsible for monitoring, measuring and reporting the operational risks the Bank exposed to, including fraud risks. The department collects operational risk data through Risk & Control Self Assessments (RCSA), Key Risk Indicators (KRIs), procedure reviews, new product reviews and reported risk events. ORMD is also responsible for the Bank-wide insurance management and for coordinating the Bank-wide Business Continuity Plan and ensuring regular testing.

2. Information Security Department (ISD) is responsible for identifying, monitoring, measuring and reporting all the Bank's information security risks including internal and external threats on all information assets of the Bank. ISD maintains the related policies and procedures; as well as conducting technical security assessments on the Bank's information assets. ISD provides periodic reports to the Board Risk Management Committee and Board of Directors on the Bank's status of the information security and cyber security risks.

In partnership with Human Resources Division, customized Information Security Awareness programs are developed and mandated for all staff in order to embed an information security awareness culture within the Bank. The Bank maintains its compliance with PCI-DSS, ISO 27001 and SWIFT CSP certification requirements, in addition to compliance with Central Bank of Kuwait's Cyber Security Framework requirements.

Enterprise Risk Management Group

ERM Group is responsible for providing an integrated and holistic portfolio level perspective of the most significant risks to the Bank by developing a top down enterprise view of all potential risks that might impact the strategic objectives and viability of the Bank's business. This Group comprises two inter-related Departments namely:

1. Risk Oversight and Analytics Department (RO&AD) - with a primary focus to assess new/changes in regulations and accordingly develop/establish risk management policy responses. The Department is also responsible for the timely and proper preparation of risk management reports with narrative based on descriptive analytics; and

2. Risk Analytics and Simulations Department (RA&SD) - concentrates on predictive (forecasting) and prescriptive (simulation and optimization) analytics, and develops financial models to provide forward-looking and proactive insights.

The ERM Group, through its inter-related departments, is responsible for periodic computation, monitoring, and reporting of risk metrics related to market, liquidity, interest rate risks, and the various risk appetite parameters. The Group computes economic capital for various risks under the Bank's Internal Capital Adequacy Assessment Plan and is responsible for conducting periodic stress tests and reporting these to the ALCO, BRMC, BOD, and the Central Bank of Kuwait. The Group conducts regular meetings of ALCO and Credit and Investment Committee (CIC) for investment items and prepares monthly risk management reports circulated to the ALCO members. It provides vital quantitative inputs like Probability of Defaults (PD) and Loss Given Defaults (LGD) for Expected Credit Loss (ECL) calculation under IFRS9. It also conducts various special ad-hoc risk management-related projects involving risk analytics and simulation to assess the risks from a quantitative perspective.

Notwithstanding the roles and functions of the Risk Management Division, the Bank's risk management governance framework includes a hierarchy of committees such as the Board of Directors, Board Risk Management Committee, Board Loan Committee as well as the Bank's Executive Management for approval and reporting purposes. The governance structure of the Bank is explained in detail in the corporate governance section.

Treatment of Different Types of Risks

The treatment of different types of risks by the Bank is elaborated hereunder.

a. Credit Risk

While credits (both on and off-balance sheet) extended to counterparties are approved strictly in accordance with the Central Bank of Kuwait regulations and instructions, Credit Risk Management Group ensures that appropriate policies, guidelines, processes and procedures are in place to thoroughly assess the lending activities with a periodic review and update of credit evaluation processes, mechanisms and techniques.

The lending policies established by business divisions and Credit Risk Management Policy lay down the guiding

principles for lending activities and the basis for measuring, monitoring and managing credit risks. The lending policies provide guidelines that establish the lending criteria.

The lending policies are supplemented by the Credit Risk Management Policy which establishes the infrastructure for credit risk management including tools for risk rating, portfolio analysis and independent credit assessment. Internal limits are also established to mitigate credit concentration and improve credit quality. Credit approvals are preceded by detailed due diligence including reviews that are independent from the risk taking units. The due diligence covers assessment of the quality of financial information, historical financial performance, future prospects, purpose of facilities, structure of facilities, their relevance to the business needs, management expertise, identifiable sources of repayment, available collateral securities, additional credit comfort and support available etc. In addition, comprehensive post sanction reviews at the portfolio levels and selectively at obligor level are conducted to effectively monitor and control the risks in credit portfolio.

The risk analysis ensures that the approved limits are commensurate with the risk profile of the counterparties. Apart from individual lending limits, broader portfolio level exposure limits have been stipulated for perceived high risk sectors and exposure to these sectors are continuously monitored. Country limits, based on internal risk assessment and sovereign risk ratings by external credit rating agencies, are in place to ensure adequate portfolio diversification in terms of sovereigns and geographies. The Division also utilizes a sector classification model allowing more granularity in sector risk assessment.

The Bank measures economic capital for credit risk including capital for obligor and collateral concentration under Pillar 2 of Basel III requirements. Measurement of concentration risk is based on a model that comprehensively captures name, sector and geographic concentration risks.

b. Market Risk

Market risk exposure for the Bank is evident in portfolios of equities and foreign exchange that are actively traded, as well as in other positions whose fair values are directly derived from market parameters.

Market risk limits are in place to adequately control the equity and foreign exchange risks. Foreign exchange risks are daily monitored and controlled through currency-wise absolute limits as well as stop loss limits. Overnight regulatory limits that include overall absolute limits are strictly enforced.

The Bank also assesses the market risk through internally developed Value at Risk (VaR) measures. VaR is based on historical simulation over the relevant observation period and is computed as the maximum possible loss over the relevant holding period at the 99th percentile. Limits are in place for the maximum permitted VaR for the foreign exchange and equity positions. The VaR models are back tested annually to confirm and validate their robustness. In addition, economic capital for market risk, including concentrations therein, is calculated regularly. Economic capital calculations for market risk are calculated from "Expected Loss" in line with BIS norms.

Investment proposals are subject to detailed due diligence including reviews that are independent from the risk taking units. Investments are classified under pre-defined asset categories and are subject to pre-approved limits for such categories. Further the Bank Group's overall investment capacity and individual investments are restricted to stipulated limits and guidelines laid down by the Central Bank of Kuwait.

c. Liquidity Risk

The Bank manages liquidity risks that are evident in maturity mismatches and liability-side concentrations. Limits are in place for the control of liquidity risks and these include the maximum allowable cumulative mismatches. Internal alert limits are also laid down to ensure continued adherence to the regulatory limits. Liquidity risk management is further enhanced through limits that attempt to restrict concentration of deposits from significantly sensitive depositors as well as products. Limits are also stipulated for mismatches in different time buckets thereby ensuring that maturing liabilities and assets remain largely matched. A detailed liability side analysis is conducted periodically to discern rollover patterns, identify core deposits, behavioral trends in short-term funds and correlations with macro-economic variables.

The Bank's liquidity risk management policy also requires conducting a proper periodic liquidity planning and stress testing based on scenario analyses. A detailed contingency plan also forms part of the liquidity management framework. Economic capital for liquidity risk under pillar two of Basel III using internally developed methodology is also measured regularly.

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) are measured and monitored regularly against regulatory limits and internal limits.

d. Interest Rate Risk

Interest rate risk is managed as per the guidelines laid down in the Interest Rate Risk Management Policy. The majority of the assets and liabilities of the Bank mature and / or re-price within one year and hence there is limited exposure to interest rate risk. Interest rate risk is monitored with the help of an Interest Rate Sensitivity Monitor (IRSM) in which assets and liabilities are distributed in pre-defined maturity/re-pricing time bands. The Earnings at Risk (EaR) is computed by applying pre-defined rate shocks to the IRSM and this is compared against internal limits that define the Bank's appetite for this risk. Varied rate shocks for different time buckets/currencies, as laid down by Basel, are used for calculating the EaR. In addition, the sensitivity of the economic value of equity is also calculated. Economic capital under Pillar 2 for Interest Rate Risk is measured regularly.

e. Operational Risk

Operational risk management is focused on identifying and assessing the impact of risk events that may arise through inadequate processes, human errors, system failures as well as external factors by using a range of assessment methods including Risk Control Self Assessments (RCSA) and a comprehensive review of Bank-wide procedures. Key Risk Indicators (KRIs) are also monitored regularly. An objective scorecard is used to assess different operational risk areas based on pre-defined parameters under certain categories.

The scorecard is used in the measurement of economic capital for operational risk and legal risk. Internally maintained risk events database, provides information on the frequency and impact of operational risk events. Business continuity policy and plan are in place to ensure preparedness to emergency unforeseen contingencies. The Bank's Crisis Management Procedure and Business Continuity Plan aims to ensure operational resilience is achieved with minimal disruption to critical processes and systems.

Insurance management, which is an integral part of operational risk, facilitates prudent transfer of risks. Insurance coverage provides partial transfer for operational risk. The operational risk management policy lays down general guidelines for insurance management including factors to be considered in structuring insurance policies, definition of policy limits and deductibles and handling of claims.

f. Information Security Risk

The objective of Information Security is to assess the overall security of the Bank's information assets taking into consideration the multiple internal and external threats and the evolving threat landscape, in particular with the rapid changes in technology and digital transformation.

Information Security risk management provides a systematic approach and method to identify the risks and assess the controls to achieve this objective. The Bank has developed a comprehensive Information Security Policy, in addition to the Information Security Risk Management Policy which provides a detailed approach to identifying, analyzing, prioritizing, treating and monitoring Information security risks.

g. Other and Emerging risks

Policies are in place for other risks including strategic risk, reputational risk and Climate and ESG risk. These policies establish roles and responsibilities for various stakeholders in managing and controlling the related risks. In addition, quantification methodologies are in place for measuring the economic capital required for undertaking these risks. Risk Management Division is continuously striving to identify, measure and minimize the impact of emerging risks.

Digital Transformation and Innovation Division

Innovative Products and Services

In line with our journey towards digital excellence, Commercial Bank of Kuwait (CBK) delivered a wide range of innovative retail and corporate solutions in 2025. These initiatives focused on enhancing user experience, operational efficiency, regulatory compliance, and sustainability. By introducing advanced digital services, secure omni-channel capabilities, and eco-friendly banking practices, CBK continues to redefine the customer banking experience.

Key Features and Services Introduced include:

- Enhanced KYC Update Process: Unify KYC update process across BI machines and Mobile application to allow customers to view or edit previously submitted details.

- Digital Eidiyah Service: Launch of digital Eidiyah service on selected platforms, allowing customers to send monetary digital gifts.
- Share Transaction Details: A new feature allowing customers to securely obtain or share their transaction details (such as payment references or transfer confirmations) without breaching data protection and privacy rules.
- Contact Center System Enhancements: Implementation of a unified and automated incoming calls and customer requests categorization and forwarding flow. Improving flexibility, and enhancing efficiency while allowing prioritization especially for special needs customers.
- Foreign Currency Smart Teller Machines (STM): Update selected STMs to support USD, EUR, SAR, AED, and GBP cash withdrawal, delivering fast, safe, and reliable foreign currency services.
- WhatsApp Chatbot Upgrade: Expanded capabilities to provide real-time responses, service requests, and interactive support.
- T-Locker LG Delivery for Corporate Customers: Expand T-Locker services to include letters of guarantee delivery for corporate customers, with automated notifications allowing customers to track and collect LG once ready, reducing processing times and improving transparency.
- Enhancing Dues Amount Feature: Improved the online platform to allow customers to track and view due amounts more conveniently.
- Enhancing Cardless Cash Withdrawal Feature: Enhanced withdrawal limits for cardless transactions, providing customers with more flexibility and ease of access, and include QR code to enable withdraw cash securely without a card by QR code scan at STMs.
- Enhancing Online New Account Opening (Onboarding): Simplified and digitized the account opening process to deliver a faster and smoother onboarding experience.
- Youth Account “You” Gift Claim via Mobile App: Automated Youth Account “You” features, including tailored benefits such as digital gift options, and digital certificate that enhances the engagement for the youth segment.
- “Go Green” Option to Reduce Receipt Printing at STM Level: Reduced paper usage by giving customers the option to opt out of printed receipts, supporting environmental sustainability.
- T-Locker Machine Upgrade (Expansion of Boxes): Expanded the capacity of T-Locker machines by increasing the number of available boxes, improving service efficiency and availability.
- Online Cards Limit Management for Corporate Customers: Provided corporate clients with online control to manage card limits, improving flexibility and operational efficiency.
- WAMD service enhancement to offer a unified and user friendly interface.
- Deploying business intelligence based on adhoc data to offer customized customer service based on segments.

Looking ahead to 2026, the Digital Transformation and Innovation Division will continue its efforts to establish Commercial Bank of Kuwait’s position in the field of digital banking services through the employment of the best technologies, advancing sustainability initiatives, and expanding the scope of secured digital solutions and branches.

Information Technology Division

Information Technology Division (ITD) strives to improve customer experience and offer a wide variety of technological solutions that enable business areas across the Bank to offer distinguished digital products and services to meet customers’ needs. ITD has stepped up its support to the Bank’s divisions and departments to help the Bank compete in the domestic market.

In 2025, ITD continues to play a pivotal role in driving innovation at the Commercial Bank of Kuwait. Throughout the year, ITD has actively implemented projects aimed at enhancing innovation across the organization. Existing systems have been upgraded to align with evolving banking processes, while new technologies have been introduced to leverage emerging trends, ensure regulatory compliance, and improve operational efficiency.

These initiatives are strategically aligned with the Bank's overarching goal of enhancing customer service and satisfaction-solidifying its position as "Customers' Bank of Choice".

1. Working with Other Business Areas to Enhance the Banking Services

To meet evolving customer expectations, ITD has improved several existing services offered by business divisions as follow:

- Smart Teller Machines (STM) have been installed in strategic locations such as the Airport, allowing customers to dispense foreign currencies including USD, EUR, AED, and SAR.
- Premier customers can now extend their exclusive benefits to family members, enriching the Premier banking experience.
- A fund collection service has been introduced, enabling authorized CBK staff to process recurring or one-time collections on behalf of approved entities.

These initiatives aim to provide customers with more convenient, secure, and efficient banking solutions.

2. Internal Systems Enhancements

To boost productivity and meet regulatory requirements, several internal systems have been implemented or upgraded:

- **Card Logistics System:** Supports credit card issuance, renewal, and delivery.
- **WAMD Dashboard:** Assists with customer registration, deregistration, and Bank porting issues.
- **Enhanced 360T Integration:** Optimizes rate selection by choosing the best available rate rather than relying on quote sequence numbers.

Regulatory updates include:

- Dormancy notifications via SMS, email, or push notifications.
- Transactions (TRS) reporting enhancements to capture Ministry of Social Affairs/ Ministry of Foreign Affairs (MOFA) approval letters for transfers by Charity Institutions or Public Benefit Associations.
- Mandatory transaction notifications during customer onboarding.

3. IT Service Management Implementation

To support business needs and improve service delivery, ITD has implemented a robust IT Service Management (ITSM) system. This ensures consistent and reliable IT services aligned with ITIL standards. Service requests are now governed by clearly defined Service Level Agreements (SLAs), and the system provides comprehensive reporting tools.

These reports enable ITD to monitor performance, identify improvement areas, and continuously enhance service quality across the organization.

Operations Division

As the Bank's operational backbone, the Commercial Bank of Kuwait's Operations Division processes and executes all daily transactions initiated by both customers and internal departments. The Division delivers both direct and indirect services, maintaining strict accuracy and ensuring every transaction complies with the established regulatory framework.

In 2025, the Operations Division continued to enhance the comprehensive workflow optimization and improvement initiatives. These enhancements significantly cut processing turnaround times, enabled a high volume of error-free transactions to deliver an enhanced customer experience, and supported the Bank's shift toward more environmentally friendly operations.

Operations Development Department (ODD)

Operations Division is dedicated to leveraging innovation and technology as a transformative force to enhance efficiency and elevate the overall experience for our customers and stakeholders. This strategic commitment is primarily channeled through the Operations Development Department (ODD).

ODD re-engineers the current operational processes using Agile Methodology and supporting statistical data to identify, evaluate, and optimize business processes aligned with the organization's strategic goals. Furthermore, ODD is integral to evidence-based decision-making, providing the statistical data and robust analytical support consistently required by the Operations Management team.

Transactional Banking Department (TBD)

This Department serves as the operational backbone for critical financial and administrative functions, encompassing local and international remittances (both inward and outward), treasury operations, branch support, salary processing for various ministries, and key reconciliations.

Strategically, the Department is focused on automation to enable Straight Through Processing (STP), ensuring rapid task completion and enhanced workflow efficiency. The team is structured into three specialized units, each dedicated to maximizing turnaround time and improving the customer experience:

- **Central Payment Unit (CPU):** Manages all domestic and international payments and inquiries, including Treasury & Investment Back Office functions. This includes processing transactions across a diverse portfolio of products, such as money market, Forex, Equity, Bonds, and Derivatives.

Treasury & Investment Back Office also provided the necessary operational support for the successful execution of the Bank's Certificates of Deposit (CD) program, a key component of our strategic growth initiative.

- **Central Reconciliation Unit (CRU):** Oversees the settlement and reconciliation of all Card-related transactions (Issuing & Acquiring), as well as the reconciliation of the Bank's Nostro accounts.
- **Central Operations Unit (COU):** Handles crucial administrative and transactional work, including the processing of salaries, allowances, and final settlements for government Ministries and local banks. This Unit also manages the closure of unsatisfactory/deceased accounts and various miscellaneous operational tasks and reporting.

Retail Credit Admin & Processing Department (RCAP)

RCAP operates as a dedicated back-office function responsible for the comprehensive review of retail banking loans and their amendments, in line with the Central Bank of Kuwait (CB) regulations and CBK's established credit policies. By maintaining rigorous standards of accuracy, RCAP ensures the integrity of loan processing, minimizes the risk of errors, and supports the Bank's commitment to regulatory compliance and operational excellence.

Trade Service Department (TSD)

Trade Services is a specialized Department supporting our customers in processing their transactions related to Import & Export, Collections and Guarantees (Local and International). It also provides essential financial solutions, including short-term import finance against trade obligations and discounting of import and export receivables.

The Department is run by highly skilled staff, ensuring strict adherence to international trade rules and all relevant local laws and regulations. We consistently deliver superior customer service and the best turnaround times in the industry. This efficiency is supported by a robust, internally developed system used for real-time tracking of all customer requests and enhanced workflow integration with other internal departments.

Credit Administration Department (CAD)

The Credit Administration Department (CAD) ensures the safety and legal compliance of the Bank's credit portfolio. Its core duties include credit documentation, collateral management (creation and valuation updates), and the processing and system setup of facilities and limits. CAD works to protect the Bank's interests by enforcing strict adherence to approved credit terms, Central Bank of Kuwait (CB) regulations, and internal policies. For corporate clients, the Department guarantees that credit facility operations strictly follow approved terms as per the related policies, protecting all parties. CAD has also improved its internal workflow and coordination with related departments to boost efficiency.

Loan Follow Up and Collection Department

The Department - responsible for collections, litigation, loan follow-up, and operational support - reinforced its recovery and legal capabilities in 2025.

It delivered strong growth in retail collections and enhanced its management of court execution and attachment orders, while ensuring strict regulatory compliance. The Department also contributed to digital transformation through the automation of key legal processes, including execution orders, no withdrawal flags, and system-to-system data integrity checks.

Process efficiency was boosted by the introduction of a specialized digital tool to simplify court execution order follow-up, alongside enhancements to customer analytics and reporting tools for better tracking and oversight.

E-Business Development Department (EBD)

This Department is central to CBK's digital banking strategy, successfully managing and streamlining services for individual and corporate customers. In 2025, EBD implemented fully digital account onboarding for all customer segments and ensured 24/7 banking service availability, including complex transactions like Letters of Guarantee (LG).

Through workflow automation and innovative digital solutions, EBD improved turnaround times, reinforced compliance, and positioned CBK as a trusted leader in Kuwait's digital banking landscape.

Cash Management Center (CMC)

CMC ensured uninterrupted access to financial services for CBK customers by providing strategic oversight and governance for all critical operational components supporting customer access to cash and essential banking items.

Strategic Planning & Follow Up Division

2025 has been an eventful and challenging year for the Strategic Planning and Follow-up Division, and such challenges were met head on and opportunities were capitalized on, as the Bank concluded the fourth year of its "Shaping the Future" strategy implementation.

Looking back on 2025, in addition to business as usual, higher attention was awarded to hot topics including ESG and Sustainability, Strategic Projects and Initiatives, and Data Alignment Collaborations.

ESG and Sustainability: One of the highlights was the full in-house development of Al-Tijari's third Sustainability Report, which is a testament to the accelerated knowledge acquisition and capabilities development within the context of "ESG and Sustainable Finance", both within the Division and more holistically on the Bank wide level, leading to such an accomplishment. The Report was prepared in alignment with the Global Reporting Initiative (GRI) and industry best practices, showcasing Al-Tijari's achievements as a result of its ongoing commitment to ESG and Sustainability.

In response to the directives from the Central Bank of Kuwait, the Bank has prioritized and invested immensely in enhancing the ESG and Sustainable Finance knowledge on an organizational level, including the fruitful collaboration between the Human Resources and the Strategic Planning and Follow Up Divisions, where content updates in line with the market trends were reflected within the in-house tailored "Sustainable Finance" e-learning program that all full-time staff members are required to undertake annually.

Strategic Projects and Initiatives: The Strategic Planning and Follow up Division elevated the strategic projects and initiatives, tracking and reporting significantly and expanding the scope beyond those specified within the strategy to include any and all initiatives pertaining to the strategic goals and key drivers, thus enabling Al-Tijari to adapt to a changing environment and capitalize on new opportunities.

Within the context of a full-scale collaboration Bank-wide, the Division worked with business, support and control Divisions to construct detailed project specific documents and templates, reporting on progress, showcasing accomplishments and quantifying completion, which have significantly contributed towards satisfying multiple reporting requirements.

The strategic projects and initiative report not only tracks the progress of ongoing projects but also evaluates their alignment with Al-Tijari "Shaping the Future" Strategy. Through follow-up and reporting, the Strategic Planning and Follow-up Division helps to foster accountability, transparency and continuous improvement within the Bank.

Data Alignment Collaborations: The Strategic Planning and Follow-up Division provided support through the design of performance management tools to streamline data and facilitate key performance indicators management and report generation for various areas within the Bank, namely: Customer Care, Customer Retention, and Customer Experience Management within Retail Banking Division, in addition to the independent Customer Complaint and Protection Department. Those tools ensure consistency and accuracy, improving data management processes, enhancing the efficiency of reporting, and supporting informed decision-making within these Departments and the Bank as a whole.

Human Resources Division

The Human Resources Division “HRD” performs its functions through several departments that collectively aim to achieve effective integration and coordination for the service of the Bank’s human resources and to realize human development, recognizing human capital as the Bank’s most valuable asset.

Talent Acquisition Department

In 2025, the Talent Acquisition Department remained committed to executing its strategic objectives, ensuring alignment with the Bank’s vision and mission. Recruitment activities were directed towards sourcing and hiring high caliber talent, while ensuring compliance with kuwaitization requirements and supporting the Bank’s workforce planning needs.

Career Fairs and University Engagement

The Bank maintained a strong presence at the Watheefti Career fair, where exclusive job opportunities were promoted in collaboration with various divisions across the Bank. In addition, the Bank participated in career fairs organized by Gulf University for Science and Technology, American University of Kuwait, American University of the Middle East and Kuwait Technical College.

Further strengthening of its academic partnership, the Bank renewed its Memorandum of Understanding with the Gulf University for Science and Technology (GUST) and organized a dedicated CBK Career Day, providing direct access for students to explore opportunities within the Bank. Additionally, the Bank also renewed and expanded the Memorandum of Understanding (MoU) with K-tech, introducing new areas of collaboration and enhancing internship and recruitment opportunities for students. This renewal not only reinforces our partnership with K-tech but also represents a step forward in promoting sustainable talent pipelines and supporting Kuwait’s broader vision of empowering national youth.

As part of its broader outreach strategy, the Bank also launches a new initiative in collaboration with Watheefti x AlQabbas, aimed at highlighting individual departments and their operations to a wider audience. This initiative highlights how CBK divisions’ functions, thereby offering graduates, professionals and the broader community a deeper understanding of the Bank’s work environment and career pathways.

Digital Transformation in Talent Acquisition

As part of its ongoing commitment to digital transformation, the Bank has taken significant steps to elevate the candidate experience and strengthen recruitment processes. The launch of the Bank’s new careers page represents a major milestone, offering applicants a more intuitive, user friendly and efficient platform to explore opportunities and submit applications with ease. To further complement this initiative, the Bank also modernized its career fair booth by introducing interactive digital screens, enabling candidates to apply instantly onsite and experience firsthand the convenience of a fully digitalized process.

Beyond enhancing accessibility, the Bank’s Talent Acquisition Department has introduced innovative online assessment solutions designed to improve the selection journey. These solutions serve multiple purposes such as allowing applicants (particularly Fresh Graduates) to complete assessments at their own convenience while providing the Bank with standardized and reliable data that supports fair and objective evaluation.

Collectively, these advancements reflect the Bank’s dedication not only to embracing digital innovation but also in ensuring that recruitment decisions are guided by both data and human insights. By integrating technology with strategic talent practices, the Bank continues to position itself as an employer of choice, attracting high caliber candidates and building a workforce that is well prepared to contribute to the Bank’s future success.

Localization

The Bank continued to prioritize nationalization as a core component of its recruitment strategy. Throughout 2025, the Bank focused on ensuring that Kuwaiti nationals remained central to all hiring practices, reinforcing its role in supporting national employment objectives and developing the talent base.

Internal Career Mobility

In addition to external hiring efforts, the Bank placed strong emphasis on internal mobility by streamlining the process through its new Employee Self Service platform, MenaMe. With this enhancement, employees can now conveniently view and apply for vacancies anytime and from anywhere. This ease of application empowers staff to explore new roles, expand their skillsets and align their career aspiration with the Bank's evolving operational needs.

Employer Branding and Social Media Presence

The Bank sustained its active presence on LinkedIn as a primary recruitment channel, using the platform to advertise vacancies, share career related content and strengthen the Bank's image as an employer of choice within the banking sector.

These abovementioned efforts reflect the Bank's unwavering dedication to achieving its talent acquisition strategies and supporting the Bank's long-term vision for sustainable human capital development.

Talent Development Department

Internships & Collaborations

As part of our initiative to hire promising university talent, HRD welcomed students from a number of universities. The interns were assigned to different divisions where they were given tasks to learn goal-specific skills, understand the technology and be exposed to people and projects that relate to their career goals.

In addition, and as part of its keenness to encourage youth in making the most of their free time during summer and inspire them to learn and acquire knowledge related to the Banking sector; HRD organizes yearly Summer Training Programs, notable for their diversity as they engage students from various universities and schools in the count.

Partnership with Reputable Institutions

In our commitment to fostering professional growth and development, we have established several premium and exclusive in-house programs in collaboration with esteemed institutions. Notable partners include Franklin Covey, Leoron, and The American University of Beirut (AUB). These partnerships are designed to enhance our employees' skills and knowledge, ensuring they are equipped with the latest insights and best practices in their respective fields.

By leveraging the expertise of these reputable institutions, we provide our employees with access to high-quality educational resources and professional development opportunities. This initiative not only enriches their skill sets but also fosters a culture of continuous learning within the Bank.

Enhancing Sales Capabilities through Continuous Learning

In alignment with our commitment to improving the sales capabilities of our employees and fostering a culture of continuous learning and development, Talent Development Department "TD" has partnered with TITAN to organize several training batches of the "Sales Excellence Framework" program. This initiative specifically targets our Branch and Direct Sales employees, equipping them with the essential skills and strategies needed to excel in their roles such as effective sales techniques, customer engagement strategies and performance optimization. The initiative reflects The Bank's dedication to nurturing talent and ensuring that our sales workforce is well-prepared to meet the evolving demands of the market.

"SHE Leads": Empowering Women, Advancing Inclusive Leadership

TD, in collaboration with Etijah Coaching & Consulting, introduced "SHE Leads" as its flagship initiative to advance women's empowerment. With a focus on cultivating leadership capabilities, accelerating career growth, and building a strong community of support, the program equips women with the confidence and skills to thrive both personally and professionally.

Several sessions were conducted focusing on essential topics such as self-care, resilience, and work-life balance. These workshops were designed to promote a holistic approach to personal and professional development, providing female participants with valuable tools and strategies to navigate their careers effectively while also allowing them to share experiences, inspire one another and cultivate a network of empowered women ready to lead.

“Enhancing Customer Experience (ECE)” Initiative

As part of our ongoing commitment to elevate Customer Experience, TD launched a series of workshops and activities geared towards enhancing our employees' skills and abilities to better serve both existing and potential clients.

This Initiative specifically targets our Virtual Banking and Processing Hub staff members, providing them with a series of workshops and activities focused on skill enhancement.

The ECE initiative reflects our dedication to not only meeting but exceeding our clients' expectations, ensuring that every interaction is positive and impactful.

“CPR & First Aid” Program

TD organized the “CPR & First Aid” program which was conducted in both Arabic & English in collaboration with Dasman Diabetic Center. As such, approximately 100 employees from CBK successfully attended the said sessions and earned a Certificate and a License Badge approved by The American Heart Association (AHA). This initiative reflects our commitment to equipping our employees with essential life-saving skills that can make a significant difference in emergency situations till professional medical support becomes available.

Echo & Pulse Initiatives

In alignment with PULSE and Al Tijari Echo initiatives, which emphasize raising awareness on sustainability and health topics, curated resources are made available on the Bank e-learning portal, THABER.

These resources are designed to educate and engage employees on important issues related to sustainability and health, fostering a culture of awareness and responsibility within the Bank.

Through THABER, employees can explore a variety of materials, including articles, videos, and interactive modules, all aimed at enhancing their understanding of sustainability practices and health-related topics. This initiative reflects The Bank's commitment to promoting a healthier, more sustainable future for its employees and the communities it serves.

Employee Benefits and Remuneration

The Bank cares for the well being and welfare of its employees in all financial, health and social aspects. It offers a comprehensive benefits package to employees to support their stability and professional development. The Bank has a wide range of allowances and incentives, both performance based and non performance based and applies a flexible working hour scheme designed to foster a motivational environment that enables employees to promote work-life balance, thereby empowering employees' sustainable excellence.

Awards & Recognitions

The Bank continued its innovative learning and development program, available to all employees through the Bank's e-learning portal “Thaber”. The TD earned the Bronze Award in the 2025 Brandon Hall Group HCM Excellence Awards™ for “Best Unique or Innovative Learning Program” for “CREATE” - CBK Values Initiative. This Initiative, available on THABER, focuses on the six pivotal pillars: Commitment, Resourcefulness, Empowerment, Accountability, Teamwork and Excellence.

Internal Audit Division

The objective of the Internal Audit Division (IAD) is to provide independent, objective assurance and consulting

services designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined risk-based approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Different types of Audit Reports are issued, summarizing the results from each performed audit engagement, which are then communicated to the responsible heads of the auditable divisions and departments. These reports provide evidences to support the annual evaluation of the overall operating effectiveness of the internal control environment. However, any internal control system can only provide reasonable, but not absolute assurance that the objectives of that control system are met via assessment of the process design of internal control points and providing enhancements elevating processes' effectiveness and efficiency.

In addition to its planned engagements, Internal Audit Division also carries out investigations as and when required by Chairman, Board members & CEO.

The Internal Audit Division adheres to the new global standards and guidelines of the Institute of Internal Auditors (IIA), the Information Systems Audit and Control Association (ISACA), the Framework of the Committee of Sponsoring Organizations (COSO) and the Association of Certified Fraud Examiners (ACFE), also ensuring the practices are aligned with the global leading practices of the Internal Audit.

IAD had undergone an external quality assurance review exercise conducted by a leading audit and consultancy firm, where the best result was achieved in terms of following IIA standards, expertise in governance, risk and control and all contributed in maintaining independency and objectivity.

In order to provide theoretical and practical training for IAD staff, several training courses were provided to all staff, both local and in-house trainings focusing on technical and soft skills to enhance their professional and interpersonal skills. "Transfer of Knowledge" sessions are held within IAD in order to exchange knowledge, ideas and expertise among the team. Further, IAD staff are continuously pursuing and earning professional certifications related to internal audit.

IAD have established a "Center of Excellence" team within IAD with the objective of exchanging knowledge and experience, fostering learning and collaboration and creating a learning culture with the aim of adding value to help the Bank accomplish its objectives.

May is the Internal Audit International Awareness Month. On an annual basis, IAD launches an awareness campaign in line with the Institute of Internal Auditors (IIA) where a series of awareness messages are published on the Bank's social media networks as well as its internal channels to spread awareness of the profession, its principles and role in the Bank. As CBK is currently the Chair Bank of the Kuwait Banking Association (KBA), IAD hosted the 2nd Internal Audit Forum where emerging internal audit topics were presented by international firms to all local Banks' Chief Internal Auditors during May 2025.

Compliance and Corporate Governance Division

Compliance and Corporate Governance Division ("CCGD") is an independent function with sufficient authority to ensure performing its assigned role at the Bank effectively. CCGD reports directly to the Board Compliance and Corporate Governance Committee and has access to the Board of Directors. The Division plays a pivotal role in monitoring and verifying the extent of the Bank's compliance with local regulatory instructions and requirements pertinent to the Bank's business activities. It helps the Bank avert noncompliance risks.

CCGD acts as an advisory function within the Bank where it interprets and explains regulatory instructions to ensure the Bank's proper implementation and compliance with such instructions. CCGD strengthens all means of cooperation with all Bank Divisions/Departments, and acts as a liaison point between the Bank and regulators in relation to the instructions and compliance and governance-related issues. CCGD supports the Board of Directors and Executive Management in enhancing regulatory compliance and corporate governance environment and culture for all staff members in the Bank. CCGD also undertakes a pivotal role, contributing to the training and awareness of the Bank's staff in all matters related to concepts of regulatory compliance, corporate governance and disclosure.

Further, CCGD plays an essential role within the framework of risk governance that comprises of three main lines of defense. Business areas are the first line of defense. RMD and CCGD (both being independent of the first line of defense) are the second line of defense. As such, CCGD is responsible for verifying the Bank's compliance

with the Central Bank of Kuwait's instructions and requirements, including Corporate Governance principles and systems; while the Internal Audit Division "IAD" acts the third line of defense independent from the first and second lines of defense.

CCGD prepares and regularly updates the Bank's Regulatory Compliance Policy, and reviews the policies and procedures of all Bank Divisions and Departments, including existing and new products, services and channels to ensure their consistency with the regulatory instructions, while taking into account sustainability principles. Furthermore, CCGD reviews and updates the Corporate Governance Manual, including governance rules, bylaws, Board and Board Committees, executive committees bylaws and corporate governance policies to ensure their consistency with the corporate governance rules as per the local regulatory instructions. CCGD also ensures compliance with disclosure and transparency requirements as per the applicable instructions and regulations of the Central Bank of Kuwait, Capital Markets Authority, and Boursa Kuwait.

In addition, CCGD annually identifies and assesses issues related to noncompliance risks facing the Bank, and the Bank's plans for the efficient management of such risks. Thus, reports are prepared and submitted to the Board Compliance and Corporate Governance Committee which, in turn, presents them to the Board of Directors. The CCGD undertakes the duties and functions assigned to it to ensure compliance of all the Bank's areas with regulatory requirements and avoid noncompliance risks.

CCGD conducts a semi-annual assessment of the noncompliance risks at the Bank's Group level by monitoring the compliance status of the Bank's subsidiary, and verifying the extent to which the subsidiary satisfies Corporate Governance requirements.

During 2025, CCGD, through the analysis of regulatory compliance, governance and disclosure practices, addressed all requirements for smooth workflow, ensuring the Bank's compliance with all regulatory instructions issued by the Central Bank of Kuwait, Kuwait Capital Markets Authority, and Boursa Kuwait's rules for disclosure and transparency requirements.

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

Combating Money Laundering, Terrorist Financing, and the Proliferation Financing of Weapons of Mass Destruction "AML/CFT/CPFWM" constitutes a fundamental pillar for safeguarding the integrity of the banking sector and enhancing the stability of the financial system and the national economy. Throughout 2025, the Bank continued to strengthen its AML/CFT/CPFWM framework by developing an integrated regulatory framework based on the instructions issued by the Central Bank of Kuwait "CB" and relevant national authorities in accordance with the relevant international standards and best practices.

In line with the ongoing national efforts to enhance the AML/CFT/CPFWM framework, the National Committee for Combating Money Laundering and Terrorist Financing (NCCMLTF) issued several strategic regulatory directives and publications. These include, but are not limited to, directives related to strengthening the application of the National Risk Assessment for money laundering and terrorist financing, updating requirements for identifying and verifying the beneficial owner and tightening controls related to applying enhanced due diligence measures for high-risk customers and businesses, as well as other directives and instructions.

Within its endeavors in the field of AML/CFT/CPFWM, the Bank has conducted the following measures for compliance with the instructions issued by the regulatory authorities:

- **Circulating and Explaining the Instructions:**

The Bank applies a clear process for implementing instructions issued by regulatory authorities. These instructions are circulated internally to all relevant divisions and departments; their scope and objectives are explained, and requirements are incorporated into approved policies and procedures, risk assessment methodologies, and daily operational business requirements.

- **Amending the Policies and Procedures:**

The Bank remains committed to integrating regulatory instructions into its AML/CFT/CPFWM framework. By incorporating these requirements into relevant policies, risk assessment methodologies, and operational controls, the Bank ensures a seamless alignment between regulatory mandates and daily business needs. This approach enhances the Bank's ability to manage risks proactively.

- **Transaction Monitoring and Risk Management:**

The Bank places significant emphasis on monitoring banking transactions and adapting to the evolving products and services offered to customers. It regularly reviews and updates automated monitoring scenarios to align with inherent risks and operational changes. Throughout 2025, the Department focused on enhancing the monitoring framework and improving analytical efficiency, thereby enabling the early detection of unusual patterns and increasing the accuracy of processing and consistency of the decision-making processes.
- **Clearing Alerts and Reporting:**

The Department processes alerts generated by monitoring systems using a proven methodology that ensures both speed and accuracy. The Department applies Enhanced Due Diligence (EDD) where necessary and escalates relevant cases to the appropriate committees. This process ensures informed decision-making, and the referral of suspicious cases to the Kuwait Financial Intelligence Unit (KFIU) in full compliance with legal and regulatory frameworks.
- **Applying Enhanced Due Diligence Measures:**

The Bank applies Enhanced Due Diligence (EDD) as required, based on risk assessment findings. This includes high-risk business sectors and countries, as well as the continuous screening of transactions against sanctions lists and asset freezing resolutions. These measures reflect the Bank's commitment to the highest standards of regulatory compliance.
- **Internal Cooperation:**

The AML/CFT Department maintains continuous coordination with divisions and departments across the Bank and its subsidiary company. This ensures adherence to legislative requirements, regulatory instructions, internal policies, and FATF standards through periodic reviews and enterprise-wide compliance assessments. These efforts strengthen the governance framework and establish clear roles and responsibilities.
- **Cooperation with Regulatory Authorities:**

It is very important for the Bank recognizes to maintain constructive cooperation with regulatory authorities and the Kuwait Financial Intelligence Unit, viewing it as instrumental to an effective national framework for combating financial crime. This collaboration reflects our commitment to a transparent and disciplined methodology that fosters mutual trust and underpins the stability of the financial system.
- **Enhancing Staff Skills and Compliance Culture:**

Throughout 2025, the Bank organized specialized training programs across all functional levels to embed a robust culture of compliance and raise awareness of AML/CFT regulatory obligations. Furthermore, the Bank actively incentivized professional excellence by supporting personnel in attaining globally recognized AML/CFT certifications, ensuring a highly skilled workforce capable of mitigating financial crime risks.
- **Corporate Compliance and Sustainability:**

The Bank is dedicated to align compliance requirements with governance and sustainability principles, recognizing that financial integrity and transparency are essential pillars for sustainable development and long-term trust in the banking sector.

The Bank continues to bolster its AML/CFT/ CPFWMD framework through regular policy and procedures updates and enhanced internal controls. By fostering a mature corporate compliance culture, the Bank actively contributes to the stability of the global financial system and supports broader economic stability.

Customer Complaints & Protection Department

The Customer Complaints and Protection Department (CCPD) serves as a contact between the Bank and its customers. Established in 2011 in accordance with Central Bank of Kuwait (CB) instructions, the Department operates as an independent body dedicated to resolving retail customer complaints arising from their contractual relationships with the Bank.

The CCPD has an independent organizational structure that enables it to conduct its functions fairly and impartially. The Department reports directly to the office of the Bank's Chief Executive Officer and is staffed by highly qualified national professionals.

CCPD Business Mechanism

- The CCPD implements a set of procedures for handling customers complaints. Customers may submit formal complaints via the standardized Customer Complaint Form by personally visiting the CCPD at the Bank's Head Office, visiting any of the Bank's branches across the country, or through the Bank's digital channels including the department email and the Bank's CBK Mobile App. on smartphones.

- The CCPD is committed to professional and accurate investigation of all customers complaints. The complaint investigation process is designed to be impartial, objective and free from conflicts of interest.
- The CCPD aims to bolster customer's trust through timely resolution of their complaints in accordance with the "Consumer Protection Manual" issued by the CB in 2015 and its subsequent amendments including the CB Circular issued on 13/10/2025. The Department operates within a transparent banking framework that aligns with the regulatory requirements for financial services.

Within the scope of customer protection, the Department focuses on the following:

- The CCPD ensures that all banking products and services are clear, transparent, and strictly prohibited from misleading or unfair practices, in full alignment with CB instructions. It actively fosters customer awareness regarding their rights and obligations-including the right to service cancellation, fee transparency, and formal objection-while providing customers with secure, official channels to submit their complaints or objections.
- The CCPD monitors compliance of various Departments across the Bank with regulatory frameworks and laws, proactively intervening against practices that may jeopardize customer rights or erode their trust in the Bank. This rigorous oversight not only safeguards the customers but also strengthens the Bank's reputation, directly enhancing customer loyalty and confidence to deal with the Bank.

The Department's Key Achievements in 2025:

- Registered customers in at least one of the Bank's digital communication channels (SMS, email, or push notifications) to ensure that customers receive the Bank's correspondence.
- Updated and refined the Terms and Conditions (T&Cs) for credit card contracts. Customers were notified of the updates through multi-channels.
- Collaborated with relevant Divisions and Departments to launch targeted banking awareness tips. These tips were prepared to address recurring themes based on complaints received by the Bank.

The CCPD's mandate extends beyond the case-by-case resolution of customer complaints. The Department operates as an integral component of an integrated system that improves service quality, raises customer satisfaction and enhances the Bank's reputation and strength of the banking relationship with customers on the long term.

Legal Division

The Bank's Legal Division plays an important role in safeguarding the Bank's interests, protecting the rights of its shareholders and customers, and ensuring strict compliance with all applicable laws and regulations. By delivering professional, timely, and strategic legal services, the Division helps maintain the Bank's strong corporate reputation and competitive position in the market, enabling it to deliver strong performance among its peers in the market.

Strategic Role and Objectives

Operating within a professional and well-structured framework, the Legal Division is committed to providing accurate, swift, and practical legal support to all departments and divisions across the Bank. Its primary objective is to establish a highly competent team of legal professionals who are fully equipped to address the Bank's evolving strategies, plans, and challenges efficiently and effectively.

Key Responsibilities

- **Legal Advisory Services:** The Division provides the Board of Directors, Executive Management, and all departments with well-reasoned legal advice and opinions, ensuring alignment with current laws, regulations, and any subsequent amendments or regulatory changes.
- **Contract Drafting and Review:** Drafting, reviewing, and amending legal contracts and documentation remain top priorities, ensuring that all agreements with customers, stakeholders, and third parties are clear, balanced, and legally sound.
- The Division continuously updates the Bank's legal forms and documentation to reflect developments in the banking sector, regulatory requirements, and customer needs.
- **Litigation and Representation:** Acting as the Bank's representative before judicial bodies, investigation authorities, and governmental as well as non-governmental entities, the Division plays a critical role in protecting the Bank's legal position.

Achievements and Impact

During the past 3 years, the Legal Division successfully conducted several recovery negotiations with defaulting customers, resulting in significant financial settlements in favor of the Bank. These efforts have strengthened both the legal standing and the financial stability of the Bank, reinforcing its ability to face future challenges.

Collaboration and Knowledge Development

Recognizing the importance of collaboration, the Division works closely with other divisions and departments to establish streamlined processes for obtaining legal services and solutions quickly and efficiently. Furthermore, it contributes to building legal awareness within the Bank by delivering targeted training programs-particularly for new employees-in partnership with the Human Resources Division.

General Services Division

During the Financial Year 2025, General Services Division continued to provide seamless essential services that underpin the Banks' daily operations ensuring efficiency, security and reliability through effective management of the available resources. We endeavor to remain steadfast in our mission to deliver timely and efficient support in areas such as Procurement, Construction & Property Management, Security, Mail and Courier, Fixed Assets and Stationery Management by strengthening internal systems and optimizing resources thereby significantly contributing to the Bank's overall performance in enhancing operational resilience, work place efficiency and service delivery across all Branches and Departments.

General Services Division diligently strives to partner with eco-friendly suppliers to reduce emissions and support the local environment.

Construction Management Department

Overview

The Bank's Construction Management Department plays an important role in the Bank's expansion efforts, ensuring the timely completion of new branches and upgrades. The Department's role encompasses planning, designing, and executing new branches while managing the overall execution of projects efficiently, ensuring cost-effectiveness, quality management, and risk mitigation.

Key Achievements

New Branch Openings

The Bank opened a new branch at Sama Mall and completed construction works for the CBK booth at Jazeera Terminal 5.

Branch Upgrades

- ATM Islands at different locations, and at the following hospitals:
- Al-Adan Hospital
- Al-Amiri Hospital
- Al-Jahra Hospital
- Al-Farwaniya Hospital
- Jaber Al-Ahmad Hospital

In cooperation with the concerned Divisions and Departments, the ATM Kiosk at Al-Mubarkiya was redesigned and upgraded, aligned with the new Digital Banking Operations concept.

These enhancements improved customer service experience and automation.

Energy-Efficiency and Sustainability Initiatives

The Construction Management Department has integrated energy-efficient measures into its construction strategy. It completed the supply and installation of solar panels across 25 branches.

As part of the Bank's green initiatives, the Department continues to provide maintenance and landscaping services for the Blissful Bird Monument public area adjacent to the CBK Head Office, with the work order extended until November 2026.

The Department installed heat-reduction film on all windows at the Hawalli Building and Head Office, contributing to improved energy efficiency and reduced cooling load.

Greening Initiatives

Maintenance of the Blissful Bird Monument area (near CBK Head Office) continues until November 2026, including trimming plants and maintaining the irrigation system.

Further, replacement of the main building chiller to align with electricity-consumption reduction goals while maintaining high cooling efficiency.

The Construction Management Department shall continue its commitment to supporting the Bank's growth and sustainability targets through efficient, environmentally responsible, and high-quality construction and project delivery across all locations.

Purchasing & Stationery Department

Managing the Recycling of Empty Plastic Bottles

GSD - Purchasing Department, pursued the initiative of recycling of empty plastic bottles, which was kick-started in the year 2024, in coordination with the Stationery Department. The empty bottles are regularly bundled and sent to a recycling-specialized company, which is a government-approved entity that ensures that all the recycling activities comply with the Kuwait Environment Public Authority regulations. This activity surely reduced the environmental impact of plastic production and aided to create a more sustainable future.

Introduction of Eco-friendly Corporate Gift Items for the Year 2026 and Minimize Carbon Footprints

In 2025, while placing orders for the corporate gift items, GSD-Purchasing Department endeavored to align with the ESG aspect by selecting Alkaline Clay bottles for the forthcoming year 2026 Ramadan gifts.

Corporate Communications Division

Social Responsibility and Sustainability

Commercial Bank of Kuwait (Al-Tijari) maintained its steadfast commitment to sustainability and social responsibility throughout 2025. Over the past year, the Bank continued to highlight its societal role through the implementation of diverse humanitarian and developmental initiatives. CBK remains dedicated to active participation in a wide range of charitable, social, and environmental efforts, reflecting a firm commitment to its national responsibilities and to advancing sustainable development.

A Prominent Role in Sustainable Development

The Bank continued to play a prominent role in advancing sustainable development by integrating environmental, social, and governance (ESG) principles into its comprehensive strategy, designed to promote responsible environmental and social practices.

In 2025, the Bank participated in several environmental campaigns, including beach clean-up initiatives and an awareness visit to Um Al-Maradem Island to promote marine conservation and environmental protection. These efforts were complemented by greening initiatives and support for environmental activities carried out in cooperation with relevant authorities.

Such initiatives reflect the Bank's commitment to expanding green spaces and enhancing Kuwait's urban environment. Through these efforts, the Bank reaffirms its role as an active partner in supporting sustainable environmental transformation and encouraging responsible community engagement.

Governorates Support Program

Guided by its national responsibility toward community service, the Bank continued implementing its ambitious program in cooperation with Kuwait's six governorates. This initiative aims to strengthen community engagement and foster meaningful social contribution across different segments of society.

Throughout 2025, the Bank supported and sponsored a wide range of social, athletic, and healthcare initiatives organized by the governorates, reaching diverse segments of the population. The Governorates Support Program reflects the Bank's commitment to balanced development and to building strong community partnerships that enhance cooperation with civil society institutions in support of sustainable development across the country.

Supporting People of Determination

Empowering people of determination remains a key priority for the Bank, reflecting its strong commitment to social solidarity and inclusion. Throughout the year, the Corporate Communications Division organized numerous activities and events to celebrate special occasions with people of determination, sharing joyful moments and strengthening engagement with this valued segment of society.

Key initiatives and activities undertaken in 2025 included:

- Sponsoring National Day celebrations at Khalifa Special Needs School.
- Hosting students from Kuwait Society for the Handicapped and celebrating the National Day with the Bank's employees.
- Organizing a traditional Gergeaan event for children with special needs during the holy month of Ramadan in cooperation with the Department of Private Education.
- Providing Kuwait Blinds Association with an advanced Braille printing device to support the needs of visually impaired individuals and enhance their publications.

In recognition of these efforts, Kuwait Blinds Association honored Commercial Bank of Kuwait for its humanitarian role and its continued support for people of determination. This recognition highlights the Bank's dedication to promoting greater inclusion and supporting the full social integration of people of determination within society.

Double Your Reward with Al-Tijari

Driven by the values of social solidarity and the spirit of giving, the Bank continues to implement its distinguished campaign "Double Your Rewards with Al-Tijari," which represents a cornerstone of its humanitarian and sustainability initiatives.

The campaign is based on the Bank doubling the value of each donation made by its customers to participating charitable organizations, thereby amplifying the positive impact of the initiative and increasing support for those in need.

In 2025, the campaign expanded to include the distribution of food baskets, school supplies and uniforms for students from low-income families, as well as seasonal clothing for needy households. These initiatives were carried out in cooperation with several charitable organizations, reinforcing the Bank's commitment to solidarity and social responsibility.

National and Liberation Days

In celebration of Kuwait's National and Liberation Days, the Bank launched a number of initiatives reflecting the spirit of belonging and loyalty to the nation.

The Bank's Head Office was illuminated and decorated with artistic displays inspired by Kuwait's heritage. An open day was also organized for employees to celebrate the National and Liberation Days in a festive atmosphere that strengthened the sense of unity and national pride within the organization.

In addition, the Bank actively participated in official celebrations and joined various community institutions in commemorating these national occasions. The Bank also organized an initiative to honor traffic police officers in recognition of their efforts in maintaining public safety during the National and Liberation Days celebrations. These activities reflect the Bank's ongoing commitment to promoting the values of citizenship and national participation.

"Let's Be Aware" Campaign

The Bank continues to emphasize its strong support for the "Let's Be Aware" Campaign, launched by the Central Bank of Kuwait in cooperation with the Kuwait Banking Association. The campaign aims to promote financial literacy and banking awareness across all segments of society.

Within this framework, the Bank shared awareness messages advising customers to avoid dealing with suspicious parties and to refrain from sharing their confidential banking information. These messages encourage customers to remain vigilant in order to reduce the risks of financial and cyber fraud.

The Bank also published press releases and educational articles covering various banking topics through multiple communication channels, including the Bank's website, branches, the FAQ page on the Bank's portal, and Al-Tijari's social media accounts such as Instagram, Facebook, X, Snapchat, LinkedIn, YouTube, TikTok, and Threads. These integrated communication efforts played an important role in promoting financial awareness, encouraging safe banking practices, and supporting the objectives of the campaign.

Diverse Social Responsibility Activities


During 2025, the Bank organized a wide range of social responsibility activities addressing various humanitarian and charitable aspects.

These initiatives included internal programs aimed at enhancing health awareness among employees and fostering

a positive work environment that reflects the spirit of one family within the Bank. They also included external engagements such as participation in community events, hospital visits, and support for a number of community initiatives, including the “Disconnect to Reconnect” initiative.

Given the wide scope of these activities and the difficulty of listing them all within this report, a comprehensive digital record documenting these initiatives and their impact is available through the QR code provided below.





Corporate Governance Rules and Systems



ESG

Introduction

In applying Corporate Governance rules and systems, Commercial Bank of Kuwait (“the Bank”) follows the instructions issued by the Central Bank of Kuwait, latest of which was dated 10 September 2019 and the international standards issued by the Basel Committee on Banking Supervision. As an essential part of its commitment to the highest standards of Corporate Governance, the Bank applies a set of bylaws, policies and practices with the objective of enhancing and promoting Corporate Governance principles with regard to consolidating a culture of accountability, participation, fairness, integrity, innovation and digital transformation and boosting sustainable development factors.

The Bank continues to enhance its policies, procedures and practices with a view to effectively apply all laws, instructions and regulations issued by various regulatory authorities pertaining to the practice of sound Corporate Governance rules to safeguard the Bank, its rights and the rights of its shareholders, depositors, creditors, customers, staff members and other stakeholders. This is actually undertaken while observing a balance between applying corporate governance standards and adopting a flexible leadership approach that facilitates agile and innovative decision-making without compromising regulations and laws. The Bank has taken the necessary actions for updating its bylaws and policies and ensuring their consistency with the requirements of the said laws, regulations and instructions.

The Bank pays due attention for enhancing sustainable development and sustainable financing culture across its business and activities, and has embedded sustainability standards within the Bank’s Strategy. The Bank is keen on adopting the highest levels of transparency, maintaining confidentiality of all material information pertaining to the Bank, until the proper disclosure timings, according to the Capital Markets Authority’s instructions and Boursa Kuwait rules. Furthermore, the Bank posts disclosed information and the approved Corporate Governance Manual on the Bank’s website.

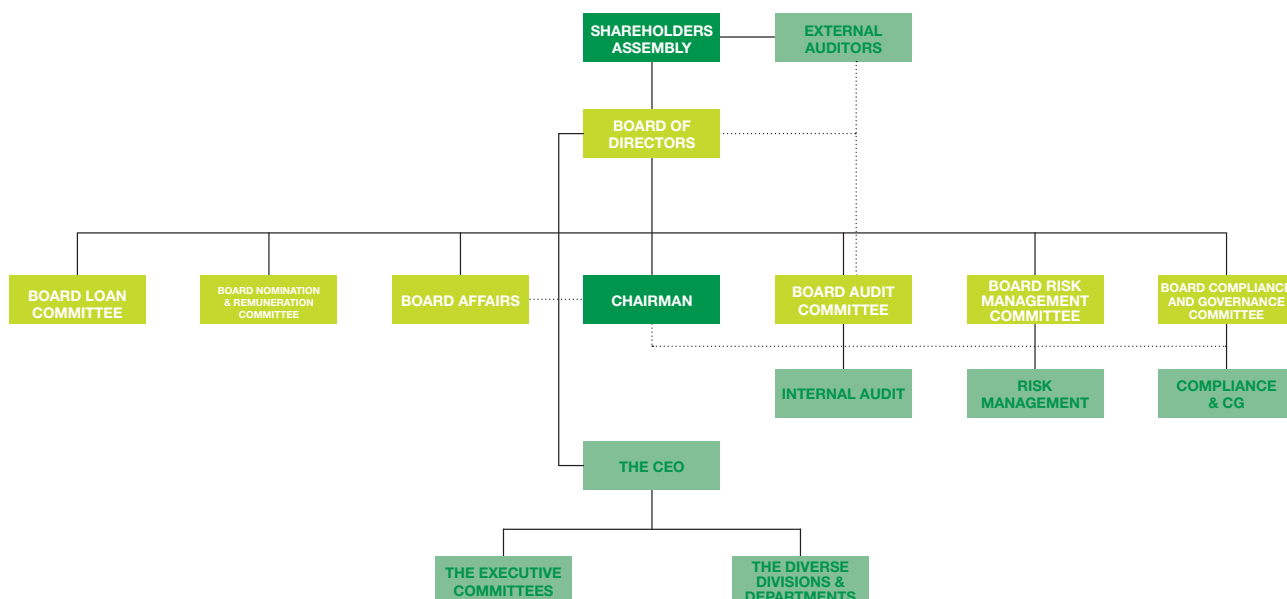
Major Shareholders

Shareholders with a percentage exceeding 5% of the Bank’s share capital as at the end of 2025 are as follows:

Al Sharq Holding 23.918%

Corporate Governance Structure

The Bank has set a well-defined Corporate Governance structure with a view to have in place adequate and effective Corporate Governance standards and practices on the level of the Bank Group, considering that it includes proper ways of effective controls on the Group’s business to advocate excellence in Corporate Governance. This structure is regularly revisited to ensure that it remains appropriate and reflects any developments that may arise in the Corporate Governance scope. The following hierarchy illustrates the general structure of the Corporate Governance.



Board of Directors, Key Responsibilities and Achievements

The members of the Bank's Board of Directors are elected in the General Assembly Meeting by secret ballot for a term of three years after obtaining the approval of the Central Bank of Kuwait and in accordance with the Companies Law, its Executive Regulations, the Corporate Governance Rules and the Bank's Articles of Association. During 2024, the current Board of Directors has been elected for the period from (2024-2026).

During 2025, the Bank established a multi-currency Certificate of Deposit "CD" Program with a total value of USD 1 billion or its equivalent in other currencies. Under the Program, the CDs may be issued at a discount or premium, or carry fixed or floating interest rates, or a combination thereof. The tenor of the CDs shall range between minimum one week and maximum five years. The certificates will be issued in Kuwait and international markets. The issue and sale of the CDs shall be governed by the applicable laws and regulations of the respective jurisdictions where CDs are offered.

Board of Directors Key Responsibilities and Duties

The Board of Directors assumes the overall responsibility of the Bank in general. This covers overseeing the Bank's strategic objectives, approving action plans, identifying the Bank's risk appetite and strategy, updating Corporate Governance principles, sustainability principles and sustainable finance, approving the policies, building up the public trust in the Bank's management and active contribution in planning the Bank's business. Further, the Board of Directors bears the responsibility for the Bank's financial soundness, safeguards the interests of shareholders and stakeholders, focusing on risk management and governance including cybersecurity and information security risks and compliance governance. The Board of Directors also enhances internal control systems, internal and external audits, realizes sustainable development and other responsibilities assumed by the Board under laws, regulations and regulatory instructions and resolutions.

The Board of Directors emphasizes the importance of applying Corporate Governance rules accentuating the significance of risk and compliance governance and the implementation of the three pillars of sustainability: Environmental, Social and Governance (ESG) by creating corporate values culture amongst all staff members. This is undertaken by working closely to achieve the strategic objectives, improving performance levels and adhering to laws and regulatory instructions, particularly Corporate Governance rules and systems and sustainable finance principles. As such, the Board of Directors has in place a set of bylaws, policies and reporting system, and endeavors to effectively apply them within the concept of a corporate culture rather than in compliance with regulatory instructions.

The Board of Directors, collectively, has various academic qualifications, professional experience and specialized skills and possesses adequate knowledge and expertise in finance, accounting, lending, banking operations, strategic planning, Corporate Governance, risk management, internal controls, legal and regulatory environment sustainability principles and sustainable finance. Furthermore, the Board of Directors is always aware of the local, regional and global economic developments.

A Synopsis on the Bank's Board Members:

Sheikh / Ahmad Duaij Al-Sabah - Chairman

Sheikh / Ahmad holds a Bachelor of Science in Finance from Bentley University, USA and Master in Business Administration - General Management and Strategy 2008 from Maastricht Business School.

Sheikh / Ahmad has long and wide experience, as he held the following key positions:

- Chairman of the Board of Directors of Al-Tijari Financial Brokerage Company from 2014 to 2020.
- Member of the Board of Directors of Kuwait Banking Association "KBA" from 20 February 2025 till date. Before that, he had been KBA Chairman from February 2022 till 19 February 2025 and KBA Vice - Chairman from 2019 to January 2022.
- Member of the World Union of Arab Bankers from May 2022 to 30 April 2025.
- Member of the Board of Directors of the Institute of Banking Studies representing Commercial Bank of Kuwait from April 2018 to date.
- Member of the Board of Directors of Kuwait Clearing Company, representing Commercial Bank of Kuwait from 2018 to 2019, then reappointed with effect from May 2022.

Sheikh / Ahmad has also worked as:

- Investment Manager in Tijari Investment Company during the period from 2010 to 2012.
- Investment Manager in Securities Group from 2012 to date.
- Credit analyst in Commercial Bank of Kuwait at Shareholders' Services Unit during the period from 2005 to 2010.
- Planner in Kuwait Petroleum Corporation during the period from 2001 to 2003.

Sheikh / Ahmad has chaired the Bank's Board of Directors since 31/3/2018. He is also the Chairman of the Board Loan Committee (BLC). Prior to holding the position of the Chairman of the Board in Commercial Bank of Kuwait, Sheikh / Ahmad held the position of the Vice Chairman of the Board of Directors of the Bank during the period from 4/4/2015 to 31/3/2018, and a Board Member during the period from 29/4/2012 to 3/4/2015.

Abdulrahman Abdullah AlAli - Vice Chairman

Mr. Abdulrahman holds a Bachelor of Mechanical Engineering - and Master of Business Administration / Finance and Investment - 1979 from University of Wisconsin - Madison, USA.

He is an experienced board member long experience in investment and project financing. He mostly acquired his experience from holding key positions and memberships in the following institutions:

- A Senior Deputy Chairman for Gulf Investment Corporation from 1985 to 2002.
- A Board Member in Industrial Bank of Kuwait during the period from 2010 to 2011.
- A Board Member in United Steel Industrial Company during the period from 1998 to 2015.
- A Board Member in the United Holding Company from 1998 to 2006.
- A Member in the Ethical Review Committee - Dasman Diabetes Institute from 2010 to date.

In addition to his position as a Member in the Bank's Board of Directors since 29/4/2012, Mr. Abdulrahman is the Vice Chairman of the Board of Directors since October 2020 and a member of the Board Risk Management Committee (BRMC) and the Board Loan Committee (BLC).

Mohammed Abdulrazzaq AlKandari

Mr. Al-Kandari holds a Bachelor of Business Administration - from the University of Richmond, Virginia. Throughout his career, he served as a member of the board of directors in the following companies:

- Ajyal Real Estate and Entertainment Company from 2014 to 2024.
- Technology Industrial Gases Production Company "Technogas" from 2014 to date.
- First Investment Company from 2014 to date.
- Venture Capital Bank (Bahrain) from 2012 to 2024.
- Eyas for Higher and Technical Education Company from 2016 to 2019.
- Vice Chairman of Kuwait Saudi Pharmaceutical Industries Company from 2012 to 2019.
- Vice Chairman of the Board of Directors of Gulf Energy Holding Company from 2011 to date.

Mr. Al-Kandari has wide experience gained through holding the following leading positions:

- Deputy Chief Executive Officer for Direct Investment at Securities Group Company from 2017 to date.
- Executive Director of the Direct Investment at Securities Group Company from 2011 to 2017.
- Deputy Chief Officer - Asset Management at the Al-Rouyah Investment and Leasing Company from 2007 to 2009.

In addition to his position as a member in the Bank's Board of Directors from 28 January 2020 to date, Mr. Al-Kandari is also a member of the Board Risk Management Committee (BRMC) and the Board Audit Committee (BAC).

Sheikh / Talal Mohammed AlSabah

Sheikh/ Talal holds a Bachelor of Science in Business Administration, American University, Washington, D.C. He is currently working as a financial advisor in Securities Group Company. He has been a Member in Board of Directors of the following companies:

- Gulf Glass Manufacturing Company from 2005 to 2006.
- Refrigeration Industries and Storage Company from 2003 to 2008.

In addition to his present position as a Member in the Bank's Board of Directors since 31/3/2018, he is a member in both the Board Nomination and Remuneration Committee (BNRC) and the Board Loan Committee (BLC).

Manaf Mohamed AlMuhanna

Mr. Manaf obtained a Bachelor degree in Architectural Engineering, from Miami University - USA and Master in Projects Management, 1997 from Kuwait University. Mr. Manaf gained diverse experience through his work in the public and private sectors, and during his tenure whether at the level of board of directors or executive management in the following institutions:

- Ministry of Defense - Military Engineering - Ad-hoc Projects Controller (Coalition Forces Projects) from 1991 to 2008.
- Chairman and Chief Executive Officer of Gulf Dredging and General Contracting Company from 2006 to 2018.
- Board Member in Oula Fuel Marketing Company from 2009 to 2010.
- Board Member in Gulf National Holding Company from 2010 to 2017.
- Board Member in Gulf Franchising Holding Company from 2010 to 2018.
- The CEO of Platinum United Company from 2003 to date.

In addition to his present position as a Board Member in in the Bank since 31/3/2018, Mr. Manaf is a Member in both the Board Loan Committee (BLC) and the Board Nomination and Remuneration Committee (BNRC).

Youssef Yaqoub AlAwadhi

Mr. Al-Awadhi holds Bachelor of Accounting - Kuwait University. He has long experience during which he held several positions at various companies such as:

- Deputy Chief Executive Officer, Investment Funds and Client Portfolios Department at Securities Group Company from 17/07/2016 to date.
- Executive Manager - Investment Department in Securities Group Company from 2014 to 2016.
- Investment Manager in Securities Group Company from 2011 to 2014.
- Assistant Manager - Real Estate Investment Department in Aayan Leasing and Investment Company in 2010.

- Investment Manager - Direct Investment Department in Al-Ahlia Holding Company from 2007 to 2009.
- Accountant at Wafra International Investment Company from 2004 to 2007.

In addition to the above, Mr. Al-Awadhi has been a member of the board of directors of the following companies:

- Member of the Board of Directors of Kuwaiti Saudi Pharmaceutical Industries Company from 2012 to 2019.
- Chairman of the Board of Directors of Eyas for Higher and Technical Education Company from 2014 to 2017.
- Vice Chairman of the Board of Director of Education Holding Group from 2014 to 2017.
- Member of the Board of Directors of Education Holding Group during 2017.
- Member of the Board of Directors of Sama Educational Company from 2015 to 2017.
- Member of the Board of Directors of Afaq Educational Company from 2016 to 2017.
- Member of the Board of Directors of Advanced Education Company in the Kingdom of Saudi Arabia from 2015 to 2016.
- Member of the Board of Directors of Alpha Atlantique Company - Moroccan Sahara in the Kingdom of Morocco from 2015 to date.
- Member of the Board of Directors of Al-Ahlia Real Estate Gate Company from 2008 to 2009.
- Independent Member of the Board of Directors of Gulf Franchising Holding Company from 2018 to date.
- Member of the Board of Directors of the Commercial Real Estate Company from April 2021 to date.
- Member of the Board of Directors of Tawazun Holding Company from January 2021 to 2022.
- Member of the Board of Directors of the Kuwait Qatar Insurance Company from 2023 to date.

In addition to his position as a member in the Bank's Board of Directors from 9 November 2020 to date, Mr. Al-Awadhi is also a member of the Board Audit Committee (BAC) and the Board Compliance and Governance (BCGC).

Dhari Ali Al-Mudhaf

He holds a Bachelor's degree in Accounting - from Kuwait University and Computer Driving Diploma from Communication and Navigation Institute. He previously graduated from the Military College working as a Lieutenant and progressed in several positions. He has practical experiences in insurance and brokerage, medical field, information security, facility security and accounting. In 2012, he established the Arabian Peninsula Insurance Brokerage Company which works in insurance and improving brokers' performance. It is now one of the leading companies in this field. Mr. Dhari held the following positions:

- Ministry of Defense from 1997 to 2021:
 - The Emiri Guard Authority - Operations and Training Branch
 - Intelligence and Security Authority - Security Directorate / Preventive Security Branch
 - Supply and Catering Authority - Head of Budget Programming Branch.
 - Intelligence and Security Authority - Assistant Military Attaché for Financial Affairs / Washington
 - Budget Programming Directorate - Head of the Armament and Equipment Authority - Budget Programming Division
- Assistant CEO - YIACO Medical Company K.S.C. from 2021 to 2024.
- CEO - Al Raya Healthcare Company from 2022 to 2024.
- Chairman of the Board of Directors and Chief Executive Officer of the Arabian Peninsula Insurance Brokerage Company from 2024 to date.

He was elected to the Board of Directors of the Bank as a non-independent member on 31 March 2021. He is a member of the Board Loans Committee (BLC) and the Board Compliance and Governance Committee (BCGC).

Tareq Ahmad AlJassim - Independent Member

He holds a Bachelor's degree in Business Administration - Finance - from Suffolk University, USA. He has extensive experience for several years, during which he held the following board memberships and positions:

- Member of the Board of Directors of KFIC Financial Brokerage Company from 2018 to January 2025.
- Member of the Board of Directors of KFIC Financial Services Company from 2022, then Vice Chairman of the Board from April 2024 to August 2024.
- General Manager in KFIC Consultancy Company from February 2025 to December 2025.
- Head of the Executive Sector- Wealth Management Department at KFIC Investment from April 2024 to January 2025, in addition to Head of Asset Management from October 2024 to January 2025.
- Head of the Executive Sector - Public Relations, Marketing, and Investor Relations at KFIC Investment from 2016 to March 2024.
- Deputy Head of Asset Management at Al-Dhow Investment Company (now Al-Dhow Holding) from 2006 to 2016.

He was elected as an independent member of the Board of Directors of Commercial Bank of Kuwait on 24/04/2024. He is the chairperson of the Board Compliance and Governance Committee and is a member of the Board Risk Management Committee.

Fahad Zuhair AlBader - Independent Member

Mr. Al-Bader holds a Master of Business Administration - 2015 from Duke University / USA and a Bachelor of Science in Management - 2000 from Purdue University / USA. He held several key positions as follows:

- Adviser - Massaleh Investments Company from February 2020 to 2024.
- Head of Managed Funds Division (Global) at Gulf Investment Corporation from 2015 to 2019.
- Head of MENA Operations, Lionsgate Capital Management from 2009 until 2015.
- Head of Hedge Funds Department at the Kuwait Fund for Arab Economic Development from 2007 to 2008.

In addition to being an independent member of the Board of Directors of Commercial Bank of Kuwait since 31 March 2021, he is currently the Chairperson of Board Risk Management Committee, and a member of the Board Nomination and Remuneration Committee.

Ahmad Bader Wahedi - Independent Board Member

Mr. Wahedi holds a Bachelor of Science in Economics, a Bachelor of Science in Electrical Engineering and Computer Engineering, and a Bachelor of Science in Civil Engineering with a Minor in Engineering Design - 2004 from Carnegie Mellon University- United States of America. He also holds a Master of Business Administration in Finance, Real Estate and Accounting - 2009 from the Wharton School of Business, University of Pennsylvania - United States of America. He has a long experience gained through holding key positions as follows:

- Chief Executive Officer “CEO” (Investment Division) - National Real Estate Company from 2015 to date.
- Executive Director - Boubyan Capital Investment Company from 2010 to 2015.
- Manager - Boubyan Bank from March 2010 to July 2010.
- Manager - Agility Public Warehousing Company from 2004 to 2009.

He held the following positions on the board of directors of the companies below:

- Chairman of the Board of Directors of the Kuwait Maritime and Mercantile Company from 2014 to date.
- Chairman of the Board of Directors of the Jordanian National Real Estate Company from 2018 to date.
- Deputy Chairman of the Board of Directors, Mediterranean Investment Holding Company, from 2018 to date.
- Deputy Chairman of the Board of Directors - Saudi Projects Holding Group from 2012 to 2015.

In addition to being an independent member of the Board of Directors of Commercial Bank of Kuwait since June 2022, he is currently the Chairperson of Board Audit Committee, and a member of the Board Compliance and Governance Committee.

Husam Abdulrahman AlBassam - Independent Member

Mr. Husam holds a Bachelor's degree in Accounting - from the College of Commerce and Economics - Kuwait University. He has long practical experience, where he held several key positions as follows:

- Member of the Board of Directors of Boursa Kuwait Company from 2014 to 2019.
- Member of the Board of Directors of the College of Business Studies, from 2014 to 2017.
- Member of the Board of Directors, Treasurer, Secretary and Deputy Chairman of the Kuwait Economic Society from 2004 until 2016.
- Member of the Board of Directors of the Gulf Economic Society from 2009 to 2015.
- Chairman of the Board of Directors of Hassad Holding Company from 2004 to 2015.
- Vice Chairman of the Board of Directors of Rakaz Holding Company from 2004 to 2014.
- Member of the Securities Market Violations Committee from 2016 to 2018, and was appointed Chairman of the Committee from 2018 to 2019.
- Member of the Board of Directors of the Commercial Real Estate Company from 16/10/2024 to date.

He joined the Board of Directors of Commercial Bank of Kuwait as an independent member in August 2023. He is the Chairman of the Nominations and Remuneration Committee and a member of the Board Audit Committee.

Key Achievements of the Board of Directors for the year 2025

- Reviewing the regular follow-up reports and the latest updates regarding the Bank's Strategy (Shaping the Future 2022-2026).
- Approving the Bank's Risk Appetite Statement for the financial year 2025.
- Reviewing and approving the Bank's quarterly and year-end financial statements.
- Reviewing the structures of the Corporate Governance, the Board of Directors and Risk Management Division.
- Reviewing Capital Adequacy and Stress Testing Reports, as well as Risk Management Division's regular reports.
- Reviewing Risk Management Division's reports regarding Capital Adequacy of the Bank's subsidiary.
- Reviewing the regular reports of the Anti-Money Laundering “AML” Department, and the extent of the Bank's compliance with the relevant instructions and approve the amendments to the “AML” Department procedures.
- Reviewing periodic reports regarding the activities of the Legal Division.
- Approving the amended and consolidated budget of the Bank for 2026.
- Reviewing the independent assessment of the Strategic Cyber Security Framework and Information Security Report.
- Approving the updates introduced to the Bank's Risk Management policies and the Environment, Social and Governance “ESG” Risk Management Framework.
- Approving the updates introduced to the Governance Policies and the Bylaws of the Board of Directors, Board Committees.
- Approving the regular updates introduced to the diverse policies governing the Bank's business activities as provided by various Bank divisions.
- Approving the performance evaluation related to the Board of Directors, the Board Members and the CEO for 2024, and approving the proposed 2025 Training Plan for the members of the Board of Directors.
- Reviewing the periodic reports about the Bank's diverse business activities.
- Reviewing a presentation about the latest economic developments and a summary of the Bank's performance.
- Reviewing the periodic reports of the Human Resources Division and the HRD performance indicators.

- Reviewing the Annual Report and suggestions of the Customer Complaints and Protection Department.
- Reviewing and approving the recommendations in the Annual Report on the Bank's Regulatory Compliance, Governance Practices and Disclosures.
- Reviewing and approving the recommendations in the Non-compliance Risk Assessment Report.
- Reviewing and approving the Corporate Governance Report in the Bank's Annual Report for 2024.
- Reviewing the Sustainability Annual Report for 2024.
- Annual review of the Remuneration Policy and perusing the Internal Audit Report on the Benefits and Remuneration Policy.
- Reviewing the regular reports on the roles and responsibilities of the Board of Directors and the Board committees.
- Reviewing the Register of Decisions issued by the Board and Board committees and following up their implementation as well as the Register of the conflict of interest cases of the Board Members.
- Reviewing and assessing the performance of the credit, investment and loans portfolios.
- Reviewing and following up the latest updates regarding the amended Strategic Audit Plan for two years 2026-2027 and the annual audit plans for 2026.
- Approving the increase of the Bank's issued and paid-up capital within the limits of the authorized capital for the purpose of issuing bonus shares and distributing them to shareholders and amending the clauses about the Bank's capital in the Articles and Memorandum of Association to reflect the same.
- Approving the Internal Audit Charter for the year 2024.
- Reviewing the follow up reports on the observations and violations raised by regulators and the necessary corrective actions taken in this regard.
- Perusing key laws, circulars and instructions issued by various regulatory authorities, as well as the updates to the International Accounting Standards "IAS" and International Financial Reporting Standards "IFRS" and their impact on the Bank.
- Reviewing the External Auditor's Internal Control Review (ICR) Report for the year 2024 and the Follow-up reports prepared in this regard.
- Reviewing the Management Letter prepared by the External Auditors.
- Reviewing the Engagement Letters of the external audit firms for auditing the Bank's financial statements for 2025.
- Approving the engagement of external audit firms for auditing the Bank's financial statements and engaging some firms to conduct certain tasks for the Bank. These include for example as assessment of the adequacy of the internal control systems, auditing the process of the Bank's implementation of the cybersecurity framework, auditing the Bank's implementation of FATCA and CRS requirements and the Loan Portfolio of the Bank.
- Approving the first issue of the Financial Inclusion Policy.
- Reviewing and approving the Business Continuity Policy and Plan and reviewing the related Testing Report.
- Approving on establishing a Certificate of Deposit Program with a total value of USD 1 billion or its equivalent in other currencies in Kuwait and international financial markets.

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

Within the process of enhancing the principles of Corporate Governance at the Bank, the Bank has formed five Board Committees to enhance the Board's oversight on key operations at the Bank Group level. Each Committee has an ad-hoc bylaw outlining its roles and responsibilities, and governing its functions and matters pertaining to the preparation of regular reports within the scope of each committee's roles and responsibilities, and the reports submitted to the Board of Directors and the follow-up reports presented to the Board Chairman. Four out of the above five Committees assist in overseeing the implementation of the Corporate Governance's various aspects, in addition to the Board Loan Committee concerned with all issues related to the credit facilities portfolio.

The Board committees are composed and approved by the Board of Directors in compliance with the rules and regulations of Corporate Governance stipulating that the Board Committees should have, in their formation, independent members. Further, an independent member should chair each of the Board Audit Committee, the Board Risk Management Committee and the Board Nomination and Remuneration Committee. Brief description about each Committee is given below:

Board Compliance and Governance Committee (BCGC)

Composition	<p>Tareq Ahmad AlJassim Independent Member and Chairperson</p> <p>Ahmad Bader Wahedi Independent Member</p> <p>Youssef Yaqoub AlAwadhi</p> <p>Dhari Ali AlMudhaf</p>
Main Roles & Responsibilities	<ul style="list-style-type: none"> • Prepare and update the Corporate Governance manual to be approved by the BOD, which includes the rules and regulations contained in the CB instructions regarding CG rules and systems at a minimum. The CG manual should be published on the Bank's website. • Review the annual reports presented by Compliance and Corporate Governance Division in the Bank to ensure: <ul style="list-style-type: none"> - The Bank's compliance with relevant legislations and regulations, and the latest developments in this regard, and the efficiency of the Bank's management of non-compliance risks facing the Bank in light of Compliance Department's identification, assessment of the issues associated with non-compliance risks, and the Bank's plans for the efficient management of such risks at least once a year. The status of the Bank's subsidiary is also taken into account, and the reports are presented to the BOD. - Follow-up the implementation of the rules and regulations contained in the CG manual, and the Bank's governance practices to ensure their effectiveness, and proposing the necessary improvements in this regard. Follow-up the ability of the subsidiaries to meet the applicable governance requirements, and the reports are presented to the BOD. • Review the CG Report (within the Bank's Annual Report) on the extent to which the Bank is in compliance with the implementation of CG instructions and manual, and stating the reasons for non-compliance, if any. • Evaluate CG structure on an annual basis to ensure that it remains appropriate, and ensure that such structure contributes to the effective oversight on subsidiaries, and present the same to the BOD annually. • Ensure that Compliance and Governance functions have due independence, that they undertake their roles effectively and independently, and are staffed with highly qualified employees with sufficient resources and proper training. Such assurance should be presented to the Board of Directors on an annual basis. • Approving regular business programs and plans for the Compliance and Governance Division. • Reviewing the Annual Sustainability Report prior to submission to the Board of Directors, ensuring that it clearly outlines the Bank's activities on environmental, social and economic areas to enable stakeholders to assess the Bank's sustainability performance. • Proposing / reviewing any amendments to the Bank's Memorandum and Articles of Association related to CG rules and systems. • Review the BOD bylaws, CG policies and other bylaws, policies, and CG requirements according to the regulatory instructions, or as requested by the BOD
Key Achievements	<ul style="list-style-type: none"> - Reviewed the Corporate Governance Report within the Annual Report for 2024. - Reviewed the Annual Report of Compliance and Governance Division for 2024 regarding Regulatory Compliance and Governance and Disclosure Practices. - Reviewed The Bank's Sustainability Report for 2024. - Perused the key instructions issued by regulatory authorities with regard to compliance, governance and disclosure for 2024. - Reviewed the Register of Resolutions issued by the Board Compliance and Governance Committee and followed up their implementation. - Reviewed the Non-Compliance Risk Assessment Report for 2024. - Reviewed the Annual Report on the Findings of Regulatory Compliance, Governance Practices and Disclosures Examination in the Bank for 2024. - Reviewed the updates to the Legal Division Policy - Reviewed the updates to the Code of Ethics Charter. - Reviewed the updates to the Customer Complaints and Protection Department Policy. - Reviewed the updates to the Board of Directors' Bylaw. - Reviewed the updates to the rules and procedures for convening the General Assembly meetings and shareholder rights. - Reviewed the updates to the roles and responsibilities of the Board Secretary. - Reviewed the first issue of the Financial Inclusion Policy. - Reviewed the updates to the Related Party Transaction Policy. - Reviewed the updates to the Whistleblowing Policy. - Reviewed the updates to the Board Compliance and Governance Committee Bylaw. - Reviewed the updates to the Policy on Insiders Trading Policy. - Reviewed the updates to the Conflict of Interest Policy. - Reviewed the updates to the Strategic Planning and Follow-up Division's Policy. - Reviewed the updates to the Disclosure and Transparency Policy

Board Audit Committee (BAC)	
Composition	<p>Ahmad Bader Wahedi Independent Member and Chairperson</p> <p>Mohammed Abdulrazzaq AlKandari</p> <p>Husam Abdulrahman AlBassam Independent Member</p> <p>Youssef Yaqoub AlAwadhi</p>
Main Roles & Responsibilities	<ul style="list-style-type: none"> • Review the scope, results and adequacy of Bank's internal and external audit. • Review the accounting issues which have a significant impact on the Bank's financial statements. • Review the internal control systems within the Bank, and ensure the adequacy of resources allocated to control functions. • Oversee and support the independency of Internal Audit function. • Review the financial statements of the Bank prior to its submission to the BOD, and ensure the adequacy of provisions. • Ensure the Bank's compliance with all laws, resolutions and regulatory instructions issued by competent authorities in Kuwait pertaining to the Bank's activities and business as well as ensuring compliance with the Bank's approved policies. • Ensure adequate oversight on subsidiaries by reviewing periodic reports. • Evaluate the annual performance of the CIA and determine his remunerations and the remunerations of internal auditors. • Ensure that the Internal Audit Division applies an evaluation program for quality assurance and improvement, and that the results of such periodic evaluations are presented to BAC. • Review Audit Strategic and Annual plans. • Present recommendation to the BOD for approval on the appointment, termination of the contract, and determining the fees of the External Auditors, and any other contractual conditions related to them based on a review of their engagement letters. BAC should meet at least once a year, without the presence of the Executive Management, with the External Auditors, Chief Internal Auditor and Head of Compliance and Corporate Governance. • Through its review of the Internal Audit Reports or any other related reports, the BAC shall ensure that appropriate controls are in place so that employees can raise any concerns that they may have about any suspicions of violating, or perceived to be violating laws, regulatory instructions, internal policies and procedures. The Committee ensures compliance with other duties and responsibilities relevant to internal and external audit and internal control systems.
Key Achievements	<ul style="list-style-type: none"> - Conducted regular review of the quarterly and year-end financial statements, and the external auditors' report on auditing the financial statements. - Reviewed the Management letter prepared by the External Auditors. - Raised recommendations for reappointing the External Auditors, and reviewed the related contractual terms and conditions as well as the total fees to be paid to them. - Raised recommendations for engaging external auditors to examine internal control systems for 2024, and examinations of the consumer and housing loans portfolio for 2025. - Reviewed the External Auditor's ICR Report and the follow-up reports prepared in this regard. - Recommended the engagement of an external audit firm to assess the Bank's implementation mechanism of the Cybersecurity Strategic Framework for the years 2025 and 2026 and reviewed the external auditor's report on assessment of the Bank's Strategic Cybersecurity Framework. - Reviewed and followed up the findings of the inspections conducted by the Central Bank of Kuwait after receiving the related reports. - Reviewed and followed up the reports prepared by the Internal Audit Division and the Board Audit Committee's reports about the activities of the Internal Audit. - Followed up the implementation of the approved Audit Plans for two years 2024 /2025 and the latest updates on the same. - Prepared and approved the performance appraisal of Chief Internal Auditor. - Objectively reviewed the Annual Report on the evaluation of the external auditors for 2025 prepared by the Board Audit Committee. - Met with the External Auditors, Chief Internal Auditor and the General Manager of Compliance and Governance Division without the presence of the Executive Management. - Reviewed the Follow up Reports on the Central Bank of Kuwait inspections; and followed up any findings and penalties imposed by all regulatory authorities. - Reviewed the quality assurance of the internal evaluation process, the findings of the survey of employees' satisfaction for 2025, and findings of the survey of customers' opinions for 2024 and ensured the independence of the Internal Audit Division. - Reviewed the latest updates on the Annual Audit Plan. - Reviewed the Register of Resolutions issued by the Board Audit Committee and followed them up for implementation. - Reviewed the updates to the Internal Audit Charter for 2025. - Reviewed the updates to the Hedging Policy, Leased Assets Accounting Policy, and Expenses Approval Authority Policy. - Reviewed the External Auditors Appointment, Replacement, Rotation and independence Policy. - Reviewed the Board Audit Committee Bylaw. - Reviewed the amended Strategic Audit Plan for 2026-2027 and the Annual Audit Plans for 2026.

Board Risk Management Committee (BRMC)	
Composition	<p>Fahad Zuhair AlBader Independent Member and Chairperson</p> <p>Abdulrahman Abdullah AlAli</p> <p>Tareq Ahmad AlJassim Independent Member</p> <p>Mohammed Abdulrazzaq AlKandari</p>
Main Roles & Responsibilities	<ul style="list-style-type: none"> • Review the Bank's Risk Strategy and Appetite before BOD approval. • Review Risk Management policies before BOD approval, and ensure they are circulated to the concerned Divisions/Departments within the Bank through RMD. • Ensure the implementation of CB instructions concerning capital adequacy (Basel), ICAAP and stress testing. • Review the credit rating system and the like before presenting to the BOD for approval. • Ensure that the Risk Management function is implementing the risk strategy and appetite, and developing methodologies for identifying, measuring, monitoring, controlling and mitigating the risks, in addition to developing comprehensive and strong systems for managing all types of risks, and spreading risk governance culture within the Bank. • Ensure the Executive Management is implementing the risk strategy, appetite and policies. • Review the reports related to risks associated with the Bank's subsidiaries and taking the necessary actions in this regard, and review the policies related to such risks, and present the same to the BOD. • Review the periodic risk reports submitted by RMD on risk exposures, taking into account the extent to which different types of risks overlap, and adherence to various risk limits, and the calculation of Internal capital adequacy Process (ICAAP) and economic capital. • Discuss the results of stress tests periodically to measure the Bank's capabilities to withstand shocks and high risks, and the actions to be taken based on these results, in addition to the assumptions and scenarios used in such tests, and present the same to the BOD. • Ensure the establishment of information security function within the Bank and the availability of the necessary criteria for this function as described in the CB instructions, and present the same to the BOD. • Review the strategies, policies and controls for information security and cybersecurity systems which shall be in line with the Bank's strategy, objectives and risk appetite, present the same to the BOD, and review the follow up reports prepared by the Executive Management in this regard. • Approve the key operational risk indicators. • Ensure that the Risk Management Division is implementing the risk strategy, the risk appetite and developing methodologies to identify, measure, monitor and mitigate risks. • Evaluate the performance of the Chief Risk Officer, and identify areas that need improvement. • Review the reports submitted by the Chief Risk Officer to the Committee Chairman, in addition to the risks-related reports submitted to other Board Committees in order to enhance communication amongst the Board Committees.
Key Achievements	<ul style="list-style-type: none"> - Reviewed the Bank's Risk Appetite for 2025. - Regularly reviewed the reports on the Risk Management Strategy (Risk Appetite) approved for 2025. - Reviewed the updates to Business Continuity Management Policy and Business Continuity Plan. - Reviewed the ICAAP and Stress Testing reports, phishing simulation re-testing, as well as Risk Management Division's regular reports. - Reviewed the regular reports on Key Risk Indicators (KRIs), reputation risks and operation risks. - Reviewed the analysis of the Corporate, International, and Retail Credit and Investments portfolios. - Back-tested the size of the judgmental/additional provisions. - Reviewed risk reports on subsidiaries. - Reviewed the regular reports associated with information security. - Reviewed the updates to the Internal Capital Adequacy Assessment Process (ICAAP) and Stress Testing Policy and related methodology. - Reviewed the updates to the Information Security Policy and Information Technology Policy. - Prepared and approved the Performance Appraisal of the Chief Risk Officer. - Reviewed the register of resolutions issued by the Board Risk Management Committee and followed them up for implementation. - Reviewed the updates to the Provisioning and Loans Write-off Policy. - Reviewed the updates to the Interest Rate Risk Management Policy and the Credit Risk Management Policy. - Reviewed the Liquidity, Interest Rate, and Market reports for 2025. - Reviewed the updates to the Market Risk Management Policy and the Operational Risk Management Policy. - Reviewed the updates to the Enterprise Risk Management (ERM) Policy. - Reviewed the updates to Bylaws of the Asset and Liability Committee (ALCO), the Operation Risk Committee, and the Information Technology & Information Security Committee. - Reviewed the updates to the Capital Adequacy Public Disclosure Policy. - Reviewed the updates to the Asset and Liability Policy. - Reviewed the updates to the Liquidity Risk Management Policy. - Reviewed the updates to the Credit and Investment Committee Bylaw. - Reviewed the updates to the Corporate Communications Division's Policy. - Reviewed the updates to the Expected Credit Loss Policy. - Reviewed the updates to the Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation Financing of Weapons of Mass Destruction Policy. - Reviewed the Digital Transformation and Innovation Division Policy

Board Nomination and Remuneration Committee (BNRC)

Composition	<p>Husam Abdulrahman AlBassam Independent Member and Chairperson</p> <p>Fahad Zuhair AlBader Independent Member</p> <p>Sheikh / Talal Mohammed AlSabah</p> <p>Manaf Mohamed AlMuhanna</p>
Main Roles & Responsibilities	<ul style="list-style-type: none"> • Prepare and update the BOD membership nomination criteria, including the conditions and requirements, in accordance with the relevant legislations and CB instructions in this regard, and submit the same to the BOD for approval. • Propose the recommendations to the BOD regarding the candidates for BOD membership according to the nomination criteria approved by the BOD, and the relevant legislations and CB instructions in this regard. This includes checking the necessary conditions and requirements to ensure the independency of the independent members. • Conduct an annual review on the proper and necessary training needs for the BOD members in order to develop their expertise, skills and knowledge required for the BOD membership, and propose the recommendations to the BOD in this regard. • Conduct an annual review for the BOD structure, and propose the recommendations to the BOD regarding any changes thereto. • Annually ensure that independency conditions are constantly satisfied for independent members during their BOD membership. • Conduct an annual assessment of the BOD overall performance and the performance of each BOD member. Such assessment shall include the members' expertise and knowledge, assessment of their authorities and powers, and leading characteristics. • Provide the new BOD members at the time of their election/appointment with the guide book/manual which clarifies members' rights, duties and responsibilities. BNRC Secretary shall follow-up this matter. • Ensure that the BOD members have access to the information and reports about the critical topics related to the Bank. BNRC Secretary shall follow-up this matter. • Ensure that the BOD members are continually updated with the latest topics related to the banking business through appropriate means. • Prepare the remunerations policy, and submit the same to the BOD for approval. • Oversee the implementation of the remunerations policy and scheme through the information and reports provided by the Management to the BNRC quarterly, and present the same to the BOD. • Review the remunerations policy at least on an annual basis, or as requested by the BOD, and propose the recommendations to the BOD regarding any amendments/updates thereto. Such amendments/updates shall be effective only after the BOD approval. This review includes annual evaluation of the sufficiency and effectiveness of the remunerations policy to ensure achieving its objectives according to the relevant information on the implementation process of the remunerations scheme presented to the BNRC, and present the same to the BOD. • Propose the recommendations to the BOD regarding the level and components of the proposed remunerations to the CEO, his deputies and assistants, as well as who are at the same level of these executive jobs in the Bank. Such recommendations shall be effective only after BOD approval. • Ensure that the executive management has adopted effective systems, procedures and mechanisms to ensure compliance with the approved remunerations policy, and present the same to the BOD. • Ensure that the remunerations policies and practices of the Bank's financial subsidiaries and foreign branches (if any) are in line with the Bank's remunerations policy, as well as CB corporate governance instructions. • Ensure that an independent annual review of the remunerations policy has been conducted. Such review can be done through the Bank's Internal Audit Division or an external consultancy firm. The objective of this review is to evaluate the Bank's compliance with the remunerations policy and practices. The BNRC shall present such evaluation findings to the BOD. • Discussing and considering the potentials for replacing (upon request) any of the board members from one committee to another committee, taking the following into account: (A) the experiences and skills possessed by the member and the extent of their consistency with the tasks of the other committee, (B) the composition of the committee so that it does not contradict the requirement of having an independent member, and (C) having no conflict in respect of the duties of the committee's member in other committees.
Key Achievements	<ul style="list-style-type: none"> - Appraised the performance of the Board of Directors as a whole, and the performance of each Board Member for 2024, and recommend BOD Training Plan for 2025. - Reviewed the structure of the Board of Directors and submitted recommendations to the Board regarding any proposed changes. - Conducted annual review of the Bank's Compensation and Remuneration Policy before submission to the Board of Directors for approval. - Reviewed the HR budget for the Year 2026. - Reviewed the Internal Audit Report about the Compensation and Remuneration Policy. - Reviewed the updates to the Human Resources Policy. - Reviewed the regular reports and statements submitted by Human Resources Division. - Regularly reviewed the Remuneration Policy of the Subsidiary. - Reviewed the register of resolutions issued by BNRC and followed them up for implementation.

Board Loan Committee (BLC)	
Composition	Sheikh / Ahmad Duajj AlSabah Chairperson Manaf Mohamed AlMuhanna Abdulrahman Abdullah AlAli Sheikh / Talal Mohammed AlSabah Dhari Ali AlMudhaf
Main Roles & Responsibilities	<ul style="list-style-type: none"> • Review the Credit Policy and the Investment Policy as well as the proposed amendments thereto before BOD approval in accordance with the relevant CB regulations. • Review, revise and approve the credit limits assigned for countries, and the prescribed counterparties' limits for banks. • Review, revise and approve the foreign exchange limits (FX Limits) within the limits prescribed by the CB. • Review, revise and approve extending new facilities based on the Credit and Investment Committee's recommendation, within the limits prescribed by the CB. • Give the approvals on the procedures of recoveries, reversing the interests and fees, off the balance sheet carried items, the final settlement of the written off amounts, the excess and extension of the credit limits' term as set out in the Credit Policy, and as per the CB regulations and guidelines. • Review, amend, and approve all investment proposals falling under the Committee's authority, make necessary decisions regarding them, and escalate those exceeding the Committee's authority to the Board of Directors. • Review the reports submitted by various Divisions across the Bank and the risk-related reports (if necessary) submitted to other Board Committees to enhance the communication process amongst the Board Committees. • Review reports submitted by the Risk Management Division and other divisions and departments regarding the credit quality early warning signs or deterioration.
Key Achievements	<ul style="list-style-type: none"> - Reviewed and approved the credit facilities and investment proposals within the limits prescribed by the Board of Directors. - Approved establishing the Certificate of Deposit Program with a total value of USD 1 billion or its equivalent in other currencies in Kuwait and international financial markets. - Reviewed the updates to the Credit Policy for the International Banking Division. - Reviewed the updates to the Treasury Policy. - Reviewed the updates to the Corporate Banking Credit Policy. - Reviewed the updates to the Credit and Investment Committee's Bylaw. - Reviewed the updates to the Credit Risk Management Policy. - Reviewed credit ratings and verified the terms and conditions of credit approvals. - Monitored the position of the Bank's credit portfolio and associated risks. - Reviewed the Register of Resolutions issued by BLC and followed them up for implementation.

Meetings of the Board of Directors and its Sub-Committees

The below table presents the number of meetings of the Board of Directors and other related Board Committees during the year 2025, along with an outline of the frequency of participation by the Board Members in the meetings.

Total Number of Meetings Held During 2025	BOD Meetings	BCGC	BRMC	BAC	BNRC	BLC	Total Number of Meetings Attended by Members
	11	4	7	7	5	50	84
Board Members	Number of Meetings Attended by the Board Members						
Sheikh/ Ahmad AlSabah	11					41	52
Abdulrahman AlAli	9		5			42	56
Sheikh/Talal AlSabah	9				4	38	51
Mohammed AlKandari	11		7	7			25
Youssef AlAwadhi	9	3		7			19
Dhari AlMudhaf	7	3				40	50
Manaf AlMuhanna	10				4	45	59
Fahad AlBader	10		7		5	1*	23
Ahmad Wahedi	11	4		7			22
Husam AlBassam	11			7	5		23
Tareq AlJassim*	11	4	7				22

Remarks:

*Mr. Fahad Al-Bader was called as a temporarily alternate member to attend the Board Loan Committee Meeting No. 5/2025 on 4/2/2025 to meet the quorum for the meeting.

During 2025:

- The total number of the Board decisions taken by circulation was (21).
- The total number of BLC's decisions made by circulation was (5).
- The total number of BCGC's decisions made by circulation was (1).
- The total number of BAC's decisions made by circulation was (1).
- The total number of RMD's decisions made by circulation was (1).
- BNRC did not make any decisions by circulation (0).

Evaluation of the Board of Directors' Performance

In implementation of the Corporate Governance rules, the Board Nomination and Remuneration Committee "BNRC", through self-assessment methodology under a set of forms and indicators applicable in this regard, evaluates the performance of the Board of Directors and Board Members each separately on an annual basis. This evaluation is presented to the Board of Directors for review and approval, and for taking up the required recommendations with an ultimate objective to enhance the Board of Directors and the Board Members competencies and credentials in all areas associated with the Board roles and responsibilities, and to boost the key development and training needs for the Board Members. The evaluation outcomes were positive with regard to the performance and roles of the Board of Directors. Furthermore, BNRC also reviews the structure of the Board of Directors and makes recommendations to the Board of Directors regarding the changes that can be introduced in favor of the Bank.

Board of Directors' Confirmation on Adequacy of Internal Control Systems

The Board of Directors' responsibilities cover, inter alia, ensuring that the Board exercises its duties in consistency with the relevant legislations and regulatory instructions, particularly those issued by the Central Bank of Kuwait. 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 that may cause financial or non-financial losses. Furthermore, the Board of Directors should also confirm that the Bank has in place proper internal control systems.

In view of the above, the Board of Directors has approved an appropriate organizational structure for the Bank's business activities to implement the Bank's strategies and objectives, and to assume its business activities in compliance with Corporate Governance rules. The organizational structure involves key controls for overseeing the Bank's business activities, in addition to the functions of Internal Audit, Risk Management, and Compliance and Corporate Governance. However, proper identification of the duties, responsibilities and authorities of all functions incorporated under this organizational structure should be observed. Furthermore, the organizational structure takes into account the internal control systems that mandate dual control, segregation of duties and responsibilities, having adequate policies and procedures, and a detailed description for all related functions.

Within the process of verifying the adequacy and effectiveness of the Bank's internal control systems to safeguard the Bank's assets and enhance its financial soundness and operating efficiency, the Board of Directors regularly verifies the policies, controls and internal control functions (such as Internal Audit /Risk Management / Compliance and Corporate Governance) to identify areas that require improvement. It also works on identifying and addressing risks and significant issues. Furthermore, the internal controls are recurring items listed in the Agenda of the Board of Directors' meetings to discuss any required updates or enhancement to the applicable controls, along with rectifying any findings raised in this regard.

The Board of Directors, through creating a governance structure at Group level and periodic evaluation of that structure, and through the regular reports raised by the Board Committees, reviews and approves the policies, rules and manual pertinent to Corporate Governance and internal control systems that commensurate with the Bank's business, branches and subsidiary. The Board of Directors verifies the effectiveness of such policies and rules, and enhances and updates them according to any changes that may be introduced, all in line with CB's instructions on Corporate Governance Rules and Systems. The abovementioned reports include any findings raised by regulatory authorities, External Auditors and the Internal Audit Division.

In view of the above, the Board of Directors believes that the Bank has in place proper internal control systems.

External Auditor's Report on the Adequacy of the Internal Control Systems

As per the instructions of the Central Bank of Kuwait, an independent External Auditor should be engaged to assess the internal control systems at the Bank. As such, during 2025 , and after obtaining the Central Bank of Kuwait's approval, the Bank engaged an audit firm named "BDO Kuwait AlNisf & Partners" to review the Bank's internal control systems for the year 2024. The Auditor's Report, prepared on 19/6/2025, stated that the accounting and other records, and internal control systems of Commercial Bank of Kuwait and its subsidiary "the Group" for the year ended 31 December 2024, for the areas subject to review, have properly been established and maintained. This is in compliance with the requirements of Central Bank of Kuwait's circular dated 16/02/2023, the Central Bank of Kuwait's General Guidelines Manual dated 14/11/1996 and Pillar IV of the Corporate Governance Instructions in respect of the Risk Management and Internal Controls issued by the Central Bank of Kuwait on 20 June 2012 and its amendments on 10 September 2019, instructions dated 16 February 2023 concerning Anti -money Laundering and the Combating the Financing of Terrorism, instructions dated 9 February 2012 concerning the Confidentiality of Customer's Information and Financial Securities Activities and instructions regarding Internal Controls with respect to Prevention and Reporting of Fraud and Embezzlement Cases.

Accordingly, the findings raised in the Internal Control Review Report did not have material impact on the Bank's fair presentation of the financial statements for the year ended 31 December 2024. The Report, further, stated that the actions taken by the Bank to address the said findings, including those raised in previous years, were satisfactory. The said Report is shown below.



Tel: +96522426999
 Fax: +96522401666
 www.bdo.com.kw

Al Shaheed Tower, 1st Floor
 Khaled Ben Al Waleed street, Sharq
 P.O. Box 25578, Safat 13116
 Kuwait

**Board of Directors
 Commercial Bank of Kuwait K.P.S.C
 State of Kuwait.**

Date: 19 June 2025

Dear Sirs,

Report on Accounting and Other Records and Internal Control Systems

In accordance with our letter of engagement dated 26 January 2025, we have examined the accounting records and other records and internal control systems of Commercial Bank of Kuwait K.P.S.C ('the Bank') for the year ended 31 December 2024. We covered the following areas of the Bank:

- Corporate Governance
- Retail Banking
- Corporate Banking
- Treasury and Investments
- International Banking
- Operations
- Risk Management
- Information Technology
- Financial Planning and Control
- Human Resources
- Compliance and Governance
- Anti-Money Laundering
- Internal Audit
- Legal Affairs
- General Services
- Corporate Communication
- Customer Complaints and Protection
- Digital Transformation and Innovation
- Strategic Planning and Follow-up
- Anti- Fraud and Embezzlement
- Al-Tijari Financial Brokerage Company
 K.S.C.C (Subsidiary)

Our examination has been carried out as per the requirements of the Central Bank of Kuwait (CBK) contained in the Manual of General Directives issued by the CBK on 14 November 1996, IV of corporate governance instructions in respect of risk management and internal controls issued by the CBK on 20 June 2012 and its amendments on 10 September 2019, instructions dated 16 February 2023 concerning Anti-money laundering and combating financing of terrorism, instructions dated 9 February 2012 regarding confidentiality of customer's information, financial securities activities and instructions regarding internal controls with respect to prevention and reporting of fraud and embezzlement cases.

As members of the Board of Directors of the Bank, 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 provide reasonable, but not absolute, assurance 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; and to enable you to conduct the business in a prudent manner.

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

Having regard to the nature and volumes of the bank's operations, during the year ended 31st December 2024, and the materiality and risk rating of our findings, and the exception of matters set out in the report submitted to the Bank, in our opinion:

- a) The accounting and other records and internal control systems of the bank were established and maintained in accordance with the requirements of the Manual of General Directives issued by the CBK on 14th November 1996 and all other subsequent instructions and circulars issued by CBK in this regard,
- b) The findings raised in the examination and assessment of the internal controls do not have a material impact on the fair presentation of the financial statements of the bank for the year ended 31st December 2024, and
- c) The actions taken by the bank to address the findings referred in the report, including previous years' findings, are satisfactory.

Yours faithfully,

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Code of Conduct and Ethical Values

The Bank continues to apply sound Corporate Governance practices, and considers them as fundamental principles and significant components of its overall culture. During the year, the Bank has actively endeavored to enhance compliance with the code of conduct and ethical values, and raise awareness of all staff members about such values.

The Bank has complied with and enhanced Corporate Governance values through a set of policies, procedures and practices applicable at the Bank, and communicated them to all present and new employees. A summary of some key values is given below:

Code of Conduct

The Code of Conduct approved by the Bank's Board of Directors is one of the main aspects of the Corporate Governance rules. The Board of Directors and Executive Management encourage and promote compliance with the Code of Conduct in the Bank's day-to-day business activities, and its relationships with customers and all other stakeholders.

The Bank reviews the Code of Conduct on a regular basis to ensure its consistency with all developments pertaining to Corporate Governance and ethical and professional behavior. Furthermore, the Board of Directors, through the Audit and Internal Control functions, oversees and verifies that the Code of Conduct is implemented efficiently, with a view to identify any mismatches and initiate the necessary actions.

Conflict of Interest

The Bank endeavors to implement the Conflict of Interest Policy approved by the Board of Directors. Concurrently, under supervision of the Board Compliance and Governance Committee and the Board of Directors, the Bank regularly reviews this policy in light of the Bank's business nature and the legislative and regulatory developments. In addition, the Bank applies a set of procedures and uses forms and records regulating disclosure on Conflict of Interests cases, and the mechanism for addressing and avoiding them. The approved policy sets the procedures that should be applied in cases of non-compliance for both the Executive Management and the members of the Board of Directors.

Transactions with Related Parties

The Bank endeavors to conduct all its transactions with related parties on an arm's length basis, and under the same terms and conditions applied to other non-related parties without any preferential terms by implementing the Board-approved Related Parties Transactions Policy. Furthermore, under the supervision of the Board Compliance and Governance Committee and the Board of Directors, the Bank regularly reviews this Policy to ensure its consistency with the Bank's business nature and the legislative and regulatory developments. In addition, the Bank applies a set of procedures and uses forms and records regulating disclosure of related parties' transactions. The approved policy sets the procedures that should be applied in cases of non-compliance for both the Executive Management and the members of the Board of Directors.

Disclosure and Transparency

The Bank stresses the importance of the disclosure and transparency principle and considers it as a main tool, enabling shareholders to exercise their rights. As such, the Bank endeavored to have in place an approved Disclosure and Transparency Policy that specifies the material information to be disclosed, the mechanism of the information classification and the disclosure timing of the information available with the Board of Directors and the Executive Management, including the Bank's divisions/ departments. Such information should be disclosed to local regulators and other entities, and the public domain. This policy mainly aims to set a framework for the disclosure process at the Bank and ensure compliance with the rules and regulations issued by the Central Bank of Kuwait, Capital Market Authority and Boursa Kuwait concerning Disclosure and Transparency. The approved policy sets the procedures that should be applied in cases of non-compliance for both the Executive Management and the members of the Board of Directors.

Insider Trading

Within its endeavors to preserve the confidentiality of the inside information of the Bank and its customers, and to prevent any potential abuse of such information, the Bank has in place a Policy governing dealing in securities for the insiders. This Policy was enforced after being reviewed by the Board Compliance and Governance Committee, and approved by the Board of Directors. Furthermore, the Bank initiated some procedures, such as obtaining acknowledgments and undertakings from the insiders, determining the proper contractual arrangements with the other insiders, preparing the insiders list and updating it on an ongoing basis, along with all required forms and records, then posting them on the Bank's portal at Boursa Kuwait.

Banking Secrecy

The Board of Directors, Executive Management and employees endeavor to protect and maintain the confidentiality of information of the Bank, its customers and other stakeholders as per the provisions of laws, rules and instructions issued

by the Central Bank of Kuwait and other regulatory authorities. Further, the Bank consistently applies the required controls to ensure maintaining the confidentiality of information as per the policies approved by the Board of Directors in this regard, and the internal control systems stipulating mandates for protecting banking secrecy.

Information Security and Cybersecurity

In light of the increasing significance of information security in the banking industry, and the challenges posed by the risks arising from the accelerating development of modern technologies adopted in this field, the Bank actively endeavors to enhance and update information security systems to safeguard information and avert such risks through coping with the latest developments and practices. The Bank achieves this objective by preparing and approving the policies and controls for information security and cybersecurity systems, and establishing an independent and specialized Department equipped with qualified professionals and the required resources. Those professionals have clear duties for implementing and monitoring such policies and controls, submitting the related reports to the Board Risk Management Committee and the Board of Directors, and raising awareness on this field.

Whistleblowing

The Board-approved Whistleblowing Policy is meant to enhance effective open communication culture to the Bank's employees and others. It serves as a tool by which stakeholders can be involved in the protection of the Bank and its interests. The Policy also aims at establishing a mechanism that enables stakeholders to report, to the Bank, any information that may come to their knowledge regarding any transaction or behavior in the Bank that is suspected of violating, or has already violated laws, regulatory instructions, internal bylaws, information or other operations processed in the Bank in a manner that raises certain suspicions or concerns. This Policy allows whistleblowers to directly communicate their concerns to the Chairman of the Board of Directors, and, in the meantime, provides whistleblowers with necessary protection, and gives the whistleblower the option for not disclosing his identity.

Customer Complaints and Protection

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 department to handle customers' complaints. During 2022, the Department has been renamed as "Customer Complaints and Protection Department" with direct reporting line to the CEO in line with CB instructions in this regard. This Department has in place an approved policy and procedures governing its duties and responsibilities, as well as the appropriate mechanisms for dealing with complaints and ensuring customers' protection. Further, the Department oversees and ensures effective implementation of the Customer Protection Manual to enhance customers' rights and offer them optimal services in strict compliance with the relevant instructions issued by the Central Bank of Kuwait in this regard. An Annual Report is submitted to the Board of Directors demonstrating the extent of the Bank's compliance with effective implementation of the Customer Protection Manual.

Anti-Money Laundering, Counter-Terrorism Financing, Fraud, and Embezzlement

The Bank is committed to identifying and monitoring suspicious transactions that may constitute potential violations of laws and regulations. These transactions are tracked and reported to the relevant authorities. Furthermore, the Bank regularly conducts mandatory AML/CFT awareness training for all its employees to equip them with the knowledge required to prevent the misuse of the Bank's products and services for illicit and suspicious transactions.

Anti-Bribery and Corruption and Gifts Acceptance

The Bank strictly adheres to the regulatory requirements and laws issued by supervisory authorities and official bodies. This is achieved through robust policies and procedures circulated to all concerned staff at the Bank to combat bribery and corruption. These measures are designed to prevent the abuse of power or authority granted to members of Senior Executive Management or the Board of Directors by virtue of their position for realizing direct or indirect personal gain. Nevertheless, the Bank's policy permits authorized employees to offer appropriate gifts or giveaways by way of hospitality to customers; however, if an employee receives in-kind gifts, he should report the case in writing to his direct line manager to avoid any conflict of interest.

Remuneration Framework and Policy

The Bank has in place an approved Remuneration Policy covering all aspects and components of remunerations at the Bank. Board Nomination and Remuneration Committee annually reviews this Policy before submission to the Board of Directors for approval. The latest review to this Policy was conducted on 08/10/2025.

The Main Objectives of the Remuneration Policy are as Follows:

1. Promoting effective governance and sound practices for the financial remuneration system in consistency with risk strategy.
2. Attracting and retaining highly qualified, skilled and knowledgeable professionals.

- Ensuring that the financial remuneration is linked to the Bank's performance and Risk Timeline, taking into account the possibility of amending the financial remunerations that may be granted to staff, in case of weak/adverse financial performance of the Bank, to match risks on the long term.

Important Features of the Remuneration Policy:

- The Bank adopts a remuneration policy that applies to all the employees of the Bank by having in place appraisal mechanism / job progression, and through an approved structure for salaries and benefits that ensures positioning the employees appropriately in the right positions.
- Upon determining the salary scale and remuneration in the Bank, the policy takes into account the legal and regulatory requirements, in addition to the rules and laws enforceable in Kuwait, as well as the level and range of salaries and remuneration in the local banking sector.
- Remunerations, according to the approved policy, are divided into: fixed remunerations, which include basic salary and fixed/ supplementary allowances, and variable remunerations which are related to the performance and depend on the Bank's financial performance and divisions / departments' roles and efforts towards this performance, in addition to staff performance appraisal. The variable remunerations are divided into: Due remunerations (Annual Incentive), which may be paid to staff members after the end of each financial year based on the Bank's financial performance and the staff performance appraisal during this year, and Deferred Remunerations, which may be paid to the staff members over a maximum period of 3 years as per the mechanisms, percentages and categories specified by the Board of Directors. According to the regulatory requirements, "Claw back" is applied to the latter type of remunerations that can be adjusted or clawed back in exceptional cases, such as weak/adverse financial performance of the Bank.
- As per the Bank's Organizational Structure and Corporate Governance rules, Compliance and Corporate Governance Division, Risk Management Division and Internal Audit Division are reporting to the Board Compliance and Governance Committee, the Board Risk Management Committee and the Board Audit Committee, respectively. However, and from the Management perspective, the three Divisions work with a direct reporting line to the Chairman of the Board who, in turn, assesses the performance of the head of Compliance and Corporate Governance Division. The Board Audit Committee assesses the performance of the Chief Internal Auditor, while the Board Risk Management Committee assesses the performance of the Chief Risk Officer. As such, the Executive Management does not have any role in the performance appraisal, promotions or remunerations of the heads of the above-mentioned Divisions.

Disclosure of Remunerations for the Year 2025

Board of Directors:

The Bank's Chairman and the Board Members' remunerations totaled KD 771 thousand for the year 2025. The Board of Directors' remunerations are disclosed in the annual financial statements of the Bank, which are subject to the approval of the shareholders at the General Assembly Meeting.

Top Executives:

Remunerations totaling KD 1,105,013 have been paid during 2025 to the five Top Executives, plus the Chief Executive Officer, Chief Financial Officer, the Chief Internal Auditor and the Chief Risk Officer.

Top Executives:

Category	Number	Total Remunerations	Remarks
Top Executive and Supervisory Management.	12	KD 2,012,291	These are the positions whose occupation is subject to the approval of the Central Bank of Kuwait.
The officials with authorities for taking decisions on the issues related to risk exposures (Risk Takers).	5	KD 939,401	Including the CEO, Deputy GM -Corporate Banking Division, GM- International Banking Division, GM- Treasury and Investment Division and GM- Retail Banking Division.
The officials in charge of Financial Control and Risk Management.	5	KD 773,584	Including Chiefs of Financial Planning and Control Division, Internal Audit Division, Risk Management Division, GM - Compliance and Corporate Governance Division and GM - Legal Division.

- Remunerations include basic salary and allowances, such as grade allowance, transport allowance, supplementary allowance and other remunerations (including other allowances and benefits), such as airline tickets allowance, medical insurance, education assistance and terminal gratuity and other remunerations.

- The remunerations currently paid by the Bank to its staff members include fixed remunerations and variable remunerations, if any.
- Remunerations are paid to the employees by crediting the concerned staff account at the Bank with the remuneration amount.

Succession Planning

Within its endeavors to ensure sound workflow within the Bank, the Board of Directors approved a Succession Plan to develop a second management level in the Bank's diverse divisions, and prepare skilled and technical cadres to expeditiously occupy key positions that become vacant in the Bank with a view to avert any risks that may arise in this regard. The Plan is updated when necessary. Based on the Plan, the Bank appraises the performance of the qualified incumbents selected to occupy such key positions from amongst highly skilled professionals, having the required qualifications and credentials as per the Central Bank of Kuwait's instructions issued in this regard. As such, their training needs are identified and met according to a specified training plan/program.

Risk Governance Framework

Risk Management

The Bank has set and developed robust comprehensive systems and procedures for risk management. Such systems help the Bank to identify the nature of key risks, and to spread strong culture of risk governance. The Bank identifies and controls risks at the level of each area and at the overall Bank level. Risk Management Division implements risk management strategy and develops methodologies for identifying and assessing key risks, measuring the Bank's exposures to such risks, monitoring exposures in light of the Bank's risk appetite, determining the corresponding capital requirements on an ongoing basis, and monitoring and assessing the decisions related to taking certain risks. The Risk Governance Framework includes well-defined regulatory responsibilities for Risk Management. These are categorized into three lines of defense as follows:

- The First Line of Defense: It is the Business Line whose activities have the potential to create risks for the Bank, and therefore the responsibility of these areas is to assess and manage such risks.
- The Second Line of Defense: It includes the Risk Management and Compliance functions, which are independent of the first line of defense. Risk Management Division monitors and reports risks to the Management, and supervises the Bank's risk areas and assesses them independently from the first line of defense to enhance and support the first line of defense. Compliance Department monitors compliance with laws, regulations and governance rules.
- The Third Line of Defense: It is the Internal Audit function, which is independent of the first and second lines of defense.

Compliance Governance

The Bank views Compliance function as a key component of risk management framework in banks due to the exceptional nature of noncompliance risks, including legal or regulatory penalties risks, financial risks or reputation risks etc., which the Bank may encounter in the event of noncompliance with the rules, regulations, instructions, professional ethics and sound banking practices. Therefore, the Bank has an independent and effective Compliance function. It works in accordance with the Board-approved Regulatory Compliance Policy underlying its functions and responsibilities. The Compliance function ensures that the Bank complies with all laws and regulations applicable to the banking activities. It also monitors treatment of any breaches, preventing their recurrence and addressing any relevant observations to mitigate exposure to financial penalties or disciplinary actions that may be imposed by regulatory authorities. Furthermore, it submits periodic reports to the Board Compliance and Governance Committee and the Board of Directors, detailing recommendations and findings from regulatory compliance assessments, while highlighting the Bank's overall effectiveness in managing non-compliance risks.

Internal and External Audit:

The Board of Directors and the Executive Management are keen on underlying the independent nature of Internal and External Audit functions, and effectively utilize their activities and observations and the internal control review reports raised by them as an independent review of the information submitted by the Bank's Management to the Board of Directors.

Internal Audit:

The Bank has in place an independent and competent Internal Audit Division with adequate qualified personnel who perform their duties independently and effectively. The Internal Audit Division has access to any information or any staff in the Bank, and has full authority to perform their assigned tasks as required.

External Audit:

External Audit activities are conducted in accordance with international standards, local laws and relevant Central Bank of Kuwait instructions. The Board Audit Committee meets the External Auditors to discuss their reports and other relevant significant observations, if any, in presence of the Executive Management. The Board Audit Committee meets with the

External Auditors at least once a year, without presence of the Executive Management. External audit process is carried out on Dual Audit basis, which is based on the independence of each external auditor to fulfill the objective of appointing two external auditors.

The Board Audit Committee (BAC) raises its recommendations to the Board of Directors regarding the appointment, reappointment or termination of external auditors, as well as the determination of their fees and relevant contractual terms. The Board of Directors, in turn, presents these recommendations for approval at the Bank's Ordinary General Meeting. During the Ordinary General Meeting held on 9 April 2025, the shareholders approved the appointment of the Bank's external auditors for the 2025 financial year and authorized the Board of Directors to determine their fees, which amounted to about KD 229 thousand, as detailed in the following table:

External Auditors' Fees for the Year 2025	(KD 000)
Audit/Review of the Bank's Group financial statements	190
Other assurance and non-assurance services for the Bank's Group	39
Total	229

Executive and Supervisory Management and Key Responsibilities

The Senior Executive Management consists of Board-appointed group of individuals responsible for managing the Bank's day-to-day operations. Such group is comprised of the CEO, as well as CEO's deputies and assistants. They should have the necessary education, experience, competencies and integrity to manage the Bank's businesses.

- Under the Board oversight, the Executive Management should ensure that the Bank's activities are consistent with the business strategy, risk appetite and board-approved policies.
- The Executive Management gives due care for implementing sustainability principle on Bank's operations and internal activities and embedding sustainability factors within sustainable finance, and the processes of creating products and financing instruments.
- The Executive Management contributes substantially to the Bank's sound Corporate Governance.
- The Executive Management encourages digital transformation, innovation and the introduction of new distinguished services that meet the needs and expectations of customers and the banking market by adopting modern technologies while observing banking secrecy and cybersecurity standards.
- The Executive Management is responsible for delegating duties to the staff and establishing a management structure that promotes accountability and transparency.
- The Executive Management sets, consistent with the direction given by the Board, appropriate systems to manage financial and non-financial risks to which the Bank is exposed, as well as setting effective internal control systems.
- The Executive Management carries out the Bank's activities in line with its business strategy, permissible risks and policies approved by the Board, and participates in preparing proposals on the Bank's business strategy and annual budget.
- The Executive Management is responsible for supervision and control over the Bank's business, particularly with respect to ensuring the functionality of compliance and risk control, independence of functions, and segregation of duties.
- The Executive Management should practice the business activities pursuant to the standards of professional behavior.
- The Executive Management is responsible for preparing financial statements in accordance with the International Financial Reporting Standards (IFRS), as well as other approved standards, including those issued by the Central Bank of Kuwait in this respect.

Management Discussion and Analysis (MD&A)

The Bank's Management, with its contribution to all current banking operational, business activities and its outlook towards Bank's prospective plans, confirms that the notes presented hereunder are complete, Board-approved, and based on the published financial statements and Executive Management's vision.

In this context, the Management believes that Commercial Bank of Kuwait remains a financially stable institution, with sound asset quality, solid income growth potential, strong capital base and high liquidity.

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CB) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CB to adopt the International Financial Reporting Standards (IFRS) with their amendments.

Financial Objectives

Our goal is to deliver superior client experience and decent shareholder returns while maintaining our financial strength. To achieve this, we are executing on five strategic priorities:

- Customer Centricity;
- Digital Transformation;
- Innovative Solution;
- Human Capital
- Environment, Society and Governance (ESG).

The Bank will meet its financial objectives by enhancing operational efficiency, introducing innovative delivery channels, digitalization and perusing our strategic priorities.

The Bank's diversified businesses are fundamental financial strengths that continue to deliver robust earnings growth and long-term value for shareholders. The Strong foundations are built for growth and differentiating strengths that drive competitive advantage through:

- Well-established, flagship banking business in Kuwait
- Diversified operations well positioned to capture growth opportunities
- Transformative technology architecture, data and digital capabilities delivering customer and business value
- Solid capitalisation and high provisions reserve to absorb credit losses
- Stable deposit base and significant liquidity buffers
- Sustainable efficiency and reinvestment capacity through resource optimization, simplification and innovation
- Leading employee engagement and culture of unity and enhance succession planning.

Synopsis on Members of the Executive Management

Elham Yousry Mahfouz

The Chief Executive Officer "CEO"

Ms. Elham is an executive banker with long extensive experience in diverse areas of the banking business. She joined Commercial Bank of Kuwait in 2000 as Manager - International Banking - and progressively occupied top executive positions such as GM - New York Branch, Acting GM - International Banking, GM - International Banking in December 2010, and Acting CEO from June 2010 until February 2012. In April 2012, she was promoted as Deputy CEO and then appointed as the CEO of the Bank on 20/11/2014. Since then, Ms. Elham has been working with the executive team to implement the Bank's Strategy and Vision, banking services digitization projects, succession planning, and many others in light of the economic and financial developments on the global, regional, and domestic levels under the supervision of the Board of Directors and in cooperation with the Board Chairman.

Before joining Commercial Bank of Kuwait, Ms. Elham worked in a number of Kuwaiti financial institutions. She possesses extensive knowledge in all financial and banking areas and trends in Kuwait on the back of her extensive experience and proven record of accomplishments exceeding 40 years in the banking sector

Ms. Elham holds a Bachelor's degree with honors in Business Administration from the American University in Cairo, Egypt. Throughout her long professional career path, she has attended many training courses and seminars inside and outside Kuwait in the banking industry with focus on senior executive management skills. She has been actively participating as an official keynote speaker at many forums, seminars and conferences about the financial and banking industry and economic and investment approaches.

Masud UI Hassan Khalid

Chief Financial Officer - Financial Planning and Control Division

Mr. Masud has long experience and been working with the Bank over the last 34 years in various leading positions. He is able to drive the business in line with the Bank's favoring strategies with a strong financial underpinning, possesses soft skills in communication, presentation and workplace relationship building, and dedicated to continued professional development. Mr. Masud believes in succession planning, attracting Kuwaiti youth and career coaching, encouraging professional growth through mentoring and skill improvement training to improve team performance.

Mr. Masud holds a Bachelor of Commerce - from the University of Punjab, Lahore, Pakistan, and has obtained a diploma in the International Financial Reporting Standards. He is a fellow member at the Institute of Costs and Management Accountants of Pakistan.

Hussain Ali AlAryan

General Manager - Treasury and Investment Division

Mr. Hussain has an extensive and long banking experience in various treasury and investment activities with special focus on areas of funding and liquidity management obtained from his work with Kuwaiti banks. He progressively held a number of leading positions throughout his career path. He joined Commercial Bank of Kuwait in February 2018 as General Manager -Treasury Department - and in September 2018, he assumed the position of General Manager -Treasury and Investment Division. He is also the Deputy Chairman of Al-Tijari Financial Brokerage Company.

Mr. Hussain obtained a Bachelor's degree with double majors in Computer Science and Business Administration (Marketing) from California State University - Sacramento, USA - 1992. He also attended various training courses to improve leadership skills, of which the latest was in 2022 at the International Institute for Management Development (IMD) - Switzerland.

Ebtissam Baqer AlHaddad**General Manager - Strategic Planning and Follow-up**

Ms. Ebtissam has long experience in financial and strategic planning for public and private sectors. She possesses distinguished management and organizational skills to bring and implement the necessary changes at the level of the work environment and the challenges it faces. She delivers change and development by means of experience and knowledge transfer and communication and team spirit leverage.

She joined Commercial Bank of Kuwait in 2019 as Head of Project Management Office, directly reporting to the Chief Executive Officer, with a mandate to supervise high-priority projects related to improving and developing operational and financial performance. She has evolved in several key positions until 1 September 2021 when she was promoted to the position of General Manager - Strategic Planning and Follow-up. She works on achieving corporate transformation towards improving overall quality, business efficiency by enhancing the necessary leadership tools and driving motivation, effective communication and coordination. She obtained a Master's degree in Business Administration from Kuwait University.

Ahmad Hamed BoAbbas**Acting General Manager - Corporate Banking Division**

Mr. Ahmad has long banking experience. He started his career as a part-time employee at the Contact Center, Commercial Bank of Kuwait. He evolved into various positions until he joined Corporate Banking Division, where he worked with his team in managing the Bank's corporate credit portfolio. In February 2021, he assumed the position of Acting General Manager - Corporate Banking Division - given his leading and strategic skills and abilities in building team spirit within a competitive environment.

Ahmad holds a Bachelor's degree in Accounting from Kuwait University. He also holds an advanced level certificate as a certified credit manager, in addition to many professional certificates in various fields.

Kunal Singh**General Manager- International Banking Division**

Mr. Kunal has long experience across various gamete of international banking industry, project financing, Debt Capital Market (DCM) - Debt raising and debt restructuring, merger and acquisition and equity research at various sectors.

He joined Commercial Bank of Kuwait in 2015 in the International Banking Division and evolved until he was promoted to the position of General Manager- International Banking Division - on 15 November 2021. Throughout his career, he has played a leading role in structuring complex transactions, strengthening the balance sheet and driving the Bank's growth objectives across key markets.

He holds an MBA from ICAFI Business School, India and a Chartered Financial Analyst certification from CFA Institute. His professional credentials also include advanced certifications such as the advanced program in FinTech and Financial Blockchain in Finance, alongside specialized qualifications such as the Certified Trade Finance Professional (CTFP), underscoring his commitment to continuous professional development and financial innovation.

Abdulaziz Saleh AlZaabi**General Manager - Retail Banking Division**

Mr. Abdulaziz has long banking experience in the field of retail banking and the relevant operational and digital areas. He has distinguished skills, capabilities and high professional competencies in achieving high growth rates. He attended several executive management programs at Harvard University in the United States of America, and others in the United Kingdom.

He evolved through his career with Commercial Bank of Kuwait. He held several key positions in the Retail Banking Division until he became General Manager - Retail Banking Division - on 30 March 2023.

He holds Bachelors of Finance from the University of South Florida - USA.

Ahmad Khaled AlKudhur**General Manager - Operations Division**

Mr. Ahmad has long experience in corporate banking services, particularly in the small and medium enterprise (SME), investment banking, retail banking and banking operations. He gained expertise through his work at the largest conventional banks in Kuwait, and Kuwait Credit Bank.

He holds a Certified Credit Manager certificate from the Institute of Banking Studies. He participated in global programs and courses at prestigious institutions such as Harvard University in the United States and INSEAD in France.

Mr. Ahmad joined Commercial Bank of Kuwait in 2022 as Deputy General Manager in the Operations Division and was promoted to General Manager by the end of 2023.

He holds a Bachelor's degree in Management Sciences from the University of San Diego -US, and a Master's degree in Business Administration from the American University of Beirut.

Sarah Mohamed Mansour**General Manager - Legal Division**

Ms. Sarah Mansour has long experience. She obtained a Bachelor of Law from Kuwait University. She is a lawyer enrolled to plead before all court types and degrees in Kuwait. She joined Commercial Bank of Kuwait as an Executive Legal Advisor, and progressed throughout her career at the Bank until she assumed her current position at the beginning of 2023.

She progressed in her career path serving as a legal officer then a legal advisor until she joined the Al-Tamimi & Company law firm from 2018 to 2021 as a lawyer in various departments, covering many law branches. In 2008, she joined the Philadelphia-based Exlon Company, USA through a training program for fresh graduates to enable women in the legal profession.

Amr Mohamed EIKasaby**Chief Internal Auditor "CIA"- Internal Audit Division**

Mr. Amr has long experience in the fields of external and internal audit, governance and risks and fraud investigations. He held the position of Chief Internal Auditor in several local banks, and worked for external audit firms. Further, he held the position of a board member and technical advisor in several companies.

He joined Commercial Bank in August 2021 as Acting Chief Internal Auditor until he became the Bank's Chief Internal Auditor "CIA" in October 2021.

He holds a Bachelor's degree in Commerce, Accounting and Auditing major from Kuwait University. He also holds several professional certificates in the fields of audit, governance and fraud combating.

Tan Tat Thong**Chief Risk Officer- Risk Management Division**

Mr. Tan Tat Thong has long experience in both advisory and senior management capacities across corporate and investment banking services, asset management and insurance in GCC, Malaysia and Singapore. He enjoys extensive and diverse knowledge in areas of risk management, internal controls, strategic planning and product innovation.

He joined Commercial Bank of Kuwait on 1 February 2021 as Chief Risk Officer. He has previous experience with the Bank from 2012 to 2016 where he served in diverse key positions such as Advisor to the Chairman of the Board of Directors, General Manager- Strategy and Planning, and General Manager- International Banking and Syndication.

He holds a Bachelor's degree in Mathematics and Economics with honors from The University of Kent at Canterbury, England. He also obtained the Financial Risk Manager (FRM), Enterprise Risk Professional (ERP) and Sustainability & Climate Risk (SCR) designations.

Tamim Khaled AlMeean**General Manager - Compliance and Corporate Governance Division**

Mr. Tamim has long regulatory and banking experience gained through his work with the Central Bank of Kuwait and a number of conventional, Islamic and foreign banks.

He obtained a Bachelor's degree in Accounting - Kuwait University. He joined Commercial Bank of Kuwait in 2018 as General Manager - Compliance and Corporate Governance Division.

Abdulaziz Mustafa Ali**Head- Anti-Money Laundering and Combating the Financing of Terrorism Department (AML/CFT)**

Mr. Abdulaziz has long banking experience. Joining the Bank in 2008, he served in the Retail Banking Division - Contact Center Department. During that period, he worked as a supervisor on the Operations Control Unit for Anti- Fraud and Authorizations, as well as the Operations Department until 2015.

He joined AML/CFT Department in 2016, then promoted to become the head of the Department in 2022. During his tenure, he has made remarkable changes to improve work mechanisms and the level of control by customers, by modern banking products, as well as monitoring the daily operations.

He holds a Bachelor's degree in Media and Political Science in 2008 from Kuwait University. He has obtained specialized and international accredited certificates in the field of anti-money laundering and combating the financing of terrorism.

Sheikha / Nouf Salem AlAli AlSabah**General Manager - Corporate Communications Division**

Sheikha / Nouf has long experience in banking, advertising and media. She joined the Bank as Manager - Advertising and Public Relations Department, and then she progressively occupied a number of key positions. In 2018, she held the position of GM - Corporate Communications Division.

During her career, Sheikha/ Nouf, in cooperation with the Corporate Communications Team, endeavored to demonstrate the Bank's corporate image, as well as its social responsibility efforts through communication with the public through traditional communication channels and modern digital social media networks.

Bader Mohammed Musleh Qamhieh**General Manager - Information Technology Division (ITD)**

Mr. Bader has long professional experience. He joined the Bank in 2007 as IT Assistant Manager, Information Technology Department. He progressively held a number of positions, and was appointed as Acting General Manager - Information Technology Division in February 2017, then General Manager - Information Technology Division in February 2021.

During his tenure with the Bank, Mr. Bader, along with his team, managed to develop and create many systems and software which contributed to developing the Bank's operations and upgrading all divisions starting from the Core Banking System and Internet Banking, Mobile Banking and developing Call Center, SMS Banking and smart / chip cards related software. Mr. Bader's achievements have ultimately resulted in transforming the over-the-counter transactions in the Bank's branches to self-service branches.

He obtained Bachelor's Degree in Computer Science from Al Albayt University - The Hashemite Kingdom of Jordan.

Mohammad Bader AlHaid**Chief Digital Officer - Digital Transformation and Innovation Division (DTID)**

Mr. Al-Haid has long banking experience during which he held several key positions with focus on improving customer service quality, developing and innovating digital services and alternative channels, managing strategic and technological projects.

He joined Commercial Bank of Kuwait in 2007 and was promoted to the position of Assistant General Manager and Acting Head of the Digital Transformation and Innovation Division in 2022. In December 2023, Mr. Al-Haid has become the Chief Digital Officer of Digital Transformation and Innovation Division.

Mr. Al-Haid holds a Bachelor's degree in Law from Sadat City University - Egypt. He also has several professional certificates in the field of digital transformation and innovation, business and leadership from prestigious international universities, such as Harvard University, INSEAD European Institute, Imperial College London and London Business School, MIT, and The University of California, Berkeley.

Sadeq Jaafar AlAbdullah**General Manager - Human Resources Division**

Mr. Sadeq has long experience in the Kuwaiti banking sector where he progressively held a number of positions in customer service, financial and strategic analysis then human resources management. He joined the Bank in 2016 as Executive Manager at Human Resources Division. Starting from 2/12/2018, he assumed the position of General Manager - Human Resources Division.

He obtained a Bachelor's degree in Business Administration from Kuwait University and a Master's degree from Kuwait-Maastricht Business School.

Talal Reyadh AlNassar**Head - General Services Division**

Mr. Talal has long banking experience. He joined the Bank in 2005 in the Retail Banking Division - Quality Management. During that period, he worked on achieving customer satisfaction through his analytical capabilities leading to a remarkable growth in the quality standards of the banking business.

In 2015 he joined the General Services Division, and was promoted to the position of GM- GSD in 2021 since then he has made remarkable changes to improve work process.

He holds a Bachelor's degree in Management and Organizational Behavior from Gulf University for Science and Technology-Kuwait.

Kholoud Basam AlMousa**Head of Customer Complaints and Protection Department**

Ms. Kholoud has long experience in the banking sector with focus on customer service and dispute resolution.

She began her professional career in customer service and joined the Bank in 2022 as the Head of the Customer Complaints and Protection Department. In this role, she oversees the process of addressing the Bank's contractual complaints, ensures compliance with regulatory standards, and promotes solutions focused on improving the overall quality of service. Her responsibilities include identifying systemic issues and collaborating with other departments to implement corrective measures.

Ms. Kholoud holds a Master's degree in Business Administration and a Bachelor's degree in International Business from Concordia University in Canada.

Mona Hussain AlAbdulrazzaq**Board Secretary**

Ms. Mona has long experience in management and financial affairs, having held several leading and advisory roles in the banking sector and various government entities, as follows:

- General Manager - Human Resources Division at Commercial Bank of Kuwait from 2015 to 2018.
- Media Advisor to the Minister of Commerce and Industry from 2012 to 2014.
- Human Resources Manager - (Tony Blair Project with the Project Management Office) Kuwait Government, Prime Minister's Office from 2010 to 2012.
- Executive Director - Recruitment and Workforce at the National Bank of Kuwait from 2008 to 2010.
- Financial Expert in Budgeting, Human Resources, and Computer Programming at Kuwait Airways from 1986 to 2003.

Currently, Ms. Mona serves as the Board Secretary at the Bank since June 2018. She holds a Bachelor's degree in Computer Science from Kuwait University.

Executive Committees

The Bank has in place nine executive/management committees reporting to the CEO as follows:

1. Credit and Investment Committee

The Credit and Investment Committee is responsible for reviewing all loan cases and credit and investment proposals, providing recommendations to the Board Loan Committee and taking the necessary decisions thereon as per the delegated authorities at the Bank.

2. Assets and Liabilities Committee (ALCO)

The Assets and Liabilities Committee is responsible for taking the required decisions on the balance sheet structure and interest rates and managing liquidity, while taking into account all associated risks, and reviewing all risk management reports.

3. Provisioning Committee

The Provisioning Committee is responsible for analyzing and assessing the credit facilities that will be extended to each customer, and identifying the required provisions against such credit facilities as per the instructions issued by the regulatory authorities and the related international standards.

4. Information Technology and Information Security Committee (ITISC)

The ITISC is responsible for establishing an overall information technology and information security strategy, and ensuring alignment with the business strategy of the Bank. It also undertakes oversight, discussion and review of information technology and information security-related projects, follows up cyber-attacks, and recommends the necessary controls for confronting such attacks.

5. Operational Risk Committee (ORC)

Operational Risk Committee is responsible for reviewing and discussing operational risk profile of the Bank, then discussing and taking decisions on corrective actions to mitigate residual operational risks.

6. Purchasing and Tender Committee

The Purchasing and Tender Committee is responsible for reviewing the purchases and deciding on tenders valued at KWD 9,000 and above before presenting them to the Bank's Senior Management for approval as per the delegated authorities in this regard.

7. Management Committee

All the Bank's Division / Department Heads participate in this Committee. It is responsible for establishing the required coordination amongst all the Bank's Divisions / Departments to achieve the objectives as set in the Bank's strategy, business plans and policies. The Committee aims also at ensuring that information is communicated and shared amongst the Bank's Divisions / Departments on one hand, and the Executive Management, the Board of Directors and the Board Committees on the other hand.

8. Suspicious Transactions Reporting Committee

The Suspicious Transactions Reporting Committee was formed as per the Central Bank of Kuwait's circular dated 12/8/2019 with the objective of deciding whether or not to report a suspicious case (Suspicious Transaction Report "STR") to the Kuwait Financial Intelligence Unit (KFIU).

9. Special Assets Committee

The Special Assets Committee was formed to enhance the decisions taken by the Bank's Executive Management with regard to the uncollected interests and/or debts with a view to safeguard the rights of the Bank and its shareholders.

Executive Management Framework for Evaluating the Adequacy of Internal Controls

The Bank consistently strives to have in place effective internal control systems across the Bank. The Executive Management constantly underlines that control and supervision functions at the Bank have intact authority and independence to perform their duties.

On this foundation, the Executive Management is keen to undertake the Bank's business activities in consistency with the approved Strategy and Risk Appetite. It is responsible for oversight and control over the Bank's business, particularly with regard to maintaining compliance function, monitoring the risks, functions' independence, segregation of duties and the proper use of internal and external audit activities as well as the review reports issued on the assessment of the internal control systems.

As for the framework adopted by the Executive Management for evaluating the effectiveness of internal controls, it implements the recommendations and resolves the issues and findings raised in the reports issued by IAD within target dates, given the fact that such reports usually enhance the annual assessment of the internal control environment at the Bank. In addition, the Executive Management strives to implement the recommendations and resolve the issues and findings raised in the reports issued by external parties such as the External Auditor's Report on the Accounting, Other Records and Internal Control Systems "ICR" and the "Management Letter" issued by the External Auditors upon finalizing their audit of the Bank's financial statements.

The Executive Management also works closely with both Compliance and Risk Management functions. Compliance Department performs an assessment of noncompliance risks with regulatory instructions in order to improve and enhance the Bank's internal control tools while Risk Management Division implements Risk and Control Self-Assessment Framework (RCSA) that is a program through which risks inherent in business areas across the Bank are identified and assessed.

Sustainability and Corporate Social Responsibility

The Bank recognizes the significance of sustainability on both global and domestic levels, actively aligning its operations with the 'New Kuwait' Vision 2035. The Bank consistently promotes environmental stewardship amongst staff, encouraging the preservation of natural resources, social service and the development of highly skilled national talent and ensures equal opportunities for both men and women.

Enhancing Social Responsibility and Sustainability- encompassing Environmental, Social, and Governance (ESG) pillars and their associated educational, cultural, athletic, and healthcare initiatives-remains a priority for the Bank. The Bank has proactively embraced these standards long before they became regulatory requirements by presenting them through its Annual Social Responsibility Report. That report used to cover most themes falling under the concept of Environmental sustainability and Social Responsibility. However, as sustainability evolved into a global priority and a mandatory regulatory requirement attracting countries' attention across the world, the Bank issued its first Sustainability Report in 2022 outlining the Bank's future roadmap and key achievements across all sustainability dimensions. Since then, the Bank has been issuing the ESG report on an annual basis.

Protecting the Rights of Shareholders and Stakeholders

The Bank's Articles of Association, policies and practices reflect the provisions of the laws, bylaws and instructions issued by the regulatory authorities. These encompass controls and measures for protecting the rights of shareholders and stakeholders, treating them on equal basis, including minority and foreign shareholders, and giving 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 cares for protecting shareholders' rights, particularly minority shareholders, and strives for deepening governance best practices based on sound management. This is realized through observing the rules of equality and balance in terms of ownership representation and reflection of Board membership amongst shareholders once members of the Board of Directors are elected. Article No. "49 BIS" of the Bank's Articles of Association stipulates that the election of the Board of Directors shall be adopting the cumulative voting system. It reads as follows: "The Cumulative Voting mechanism for electing the members of the board of directors of the Company shall be applied. This mechanism entitles each shareholder to a number of votes equal to the number of shares owned by him. The shareholder is entitled to use his votes to vote for one candidate or to allocate such votes to a number of candidates, without any of such votes being used more than once." The Bank has opted to apply the cumulative voting approach, although it is not mandatory in the State of Kuwait.

The Bank is fully aware that protection of stakeholders' rights constitutes an essential pillar of the sound Corporate Governance, and that the Bank's final success is the outcome of the joint efforts with various parties. Stakeholders concept includes any person or entity having relationship with the Bank, such as depositors, shareholders, the Bank's staff members, creditors, customers, suppliers and any other entity having relationship with the Bank.

The Bank's Compliance with Corporate Governance Instructions and Manual

- The Bank has complied with the Central Bank of Kuwait's instructions on Corporate Governance rules and systems, and the approved Corporate Governance Manual. The Bank has prepared, completed and approved all bylaws and policies and requirements pertaining to Corporate Governance rules. The Bank, further, updates these bylaws and policies on a regular basis.
- The Bank has taken the required actions to ensure the proper implementation of Corporate Governance rules, and has composed the Board Committees that enhance the effectiveness of the Board's oversight on the Bank's key business and activities, and to follow up and monitor the implementation of the various requirements of the Corporate Governance, including governance diverse pillars.
- The Code of Conduct is circulated to the Board Members and all employees of the Bank, and their signatures are obtained thereon acknowledging compliance with the content of the Code of Conduct.
- The Bank's approved organizational structure includes proper means for overseeing the Group's business activities, and the functions of Internal Audit, Risk Management and Compliance and Corporate Governance to advocate excellence in Corporate Governance.
- The Internal Audit Division, as an independent function from the Executive Management, audits and reviews the extent to which Corporate Governance rules are properly implemented, and submits its report in this regard to the Board Audit Committee which, in turn, presents it to the Board of Directors.
- An independent External Auditor is engaged on an annual basis to assess the internal control systems and prepare ICR report to be sent to the Central Bank of Kuwait. This report demonstrates the extent of the Bank's compliance with the implementation of the Corporate Governance rules and instructions. It is should be noted that the External Auditor's 2024 Report has not included any findings on the Corporate Governance rules.
- The Bank continues adjusting and streamlining its processes in line with any updates to the instructions of Corporate Governance rules and systems issued by the Central Bank of Kuwait on ongoing basis. The Board and Board committees' bylaws and other policies and requirements related to Corporate Governance are also amended, if required. The Bank continues its rigorous implementation of these rules for ensuring compliance with the instructions, and for maintaining the principles of sound Corporate Governance.

Based on the above, it is clearly demonstrated that the Bank is firmly committed to the highest standards of sound corporate governance. The Bank is highly dedicated to providing essential training and awareness programs for both staff and members of the Board of Directors, ensuring they stay cognizant of the latest banking industry developments. Annually, the Bank holds diverse training sessions covering corporate governance, regulatory compliance, risk management, and sustainability, etc...

Management Discussion and Analysis (MD&A)

2025

Management Discussion and Analysis (MD&A)

Based on the Central Bank of Kuwait's instructions on Corporate Governance rules and systems at Kuwaiti banks, the Bank's Management, with its contribution to all current banking operational, business activities and its outlook towards Bank's prospective plans, confirms that the notes presented hereunder are complete, Board-approved, and based on the published financial statements and Executive Management's vision.

In this context, the Management believes that Commercial Bank of Kuwait remains a financially stable institution, with sound asset quality, solid income growth potential, strong capital base and high liquidity. A summary of the Bank's financial position is presented below. The MD&A should be read in conjunction with our consolidated financial statements for the year ended 31st December 2024. All amounts are stated in Kuwaiti Dinars and have been derived from consolidated financial statements.

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

Financial Objectives

Our goal is to deliver superior client experience and decent shareholder returns while maintaining our financial strength. To achieve this, we are executing on five strategic priorities:

- Customer Centricity;
- Digital Transformation;
- Innovative Solution;
- Human Capital
- Environment, Society and Governance

The Bank's medium-term financial objectives important performance measures are set out below. These objectives establish a range of expected performance over time. We will meet our financial objectives by enhancing operational efficiency, introducing innovative delivery channels, digitalization and perusing our strategic priorities.

The Bank's business planning process is purpose driven, sets specific goals for each segment and considers the prevailing economic conditions, risk appetite, customers' evolving needs and the opportunities available across our lines of business. Our medium-term financial objectives are to achieve average annual return on equity (before provision) greater than 12.5% and maintain capital ratios that exceed regulatory requirements. Going forward, we will continue to build momentum to further enhance the quality and consistency of our service delivery to our clients in support of our purpose-driven culture to be a modern, innovative relationship-oriented Bank.

Fundamental Strengths

Diversified businesses that continue to deliver robust earnings growth and long-term value for shareholders.

Strong foundation built for growth and differentiating strengths that drive competitive advantage:

- Well-established, flagship banking business in Kuwait;
- Diversified operations well positioned to capture growth opportunities;
- Transformative technology architecture, data and digital capabilities delivering customer and business value;
- Solid capitalisation and high provisions reserve to absorb credit losses;
- Stable deposit base and significant liquidity buffers;
- Sustainable efficiency and reinvestment capacity through resource optimization, simplification and innovation; and
- Leading employee engagement and culture of unity and enhance succession planning.

Overview of Financial Performance

The Bank delivered resilient financial performance in 2025, supported by sustained growth in core banking activities and disciplined cost management. Operating profit increased compared to 2024, reflecting higher net interest income and fee-based income. However, net profit for the year was lower than the record level reported in 2024, which included exceptional recoveries arising from a favourable legal verdict. Excluding such one-off items, the Bank's 2025 performance reflects a return to normalized earnings and the underlying strength of its operating model.

Income Statement Analysis

The Bank's net profit for 2025 amounted to KD 121.2 million (2024: KD 157.2 million). The year-on-year decline was primarily attributable to the absence of exceptional recoveries recorded in 2024, while core operating performance remained strong.

- Operating income increased to KD 188.9 million (2024: KD 180.0 million), driven by growth in both net interest income and non-interest income.
- Net interest income reached KD 120.2 million (2024: KD 117.7 million), supported by growth in the loan portfolio and effective management of the cost of funds. The net interest margin experienced a contraction of 27 bp, 2025 at 2.49% (2024: 2.76%), due to reduction in benchmark interest rates.
- Non-interest income, primarily from fees and commissions, amounted to KD 68.6 million (2024: KD 62.3 million), reflecting continued activity in corporate banking, trade finance, and related services.
- Provisions and recoveries for 2025 normalized following significant recoveries recorded in the prior year. In 2024, the Bank recovered KD 58.9 million from a favourable legal verdict.
- The cost-to-income ratio remained competitive at 34.6% (2024: 34.6%), reflecting continued focus on operational efficiency and disciplined expense management.

Balance Sheet Analysis

The Bank's balance sheet remains strong and well-capitalized.

- Total assets stood at KD 5.4 billion as at 31 December 2025 (2024: KD 4.7 billion), reflecting growth in loans and advances and investment securities.
- Loans and advances accounted for 55.5% of total assets (2024: 60.1%), while investment securities represented 14.2% (2024: 9.1%).
- Total liabilities amounted to KD 4.6 billion (2024: KD 3.9 billion), with customer deposits remaining the primary funding source at KD 2.6 billion (2024: KD 2.5 billion).
- Shareholders' equity increased to KD 784.5 million (2024: KD 745.7 million), supported by retained earnings and a strong capital base.

Asset Quality and Credit Risk

The Bank continues to maintain a prudent approach to credit risk management. In March 2025, the Shareholders' General Assembly approved the revocation of the zero non-performing loan (NPL) policy. This follows the successful completion of the Bank's objective of cleaning up its loan portfolio after adopting a highly conservative provisioning approach over the past seven years.

This change reflects a normalization of provisioning practices as per the instructions of the Central Bank of Kuwait and does not indicate a deterioration in asset quality. As at year-end 2025:

- Asset quality indicators remained within acceptable levels. As at year-end 2025, the gross NPL ratio stood at 0.6%, with strong provision coverage of 1,043.2%. Stage 2 exposures saw a decline from 12.6% in 2024 to 7.7% at the end of 2025.
- Loan loss reserves stood at 7.7% of gross loans (2024: 6.9%).

The Bank continues to maintain strong capital buffers well in excess of regulatory requirements.

- Common Equity Tier 1 (CET1) ratio: 15.08% (2024: 15.44%).
- Total capital ratio: 18.34% (2024: 18.95%).
- Basel III leverage ratio: 10.8% (2024: 11.3%).

These ratios provide the Bank with a solid foundation to support growth and absorb potential stress.

Liquidity and Funding

Liquidity remains strong, supported by a diversified funding base.

- The Liquidity Coverage Ratio (LCR) averaged 211% during 2025 (2024: 218%).
- The Net Stable Funding Ratio (NSFR) stood at 109.5% (2024: 111.4%).

During the year, the Bank further diversified its funding sources through:

- The establishment of a multi-currency Certificate of Deposit program with a total size of USD 1 billion, rated 'A' by Fitch, under which USD 765 million had been raised as by year-end.
- The successful completion of a USD 500 million syndicated facility with a five-year tenor, which was oversubscribed, reflecting continued market confidence in the Bank.

Cash Flow Overview

Operating cash flows remained supported by core banking activities. Financing cash flows reflected the Bank's funding diversification initiatives undertaken during the year, while investment cash flows remained aligned with the Bank's balance sheet strategy and liquidity management objectives.

Risk Environment

The Bank's financial performance continues to be influenced by movements in interest rates, credit risk dynamics, liquidity conditions, and regional and international geopolitical developments. Management continues to actively monitor these factors and maintains strong capital and liquidity buffers to mitigate potential adverse impacts.

Review of the Operating Environment

The global economic environment has proven resilient, but however still battles with underlying fragilities that have stemmed since the Covid-19 Pandemic and further exacerbated by regional and geopolitical developments which presented hurdles or hindered global, regional, and localized economic recoveries. Key factors which have persisted in influencing economic trends include inflation above official targets, uncertainty over contemporary or future economic developments, trade tensions, tariffs, and supply chain complications which persist due to both logistical and geopolitical influences.

The October 2025 World Economic Outlook estimated global growth for 2025 at 3.2% and at 3.1% for 2026. Technology investment, fiscal and monetary support, accommodative financial conditions, and private sector adaptability offset trade policy shifts. Key downside risks are reevaluation of technology expectations and escalation of geopolitical tensions. Policymakers should restore fiscal buffers, preserve price and financial stability, reduce uncertainty, and implement structural reforms.

Inflation is also expected to continue to decline globally, although with divergence across geographies. The forecast for global inflation in 2025 is estimated in the range of 3.4% to 4.5% year-on-year, down from levels seen in 2024 at 5.9% year-on-year, with upside risks comprising services related inflation and geopolitical risks such as tariffs or energy shocks.

GDP growth projections for the USA vary given a flurry of economic policies and initiatives over 2025, however, the economy has remained relatively resilient, with the IMF forecasting growth of approximately 2% year-on-year in 2025, before slightly picking up to 2.1% in 2026. The US economy was supported by adequate consumer spending and export demand even as growth may have slowed from earlier cyclical cycles. Overall, the US economy remained characterized by moderate growth underpinned by consumer resilient, ongoing inflation moderation, and a monetary policy that balanced price stability against slowing job gains and broader economic uncertainties.

The Euro-zone is projected to produce a modest real GDP growth of 1.3% year-on-year in 2025, before easing to 1.2% year-on-year in 2026. However, divergence in economic growth continues to remain within the Euro area, where countries whose economies are dominated by the services sector, such as Spain, are able to achieve more dynamic growth, while Germany, is expected to continue posting sluggish economic growth. Furthermore, the European Central Bank has made good headway in easing monetary policy as inflation is set to average 2.4% year-on-year in 2025, with the ECB's Deposit Rate, Refinancing Rate, and Marginal Lending Facilities now sitting at 2.00%, 2.15% and 2.40% respectively.

The Gulf Cooperation Council paints a different picture in its circumstances relative to inflation and consumer as the GCC intensifies its efforts to diversify away from oil and gas, with household spending in the region set to outpace that of advanced economies. Among the largest GCC economies, Saudi Arabia's household consumption grew by 2.7% in 2024 and is forecasted to rise to 3.8% by 2026, while the UAE, Kuwait and Qatar are expected to register an average annual growth of over 3.5% within the 5-year period. Non-hydrocarbon growth remains robust in the GCC, fuelled by diversification, strong project implementation, and rising tourism, in addition to inflation expected to stabilize around 2% year-on-year in 2026. The region has shown considerable resilience in the face of global disruptions, despite regional complications.

Kuwait has seen a period of economic evolution and reforms that will help enhancing the operating environment as the government works to increase revenues, curb nonessential institutional expenses, while also advancing the initiative of projects in the pipeline, providing a growing operating environment for local Banks. The shift in Kuwait's economic direction has, so far, pushed forward approximately USD 10.3 billion worth of project contracts awarded in 2025, primarily in water, energy and infrastructure to stimulate credit growth and to address energy shortages and required infrastructure advancement. As per IMF's World Economic Outlook Report issued on October 2025, Kuwait's real GDP growth is set to come out of contraction in 2025, with forecasts for growth of 2.6% year-on-year within the period, from a contraction of approximately 2.8% year-on-year in 2024. However, as oil production cuts are now in the process of being phased out since 2025, Kuwait's economy will be supported more robustly as OPEC+ works to steadily increase its production in order to contain potential hydrocarbon price falls. Kuwait's non-oil economy has also shown more robust growth in 2025, with reports most recently from the second quarter of 2025 showing a non-oil GDP growth of 3.1% year-on-year, with the country expected to maintain this trajectory in the coming period.

Kuwait's draft budget for 2025-2026 (April 1, 2025 - March 31, 2026) forecasts a deficit of approximately KWD 6.3 billion, and total revenues of KWD 18.23 billion. The draft budget for the fiscal year sees oil revenues at approximately KWD 15.3 billion, down 5.7% from 2024-2025, based on an average oil price of USD 68 a barrel. The introduction of Corporate Income Tax on foreign entities as well as the possible introduction of VAT, in line with other GCC countries, is likely to add diversification to the Government's revenue sources. Kuwait's total expenditure is projected to fall by 0.1% in 2025-2026, to KWD 24.54 billion.

Inflation in Kuwait has been relatively moderate when compared to the global average, with Kuwait's CPI inflation rate averaging approximately 2.2% to 2.4% for 2025, reflecting a combination of ongoing strength in consumer demand, rising housing rents and lingering supply chain issues. These dynamics are expected to lessen further in 2026 however, with projections for inflation to be brought down to an average of approximately 2.1% over the course 2026. As the state has worked to combat rising inflation and maintain its peg with a basket of currencies, the Central Bank of Kuwait has cut the Central Bank Discount Rate to 3.5% most recently in December 2025. As the Federal Reserve is expected to continue its easing cycle and continue to unwind its efforts of monetary tightening in order to fuel growth in the economy, the Central Bank of Kuwait is expected to lower its key rates in lockstep.

Economic outlook - risks and challenges

Systemic risks

Global and regional uncertainties

Environment, Social and Governance risk including climate risk management continue to be an imperative agenda for banks. This can be evidenced by the emerging regulatory directives and global conferences to drive banks to incorporate the subject aspects in their activities and operations. These impacts may translate into credit charges, impairments and assets stranding, especially in regions/nations highly dependent on fossil fuel.

The Bank has started implementing the Climate/ESG Risk Governance Framework that was developed in 2024, by assessing the potential impacts of Climate / ESG risk drivers on the Bank's assets and activities.

The global economic landscape continues to face heightened uncertainty, driven by a combination of geopolitical tensions and uneven economic recovery across regions. The lingering effects of the Russia-Ukraine conflict and regional disturbances have disrupted global energy markets and exacerbated food insecurity, creating ripple effects across emerging and developed economies. In the GCC region, oil price fluctuations risk remains a critical factor, as global demand is influenced by economic slowdowns and the accelerating energy transition. While high oil prices have supported regional fiscal surpluses in the short term, uncertainties surrounding sustainable demand for hydrocarbons challenge long-term economic strategies. Against this backdrop, the Bank is focused to remain steadfast in adapting our strategies to safeguard growth, focusing on resilience and seizing opportunities in a rapidly changing global environment.

The Bank monitors a set of strategy parameters comprising, internal variables, solvency, credit risk, liquidity risk, operational risk, reputational risk and interest rate risk indicators, in order to identify any concerning areas that require improvement and enhancement.

Local disruptive factors

The local economy, while benefitting from strong oil revenues, faces its share of domestic challenges that disrupt traditional business paradigms. Additionally, the local economy is exposed to the ongoing regional conflicts leading to volatile oil prices that has the potential to disrupt the progress of the local economy and development plans. Moreover, the continued interest rate reduction cycle in the economy is expected to impact the net interest income due to the asset & liability structure of the Bank in the event of stagnant growth.

Asset and liability concentrations and other market risks

Although the Bank continued to reduce the share of vulnerable and highly sensitive sectors in its lending portfolio, Construction & Contracting sectors accounted for the highest share of credit portfolio on account of financing of new government sponsored projects, with new road construction tenders released during the year.

On the liabilities side, the Bank, has a widely diversified deposit-base aiming towards optimising the funding costs.

The Bank has a comprehensive Asset liability gap monitoring system which is further stressed taking into consideration various scenarios, to have better control on assessing the impact on account of market uncertainties.

The Bank also has a risk strategy in place which spells out various risk appetite metrics involving solvency, liquidity, market risks, interest rate risk, strategic risk, reputational risk, etc.

Idiosyncratic risks

Asset quality

While high interest rate environment squeezing borrowers' liquidity positions is expected to ease due to reducing interest rates, the heightened geo-political risks may put pressure on the entire supply-chain with potential of increased input and logistics costs. This in turn may lead to narrowed margins for some of the borrowers.

The Bank's emphasis on qualitative factors and cautious growth strategy has yielded its benefit. Further, the Bank's strategy is to cautiously and selectively look for well-defined risk-return opportunities to grow the credit portfolio.

Non-Financial risks

The Bank recognises the importance for monitoring, measuring and reporting the non-financial risks the Bank is exposed to including fraud risks, third-party risks and cybersecurity risks. The Bank collects operational, third-party and fraud risk data through Risk & Control Self Assessments (RCSA), Key Risk Indicators (KRIs), procedure reviews and reported risk events which are duly reported to Management and Board of Directors in the periodic risk management reports. The Bank continues to enhance and test the Business Continuity Plan to assess and test the Bank's resilience and capability to resume operations of key processes, critical services and continue to serve customers through various channels in the case of an emergency or disaster, including a pandemic.

With digitalization of banking services, the Bank recognizes the importance of cyber security and is committed to implement advanced cyber security mechanisms and controls to minimize the risks resulting from cyber security threats.

The emergence of Fintech is redefining customer expectations with seamless and innovative financial solutions. This shift necessitates ensuring the emerging Cyber-Security challenges and controls are adequately managed. While on this, The Bank is responsible for identifying, monitoring, measuring and reporting all information security risks including internal and external threats, whether deliberate or accidental, on all information assets of the Bank.

In partnership with Human Resources Division, Risk Management Division has developed customized Information Security Awareness programs which are mandated for all staff in order to embed an information security awareness culture within the Bank. The Bank maintains its compliance with PCI-DSS, ISO 27001 and SWIFT CSP certification requirements, in addition to compliance with Central Bank of Kuwait's Cyber and Operational Resilience Framework requirements.

Outlook

Looking ahead, the Bank remains focused on sustainable growth, maintaining asset quality, and preserving strong capital and liquidity positions. While global and regional economic conditions remain subject to uncertainty, the Bank is well-positioned to manage potential challenges and continue delivering stable financial performance.

Conclusion

The Bank's financial performance in 2025 reflects the strength of its core operations and prudent risk management. The Bank delivered higher operating profitability than previous year, maintained strong capital and liquidity buffers, and further diversified its funding base. The Bank remains well-positioned to support future growth and deliver long-term value to shareholders.

Financial Review

2024

Year Ended 31 December 2025

During the year ended 31 December 2025, Al Tijari continued to demonstrate resilient financial performance, underpinned by a diversified business model, prudent risk management practices, and disciplined balance sheet management. The Bank remained focused on sustainable growth, maintaining asset quality, and preserving strong capital and liquidity positions in line with regulatory requirements and internal risk appetite frameworks.

Strategic investments in technology, operational capabilities, and human capital continued during the year, supporting efficiency improvements and long-term franchise development.

Statement of Income

- **Net Interest Income**

Net interest income for the year amounted to KD 120.2 million (2024: KD 117.7 million), reflecting an increase of 2.2% compared to the last year. The performance was primarily driven by changes in the average volume and mix of interest-earning assets, including loans and advances and investment securities. This was partially offset by movements in benchmark interest rates. Active management of funding costs contributed to partially offset the impact of reduction in benchmark interest rates on net interest margin during the year.

- **Non-Interest Income**

Non-interest income amounted to KD 68.6 million (2024: KD 62.3 million), representing a year-on-year increase of 10.2%. Fee and commission income increased to KD 53.5 million (2024: KD 49.7 million), supported by higher transaction volumes and customer activity. Foreign exchange income amounted to KD 8.4 million remained stable, while other income totalled KD 1.2 million (2024: KD 0.4 million).

- **Operating Expenses**

Total operating expenses amounted to KD 65.3 million (2024: KD 62.8 million).

- Staff costs amounted to KD 36.6 million (2024: KD 35.6 million), reflecting salary adjustments, performance-related incentives.
- General and administrative expenses amounted to KD 26.4 million (2024: KD 25.6 million), primarily due to higher business volumes, particularly in card-related activities.
- Depreciation and amortisation amounted to KD 2.3 million (2024: KD 1.6 million), reflecting continued investment in systems and infrastructure.

- **Impairment and Provisions**

Net impairment release for the year amounted to KD 4.2 million (2024: release of KD 47.7 million). The expected credit loss (ECL) under IFRS 9 amounted to KD 139.1 million while the provision available under Central Bank regulation of credit classification is KD 246.1 million representing an excess provision available of KD 107.0 million.

As at 31 December 2025, total impairment provisions amounted to KD 246.1 million (2024: KD 257.1 million), of which precautionary provisions amounted to KD 156.4 million (2024: KD 174.4 million). Non-performing loans remained at 0.6% (2024: 0%).

- **Net Profit**

Net profit attributable to shareholders for the year ended 31 December 2025 amounted to KD 121.2 million (2024: KD 157.2 million), representing a decline of 36.0 % compared to the previous year. The reduction in net profit reflects the fact that last year's results included a one-off legal recovery of KD 58.5 million.

- **Statement of Financial Position**

Total assets as at 31 December 2025 amounted to KD 5,363.1 million (31 December 2024: KD 4,665.9 million), representing a change of KD 697.2 million or 14.9%.

- Loans and advances amounted to KD 2,973.9 million (2024: KD 2,806.9 million -increase of KD 167.0 million or 6.0%), reflecting growth across related segments.
- Investment securities amounted to KD 760.5 million (2024: KD 423.2 million -Increase of KD 337.3 million or 79.7%), in line with the Bank's liquidity and asset allocation strategy.
- Customer deposits amounted to KD 2,610.9 million as at 31 December 2025 (2024: KD 2,489.8 million - increase of KD 121.1 million or 4.9%), reflecting continued customer confidence and franchise growth.
- Other borrowed funds amounted to KD 1,039.1 million (2024: KD 759.1 million - Increase of KD 279.2 million or 36.7%).
- Equity attributable to shareholders amounted to KD 784.2 million as at 31 December 2025 (2024: KD 745.4 million), increase mainly reflecting retained earnings for the year.

Dividends and Proposed Appropriations

Subject to approval by the Shareholders at the Annual General Meeting, the Board of Directors has recommended the appropriation of net profit for the year ended 31 December 2025 as follows:

- 1. Interim cash dividend paid: 12 fils per share, amounting to KD 23.7 million (2024: 12 fils per share, KD 21.5 million).**
- 2. Proposed final cash dividend: 25 fils per share, amounting to KD 49.3 million (2024: 40 fils per share, KD 71.8 million).**
- 3. Bonus shares: Nil (2024: 10 shares for every 100 shares held).**
- 4. Transfer to retained earnings: KD 48.1 million (2024: KD 44.0 million).**

The proposed appropriations are consistent with the Bank's dividend policy and long-term strategic objectives.



Consolidated Financial Statements

and Independent Auditors' Report to the Shareholders for the
Year Ended 31 December 2025

2025

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**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 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.rsmglobal/kuwait

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
COMMERCIAL BANK OF KUWAIT K.P.S.C.**

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Commercial Bank of Kuwait K.P.S.C. (the "Bank") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) 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 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 loans and advances to customers

As described in Note 6 to the consolidated financial statements, the Bank had loans and advances of KD 2,973,935 thousands as at 31 December 2025 representing 55% of total assets.

The recognition of credit losses on loans and advances to customers is the higher of the Expected Credit Loss ("ECL") under International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"), determined in accordance with the Central Bank of Kuwait (the "CBK") guidelines, or the provision required by the CBK rules based on classification of credit facilities and calculation of their provision (the "CBK instructions") as disclosed in the accounting policies in note 2 to the consolidated financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

The measurement of ECL under IFRS 9, determined in accordance with the CBK guidelines, is a complex accounting policy, which requires considerable judgement in its implementation. ECL is dependent on management's judgment in assessing significant increases 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 facility under the CBK instructions is based on the rules prescribed by CBK on the minimum provision to be recognized, together with any additional provision to be recognised based on management's estimate of expected cash flows related to that credit facility.

Due to the significance of credit facilities and the related estimation uncertainty and management's judgement in assessing significant increases in credit risk and classification of credit facilities into various stages and adjustments to ECL models, where applicable, this was considered as a key audit matter.

Our audit procedures included assessing the design and implementation of controls over the data and assumptions used by the Group in developing the ECL models, its governance and review controls performed by management in determining the stage classification and adequacy of credit losses.

With respect to the ECL based on IFRS 9, determined in accordance with the CBK guidelines, we have selected a sample of credit facilities outstanding as at the reporting date, and evaluated the Group's determination of significant increases 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 consistency of various inputs and assumptions used by the Group's management to determine ECL.

Further, for CBK 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, where applicable, if it has been computed accordingly. For the samples selected, we have verified whether all impairment events have been identified by the Group's management. For the selected samples, we have assessed the valuation of collateral and reperformed the resultant provision calculations.

**Other information included in the Annual Report of the Group for the year ended
31 December 2025**

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.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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 Annual Report after the date of our auditors' report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 issued by the IASB as adopted for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of the 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.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the 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 to 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, related safeguards applied.

From the matters communicated to 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.

Deloitte.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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 2/BS/342/2014 dated 21 October 2014 respectively, the Companies Law No 1 of 2016, as amended, its executive regulations; 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 2/BS/342/2014 dated 21 October 2014 respectively, the Companies Law No 1 of 2016, as amended, and its executive regulations; or of the Bank's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the CBK and the organisation of banking business, and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business of the Bank or on its financial position.

A blue ink signature of Bader A. Al-Wazzan, consisting of a large, stylized 'B' and 'A' followed by a horizontal line.

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

A blue ink signature of Dr Shuaib A. Shuaib, consisting of a stylized 'S' and 'A' followed by a horizontal line.

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

Kuwait
28 January 2026

The Commercial Bank of Kuwait Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

	Note	2025 KD 000's	2024 KD 000's
ASSETS			
Cash and short term funds	3	672,278	1,024,854
Treasury and Central Bank bonds	4	182,579	86,461
Due from banks and other financial institutions	5	598,121	227,640
Loans and advances	6	2,973,935	2,806,909
Investment securities	7	760,381	423,166
Premises and equipment		22,989	28,698
Intangible assets	9	3,506	3,506
Other assets	10	149,317	64,667
TOTAL ASSETS		5,363,106	4,665,901
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		364,210	244,406
Due to other financial institutions		72,990	176,339
Customer deposits		2,610,884	2,489,763
Certificates of deposit		226,232	-
Other borrowed funds	11	1,039,148	759,960
Other liabilities	12	265,138	249,707
TOTAL LIABILITIES		4,578,602	3,920,175
EQUITY			
Equity attributable to shareholders of the Bank			
Share capital		219,127	199,206
Proposed bonus shares		-	19,921
Treasury shares		(98,890)	(98,890)
Reserves		285,524	279,294
Retained earnings		329,076	274,161
		734,837	673,692
Proposed dividend		49,332	71,755
		784,169	745,447
Non-controlling interests		335	279
TOTAL EQUITY	13	784,504	745,726
TOTAL LIABILITIES AND EQUITY		5,363,106	4,665,901



Sheikh Ahmad Duaij Jaber Al Sabah
Chairman



Elham Yousry Mahfouz
Chief Executive Officer

The attached notes 1 to 25 form part of these consolidated financial statements.

The Commercial Bank of Kuwait Group

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2025

	Note	2025 KD 000's	2024 KD 000's
Interest income	14	245,048	237,711
Interest expense		(124,813)	(120,052)
NET INTEREST INCOME		120,235	117,659
Fees and commissions		53,481	49,678
Net gain from dealing in foreign currencies		8,351	8,349
Net gain from investment securities		80	117
Dividend income		5,538	3,740
Other operating income		1,197	426
OPERATING INCOME		188,882	179,969
Staff expenses		(36,612)	(35,599)
General and administration expenses		(26,445)	(25,648)
Depreciation and amortisation		(2,257)	(1,559)
OPERATING EXPENSES		(65,314)	(62,806)
OPERATING PROFIT BEFORE PROVISIONS		123,568	117,163
Net reversal of impairment and other provisions	15	4,241	47,706
PROFIT BEFORE TAXATION AND DIRECTORS' FEE		127,809	164,869
Taxation and contributions	16	(6,421)	(7,459)
Directors' remuneration	19	(184)	(184)
NET PROFIT FOR THE YEAR		121,204	157,226
Attributable to:			
Shareholders of the Bank		121,151	157,195
Non-controlling interests		53	31
		121,204	157,226
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	17	61.4	79.7

The attached notes 1 to 25 form part of these consolidated financial statements.

The Commercial Bank of Kuwait Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 KD 000's	2024 KD 000's
Net profit for the year	121,204	157,226
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to consolidated statement of income		
Equity securities classified at fair value through other comprehensive income: Net changes in fair value	7,791	(6,321)
Property revaluation gain (loss)	1,596	(769)
Items that are or may be reclassified subsequently to consolidated statement of income		
Debt securities classified at fair value through other comprehensive income: Net changes in fair value	3,601	831
Net gain (loss) on disposal transferred to income statement	20	(9)
	<u>13,008</u>	<u>(6,268)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>134,212</u>	<u>150,958</u>
Attributable to:		
Shareholders of the Bank	134,156	150,925
Non-controlling interests	56	33
	<u>134,212</u>	<u>150,958</u>

The attached notes 1 to 25 form part of these consolidated financial statements.

The Commercial Bank of Kuwait Group

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

KD 000's

	Attributable to shareholders of the Bank													Non-controlling Interests	Total
	Reserves											Retained earnings	Proposed dividend		
	Share capital	Proposed bonus shares	Treasury shares	Share premium	Statutory reserve	General reserve	Treasury shares reserve	Property revaluation reserve	Investment valuation reserve	Total reserves	Total				
Balance as at 1 January 2024	199,206	-	(99,369)	66,791	115,977	17,927	-	24,869	59,951	285,515	230,157	44,823	660,332	246	660,578
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	(769)	(5,501)	(6,270)	157,195	-	150,925	33	150,958
Sale of treasury shares	-	-	479	-	-	-	49	-	-	49	-	(44,823)	528	-	528
Dividend paid (note 13(g))	-	-	-	-	-	-	-	-	-	-	(21,515)	(44,823)	(44,823)	-	(44,823)
Interim dividend paid (note 13(g))	-	-	-	-	-	-	-	-	-	-	(71,755)	71,755	(21,515)	-	(21,515)
Proposed dividend (note 13(g))	-	-	-	-	-	-	-	-	-	-	(19,921)	-	-	-	-
Proposed bonus shares (note 13(g))	-	19,921	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2024	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 income for the year	-	-	-	-	-	-	-	1,596	11,409	13,005	121,151	-	134,156	56	134,212
Transfer of revaluation surplus on disposal	-	-	-	-	-	-	-	(6,775)	-	(6,775)	6,775	-	-	-	-
Issue of bonus shares	19,921	(19,921)	-	-	-	-	-	-	-	-	-	(71,755)	(71,755)	-	(71,755)
Dividend paid (note 13(g))	-	-	-	-	-	-	-	-	-	-	(23,679)	-	(23,679)	-	(23,679)
Interim dividend paid (note 13(g))	-	-	-	-	-	-	-	-	-	-	(49,332)	49,332	-	-	(23,679)
Proposed dividend (note 13(g))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2025	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

Investment valuation reserve includes a loss of KD 5,481 thousand (2024: loss of KD 5,530 thousand) arising from foreign currency translation of the Bank's investment in its associate.

The attached notes 1 to 25 form part of these consolidated financial statements.

The Commercial Bank of Kuwait Group
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2025

	Note	2025 KD 000's	2024 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and contributions		127,809	164,869
Adjustments for:			
Net reversal of impairment and other provisions	15	(4,241)	(47,706)
Income from investment securities		(5,618)	(3,857)
Foreign exchange gain on investment securities		(7,137)	(934)
Depreciation and amortisation		2,257	1,559
Cash flow before changes in operating assets and liabilities		<u>113,070</u>	<u>113,931</u>
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		(96,118)	90,426
Due from banks and other financial institutions		(370,966)	217,144
Loans and advances		(167,253)	(390,118)
Other assets		(69,001)	55,846
Due to banks		119,804	83,252
Due to other financial institutions		(103,349)	(14,431)
Customer deposits		121,121	289,427
Certificates of deposit		226,232	-
Other liabilities		(8,689)	19,184
Net cash (used in) from operating activities		<u>(235,149)</u>	<u>464,661</u>
INVESTING ACTIVITIES			
Proceeds from disposal of investment securities		86,427	106,968
Acquisition of investment securities		(399,661)	(200,854)
Dividend income from investment securities		5,538	3,740
Proceeds from disposal of premises and equipment		7,489	-
Acquisition of premises and equipment		(942)	(403)
Net cash used in investing activities		<u>(301,149)</u>	<u>(90,549)</u>
FINANCING ACTIVITIES			
Other borrowed funds		279,188	19,864
Proceeds from sale of treasury shares		-	528
Dividend paid		(95,434)	(66,338)
Net cash from (used in) financing activities		<u>183,754</u>	<u>(45,946)</u>
Net (decrease) increase in cash and short term funds		<u>(352,544)</u>	328,166
Cash and short term funds as at 1 January		1,024,865	696,699
Cash and short term funds as at 31 December	3	<u>672,321</u>	<u>1,024,865</u>

The attached notes 1 to 25 form part of these consolidated financial statements.

The Commercial Bank of Kuwait Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1 INCORPORATION AND REGISTRATION

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 is listed on the Boursa Kuwait. The registered address of the Bank is P.O. Box 2861, 13029 Safat, State of Kuwait.

The Bank and its subsidiary are together referred to as "the Group" in this consolidated financial statements.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 13 January 2026 and are issued subject to the approval of the Annual General Assembly of the Shareholders of the Bank. The Annual General Assembly of the Shareholders has the prerogative to amend this consolidated financial statements after issuance.

The principal activities of the Group are explained in note 23.

The Board of Directors, at the time of approving the consolidated financial statements have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Group has applied the going concern basis of accounting in preparing the consolidated financial statements.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

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

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

The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of derivatives, investment securities and freehold land.

These consolidated financial statements are presented in Kuwaiti Dinar, which is the Group's functional currency.

The accounting policies applied are consistent with those used in the previous year except for the adoption of the new and amended standards effective from 1 January 2025 as described below;

New and amended standards issued and effective

Amendments to IAS 21 - Lack of Exchangeability 1 January 2025

The amendments to IAS 21 specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. Applying the amendments, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose. When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendment did not have an impact on the consolidated statement of financial position or performance of the Group.

Other amendments which are effective for annual accounting period starting from 1 January 2026 did not have any material impact on the accounting policies, consolidated statement of financial position or performance of the Group.

The Commercial Bank of Kuwait Group**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

New and amended standards issued but not yet effective**i) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments 1 January 2026**

The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (FVOCI)

ii) Amendments to IFRS 18 - Presentation and Disclosures in Financial Statements 1 January 2027

IFRS 18 replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of income.
- Enhanced guidance on the aggregation, location and labeling of items across the primary financial statements and the notes.
- Mandatory disclosures about management-defined performance measures (MPMs - a subset of alternative performance measures).

IFRS 18 also makes consequential amendments to other accounting standards, including IAS 7 'Statement of Cash Flows', IAS 33 'Earnings per Share' and IAS 34 'Interim Financial Statements'.

Other standards and amendments which are effective for annual periods beginning on or after 1 January 2026 have not been early adopted in the preparation of the Group's consolidated financial statements and are not expected to have a significant impact on the consolidated financial statements of the Group.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and a subsidiary (note 18) as at 31 December each year.

Subsidiaries are those entities controlled by the Bank. Control is achieved when the Bank 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. The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above three elements of control. The financial statements of subsidiaries are included in these consolidated financial statements on a line-by-line basis, from the date on which the control is transferred to the Group until the date that such control ceases.

The Commercial Bank of Kuwait Group**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on the financial information of the subsidiaries. Intra-group balances, transactions, income and expenses are eliminated in full. Profits and losses resulting from intra-group transactions are also eliminated in full.

Non-controlling interests represents the equity in the subsidiaries not attributable directly, or indirectly, to the equity holders of the Bank. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity. Losses within a subsidiary are attributed to the non controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- i) Derecognises the assets (including goodwill) and liabilities of the subsidiary
- ii) Derecognises the carrying amount of any non-controlling interests
- iii) Derecognises the cumulative translation differences, recorded in equity
- iv) Recognises the fair value of the consideration received
- v) Recognises the fair value of any investment retained
- vi) Recognises any surplus or deficit in profit or loss
- vii) Reclassifies the Bank's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(c) Associates

Associates are entities over which the Group has significant influence but not control, which is the power to participate in the financial and operating policy decisions of the associate.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. Intragroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intragroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For preparation of consolidated financial statements, uniform accounting policies for similar transactions and other events in similar circumstances are used.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of income; and its share of post-acquisition equity movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment annually.

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 portion of the investment and proceeds from disposal is recognised in the consolidated statement of income.

After the application of the equity method, the Group determines whether it is necessary to recognise impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

(d) Financial instruments

Financial instruments comprises of financial assets and financial liabilities. All financial instruments are initially recognised at fair value. Transaction costs are included only for those financial instruments that are not measured at fair value through profit or loss.

Classification and measurement**i) Financial assets**

Classification and measurement category of all financial assets, except derivatives, is based on a combination of the Group's business model for managing the assets and the assets' contractual cash flow characteristics.

The Commercial Bank of Kuwait Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

a) Business model assessment

The Group determines its business model at the level that best reflects how it manages various groups of financial assets to achieve its business objective and generates contractual cash flows. Accordingly, the Group determines whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of financial assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL. 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:

- i) 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;
- ii) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the methodology adopted to manage those risks;
- iii) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- iv) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers:

- i) Contingent events that would change the amount and timing of cash flows;
- ii) Leverage features;
- iii) Prepayment and extension terms;
- iv) Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- v) Features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

Contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payment of principal and interest. In such cases, the financial asset is measured at FVTPL.

Based on assessment of business model and cash flow characteristics, the Group classifies financial assets into the following categories upon initial recognition:

- a) Financial assets carried at amortised cost
- b) Financial assets carried at fair value through other comprehensive income (FVOCI)
- c) Financial assets carried at fair value through profit or loss (FVTPL)

a) Financial assets carried at amortised cost

A financial asset is carried at amortised cost if it meets both of the following conditions:

- a) it is held within a business model whose objective is to hold assets to collect contractual cash flows ; and
- b) its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method (EIR) and are presented net of expected credit losses. Interest income, foreign exchange gains and losses and Expected Credit Loss (ECL) charges are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

The Commercial Bank of Kuwait Group**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2025

b) Financial assets carried at FVOCI**i) Debt securities at FVOCI**

A debt securities is carried at FVOCI if it meets both of the following conditions:

- a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt securities at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in the consolidated statement of income. Fair value changes which are not part of an effective hedging relationship are recognised in consolidated statement of comprehensive income and presented in the investment valuation reserve as part of consolidated statement of changes in equity until the financial asset is derecognised or reclassified. When the financial asset is derecognised or reclassified, the cumulative gain or loss previously recognised in consolidated statement of comprehensive income is reclassified from consolidated statement of changes in equity to the consolidated statement of income.

ii) Equity securities at FVOCI

Upon initial recognition, the Group makes an irrevocable election to classify some of its equity securities as at FVOCI if they meet the definition of equity under IAS 32: Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

Equity securities at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in consolidated statement of comprehensive income and presented in the investment valuation reserve as part of equity. Cumulative gains and losses previously recognised in consolidated statement of comprehensive income are remained in equity on derecognition and are not recognised in the consolidated statement of income. Dividend income on equity securities at FVOCI are recognised in the consolidated statement of income unless they clearly represent a recovery of part of the cost of the investment in which case they are recognised in consolidated statement of comprehensive income. Equity investments at FVOCI are not subject to impairment assessment.

c) Financial assets carried at FVTPL

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of income.

The Group financial assets are classified and measured as follows:**i) Cash and short term funds**

Cash and short term funds consist of cash in hand, current account and money at call with other banks and deposits with banks maturing within seven days. Cash and short term funds are carried at amortised cost using effective interest rate method.

ii) Treasury and Central Bank bonds

Treasury and Central Bank bonds are carried at amortised cost using effective interest rate method.

iii) Due from banks, other financial institutions

Deposits with banks and other financial institutions are carried at amortised cost using the effective interest method. The carrying values of such assets which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value attributable to the risk being hedged.

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iv) Loans and advances

Loans and advances are stated at amortised cost using the effective interest method. The carrying values of such assets which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value attributable to the risk being hedged.

v) Investment securities

The Group's investment securities consists of debt securities, equity securities and other investments.

Debt securities that meet SPPI Criteria are classified either at amortised cost or at FVOCI based on the business model in which these securities are managed.

Equity securities are generally carried at FVTPL except for those specific instruments for which the Group has made an irrevocable election to classify at FVOCI on initial recognition.

Other investments that does not meet SPPI criteria are carried at FVTPL.

vi) Other assets

Fees and commissions receivables' included under 'Other assets', represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9.

ii) Financial liabilities

Financial liabilities are classified as "at amortised cost". These are subsequently measured at amortised cost using the effective yield.

Financial liabilities carried on the consolidated statement of financial position includes due to banks and other financial institutions, customer deposits, certificate of deposits, other borrowed funds and certain balances included in other liabilities.

iii) Recognition and De-recognition

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. Changes in fair value between the trade date and settlement date are recognised in income in accordance with the policy applicable to the related instruments. 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.

A financial asset is derecognised

- a) when the contractual rights to the cash flows from the financial asset expire or;
- b) when the Group has transferred substantially all the risks and rewards of ownership or;
- c) when it has neither transferred nor retained substantially all risks and rewards of ownership and it no longer has control over the asset or portion of the asset.

If the Group has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognised when the obligation specified in the contract is discharged.

iv) Derivative financial instruments and hedge accounting

The Group has adopted hedge accounting model as per IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with the risk management objective and strategy and to apply a more qualitative and forward looking approach to assess hedge effectiveness. The Group accounts for them using hedge accounting principles, provided certain criteria is met.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in consolidated statement of 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 statement of income instead of consolidated statement of comprehensive income. When the hedged item is an equity instrument designated at FVOCI, the hedging gain or loss remains in consolidated statement of comprehensive income to match that of the hedging instrument.

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The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. In the case of fair value hedge, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to consolidated statement of income from that date.

For cash flow hedge, any gain or loss recognised in consolidated statement of comprehensive income and accumulated in cash flow hedge reserve at that time remains in consolidated statement of changes in equity and is reclassified to consolidated statement of income when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to consolidated statement of income.

If a derivative contract does not qualify for hedge accounting as per the hedge accounting rules of the Group, they are treated as derivatives held for trading. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the consolidated statement of financial position. The resultant gains and losses are included in the consolidated statement of income.

v) Financial guarantee and loan commitments

In the ordinary course of business, the Group issues financial guarantees, letters of credit, acceptances and loan commitments on behalf of its customers. Financial guarantees are initially recognised as a liability in the consolidated statement of financial position at fair value, being the fee and commission received. The fee and commission received is amortised over the life of the each guarantee and recognised in the consolidated statement of income. The guarantee liability is subsequently carried at higher of the:

- a) the amount of the loss allowance determined in accordance with IFRS 9 and
- b) amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

When a payment under the guarantee liability is likely to become payable, the present value of the net expected cash flows, less the unamortised fee and commission is charged to the consolidated statement of income.

Undrawn loan commitments and letter of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

vii) Asset pending sale

The Group occasionally acquires assets in settlement of certain loans and advances. Such assets are stated at the lower of the carrying value of the related loans and advances and the current fair value of such assets. Gains or losses on disposal, and revaluation losses, are recognised in the consolidated statement of income.

viii) Fair values

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.

For financial instruments traded in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

Fair value of interest bearing financial instruments which are not traded in an active market is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics and dealer price quotations. The estimated fair value of deposits with no stated maturity, which include non-interest bearing deposits, is the amount payable on demand.

The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using the prevailing market rate or internal pricing models.

The fair value of unquoted equity securities is determined by reference to the market value of a similar investment, on the estimated discounted cash flows, adjusted net asset value, other appropriate valuation models or dealer price quotations.

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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy and described in note 20.

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For assets and liabilities that are recognised in the consolidated statement of financial position 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.

ix) Amortised cost

Amortised cost is computed by taking into account any discount or premium on acquisition of the financial instrument, and fees and costs that are an integral part of the effective interest rate.

x) Impairment of financial assets

The Group computes provision for credit losses on the following financial instruments that are not measured at FVTPL:

- a) Loans and advances, financial guarantees, letters of credit, acceptances and loan commitments (credit facilities)
- b) Debt securities measured at amortised cost or at FVOCI
- c) Balances and deposits with banks and other financial institutions.

Equity securities are not subject to expected credit losses.

As per CBK guidelines, provision for credit losses on Credit facilities to be recognised is higher of the followings;

- a) Provision for credit losses computed as per the CBK's IFRS 9 guidelines (ECL) or;
- b) Provision for credit losses computed based on the CBK's rules on credit facilities

Impairment of financial assets other than credit facilities is based on IFRS 9 ECL. Furthermore, no ECL is recognised on balances with the Central Bank of Kuwait, treasury bonds and Central Bank of Kuwait bonds as per CBK guidelines.

a) Expected credit loss (ECL)

The Group applies a three stage approach to measure the ECL as follows:

i) Stage classification

Financial instruments are classified into stage 1, 2 or 3 based on assessment of increase in credit risk since initial recognition.

Determining the significant increase in 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.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers quantitative and qualitative information, backstop indicators, analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information.

The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds including categorisation of credit facilities as investment and non investment grade. For details on categorisation of credit facilities please refer note 21(b)(i).

The above quantitative criteria are further subjected to the following minimum thresholds as stipulated by the CBK in respect of credit facilities.

- a) Credit facilities are classified under stage 2 where there has been a default in principal or interest payment for more than 30 days.
- b) 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 rating and by 1 grade with non-investment grade rating.
- c) All rescheduled credit facilities are classified under the Stage 2 unless it qualifies for stage 3 classification

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Stage 1: 12-month ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposure that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "Investment grade".

Stage 2: Life time ECL - not credit impaired

When a credit facility has shown a significant increase in credit risk since origination, but is not credit impaired, the Group records an allowance for the life time ECL.

Life time ECL, is ECL that result from all possible default events over the expected life of a financial asset. 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.

In order to estimate life time ECL the following minimum maturity thresholds, as stipulated by CBK were applied for credit facilities.

Facility Type	Minimum Maturities
Corporate credit facility, except that have cash flows and non extendable maturity provided that the final repayment does not constitute more than 50% of the total facility	7 Years
Consumer credit and credit cards	5 Years
Housing finance	15 Years

Both life time 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 assets.

Stage 3: Life time ECL - Credit impaired

When a credit facility is impaired, the Group measures loss allowances at an amount equal to the net exposure (asset balance net of eligible collateral value). A credit facility is considered as credit-impaired, when any payment of principal or interest is overdue by more than 90 days or there are any objective evidence of impairment such as difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc.

ii) Measurement of ECLs

ECL are the discounted product of Probability of Default, Exposure at Default and Loss Given Default. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic

a) Probability of Default (PD) estimation

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over next 12 months (12 months PD), or over the remaining lifetime (lifetime PD) of the obligation.

The Group's PD estimation for corporate credit facilities is based upon obligor risk rating, internal default and macro-economic data. Under macro-economic data, three scenarios (a base case, upside case, and a downside case) have been considered. While, for the PD estimation of retail credit facilities, the facilities were segmented into pools that share the similar risk characteristics.

The Group has applied the minimum PD thresholds as per CBK guidelines of 100 bps (1%) for all credit facilities rated below investment grade and 75 bps (0.75%) for facilities rated as investment grade or better. However, minimum PD threshold was not applied for the following.

- i) Consumer credit facility (excluding credit card), housing financing
- ii) Credit facility extended to governments and banks rated as investment grade or better by eligible external credit rating agency.

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b) Exposure at Default (EAD)

EAD represents the expected exposure in the event of default. The Group derives the EAD from current credit exposure of the financial assets and potential changes to the current amounts allowed under the contract including amortization. The EAD of financial assets is the gross carrying amount plus interest.

EAD for financial unfunded facility is calculated by applying 100% credit conversion factor (CCF). EAD for unutilized balance is computed by applying CCF as per the financial leverage ratio instructions issued by CBK on 21 October 2014.

c) Loss Given Default (LGD)

The LGD represents expected credit loss in the event of default, its expected value when realised and the time value of money. For credit facilities classified under stage 1 and 2, the internal LGD estimation of the Group is used if it is higher than the minimum LGD as per CBK guidelines. The LGD models also considers minimum haircut to the collateral values as per CBK guidelines. LGD for stage 3 facilities are required 100% as per CBK guidelines.

Incorporation of forward looking information

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking information into the ECL models. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The consideration of such factors increases the degree of judgment in determination of ECL. The management reviews the methodologies and assumptions including any forecasts of future economic conditions on regular basis.

d) Letter of credit and letter of guarantee

The Group's liability under each guarantee or letter of credit is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of income, and the ECL provision as per Central Bank of Kuwait guidelines.

iii) Modified loans and advances

Under certain circumstances, the Group renegotiates or modifies terms of loans and advances. This may involve extending the repayment period, providing concession in rate etc. If the modifications are substantial, such a facility is derecognised and new facility is recognised with substantially different terms and conditions. 12 months credit losses is recognised on the new facility, except when the new facility is considered as originated credit impaired. When loans and advances have been modified but not derecognised, an impairment is measured using effective interest rate. Management continuously reviews modified loans and advances to ensure that all criteria are met and that future payments are likely to occur. Management also assesses whether there has been a significant increase in credit risk or the facility should be classified as stage 3.

b) Provision for credit losses computed based on the CBK's rules on credit facilities

CBK's rule on provision for credit facilities stipulates two tier approach for credit loss estimation. Total credit loss to be recognised is total of general and specific provision.

i) General provision

General provision computed as 1% of outstanding cash facility balance and 0.5% of outstanding non cash facility balance after netting off certain restricted categories of collateral.

ii) Specific provision

Specific provision is calculated by applying a loss percentage to the exposure amount after netting off eligible collateral. Loss percentage to be applied is based on past due days as shown below.

Category	Criteria	Loss %
Watch list	Irregular for a period of upto 90 days	-
Substandard	Irregular for a period of 91 - 180 days	20%
Doubtful	Irregular for a period of 181 - 365	50%
Bad	Irregular for a period exceeding 365 days	100%

Credit facilities are classified in above categories when there is an objective evidence of impairment based on specified criteria, including management judgement of increase in credit risk.

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Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. For detailed disclosure on credit exposure, please refer to note VI of Public Disclosures on Capital Adequacy Standard.

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, that are carried at amortised cost. In the case of debt instruments measured at FVOCI, the Group recognises the ECL charge in the consolidated statement of income and a corresponding amount is recognised in consolidated statement of comprehensive income with no reduction in the carrying amount of the financial asset in the consolidated statement of financial position. ECL for loan commitments, letters of credit and financial guarantee contracts are recognised in the other liabilities.

(e) Impairment of non-financial assets

Intangible assets and premises and equipment's that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Premises and equipment

Freehold land is stated at fair value and is not depreciated. Fair value is determined by annual appraisals of market value and is performed by independent experts. An increase in the carrying amount of an asset as a result of revaluation is taken to property revaluation reserve through consolidated statement of comprehensive income. A revaluation decrease is charged directly to the property revaluation reserve to the extent that the decrease does not exceed the amount held in reserve for that asset. Any further decrease in the carrying amount of an asset as a result of revaluation is recognised as an expense in the consolidated statement of income. The balance in this reserve is taken directly to retained earnings upon disposal of property.

Buildings and other assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write down the cost of such assets over their estimated useful lives as follows:

Buildings	up to 20 years
Leasehold improvements	up to 3 years
Furniture and equipment	up to 5 years
Computer hardware and software	up to 5 years
Vehicles	up to 5 years

Premises and equipment are reviewed periodically for any impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the consolidated statement of income.

(g) Leases

The Group assesses a contract at inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) 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 re-measurement 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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment. The carrying value of the right-of-use assets are recorded under premises and equipment in the consolidated statement of financial position.

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b) Lease liabilities

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. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset and are recorded under other liabilities in the consolidated statement of financial position.

(h) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets held for sale are measured at the lower of carrying amount and the fair value less costs to sell. Non-current assets, once classified as held for sale, are not depreciated or amortised.

(i) Intangible assets

Identifiable non-monetary assets acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets with indefinite useful lives are not subject to amortization but tested for impairment annually and whenever there is an indication that the asset may be impaired. Intangible assets which have a finite life are amortised over their useful lives.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so much that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Treasury shares

The Bank's holding in its own shares is stated at acquisition cost. 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 the equity. When the treasury shares are reissued, gains are credited to a treasury shares reserve in equity, which is not distributable.

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Any realised losses are charged to a treasury share reserve to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the general reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve. These shares are not entitled to any cash dividend that the Bank may propose. The issue of bonus shares increases the number of shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

(k) Revenue recognition

Interest income and expense for all interest bearing financial instruments are recognised using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts are considered, but not future credit losses.

Once a financial asset or a group of financial assets has been impaired, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income earned for the provision of services over a period of time are accrued over that period. Other fee and commission income are recognised as and when the services are provided. Asset management fees are recognised over the period in which the service is provided.

Dividend income is recognised when the right to receive payment is established.

(l) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(m) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinar at rates of exchange prevailing at value dates of the transactions. Monetary assets and liabilities in foreign currencies and forward foreign currency transactions outstanding at the date of the consolidated statement of financial position are translated into Kuwaiti Dinar at rates of exchange prevailing at the date of consolidated statement of financial position. Any resultant gains or losses are taken to the consolidated statement of income.

In the case of non-monetary assets whose change in fair values are recognised directly in other comprehensive income and net investment in foreign operation, foreign currency exchange differences are recognised directly in other comprehensive income and for non-monetary assets whose change in fair value are recognised directly in the consolidated statement of income, foreign currency exchange differences are recognised in the consolidated statement of income.

(n) End of service pay

The Group is liable under Kuwait Labour Law to make payments to employees for post-employment benefits in respect of defined benefit plans. This liability is finally computed and fully settled at the end of an employee's service.

The Group recognises this cost as an expense of the year and represents the amount payable to each employee as a result of involuntary termination on the reporting date. The Group considers this to be a reliable approximation of the present value of this obligation.

(o) Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

(p) Fiduciary assets

Assets and related deposits held in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in the consolidated statement of financial position.

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(q) Securities financing arrangements

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are treated as collateralised lending and borrowing transactions and are recorded in the consolidated statement of financial position at the amounts the securities were initially acquired or sold. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are included in interest income and interest expense respectively.

(r) Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, management has used judgements and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgements and estimates are as follows:

Judgments*Classification of financial assets*

The Group determines the classification of financial assets, except equity securities and derivatives, based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Judgments are required in determining the business model at an appropriate level that best reflects an aggregated group or portfolio of assets which are managed together to achieve a particular business objective. The Group also applies judgment to assess if there is a change in business model in circumstances when the assets within that business model are realised differently than the original expectations. Refer note 2(d)(i) classification of financial assets for more information.

Establishing groups of assets with similar credit risk characteristics:

When ECL are measured on a collective basis, the financial assets are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether groups of financial assets continue to share similar characteristics. This is required in order to assess the need for re-segmentation of the financial assets, with new portfolios being created or assets moving to an existing portfolio that better reflects their credit risk characteristics. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) such that financial assets move from 12-month to lifetime ECL (or vice versa), but it can also occur within portfolios that continue to be measured on the same basis.

Estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment loss on loans and advances and other financial instruments

The Group estimates ECL for all financial assets carried at amortised cost or FVOCI except for equity instruments. Significant judgment are required in applying the accounting requirements for measuring ECL. For information on significant judgement and estimates made by the Group refer note 2(d)(x).

Significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- a) Determining criteria for significant increase in credit risk
- b) Choosing appropriate models and assumptions for measurement of ECL
- c) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- d) Establishing group of similar financial assets for the purpose of measuring ECL

Provision for credit losses

The Group reviews its loans and advances on a quarterly basis to assess whether a provision for credit losses should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

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Valuation of unquoted equity securities

Valuation techniques for unquoted equity securities are based on estimates such as expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; recent arm's length market transactions; current fair value of another instrument that is substantially the same; adjusted net asset value of the investee; or other relative valuation models.

Any changes in these estimates and assumptions as well as the use of different, but equally reasonable estimates and assumptions, may have an impact on the carrying value of impairment loss for loans and advances, investment in debt securities and fair values of unquoted equity securities.

Impairment of intangible assets

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the "value in use" of the asset. Estimating a "value in use" requires the Group to make an estimate of the expected future cash-flows from the asset or the cash-generating unit and also choose an appropriate discount rate in order to calculate the present value of the cash flows.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy).

3 CASH AND SHORT TERM FUNDS

	2025 KD 000's	2024 KD 000's
Cash and cash items	38,533	63,739
Balances and deposits with the Central Bank of Kuwait	238,061	302,746
Deposits with banks maturing within seven days	395,727	658,380
	<hr/>	<hr/>
	672,321	1,024,865
Less: Provision for impairment (ECL)	(43)	(11)
	<hr/>	<hr/>
	672,278	1,024,854
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2025 and 2024, deposits with banks are classified as stage 1. During the year, there were no movement between stages.

4 TREASURY AND CENTRAL BANK BONDS

	2025 KD 000's	2024 KD 000's
Treasury bonds	165,806	5,007
Central Bank bonds	16,773	81,454
	<hr/>	<hr/>
	182,579	86,461
	<hr/> <hr/>	<hr/> <hr/>

Treasury bonds issued by the CBK carry a fixed and floating rate of interest until maturity. Central Bank bonds are issued at a discount by the CBK and carry a fixed yield to maturity.

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5 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025 KD 000's	2024 KD 000's
Placements with banks	435,002	121,067
Less: Provision for impairment (ECL)	<u>(393)</u>	<u>(16)</u>
	<u>434,609</u>	<u>121,051</u>
Loans and advances to banks	165,164	108,133
Less: Provision for impairment	<u>(1,652)</u>	<u>(1,544)</u>
	<u>163,512</u>	<u>106,589</u>
	<u>598,121</u>	<u>227,640</u>

At 31 December 2025 and 2024, due from banks and other financial institution are classified as stage 1. During the year, there were no movement between stages.

6 LOANS AND ADVANCES

(a) Classification

The Group's assessment of the credit risk concentration, based on the primary purpose of the loans and advances given, is provided below:

As at 31 December 2025

	KD 000's				Total
	Kuwait	Asia	Europe	Others	
Trade and commerce	688,853	36,452	-	-	725,305
Construction and real estate	658,267	11,482	23	25	669,797
Other financial institutions	39,113	24,976	-	97,025	161,114
Retail customers	553,270	-	-	-	553,270
Others	886,062	108,951	71,365	-	1,066,378
	<u>2,825,565</u>	<u>181,861</u>	<u>71,388</u>	<u>97,050</u>	<u>3,175,864</u>
Less: Provision for impairment					<u>(201,929)</u>
					<u>2,973,935</u>

As at 31 December 2024

	KD 000's				Total
	Kuwait	Asia	Europe	Others	
Trade and commerce	535,667	24,089	-	-	559,756
Construction and real estate	765,817	23,293	531	62	789,703
Other financial institutions	29,232	25,455	-	85,702	140,389
Retail customers	544,992	-	-	-	544,992
Others	808,071	134,319	38,819	-	981,209
	<u>2,683,779</u>	<u>207,156</u>	<u>39,350</u>	<u>85,764</u>	<u>3,016,049</u>
Less: Provision for impairment					<u>(209,140)</u>
					<u>2,806,909</u>

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(b) Movement in provisions for loans and advances

	2025 KD 000's			2024 KD 000's		
	Specific	General	Total	Specific	General	Total
Provisions 1 January	-	209,140	209,140	-	188,560	188,560
Written-off	(97,440)	-	(97,440)	(22,197)	-	(22,197)
Exchange differences	-	46	46	-	(19)	(19)
Ceded to Central Bank	(1)	-	(1)	(7)	-	(7)
Charged to consolidated statement of income	106,567	(16,404)	90,163	22,204	20,599	42,803
Provisions 31 December	9,126	192,782	201,908	-	209,140	209,140

The specific and general provision for cash credit facilities amounting to KD 201,908 thousand (2024: KD 209,140 thousand) includes additional provision amounting to KD 156,350 thousand (2024: KD 174,350 thousand) which is over and above the CBK's minimum general provision requirements. The Group has also suspended interest amounting to KD 21 thousand (2024: KD nil) on impaired facilities.

The available provision on non-cash credit facilities of KD 42,518 thousand (2024: KD 46,406 thousand) is included under other liabilities.

The total available provision for cash and non cash credit facilities in accordance with CBK rules amounted to KD 244,447 thousand as at 31 December 2025 (2024: KD 255,546)

Provision on credit facilities are the higher of expected credit losses (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 ECL on cash and non cash credit facilities determined under IFRS 9 amounted to KD 139,120 thousand as at 31 December 2025 (2024: KD 90,844 thousand).

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:

	2025 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

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	2024			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	684,837	11,700	-	696,537
Good	1,124,838	103,636	-	1,228,474
Standard	713,262	255,946	-	969,208
Past due but not impaired	112,027	9,803	-	121,830
Impaired	-	-	-	-
Cash credit facilities	2,634,964	381,085	-	3,016,049
Non cash credit facilities	2,642,261	163,268	37,855	2,843,384
ECL provision for credit facilities	29,318	23,973	37,553	90,844
Movement in ECL for credit facilities:	2025			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
ECL 1 January 2025	29,318	23,973	37,553	90,844
Transfer to Stage 1	6,038	(6,038)	-	-
Transfer to Stage 2	(372)	372	-	-
Transfer to Stage 3	(142)	(110)	252	-
Net charged	7,119	27,653	110,976	145,748
Written-off	-	-	(97,440)	(97,440)
Exchange difference	(32)	-	-	(32)
ECL 31 December 2025	41,929	45,850	51,341	139,120
	2024			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
ECL 1 January 2024	22,612	29,515	47,200	99,327
Transfer to Stage 1	640	(640)	-	-
Transfer to Stage 2	(100)	100	-	-
Transfer to Stage 3	-	-	-	-
Net charged / (released)	6,160	(5,002)	12,550	13,708
Written-off	-	-	(22,197)	(22,197)
Exchange difference	6	-	-	6
ECL 31 December 2024	29,318	23,973	37,553	90,844

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Sensitivity

Management reviewed the ECL sensitivity through the application of probability-weighted multiple scenario outcomes as part of the ECL governance process. In addition, the Group maintains an excess provision of KD 105,327 thousand -76% (2024: KD 164,702 thousand - 181%) besides the ECL on credit facilities to cover any potential increase in ECL arising from sensitivity.

Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of the facility 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 macroeconomic 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 taken into consideration include, but are not limited to, gross domestic product, equity price index, oil prices, discount rate and others, and require an evaluation of both the current and forecast direction of the macro-economic cycle. Incorporating forward-looking information increases the degree of judgement required to assess how changes in these macro-economic factors will affect ECLs. The methodologies and assumptions, including any forecasts of future economic conditions are reviewed regularly.

(c) Non-performing loans

	2025 KD 000's	2024 KD 000's
Loans and advances	19,287	-
Collaterals	-	-
Available provisions	9,147	-

7 INVESTMENT SECURITIES

	2025 KD 000's	2024 KD 000's
Financial assets at FVOCI:		
Debt securities -quoted	690,103	360,887
Debt securities -unquoted	10,814	10,544
Equity and other securities-quoted	34,002	30,980
Equity and other securities -unquoted	25,462	20,755
	760,381	423,166

The following table shows changes in gross carrying amount and the corresponding ECL in relation to investment in debt securities:

	2025			
	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
Gross carrying amount as at 1 January	358,023	13,825	1,745	373,593
Net movement during the year	329,315	(39)	-	329,276
	687,338	13,786	1,745	702,869
Movement in ECL				
	2025			
	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
ECL allowance as at 1 January	83	334	1,745	2,162
Charged (released) during the year	82	(292)	-	(210)
	165	42	1,745	1,952

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	2024			
	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
Gross carrying amount as at 1 January	257,246	17,414	1,745	276,405
Net movement during the year	100,777	(3,589)	-	97,188
	358,023	13,825	1,745	373,593
Movement in ECL	2024			
	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
ECL allowance as at 1 January	23	96	1,745	1,864
Charged during the year	60	238	-	298
	83	334	1,745	2,162

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 hedged items and the hedging instruments the hedges were assessed as effective.

The carrying value of debt securities designated as hedged item as at 31 December 2025 was KD 598,115 thousand (2024: KD 292,305 thousand). The net loss from change in fair value of hedging instruments resulting from changes in market interest rate (hedged risk) during the year was KD 4,497 thousand (2024: net loss of KD 947 thousand). The changes in fair value related to hedged risk during the year was recognised in the consolidated statement of income.

8 INVESTMENT IN AN ASSOCIATE

The Group owns 32.00% (2024: 32.00%) interest in Al Cham Islamic Bank S.A, a private bank incorporated in Syrian Arab Republic, engaged in Islamic banking activities. This has been fully impaired and provided for in the prior years.

9 INTANGIBLE ASSETS

Intangible assets represent the value of a brokerage license carried at KD 3,506 thousand (2024: KD 3,506 thousand). The brokerage license is considered to have an indefinite useful life.

As at 31 December 2025, the carrying value of brokerage license was tested for impairment by estimating the recoverable amount of the cash generating unit to which these items are allocated using value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management over a five-year period and a relevant terminal growth rate of 2.6% (2024: 2.7%). These cash flows were then discounted using a pre-tax discount rate of 9.8% (2024: 10.7%) to derive a net present value which is compared to the carrying value. The discount rate used is pre-tax and reflects specific risks relating to the relevant cash generating unit. The Group has also performed a sensitivity analysis by varying these input factors by a reasonable possible margin. Based on such analysis, there are no indications that any impairment is required to be accounted for the brokerage license (2024: KD nil thousand).

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10 OTHER ASSETS

	2025 KD 000's	2024 KD 000's
Asset pending sale	67,792	-
Other receivables	81,525	64,667
	149,317	64,667

The fair value of the 'Asset Pending Sale' was determined by approved evaluators and classified as level 3.

Other receivables include unrealised gain related to Interest Rate Swaps amounted to KD 24,844 thousand (2024: KD 30,492 thousand).

11 OTHER BORROWED FUNDS

	Effective interest rate	2025 KD 000's	2024 KD 000's
Subordinated Tier 2 bonds	CBK+3.00%	100,000	100,000
Long term borrowings - Floating- (2023-2030)	1.13% to 5.58%	939,148	659,960
		1,039,148	759,960

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 511,482 thousand (2024 KD 223,714 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 31 December 2025, the fair value of investment securities that had been pledged as collateral under repurchase agreements was KD 551,583 thousand (2024: KD 252,815 thousand). The collateralised borrowing transactions are conducted under standardised terms that are usual and customary for such transactions.

12 OTHER LIABILITIES

	2025 KD 000's	2024 KD 000's
Accrued interest payable	39,605	35,638
Deferred income	5,016	5,270
Provision for non-cash facilities and others	65,916	57,116
Staff related accruals	14,554	14,053
Others	140,047	137,630
	265,138	249,707

Others include unrealised loss related to Interest Rate Swaps amounted to KD 25,973 thousand (2024: KD 27,351 thousand).

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13 EQUITY**(a) Share capital**

The authorised share capital of the Bank comprises of 2,500,000,000 (2024: 2,500,000,000) shares of 100 fils each.

The share capital comprises of 2,191,262,089 (2024: 1,992,056,445) subscribed and fully paid ordinary shares of 100 fils each. For detailed qualitative disclosure on capital management, please refer to note II "Capital adequacy" of the Public Disclosures on Capital Adequacy Standard.

(b) Treasury shares

	2025	2024
Number of treasury shares	217,989,569	198,171,829
Percentage of total shares issued	9.95%	9.95%
Cost of shares (KD 000's)	98,890	98,890
Fair value of shares (KD 000's)	112,047	120,885
Weighted average fair value per treasury share (fils)	621	520

Movement in treasury shares are as follows:

	<i>No. of shares</i>	
	2025	2024
Balance as at 1 January	198,171,829	199,133,674
Bonus distribution (note g)	19,817,740	-
Sales	-	(961,845)
Balance as at 31 December	217,989,569	198,171,829

The Board of Directors has been given the authority to purchase treasury shares up to a maximum of 10% of the share capital of the Bank.

An amount equal to the cost of treasury shares is not available for distribution from general and statutory reserves throughout the holding period of these treasury shares.

(c) Share premium

This represents the excess over the nominal value collected on the issue of shares and is not available for distribution.

(d) Statutory and general reserves

In accordance with the Companies Law and the Bank's Articles of Association, the Bank has resolved not to transfer any amount from the profit to statutory reserve as the statutory reserve has exceeded 50% of the share capital, which was approved in Annual General Assembly meeting on 13 April 2022.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of upto 5% of share capital in years when accumulated profits are not sufficient for the payment of dividend.

The general reserve was created in accordance with the Bank's Articles of Association and is available for distribution. During the years 2025 and 2024 there were no transfers to general reserve.

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(e) Property revaluation reserve

This represents surplus arising from the revaluation of property.

(f) Investment valuation reserve

This represents gains or losses arising from changes in the fair value of investment securities classified as FVOCI. The reserve related to debt securities is transferred to the consolidated statement of income when the underlying assets are disposed off or impaired. The reserve related to equity securities will remain within in equity.

(g) Dividend and bonus shares

Annual General Assembly of the shareholders held on 9 April 2025 approved to distribute final cash dividend of 40 fils per share (2023: 25 fils) amounting to KD 71,755 thousand (2023: KD 44,823 thousand), and 10 bonus shares for every 100 shares held (2023: nil) for the year 2024.

The Board of Directors in their meeting held on 12 August 2025, approved distribution of 12 fils per share of interim cash dividend (2024: 12 fils per share) on the outstanding shares as of 30 June 2025. The interim cash dividend amounting to KD 23,679 thousand (2024: KD 21,515 thousand) was paid subsequently.

The Board of Directors has proposed a 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 2025. This proposal is subject to the approval of regulatory authorities and shareholders' Annual General Assembly.

14 INTEREST INCOME

	2025 KD 000's	2024 KD 000's
Loans and advances to banks and customers	181,885	181,857
Interbank transactions and placements	33,235	33,363
Debt investment securities	24,997	15,701
Treasury bills and bonds	4,931	6,790
	245,048	237,711

15 NET REVERSAL OF IMPAIRMENT AND OTHER PROVISIONS

The following amounts were reversal / (charged) to the consolidated statement of income:

	2025 KD 000's	2024 KD 000's
Loans and advances - specific	(106,567)	(22,204)
Loans and advances - recoveries	90,171	29,304
Loans and advances - general	16,297	(20,350)
Investment securities	210	(298)
Non cash facilities	3,893	9,114
Other provisions	237	52,140
	4,241	47,706

Recoveries of KD 90,171 thousand as at 31 December 2025 include an asset acquired in settlement of debts amounting to KD 67,792 thousand (note 10).

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16 TAXATION AND CONTRIBUTIONS

	2025 KD 000's	2024 KD 000's
National Labour Support Tax (NLST)	(3,595)	(4,150)
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)	(1,404)	(1,663)
Zakat	(1,422)	(1,646)
	<u>(6,421)</u>	<u>(7,459)</u>

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year.

The Group calculates the contribution to KFAS at 1% of profit in accordance with the calculation based on the Foundation's Board of Directors' resolution.

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with Law No. 46 of 2006 and the Ministry of Finance resolution No. 58 of 2007.

17 EARNINGS PER SHARE

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

	2025	2024
Net profit for the year attributable to shareholders of the Bank (KD 000's)	<u>121,151</u>	<u>157,195</u>
Weighted average of subscribed and fully paid ordinary shares (numbers in 000's)	2,191,262	2,191,262
Less: Weighted average of treasury shares held (numbers in 000's)	(217,989)	(218,895)
	<u>1,973,273</u>	<u>1,972,367</u>
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	<u>61.4</u>	<u>79.7</u>

18 SUBSIDIARY

Name of Entity	Country of Incorporation	Principal Business	% of Ownership	
			2025	2024
Al-Tijari Financial Brokerage Company K.S.C. (Closed)	Kuwait	Brokerage services	98.16%	98.16%

19 RELATED PARTY TRANSACTIONS

During the year, 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 consolidated statement of financial position are as follows:

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	2025			2024		
	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	-	74	2	-	79
Credit cards	4	1	34	3	1	14
Deposits	11	7	1,433	11	8	1,242
Contingent liabilities	4	2	387	4	2	277
Directors' remuneration	11	-	771	11	-	741
Executive Management						
Loans	37	4	1,844	32	5	1,528
Credit cards	30	2	50	30	-	49
Deposits	50	38	5,493	45	40	2,352
Contingent liabilities	40	2	233	36	2	115
Associates						
Deposits	1	-	18,832	1	-	13,669
Major Shareholders						
Deposits	1	-	67	1	-	74

Interest income and interest expense include KD 55 thousand (2024: KD 53 thousand) and KD 789 thousand (2024: KD 1,005 thousand) respectively on transactions with related parties.

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

	2025 KD 000's	2024 KD 000's
Salaries and other short-term benefits	2,203	2,072
Post employment benefits	29	33
End of service benefits	165	164

Directors' remuneration above includes Directors' fees KD 184 thousand (2024: KD 184 thousand) and compensation for participation in executive committees which are subject to the approval of the shareholders' Annual General Assembly. Directors' fees are within the amount permissible under local regulations.

Note XII "Remuneration" of Public Disclosures on Capital Adequacy Standard based on the capital adequacy regulations issued by CBK as stipulated in CBK circular number 2/BS//IBS/336/2014 dated 24 June 2014 includes additional disclosures on key management remuneration.

20 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 short-term maturity (less than three months) it is assumed that the carrying amount approximates to their fair value. The assumption is also applied to demand deposits, saving accounts without 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.

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Valuation techniques include discounted cash flow models, comparison with similar instruments for which market observable process exist, recent transaction information and net asset values. Assumption and inputs used in valuation techniques includes risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bonds and equity prices, foreign currency exchange rates and expected price volatilities and correlations. The objective of valuation technique is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participant at the measurement date.

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 techniques and assumptions used to determine fair values of financial instruments are described in the fair value section of note 2(d)(viii): "Material Accounting Policies".

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

	2025			
	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
	2024			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	360,887	10,544	-	371,431
Equities and other securities	30,980	20,755	-	51,735
	391,867	31,299	-	423,166

During the year ended 31 December 2025 and 31 December 2024, there were no transfers between level 1, level 2 and level 3.

21 FINANCIAL INSTRUMENTS

(a) Strategy in using financial instruments

As a commercial bank, the Group's activities are principally related to the use of financial instruments including derivatives. It accepts deposits from customers at both fixed and floating rates and for various periods and seeks to invest these funds in high quality assets at a fair interest margin while maintaining sufficient liquidity to meet the Group's needs.

The Group also seeks to raise interest margins through lending to commercial and retail borrowers with a range of credit ratings. Such exposures involve not only loans and advances but also guarantees and other commitments such as letters of credit issued by the Bank.

The use of financial instruments also brings with it the associated inherent risks. The Group recognises the relationship between returns and risks associated with the use of financial instruments and the management of risks form an integral part of the Group's strategic objectives.

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(b) Overall risk management

The strategy of the Group is to maintain a strong risk management culture and manage the risk/reward relationship within and across each of the Group's major risk-based lines of business. The Group continuously reviews its risk management policies and practices to ensure that the Group is not subject to large asset valuation volatility and earnings volatility. For detailed qualitative disclosure on the risk management functions please refer to note V, "Risk management", of the Public Disclosures on Capital Adequacy Standard.

The Group's risk management measures are based on the specific type of risks as mentioned below:

(i) 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 Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

For detailed qualitative disclosure on the credit risk measurement please refer to note V(a), "Risk management - Credit risk", of the Public Disclosures on Capital Adequacy Standard.

(a) Credit risk concentration

The geographic and industry-wise credit risk concentration within loans and advances, which form the significant portion of assets subject to credit risk, is given in note 6.

(b) Maximum exposure to credit risk before collateral held or other credit enhancements

The following table represents the maximum credit risk exposure at the date of consolidated statement of financial position without taking account of any collateral and other credit enhancements.

	2025 KD 000's	2024 KD 000's
Credit exposure relating to on-balance sheet items		
Cash and short term funds (excluding cash in hand)	651,337	986,359
Treasury and Central Bank bonds	182,579	86,461
Due from banks and OFIs	598,121	227,640
Loans and advances	2,973,935	2,806,909
Debt securities	700,917	371,431
Other assets	81,525	64,667
	<u>5,188,414</u>	<u>4,543,467</u>
Credit exposure relating to off-balance sheet items		
Acceptances	206,015	268,224
Letters of credit	94,392	140,027
Letters of guarantee	2,065,816	1,698,532
Undrawn lines of credit	1,087,032	690,195
	<u>3,453,255</u>	<u>2,796,978</u>
	<u>8,641,669</u>	<u>7,340,445</u>

The primary purpose of off balance sheet financial instruments is to ensure that funds are available to customers as required. 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. However, the total contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Maximum exposure to credit risk related to derivative financial instruments is given in note 21(f).

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(c) Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. CBK guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. To assess the recoverable value of collateral the Group applies the minimum haircut as stipulated in CBK guidelines.

For detailed qualitative disclosure on the collateral and other credit enhancements please refer to note VII " Credit risk mitigation", of the Public Disclosures on Capital Adequacy Standard.

(d) Quality of credit exposure

The following table represents the gross credit risk exposure by credit quality of loans and advances by class, grade and status.

	KD 000's						
	Neither past due nor impaired			Past due but not impaired		Impaired	Fair value of collateral
	Superior grade	Good grade	Standard grade	0 - 60 days	61 - 90 days		
As at 31 December 2025							
Banks	31,108	103,516	30,540	-	-	-	-
Corporate	685,907	1,492,212	387,873	49,069	383	7,150	-
Retail	-	189	513,966	26,889	89	12,137	-
	717,015	1,595,917	932,379	75,958	472	19,287	-
As at 31 December 2024							
Banks	40,603	53,426	14,104	-	-	-	-
Corporate	696,537	1,228,265	448,080	98,170	5	-	-
Retail	-	209	521,128	23,576	79	-	-
	737,140	1,281,900	983,312	121,746	84	-	-

The Group's risk grading system is a systematic methodology for analysing risk factors associated with the extension of extending credit.

The Group uses the external ratings of credit rating agencies for the assessment of banks and financial institution and an internal grading for corporate customers, if external ratings are not available.

Internal grades are further mapped to external credit ratings based on probability of default corresponding to these grades. This mapping is used to categorise credit facilities into investment and non-investment categories

The parameters that are considered for grading the customers include quantitative metrics, which consist of key financial ratios and qualitative metrics which include but not limited to entity specific, management specific, business specific, age and quality of financial information, historical account performance, general economic and political conditions and financial condition and performance, where applicable.

	Internal	External
Superior grade	Grades 1 to 4	Ratings AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-
Good grade	Grades 5 & 6	Rating BB+, BB, BB-, B+
Standard grade	Grades 7 & 8	Rating B, B-, CCC+, CCC, CCC-
Default grade	Grades 9 to 11	Ratings D or equivalent

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(e) Concentration of financial assets and off-balance sheet items

	2025 KD 000's		2024 KD 000's	
	Assets	Off Balance Sheet	Assets	Off Balance Sheet
Geographic sector				
Kuwait	3,854,148	2,623,169	3,394,192	2,127,328
Asia	1,086,309	408,042	996,206	419,199
Europe	203,269	337,300	132,277	137,021
USA	6,361	81,093	9,838	79,919
Others	118,732	3,651	101,184	33,511
	5,268,819	3,453,255	4,633,697	2,796,978
	2025 KD 000's		2024 KD 000's	
	Assets	Off Balance Sheet	Assets	Off Balance Sheet
Industry sector				
Government	394,622	-	367,247	-
Trade and commerce	755,660	689,452	559,756	406,049
Construction and real estate	664,838	1,410,902	789,703	1,133,513
Banks and financial institutions	2,075,842	593,668	1,685,505	432,576
Others	1,377,857	759,233	1,231,486	824,840
	5,268,819	3,453,255	4,633,697	2,796,978

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

In the ordinary course of business the Group uses derivative financial instruments to manage its exposure to fluctuations in interest and foreign exchange rates. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

Forward foreign exchange contracts are agreements to buy or sell currencies at a specified rate and at a future rate.

Interest rate swaps used to hedge the change in fair value of the Group's financial assets and liabilities and which qualifies as effective hedging instruments are disclosed as 'held as fair value hedges'. Other interest rate swaps and forward foreign exchange contracts are carried out for customers or used for hedging purpose but do not meet the qualifying criteria for hedge accounting. The risk exposures on account of derivative financial instruments for customers are covered by entering into opposite transactions (back to back) with counterparties or by other risk mitigating transactions.

Interest rate swaps are contractual agreements between two counter-parties to exchange interest payments on a defined principal amount for a fixed period of time. In cross currency interest rate swaps, the Group exchanges interest payment in two different currencies on a defined principal amount for a fixed period of time and also exchanges defined principal amounts in two different currencies at inception of the contract and re-exchanges principal amounts on maturity. Profit rate swaps are also included in this category.

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount 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 fair valuation gain or loss of the derivatives is taken to the consolidated statement of income.

Interest rate swaps held as fair value hedges are predominantly based on USD SOFR.

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As at 31 December 2025	KD 000's						
	Positive fair value	Negative fair value	Notional amount by term maturity				Total
			Up to 1 Month	1 to 3 Months	3 to 12 Months	Over 1 Year	
Forward Foreign Exchange Contracts	371	703	212,075	17,638	98,811	-	328,524
Interest Rate Swaps (held as fair value hedges)	400	3,422	-	10,936	80,119	495,374	586,429
Interest Rate Swaps (others)	24,444	22,551	-	61,080	87,390	333,949	482,419
	25,215	26,676	212,075	89,654	266,320	829,323	1,397,372

As at 31 December 2024	KD 000's						
	Positive fair value	Negative fair value	Notional amount by term maturity				Total
			Up to 1 Month	1 to 3 Months	3 to 12 Months	Over 1 Year	
Forward Foreign Exchange Contracts	2,293	503	182,250	29,610	12,362	-	224,222
Interest Rate Swaps (held as fair value hedges)	2,300	787	-	41,888	18,332	254,191	314,411
Interest Rate Swaps (others)	28,192	26,564	-	-	-	269,778	269,778
	32,785	27,854	182,250	71,498	30,694	523,969	808,411

Group's strategy is not to carry interest rate risk for long duration assets. The Group uses interest rate swaps to hedge its exposure to changes in the fair values due to interest rate risk on certain financial assets and liabilities. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria. In fair value hedge relationships, the Group assesses whether the interest rate swaps designated in each hedging relationship is expected to be highly effective in offsetting changes in fair value of the hedged item attributable to interest rate risk using appropriate qualitative and quantitative methods. The Group generally seeks to fully match the critical terms (tenor, notionals, interest rate exposure, currency, interest payments frequency and payment periods) of the hedged item and hedging instrument.

The Group minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

All derivative contracts are fair valued based on observable market data.

(ii) MARKET RISK

Market risk is the risk that the fair value or the future cash flows of the financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. For detailed qualitative disclosure on the market risk please refer to note V(b), "Risk management - Market risk", of the Public Disclosures on Capital Adequacy Standard.

(A) Interest rate risk

Interest rate risk arises from the difference in repricing maturities of assets and liabilities. The majority of the Group's assets and liabilities reprice within one year. The Group manages the risk by matching the repricing of assets and liabilities by setting up a tolerance limit. The exposure is regularly measured by reviewing the risk to the set tolerance limit. For detailed qualitative disclosure on the interest rate risk please refer to note V(d), "Risk management - Interest rate risk", of the Public Disclosures on Capital Adequacy Standard.

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Based on the Group's financial assets and financial liabilities held at the year end, an assumed 25 basis points increase in interest rate, with all other variables held constant, would impact on the consolidated statement of income of the Group over a period of one year as follows:

	Basis points	KD 000's	
		2025	2024
Kuwaiti dinar	+25	3,690	4,391
US dollar	+25	580	47
Other currencies	+25	4	179
		4,274	4,617

(B) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Group views itself as a Kuwaiti entity, with Kuwaiti Dinar as its functional currency. Net exposure in currencies is managed by setting overall limits by the Board of Directors and regularly monitoring through technological and managerial controls. For detailed qualitative disclosure on the currency risk refer to note V(b), "Risk management - Market risk", of the Public Disclosures on Capital Adequacy Standard.

The table below shows the effect on consolidated statement of income and changes in equity, as a result of strengthening in currency rate, with all other variables held constant. A negative amount reflects a potential net reduction in consolidated statement of income or changes in equity, where as a positive amount reflects a net potential increase.

	% Change in currency rates	KD 000's			
		2025		2024	
		Statement of income	Equity	Statement of income	Equity
US Dollar	+5	(527)	-	(213)	-
Sterling Pound	+5	(1)	62	(1)	40
Australian Dollar	+5	1	-	-	-
Saudi Riyal	+5	28	-	15	-
UAE Dirham	+5	-	-	65	-
Qatari Riyal	+5	14	-	10	-
Others	+5	485	-	124	-
		-	62	-	40

(C) Equity price risk

Equity price risk is the risk that the fair value of equities fluctuate as a result of changes in the level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio. For detailed qualitative disclosure on the equity price risk please refer to note V(b), "Risk management - Market risk", of the Public Disclosure on Capital Adequacy Standard.

The effect on the consolidated statement of income and the consolidated statement of changes in equity due to possible changes in equity indices, with all other variables held constant, is as follows:

	% Change in equity price	KD 000's			
		2025		2024	
		Statement of income	Equity	Statement of income	Equity
Boursa Kuwait	+5	-	1,700	-	1,536

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(iii) LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Liquidity risk can arise from market disruptions or credit down grading which may cause certain sources of funding to dry up immediately. For more detailed disclosure on liquidity risk control please refer to note V(c), "Risk management - Liquidity risk", of the Public Disclosures on Capital Adequacy Standard.

(A) The table below summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the date of consolidated statement of financial position to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history and the availability of the liquid funds. It is unusual for the Group to ever completely match the maturities of their assets and liabilities since business transacted is often of uncertain term and of different type. However, the management constantly monitors its maturity profile to ensure that adequate liquidity is maintained at all times.

As at 31 December 2025	KD 000's					Total
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	
ASSETS						
Cash and short term funds	672,278	-	-	-	-	672,278
Treasury and Central Bank bonds	181,295	816	468	-	-	182,579
Due from banks and OFIs	-	169,171	137,269	184,085	107,596	598,121
Loans and advances	443,674	268,769	267,656	471,232	1,522,604	2,973,935
Investment securities	111,406	12,740	1,936	2,290	632,009	760,381
Premises and equipment	-	-	-	-	22,989	22,989
Intangible assets	-	-	-	-	3,506	3,506
Other assets	55,119	6,324	4,777	3,445	79,652	149,317
	1,463,772	457,820	412,106	661,052	2,368,356	5,363,106
LIABILITIES						
Due to banks	99,845	35,088	59,665	63,884	105,728	364,210
Due to OFI's	35,312	10,581	9,679	16,362	1,056	72,990
Customer deposits	1,376,224	280,868	419,301	363,234	171,257	2,610,884
Certificate of deposits	3,052	19,696	18,075	185,409	-	226,232
Other borrowed funds	-	-	-	-	1,039,148	1,039,148
Other liabilities	98,702	12,379	12,112	5,471	136,474	265,138
	1,613,135	358,612	518,832	634,360	1,453,663	4,578,602
Net liquidity gap	(149,363)	99,208	(106,726)	26,692	914,693	784,504
	KD 000's					
As at 31 December 2024	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
ASSETS						
Cash and short term funds	1,024,854	-	-	-	-	1,024,854
Treasury and Central Bank bonds	86,454	-	7	-	-	86,461
Due from banks and OFIs	33,974	87,818	17,122	19,485	69,241	227,640
Loans and advances	407,078	286,289	476,512	451,858	1,185,172	2,806,909
Investment securities	59,346	26,589	27,032	19,938	290,261	423,166
Premises and equipment	-	-	-	-	28,698	28,698
Intangible assets	-	-	-	-	3,506	3,506
Other assets	52,419	267	-	-	11,981	64,667
	1,664,125	400,963	520,673	491,281	1,588,859	4,665,901

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	KD 000's					Total
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	
LIABILITIES						
Due to banks	61,044	23,416	83,331	63,219	13,396	244,406
Due to OFI's	66,922	41,079	12,760	44,478	11,100	176,339
Customer deposits	1,383,736	406,332	310,593	245,282	143,820	2,489,763
Certificate of deposits	-	-	-	-	-	-
Other borrowed funds	-	-	-	94,160	665,800	759,960
Other liabilities	115,476	12,990	14,014	2,999	104,228	249,707
	1,627,178	483,817	420,698	450,138	938,344	3,920,175
Net liquidity gap	36,947	(82,854)	99,975	41,143	650,515	745,726

(B) Contractual expiry by maturity.

	KD 000's					Total
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	
As at 31 December 2025						
Contingent Liabilities	449,362	796,313	546,340	778,171	883,069	3,453,255
As at 31 December 2024						
Contingent Liabilities	435,261	645,256	546,182	501,317	668,962	2,796,978

(C) Contractual undiscounted repayment obligations by maturity.

	KD 000's					Total
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	
As at 31 December 2025						
UNDISCOUNTED LIABILITIES						
Due to banks	99,986	35,822	60,575	65,899	110,182	372,464
Due to OFI's	35,324	10,668	9,873	16,861	1,124	73,850
Customer deposits	1,376,782	282,729	424,450	372,682	179,925	2,636,568
Certificate of deposits	3,054	19,851	18,324	192,402	-	233,631
Other borrowed funds	642	5,426	-	-	1,172,378	1,178,446
Other liabilities	98,702	12,379	12,112	5,471	136,474	265,138
	1,614,490	366,875	525,334	653,315	1,600,083	4,760,097

	KD 000's					Total
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	
As at 31 December 2024						
UNDISCOUNTED LIABILITIES						
Due to banks	61,187	23,641	84,002	65,077	14,943	248,850
Due to OFI's	67,037	42,136	12,986	45,723	11,287	179,169
Customer deposits	1,384,044	408,429	313,432	248,779	157,907	2,512,591
Certificate of deposits	-	-	-	-	-	-
Other borrowed funds	465	13,569	-	96,586	808,087	918,707
Other liabilities	115,476	12,990	14,014	2,999	104,228	249,707
	1,628,209	500,765	424,434	459,164	1,096,452	4,109,024

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22 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The business and support units have primary responsibility for identifying, assessing and managing their operational risks. They employ internal control techniques to reduce their likelihood or impact to tolerable levels within the Group's risk appetite. Where appropriate, risk is mitigated by way of insurance.

For detailed qualitative disclosure on operational risk control please refer to note V(e), "Risk management - Operational risk", of the Public Disclosures on Capital Adequacy Standard.

23 SEGMENTAL ANALYSIS

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

- Corporate, International and Retail banking provides a full range of lending, deposit and related banking services to domestic and international corporate and individual customers.
- Treasury and Investment banking comprises of money market, foreign exchange, treasury bonds 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 International and Retail Banking		Treasury and Investment Banking		Total	
	2025	2024	2025	2024	2025	2024
Net interest income	94,944	94,735	25,291	22,924	120,235	117,659
Non interest income	52,465	49,039	16,182	13,271	68,647	62,310
Operating income	147,409	143,774	41,473	36,195	188,882	179,969
Impairment and other provisions	4,044	(4,402)	197	52,108	4,241	47,706
Net profit for the year	118,749	106,372	2,455	50,854	121,204	157,226
Total Assets	3,081,493	2,876,905	2,281,613	1,788,996	5,363,106	4,665,901
Total Liabilities	1,907,141	1,810,831	2,671,461	2,109,344	4,578,602	3,920,175

24 OFF BALANCE SHEET ITEMS**(a) 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.

25 CAPITAL ADEQUACY

The disclosures relating to Capital Adequacy Regulations issued by CBK as stipulated in circular number 2BS/IBS/336/2014 dated 24 June 2014 are included under the "Public Disclosures on Capital Adequacy Standard" section of the annual report.

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PUBLIC DISCLOSURES ON CAPITAL ADEQUACY STANDARD

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The following detailed qualitative and quantitative public disclosures are being provided in accordance with Central Bank of Kuwait (CBK) rules and regulations on Capital Adequacy Standard Basel III issued through Circular No. 2/BS/IBS/336/2014 on June 24, 2014. The purpose of these disclosures is to complement the capital adequacy requirements (Pillar 1) and the supervisory review process (Pillar 2). Moreover, these disclosure requirements shall enable and allow market participants to assess key pieces of information about a licensed bank's exposure to risks and provides a consistent and understandable disclosure framework that enhances comparability.

I Subsidiaries and significant investments

The Commercial Bank of Kuwait K.P.S.C (the "Bank") has a subsidiary, Al-Tijari Financial Brokerage Company K.S.C (Closed) - (98.16% owned) engaged in brokerage services and owns a 32.00% interest in Al Cham Islamic Bank S.A (an associate), a private bank incorporated in Arabic Republic of Syria engaged in Islamic banking activities.

The Bank and its subsidiary are together referred to as "the Group" in this public disclosure on Capital Adequacy Standard.

II Capital structure

The authorised share capital of the Bank comprises of 2,500,000,000 (2024: 2,500,000,000) shares of 100 fils each.

Share Capital – Share capital comprises of 2,191,262,089 (2024: 1,992,056,445) subscribed and fully paid ordinary shares of 100 fils each. As at 31 December 2025, the Bank held 217,989,569 treasury shares (2024: 198,171,829 treasury shares).

The Group has the following components of Tier 1 and Tier 2 capital base:

	2025 KD 000's	2024 KD 000's
a. Tier 1 capital consist of:		
i. Common equity tier 1 (CET1)		
1. Paid-up share capital	219,127	199,206
2. Proposed bonus shares	-	19,921
3. Share premium	66,791	66,791
4. Retained earnings	329,076	274,161
5. Investment valuation reserve	65,859	54,450
6. Property revaluation reserve	18,921	24,100
7. Statutory reserve	115,977	115,977
8. General reserve	17,927	17,927
9. Treasury shares reserve	49	49
10. Other intangibles	(3,506)	(3,506)
11. Treasury shares	(98,890)	(98,890)
12. Non significant investments in banking, financial and insurance entities	-	-
13. Significant investments in banking, financial and insurance entities	-	-
Total	731,331	670,186
ii. Additional tier 1		
1. Non-controlling interests in consolidated subsidiaries	335	279
Total	335	279
Total tier 1 capital	731,666	670,465

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PUBLIC DISCLOSURES ON CAPITAL ADEQUACY STANDARD
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	2025 KD 000's	2024 KD 000's
b. Tier 2 capital.		
1. Directly issued qualifying Tier 2 instruments	100,000	100,000
1. General provisions (subject to a maximum of 1.25% of total credit risk weighted assets)	58,340	52,686
Total tier 2 capital	158,340	152,686
Total eligible capital	890,006	823,151

III Capital adequacy

The Standardised Approach has been adopted for computation of capital charge for credit risk, market risk and operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to CBK. The Group has in place a framework for planning, assessing and reporting for capital adequacy and to ensure that the present and future operations of the Group are supported by adequate capital at all times. The Group monitors its capital adequacy against higher internal floor limits. In addition, evaluation of any strategic initiative necessarily includes appraisal of capital adequacy requirements. Internal assessment of capital has been enhanced through introduction of a framework for measuring economic capital for each risk type and on an enterprise-wide basis.

A. Capital requirement

	2025 KD 000's			2024 KD 000's		
	Gross exposures	Net risk weighted assets	Capital requirement	Gross exposures	Net risk weighted assets	Capital requirement
a. Credit risk						
1. Claims on sovereigns	737,296	88,418	11,494	579,452	56,987	7,408
2. Claims on international organisations	-	-	-	-	-	-
3. Claims on PSEs	306,589	99,364	12,917	259,181	110,782	14,402
4. Claims on MDBs	173,225	39,836	5,179	91,207	30,839	4,009
5. Claims on banks	1,897,992	724,304	94,160	1,404,243	509,225	66,199
6. Claims on corporates	5,098,396	2,818,721	366,434	4,615,422	2,652,732	344,855
7. Claims on central counter parties	-	-	-	-	-	-
8. Cash items	20,941	-	-	38,495	-	-
9. Regulatory retail	565,499	541,872	70,443	547,540	544,723	70,814
10. RHLs eligible for 35% RW	-	-	-	-	-	-
11. Past due exposure	10,519	10,218	1,328	218	-	-
12. Other assets	205,749	199,469	25,931	142,817	142,799	18,564
13. Claims on securitised assets	-	-	-	-	-	-
Total	9,016,206	4,522,202	587,886	7,678,575	4,048,087	526,251

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	2025 KD 000's			2024 KD 000's		
	Gross exposures	Net risk weighted assets	Capital requirement	Gross exposures	Net risk weighted assets	Capital requirement
b. Market risk						
1. Interest rate position risk	-	-	-	-	-	-
2. Equities position risk	1	-	-	254	506	66
3. Foreign exchange risk	10,693	10,694	1,390	4,582	4,583	596
4. Commodities risk	-	-	-	-	-	-
5. Options	-	-	-	-	-	-
Total	10,694	10,694	1,390	4,836	5,089	662
c. Operational risk	179,499	320,428	41,656	163,242	290,088	37,711
Total	9,206,399	4,853,324	630,932	7,846,653	4,343,264	564,624

B. Capital ratios

1. Total capital ratio	<u>18.34%</u>	<u>18.95%</u>
2. Tier 1 capital ratio	<u>15.08%</u>	<u>15.44%</u>
3. CET 1 capital ratio	<u>15.07%</u>	<u>15.43%</u>

C. Additional capital disclosure

- Common disclosure template

	2025 KD 000's	Cross reference from consolidated regulatory financial position
	Component of capital disclosure template	
Common Equity Tier 1 capital: Instruments and Reserves		
1 Directly issued qualifying common share capital plus related share premium	285,918	i+l
2 Retained earnings	329,076	r+j
3 Accumulated other comprehensive income (and other reserves)	218,733	m+n+o+p+q
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5 Common share capital issued by subsidiaries and held by third parties (minority interest)	-	
6 Common Equity Tier 1 capital before regulatory adjustments	<u>833,727</u>	
Common Equity Tier 1 Capital: Regulatory Adjustments		
7 Prudential valuation adjustments	-	
8 Goodwill (net of related tax liability)	-	

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	2025 KD 000's	Cross reference from consolidated regulatory financial position
	Component of capital disclosure template	
9 Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,506	f
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
11 Cash-flow hedge reserve	-	
12 Shortfall of provisions to expected losses (based on the Internal Models Approach, if applied)	-	
13 Securitization gain on sale	-	
14 Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15 Defined-benefit pension fund net assets	-	
16 Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	98,890	k
17 Reciprocal cross-holdings in common equity of banks, FIs, and insurance entities	-	
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold of bank's CET1 capital)	-	d
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold of bank's CET1 capital)	-	
20 Mortgage servicing rights (amount above 10% threshold of bank's CET1 capital)	-	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22 Amount exceeding the 15% threshold	-	
23 of which: significant investments in the common stock of financials	-	
24 of which: mortgage servicing rights	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments	-	
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28 Total regulatory adjustments to Common equity Tier 1	<u>102,396</u>	
29 Common Equity Tier 1 capital (CET1) after regulatory adjustments	<u>731,331</u>	
Additional Tier 1 Capital: Instruments		
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31 of which: classified as equity under applicable accounting standards	-	
32 of which: classified as liabilities under applicable accounting standards	-	
33 Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34 Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	335	s
35 of which: instruments issued by subsidiaries subject to phase-out	-	
36 Additional Tier 1 capital before regulatory adjustments	<u>335</u>	

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Additional Tier 1 Capital: Regulatory Adjustments

37 Investments in own Additional Tier 1 instruments	-
38 Reciprocal cross-holdings in Additional Tier 1 instruments	-

	2025 KD 000's	Cross reference from consolidated regulatory financial position
	Component of capital disclosure template	
39 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40 Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41 National specific regulatory adjustments	-	
42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43 Total regulatory adjustments to Additional Tier 1 capital	-	
44 Additional Tier 1 capital (AT1)	<u>335</u>	
45 Tier 1 capital (T1 = CET1 + AT1)	<u>731,666</u>	

Tier 2 Capital: Instruments and Provisions

46 Directly issued qualifying Tier 2 instruments	100,000	g
47 Directly issued capital instruments subject to phase-out from Tier 2	-	
48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49 of which: instruments issued by subsidiaries subject to phase-out	-	
50 General Provisions included in Tier 2 capital	<u>58,340</u>	c
51 Tier 2 capital before regulatory adjustments	<u>158,340</u>	

Tier 2 Capital: Regulatory Adjustments

52 Investments in own Tier 2 instruments	-
53 Reciprocal cross-holdings in Tier 2 instruments	-
54 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55 Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56 National specific regulatory adjustments	-
57 Total regulatory adjustments to Tier 2 capital	<u>-</u>
58 Tier 2 capital (T2)	<u>158,340</u>

59 Total capital (TC = T1 + T2) **890,006**

60 Total risk weighted assets **4,853,324**

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	2025 KD 000's	
	Component of capital disclosure template	Cross reference from consolidated regulatory financial position
Capital Ratios and Buffers		
61 Common Equity Tier 1 (as a percentage of risk weighted assets)	15.07%	
62 Tier 1 (as a percentage of risk weighted assets)	15.08%	
63 Total capital (as a percentage of risk weighted assets)	18.34%	
64 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)	10.00%	
65 of which: capital conservation buffer requirement	2.5%	
66 of which: bank specific countercyclical buffer requirement	-	
67 of which: D-SIB buffer requirement	0.50%	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	8.07%	
National Minima		
69 National Common Equity Tier 1 minimum ratio	9.50%	
70 National Tier 1 minimum ratio	11.00%	
71 National total capital minimum ratio excluding CCY and DSIB buffers	13.00%	
Amounts below the Thresholds for Deduction (before Risk Weighting)		
72 Non-significant investments in the capital of financial institutions	-	e
73 Significant investments in the common stock of financial institutions	-	
74 Mortgage servicing rights (net of related tax liability)	-	
75 Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable Caps on the Inclusion of Provisions in Tier 2		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	203,351	a+b+h
77 Cap on inclusion of provisions in Tier 2 under standardized approach	58,340	c
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
	2024 KD 000's	
	Component of capital disclosure template	Cross reference from consolidated regulatory financial position
Common Equity Tier 1 capital: Instruments and Reserves		
1 Directly issued qualifying common share capital plus related share premium	265,997	i+l
2 Retained earnings	294,082	r+j
3 Accumulated other comprehensive income (and other reserves)	212,503	m+n+o+p+q
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5 Common share capital issued by subsidiaries and held by third parties (minority interest)	-	
6 Common Equity Tier 1 capital before regulatory adjustments	772,582	

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	2024 KD 000's	
	Component of capital disclosure template	Cross reference from consolidated regulatory financial position
Common Equity Tier 1 Capital: Regulatory Adjustments		
7 Prudential valuation adjustments	-	
8 Goodwill (net of related tax liability)	-	
9 Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,506	f
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
11 Cash-flow hedge reserve	-	
12 Shortfall of provisions to expected losses (based on the Internal Models Approach, if applied)	-	
13 Securitization gain on sale	-	
14 Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15 Defined-benefit pension fund net assets	-	
16 Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	98,890	k
17 Reciprocal cross-holdings in common equity of banks, FIs, and insurance entities	-	
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold of bank's CET1 capital)	-	d
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold of bank's CET1 capital)	-	
20 Mortgage servicing rights (amount above 10% threshold of bank's CET1 capital)	-	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22 Amount exceeding the 15% threshold	-	
23 of which: significant investments in the common stock of financials	-	
24 of which: mortgage servicing rights	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments	-	
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28 Total regulatory adjustments to Common equity Tier 1	<u>102,396</u>	
29 Common Equity Tier 1 capital (CET1) after regulatory adjustments	<u>670,186</u>	
Additional Tier 1 Capital: Instruments		
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31 of which: classified as equity under applicable accounting standards	-	
32 of which: classified as liabilities under applicable accounting standards	-	
33 Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34 Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	279	s
35 of which: instruments issued by subsidiaries subject to phase-out	-	
36 Additional Tier 1 capital before regulatory adjustments	<u>279</u>	

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	2024 KD 000's	Cross reference from consolidated regulatory financial position
	Component of capital disclosure template	
Additional Tier 1 Capital: Regulatory Adjustments		
37 Investments in own Additional Tier 1 instruments	-	
38 Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40 Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41 National specific regulatory adjustments	-	
42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43 Total regulatory adjustments to Additional Tier 1 capital	-	
44 Additional Tier 1 capital (AT1)	279	
45 Tier 1 capital (T1 = CET1 + AT1)	670,465	
Tier 2 Capital: Instruments and Provisions		
46 Directly issued qualifying Tier 2 instruments	100,000	g
47 Directly issued capital instruments subject to phase-out from Tier 2	-	
48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49 of which: instruments issued by subsidiaries subject to phase-out	-	
50 General Provisions included in Tier 2 capital	52,686	c
51 Tier 2 capital before regulatory adjustments	152,686	
Tier 2 Capital: Regulatory Adjustments		
52 Investments in own Tier 2 instruments	-	
53 Reciprocal cross-holdings in Tier 2 instruments	-	
54 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55 Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56 National specific regulatory adjustments	-	
57 Total regulatory adjustments to Tier 2 capital	-	
58 Tier 2 capital (T2)	152,686	
59 Total capital (TC = T1 + T2)	823,151	
60 Total risk weighted assets	4,343,264	

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	2024 KD 000's	Cross reference from consolidated regulatory financial position
	Component of capital disclosure template	
Capital Ratios and Buffers		
61 Common Equity Tier 1 (as a percentage of risk weighted assets)	15.43%	
62 Tier 1 (as a percentage of risk weighted assets)	15.44%	
63 Total capital (as a percentage of risk weighted assets)	18.95%	
64 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)	10.00%	
65 of which: capital conservation buffer requirement	2.5%	
66 of which: bank specific countercyclical buffer requirement	-	
67 of which: D-SIB buffer requirement	0.50%	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	8.43%	
National Minima		
69 National Common Equity Tier 1 minimum ratio	9.50%	
70 National Tier 1 minimum ratio	11.00%	
71 National total capital minimum ratio excluding CCY and DSIB buffers	13.00%	
Amounts below the Thresholds for Deduction (before Risk Weighting)		
72 Non-significant investments in the capital of financials institutions	-	e
73 Significant investments in the common stock of financials institutions	-	
74 Mortgage servicing rights (net of related tax liability)	-	
75 Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable Caps on the Inclusion of Provisions in Tier 2		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	219,454	a+b+h
77 Cap on inclusion of provisions in Tier 2 under standardized approach	52,686	c
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	

2. Consolidated financial position under financial accounting and regulatory scope of consolidation

The basis of consolidation used to prepare consolidated financial position under International Financial Reporting Standards (IFRSs) is consistent with those used for regulatory purpose. The basis of consolidation is explained in note 2(b) of the consolidated financial statement. There is no difference between the consolidated financial position and the consolidated regulatory financial position.

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Consolidated regulatory financial position are as follows;

	2025 KD 000's		Cross reference to common disclosure template
	Consolidated regulatory financial position	Component used in capital disclosure template	
Assets			
Cash and short term funds	672,278		
Treasury and Central Bank bonds	182,579		
Due from banks and other financial institutions	598,121	1,652	a
Loans and advances	2,973,935		
Of which: general provisions on funded exposure eligible for inclusion in Tier 2		192,782	b
Of which: Cap on inclusion of general provisions in Tier 2		58,340	c
Investment securities	760,381		
of which: non significant investment in capital of financial institutions (amount above the threshold for deduction)		-	d
Of which: non significant investment in the capital of financial institutions (amounts below the thresholds for deduction)		-	e
Premises and equipment	22,989		
Intangible assets	3,506	3,506	f
Other assets	149,317		
Total assets	5,363,106		
Liabilities and equity			
Liabilities			
Due to banks	364,210		
Due to other financial institutions	72,990		
Customer deposits	2,610,884		
Certificates of deposit	226,232		
Other borrowed funds	1,039,148	100,000	g
Other liabilities	265,138		
Of which: general provisions on unfunded exposure eligible for inclusion in Tier 2		8,917	h
Total liabilities	4,578,602		

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Liabilities and equity			
Liabilities			
Due to banks	244,406		
Due to other financial institutions	176,339		
Customer deposits	2,489,763		
Other borrowed funds	759,960	100,000	g
Other liabilities	249,707		
Of which: general provisions on unfunded exposure eligible for inclusion in Tier 2		8,770	h
Total liabilities	3,920,175		
Equity			
Equity attributable to shareholders of the Bank			
Share capital	199,206	199,206	i
Proposed bonus shares	19,921	19,921	j
Treasury shares	(98,890)	98,890	k
Reserves	279,294		
of which: share premium		66,791	l
of which: statutory reserve		115,977	m
of which: general reserve		17,927	n
of which: treasury share reserve		49	o
of which: property revaluation reserve		24,100	p
of which: investment valuation reserve		54,450	q
Retained earnings	274,161	274,161	r
Proposed dividend	71,755		
	745,447		
Non-controlling interests	279	246	s
Total equity	745,726		
Total liabilities and equity	4,665,901		
3. Main features of capital instrument issued			
1 Issuer		Commercial Bank of Kuwait	
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)		CBK	
3 Governing law(s) of the instrument		Kuwait Law	
Regulatory treatment			
4 Type of Capital (CET1, AT1 or T2)		Common equity tier 1	
5 Eligible at solo/group/group & solo		Group	
6 Instrument type		Ordinary shares	
7 Amount recognized in regulatory capital (KD '000')		KD 219,127	
8 Par value of instrument		100 fils	
9 Accounting classification		Shareholders' equity	
10 Original date of issuance		19 June 1960	
11 Perpetual or dated		Perpetual	
12 Original maturity date		No maturity	
13 Issuer call subject to prior supervisory approval		No	
14 Optional call date, contingent call dates and redemption amount		N/A	
15 Subsequent call dates, if applicable		N/A	
Coupons / dividends			
16 Fixed or floating dividend/coupon		Floating	
17 Coupon rate and any related index		N/A	
18 Existence of a dividend stopper		No	
19 Fully discretionary, partially discretionary or mandatory		Fully discretionary	
20 Existence of step up or other incentive to redeem		No	

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21	Noncumulative or cumulative	Noncumulative
22	Convertible or non-convertible	Nonconvertible
23	If convertible, conversion trigger (s)	N/A
24	If convertible, fully or partially	N/A
25	If convertible, conversion rate	N/A
26	If convertible, mandatory or optional conversion	N/A
27	If convertible, specify instrument type convertible into	N/A
28	If convertible, specify issuer of instrument it converts into	N/A
29	Write-down feature	No
30	If write-down, write-down trigger(s)	N/A
31	If write-down, full or partial	N/A
32	If write-down, permanent or temporary	N/A
33	If temporary write-down, description of write-up mechanism	N/A
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
35	Non-compliant transitioned features	No
36	If yes, specify non-compliant features	N/A

IV Financial Leverage ratio

The financial leverage ratio is being provided in accordance with CBK circular No. 2/BS/342/2014 dated October 21, 2014. The application of this disclosure is intended to restrict the build up of financial leverage in the banking sector that leads to stress on the financial system and the economy in general. The financial leverage ratio is measure of Basel III tier 1 capital divided by total on and off balance sheet exposures of the Bank.

(a) Summary comparison of accounting assets vs total leverage ratio exposure:

	2025 KD 000's	2024 KD 000's
1 Total consolidated assets as per published financial statements	5,363,106	4,665,901
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 bank's operative accounting framework but excluded from total exposures in calculation of leverage ratio	-	-
4 Derivative exposures	35,284	39,812
5 Securities Financing Transaction Exposures	-	-
6 Exposures for off-balance sheet items (i.e. credit equivalent amounts)	1,370,938	1,219,123
7 Other exposures	(3,506)	(3,506)
8 Total exposures in calculation of leverage ratio	6,765,822	5,921,330

(b) Leverage ratio common disclosure:

1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	5,363,106	4,665,901
2 (Asset amounts deducted in determining Tier 1 capital)	(3,506)	(3,506)
3 Total on-balance sheet exposures (excluding derivatives and SFTs)	5,359,600	4,662,395
4 Replacement cost associated with all derivative transactions (net of eligible cash variation margin)	25,215	32,785
5 Add-on amounts for Potential Future Exposure (PFE) associated with all derivative transactions	10,069	7,027
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the bank's operative accounting framework	-	-
7 (Deductions of receivables assets for cash variation margin provided in derivative transactions)	-	-
8 (Exempted exposures to Central Counterparties (CCP))	-	-
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	35,284	39,812

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12 Gross SFT assets (with no recognition of netting)	-	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14 CCR exposures for SFT assets	-	-
15 Exposure of the bank in its capacity as agent in the securities finance transaction (SFT)	-	-
16 Total securities financing transaction exposures	-	-
17 Off-balance sheet exposure (before application of credit conversion factors)	3,462,173	2,805,748
18 (Adjustments for conversion to credit equivalent amounts)	(2,091,235)	(1,586,625)
19 Total Off-balance sheet exposure	1,370,938	1,219,123
20 Total exposures	6,765,822	5,921,330
21 Tier 1 capital	731,666	670,465
22 Leverage ratio (Tier 1 capital / total exposures)	10.81%	11.32%

V Risk management

Risk Governance

The Bank believes in undertaking risks associated with its business only after proper identification, assessment, management, and adequate mitigation of potential risk factors. The material risks to which the Bank is exposed to include credit risk and credit concentration risk, market risk and concentration risk, operational risk and residual operational risk, liquidity risk, interest rate risk, reputational risk, and strategic risk and legal risk.

The Risk Management Division of the Bank is an independent and dedicated function reporting directly to the Board Risk Management Committee and administratively to the Chairman. The division is responsible for assessing, monitoring, and recommending strategies for control of credit and credit concentration, market and market concentration, liquidity, operational, interest rate, reputational, strategic, and legal risks. Specific personnel are assigned within the Risk Management division for overseeing each of these risks. The absence of any direct or indirect reporting lines or arrangements with other internal divisions, and permanent membership in all of the Group's executive committees are amongst the factors which reflect the independent nature of Risk Management's operations and the central role it maintains within the Group.

The Risk Management Division is subdivided into different groups which assess, monitor, and control different risks. The Credit Risk Management Group (CRM) comprises the Obligor Credit Risk Management (OCRM) and Portfolio Credit Risk Management Departments (PCRM) respectively. The Non-Financial Risk Management Group (NFRM) comprises the operational risk management department which also manages fraud risk management, Third-Party Risk Management and information security department. The Enterprise Risk Management (ERM) Group comprises of Risk Oversight and Analytics Department (RO&AD) and Risk Analytics & Simulation Department (RA&SD).

1. Operational Risk Management Department (ORMD) is responsible for monitoring, measuring, and reporting the operational risks the Bank is exposed to, including fraud risks, third-party risks and business continuity. The department collects operational risk data through Risk & Control Self Assessments (RCSA), Key Risk Indicators (KRIs), procedure reviews, and reported risk events. A risk event database is maintained and reported in the periodic risk management reports. ORMD is also responsible for the Bank-wide insurance management and for coordinating the Bank-wide Business Continuity Plan and ensuring regular testing.

2. Information Security Department (ISD) is responsible for identifying, monitoring, measuring and reporting all the Bank's information security risks including internal and external threats whether deliberate or accidental, on all information assets of the Bank. ISD has established and maintains the related policies and procedures; as well as tests the effectiveness of the controls in order to keep the Bank's information assets secure. ISD provides periodic reports to the BRMC and Board of Directors (BOD) on the Bank's capability to manage information security and cybersecurity risks in addition to monitoring the implementation of the information security projects. ISD acts as an advisor to provide inputs to follow mandated compliance requirements across the Bank to safeguard its information assets.

In partnership with Human Resource Division, customized Information Security Awareness programs are developed and mandated for all staff in order to embed an information security awareness culture within the Bank. The Bank maintains its compliance with PCI-DSS, ISO 27001, and SWIFT CSP certification requirements, in addition to compliance with the Central Bank of Kuwait's Cyber Security Framework requirements.

The ERM group through its Risk Analytics and Simulations Department (RA&SD) is responsible for monitoring concentration, market, liquidity, interest rate, strategic, reputational, climate and legal risks. It is also responsible for calculating the economic capital for various risks, conducting stress tests, reporting these to the Asset Liability Committee (ALCO), Board Risk Management Committee (BRMC), Board of Directors (BOD), and the Central Bank. The RA&SD department also calculates the PD and LGD annually associated with the different obligor grades to use in IFRS9 calculations. The department is also responsible for providing ad-hoc risk analysis of new Banking Products. The RO&AD department of the ERM group focuses on keeping the risk management policies up to date and conducting ALCO and Credit & Investment Committee (CIC) for investment items. This department of ERM group also focuses on periodic reporting of risk metrics which includes daily, weekly, and monthly risk reports to the Management. The department also prepares a monthly risk management report comprising of MIS on Credit portfolio, position vis a vis internal limits related to Interest rate risk, Liquidity risk, Market Risk, and Operational risk which is circulated to the ALCO members. The department also functions as a Treasury middle office where it monitors risk limits related to Treasury on a daily basis.

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The risk management framework includes a hierarchy of committees involving the Board of Directors (BOD) and the executive management for approval and reporting purposes. The Board of Directors through its committees has the overall authority for approval of strategies and policies. The Board Loan Committee (BLC) is the apex credit approving authority of the Group which is mainly responsible for approving all credit proposals beyond the authority level of the management and also for reviewing and approving the credit related policies and amendments thereof. The Board of Directors is the apex authority of the Group for approving investments and other executive matters beyond the authority of the management. These include approval of groupwide strategies as well as specific policies pertaining to risk management. The Board Risk Management Committee (BRMC) assists the Board in its oversight of the Bank's risk governance structure, risk management & risk assessment guidelines and policies, risk strategy and appetite and executive management's implementation of the risk strategies and policies.

The Credit & Investment Committee is the executive management decision making body that is empowered to consider all credit & investment related issues within certain limits. The Asset Liability Committee (ALCO) is responsible for the overall asset liability management framework which broadly covers balance sheet structure, maturity profile, interest rate risk, capital adequacy, and foreign currency positions, review of related policies, and approval of exceptions. The ALCO also performs the role of a risk committee whereby it has a high-level oversight over the risk management process. The Provisioning Committee is responsible for the overall evaluation and control of provisions taken by the Group and adherence to the related regulatory requirements.

In order to manage risks in a holistic manner and to measure risks on a consolidated basis, the Group has a formal enterprise-wide risk management policy, which provides detailed guidelines for a sound framework for enterprise-wide risk management. The objectives of risk management are supported by various risk policies that are reviewed and updated regularly. The risk policies, in general, cater to detailed planning for various risks based on business strategies, past performance, future expectations, economic conditions and, internal as well as external regulations. The policies also require a comprehensive analysis of a set of pre-determined parameters prior to the introduction of new products or instruments. The policies have put internal limits (nominal and risk-based) in place for continuous monitoring and ensuring that risks are maintained within the Group's risk appetite. Periodical reporting of risks to various authorities including the ALCO and the Board ensures that the executive management and the Board are continuously kept aware of positions thereby enabling informed decision-making.

The Group also conducts enterprise wide stress test in order to analyse the impact of extreme events on the profitability and capital adequacy.

The treatment of different types of risks by the Bank is elaborated hereunder:

a. Credit Risk

While credits (both on and off-balance sheet) extended to counterparties are approved strictly in accordance with the Central Bank of Kuwait regulations and instructions, Credit Risk Management Group ensures that appropriate policies, guidelines, processes and procedures are in place to thoroughly assess the lending activities with a periodic review and update of credit evaluation processes, mechanisms and techniques.

The Credit Policies of respective business divisions and the Credit Risk Management Policy lay down the guiding principles for lending activities and the basis of measuring, monitoring and managing credit risks. These policies provides guidelines that establish the lending criteria and all credit decisions are made after giving due consideration to the requirements in the respective policies.

The business divisions' policies are supplemented by the Credit Risk Management Policy which establishes the infrastructure for credit risk management including tools for risk rating, portfolio analysis and independent credit assessment. Internal limits are also established to mitigate credit concentration and improve credit quality. Credit approvals are preceded by detailed due diligence on credit proposals including reviews that are independent from the risk taking units. The due diligence covers assessment of the quality of financial information, historical financial performance, future prospects, structure of facilities, facilities relevance to the business needs, management expertise, identifiable sources of repayment, available collateral, additional credit comfort and support available etc. In addition, comprehensive post sanction reviews at the individual and portfolio levels are conducted to effectively monitor and control the existing credit portfolio.

The Bank uses an obligor risk rating model using both financial and non-financial parameters to generate an obligor risk rating. The model grades obligors with performing assets on a scale of 1 to 8 with 1 being the best risk. Ratings of 9 to 11 apply to non-performing assets. The internal risk rating is used to drive the credit approval process. As required by CBK, our internal risk grades have also been mapped to external grades based on calibrating the probability of default. Non-financial considerations are industry specific and thus allow more fine-tuned risk assessment for different industries. The facility risk rating is also being done. Maximum counterparty/group-wise lending limits are applied to exposures according to regulatory norms for credit concentration.

Appropriate risk analysis ensures that the limits approved are commensurate with the risk profile of the borrower. Apart from individual lending limits, broader portfolio-level exposure limits have been stipulated for perceived higher-risk sectors, and exposure to these segments is continuously monitored. Country limits, based on internal risk assessment and sovereign risk ratings provided by external credit rating agencies, are in place to ensure adequate portfolio diversification in terms of sovereign ratings and geographical exposures. The Division has also implemented a sector risk assessment model allowing more granularity in sector classification.

The Bank also measures economic capital for credit risk including that for name, collateral, sector and geographic concentration under Pillar two of Basel III.

Bank's exposure to derivatives is by way of forex forwards with banks and bank customers and interest rate swaps entered into for hedging fixed rate bonds in the bond portfolio. As the Credit Value Adjustment (CVA) for Counterparty Credit Risk (CCR) is insignificant, separate economic capital is not considered necessary. Credit limits for counterparty credit exposures for, banks, are set up based on due assessment and are reviewed periodically. The counterparties in derivative transactions are mostly banks with limits set up on an unadvised basis and hence the bank holds the control of preventing wrong-way exposures. Obtaining and offering collateral securities are governed by the respective ISDA agreements entered into.

The bank does not undertake securitisation of its credit exposures.

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b. Market Risk

Market risk exposure for the Bank is evident in portfolios of equities and foreign exchange that are actively traded, as well as in other positions whose fair values are directly derived from market parameters. The Bank uses the standardized method for calculating capital for market risks.

Market risk limits are in place to control equity and foreign exchange risks. Foreign exchange risks are monitored daily and controlled through currency-wise absolute limits as well as stop-loss limits. Overnight regulatory limits that include overall absolute limits are strictly enforced.

The Bank also assesses the market risk through internally developed Value at Risk (VaR) measures. VaR is higher of historical simulation and parametric approaches over the relevant observation period and is computed as the maximum possible loss over the relevant holding period at the 99th percentile. Limits are in place for the maximum permitted VaR for the foreign exchange and equity positions. The VaR models are back-tested annually to confirm their robustness. Economic capital for market risk is calculated using stressed ES (Expected Shortfall) in line with guidance issued by the Basel Committee on Banking Supervision.

Investments are classified under pre-defined asset categories and are subject to pre-approved limits for such categories. Further, the Group's overall investment capacity and individual investments are restricted to stipulated limits and guidelines laid down by the Central Bank.

The market risk management policy also addresses the need for hedging under certain circumstances. The policy lays down principles and guidelines for the establishment of hedges.

c. Liquidity Risk

The Bank manages liquidity risks that are evident in maturity mismatches and liability-side concentrations. Limits are in place for the control of liquidity risk and these include the maximum allowable cumulative mismatches and a limit for the maximum amount allowed for lending. Internal alert limits are also laid down to ensure continued adherence to the regulatory limits. Internal limits for liabilities from significant depositors and from sensitive products/instruments are also in place. Limits were also introduced for mismatches in different time buckets to ensure that maturing assets and liabilities remain largely matched. A detailed liability side analysis is conducted periodically to discern rollover patterns, and identify core deposits, behavioral trends in short-term funds, and correlations with macroeconomic variables.

The Bank's liquidity risk management policy also requires that proper liquidity planning is periodically conducted and that stress tests are performed based on scenario analyses. A detailed contingency plan also forms part of the liquidity management framework. Economic capital for liquidity risk under pillar two of Basel III is also measured regularly.

The Basel Committee for Banking Supervision has introduced the Basel III regulations covering, among others, a global framework for liquidity risk management. The Bank has introduced internal limits for the liquidity ratios introduced in Basel III, i.e. the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). These ratios are being measured and monitored regularly against regulatory limits and internal limits.

d. Interest Rate Risk

Interest rate risk is managed as per the guidelines laid down in the interest rate risk management policy. The majority of the assets and liabilities of the Bank mature and/or re-price within one year and hence there is limited exposure to interest rate risk. Interest rate risk is monitored with the help of an interest rate sensitivity monitor (IRSM) in which assets and liabilities are distributed in pre-defined maturity / re-pricing time bands. The Earnings at Risk (EaR) is computed by applying BIS stipulated rate shocks to the IRSM and this is compared against internal limits that define the Bank's appetite for this risk. The changes in EVE based on BIS stipulated rate shocks are also calculated and compared against internal limits. Economic capital under pillar two for interest rate risk is measured regularly using an internally developed methodology.

e. Operational Risk

Operational risk management is focused on identifying, assessing and minimizing the impact of risk events that may arise through inadequate processes, human errors, system failures as well as external factors by using a range of assessment methods including Risk Control Self Assessments (RCSA) and a comprehensive review of group-wide procedures. Key Risk Indicators (KRIs) are also monitored regularly. An objective scorecard is used to assess the different operational risk areas based on pre-defined parameters and to grade them under certain categories.

This gradation is used in the measurement of economical capital for operational risk and legal risk. Internally maintained risk events database, provides information on the frequency and impact of operational risk events. A business continuity policy and plan is in place to tackle any unforeseen contingencies that aims to ensure that business continuity is achieved with minimal disruption to critical processes and systems.

Insurance management which is integrated into operational risk facilitates the prudent transfer of risks. Insurance coverage provides partial mitigation for operational risk. The operational risk management policy lays down general guidelines for insurance management including factors to be considered in structuring insurance policies, the definition of policy limits and deductibles, policy reviews, and handling of claims.

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f. Information Security Risk

The objective of Information Security is to ensure the overall security of the Bank's information assets taking into consideration the multiple internal and external threats and the evolving threat landscape, in particular with the rapid changes in technology and digital transformation.

Information Security risk management provides a systematic approach and method to identify the risks and assess the controls to achieve this objective. The Bank has developed a comprehensive Information Security Policy, in addition to the Information Security Risk Management Policy which provides a detailed approach to identifying, analyzing, prioritizing, treating and monitoring Information security risks.

g. Other risks

Policies are in place for other risks including legal risk, climate risk, strategic risk, and reputational risk. These policies establish roles and responsibilities for various stakeholders in managing and controlling these risks. In addition, quantification methodologies have been introduced for measuring the economic capital for these risks.

VI Credit exposures

The credit policy of the Group lays down the general lending standards as well as specific policies pertaining to different lending areas. Among others, the credit policy defines the lending criteria, the approval process for various credit decisions, documentation requirements, margin requirements, etc. The credit policy also includes a formal credit approval hierarchy designed on the basis of amount/tenor and other features of the credit facility(ies) considered is in place for making suitable credit decisions. All credit decisions made at lower levels of the hierarchy are reviewed by the highest approval authority, the BLC.

Provisions for credit losses are recognized on credit facilities based on the Central Bank of Kuwait (CBK) guidelines. As per the guidelines, the provision for credit losses to be recognized is higher of i) Expected credit losses as per CBK's IFRS 9 guidelines and; ii) Provision required by the CBK rules on classification of credit facilities and calculation of their provisions.

For details on ECL methodology please refer financial statement note 2.(d)(x) "impairment of financial asset".

The CBK rules stipulate two-tier approach for credit loss estimation. The total credit loss to be recognized is the sum of the General and Specific provisions. General provision is computed as 1% of the outstanding cash facility balance and 0.5% of non-cash facility balance after netting of certain restricted categories of collateral. Specific provision calculation is based on the categorization of a credit facility into following undermention categories. Credit facilities are classified in the following categories when there is an objective evidence of impairment based on specified criteria, including management judgment of increase in credit risk.

Category	Criteria	Loss %
Watch list	Irregular for a period of upto 90 days	-
Substandard	Irregular for a period of 91 - 180 days	20%
Doubtful	Irregular for a period of 181 - 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The External Credit Assessment Institutions (ECAI) used for capital adequacy computation are in accordance with CBK rules and regulations pertaining to the capital adequacy standard. The permissible ECAIs under the regulations are Moody's, Standard & Poor, and Fitch. The ECAI ratings are translated into specific risk weights in line with the mapping process defined in the same regulations. The mapping process involves the application of stipulated risk weights for different ECAI ratings and in the case of claims on banks, into short-term and long-term exposures, as laid down in the regulations.

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a. Gross credit exposures

	2025 KD 000's			2024 KD 000's		
	Total gross exposures	Funded gross exposures	Unfunded gross exposures	Total gross exposures	Funded gross exposures	Unfunded gross exposures
1. Claims on sovereigns	737,296	736,055	1,241	579,452	579,452	-
2. Claims on international organisations	-	-	-	-	-	-
3. Claims on PSEs	306,589	265,585	41,004	259,181	259,181	-
4. Claims on MDBs	173,225	112,145	61,080	91,207	91,207	-
5. Claims on banks	1,897,992	1,461,255	436,737	1,404,243	1,131,486	272,757
6. Claims on corporates	5,098,396	2,199,154	2,899,242	4,615,422	2,083,297	2,532,125
7. Claims on central counter parties	-	-	-	-	-	-
8. Cash items	20,941	20,941	-	38,495	38,495	-
9. Regulatory retail	565,499	544,194	21,305	547,540	546,892	648
10. RHLs eligible for 35% RW	-	-	-	-	-	-
11. Past due exposure	10,519	10,140	379	218	-	218
12. Other assets	205,749	204,564	1,185	142,817	142,817	-
13. Claims on securitised assets	-	-	-	-	-	-
	9,016,206	5,554,033	3,462,173	7,678,575	4,872,827	2,805,748

b. Average gross credit exposures

	2025 KD 000's			2024 KD 000's		
	Total gross exposures	Funded gross exposures	Unfunded gross exposures	Total gross exposures	Funded gross exposures	Unfunded gross exposures
1. Claims on sovereigns	658,373	657,752	621	513,177	513,177	-
2. Claims on international organisations	-	-	-	-	-	-
3. Claims on PSEs	282,885	262,383	20,502	218,596	218,596	-
4. Claims on MDBs	132,216	101,676	30,540	69,688	69,688	-
5. Claims on banks	1,651,118	1,296,371	354,745	1,369,429	1,098,193	271,236
6. Claims on corporates	4,856,909	2,141,226	2,715,684	4,271,704	1,995,730	2,275,974
7. Claims on central counter parties	-	-	-	-	-	-
8. Cash items	29,718	29,718	-	43,439	43,439	-
9. Regulatory retail	556,519	545,543	10,976	531,470	530,922	548
10. RHLs eligible for 35% RW	-	-	-	-	-	-
11. Past due exposure	5,369	5,070	299	168	-	168
12. Other assets	174,283	173,691	593	148,099	148,099	-
13. Claims on securitised assets	-	-	-	-	-	-
	8,347,390	5,213,430	3,133,960	7,165,770	4,617,844	2,547,926

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c. Total credit exposures by geographic sector

		KD 000's					
		Kuwait	Asia	Europe	USA	Others	Total
As at 31 December 2025							
1.	Claims on sovereigns	605,110	114,101	18,085	-	-	737,296
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	186,343	81,643	38,603	-	-	306,589
4.	Claims on MDBs	61,080	32,474	-	-	79,671	173,225
5.	Claims on banks	496,323	942,222	408,950	7,782	42,715	1,897,992
6.	Claims on corporates	4,645,252	299,832	73,639	79,673	-	5,098,396
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	20,941	-	-	-	-	20,941
9.	Regulatory retail	565,499	-	-	-	-	565,499
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	10,519	-	-	-	-	10,519
12.	Other assets	180,096	24,362	1,291	-	-	205,749
13.	Claims on securitised assets	-	-	-	-	-	-
		6,771,163	1,494,634	540,568	87,455	122,386	9,016,206
Percentage of credit exposure by geographical sector		75.1%	16.6%	6.0%	0.9%	1.4%	100.0%
		KD 000's					
		Kuwait	Asia	Europe	USA	Others	Total
As at 31 December 2024							
1.	Claims on sovereigns	479,589	99,863	-	-	-	579,452
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	129,752	90,610	38,819	-	-	259,181
4.	Claims on MDBs	-	29,529	-	-	61,678	91,207
5.	Claims on banks	421,372	743,095	156,921	9,916	72,939	1,404,243
6.	Claims on corporates	4,014,411	448,371	72,724	79,841	75	4,615,422
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	38,495	-	-	-	-	38,495
9.	Regulatory retail	547,501	6	30	-	3	547,540
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	218	-	-	-	-	218
12.	Other assets	138,082	3,931	804	-	-	142,817
13.	Claims on securitised assets	-	-	-	-	-	-
		5,769,420	1,415,405	269,298	89,757	134,695	7,678,575
Percentage of credit exposure by geographical sector		75.1%	18.4%	3.5%	1.2%	1.8%	100.0%

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d. Funded credit exposures by geographic sector

		KD 000's					
		Kuwait	Asia	Europe	USA	Others	Total
As at 31 December 2025							
1.	Claims on sovereigns	605,110	112,860	18,085	-	-	736,055
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	146,643	80,339	38,603	-	-	265,585
4.	Claims on MDBs	-	32,474	-	-	79,671	112,145
5.	Claims on banks	488,434	797,466	129,959	6,337	39,059	1,461,255
6.	Claims on corporates	2,144,988	38,811	15,330	25	-	2,199,154
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	20,941	-	-	-	-	20,941
9.	Regulatory retail	544,194	-	-	-	-	544,194
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	10,140	-	-	-	-	10,140
12.	Other assets	178,911	24,362	1,291	-	-	204,564
13.	Claims on securitised assets	-	-	-	-	-	-
		4,139,361	1,086,312	203,268	6,362	118,730	5,554,033
Percentage of funded credit exposure by geographical sector		74.5%	19.6%	3.7%	0.1%	2.1%	100.0%
		KD 000's					
		Kuwait	Asia	Europe	USA	Others	Total
As at 31 December 2024							
1.	Claims on sovereigns	479,589	99,863	-	-	-	579,452
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	129,752	90,610	38,819	-	-	259,181
4.	Claims on MDBs	-	29,529	-	-	61,678	91,207
5.	Claims on banks	421,202	568,950	92,103	9,725	39,506	1,131,486
6.	Claims on corporates	1,879,314	203,319	551	113	-	2,083,297
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	38,495	-	-	-	-	38,495
9.	Regulatory retail	546,888	4	-	-	-	546,892
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	-	-	-	-	-	-
12.	Other assets	138,082	3,931	804	-	-	142,817
13.	Claims on securitised assets	-	-	-	-	-	-
		3,633,322	996,206	132,277	9,838	101,184	4,872,827
Percentage of funded credit exposure by geographical sector		74.6%	20.4%	2.7%	0.2%	2.1%	100.0%

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e. Unfunded credit exposures by geographic sector

		KD 000's					
		Kuwait	Asia	Europe	USA	Others	Total
As at 31 December 2025							
1.	Claims on sovereigns	-	1,241	-	-	-	1,241
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	39,700	1,304	-	-	-	41,004
4.	Claims on MDBs	61,080	-	-	-	-	61,080
5.	Claims on banks	7,889	144,756	278,991	1,445	3,656	436,737
6.	Claims on corporates	2,500,264	261,021	58,309	79,648	-	2,899,242
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	-	-	-	-	-	-
9.	Regulatory retail	21,305	-	-	-	-	21,305
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	379	-	-	-	-	379
12.	Other assets	1,185	-	-	-	-	1,185
13.	Claims on securitised assets	-	-	-	-	-	-
		2,631,802	408,322	337,300	81,093	3,656	3,462,173
Percentage of unfunded credit exposure by geographical sector		76.1%	11.8%	9.7%	2.3%	0.1%	100.0%
		KD 000's					
		Kuwait	Asia	Europe	USA	Others	Total
As at 31 December 2024							
1.	Claims on sovereigns	-	-	-	-	-	-
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	-	-	-	-	-	-
4.	Claims on MDBs	-	-	-	-	-	-
5.	Claims on banks	170	174,145	64,818	191	33,433	272,757
6.	Claims on corporates	2,135,097	245,052	72,173	79,728	75	2,532,125
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	-	-	-	-	-	-
9.	Regulatory retail	613	2	30	-	3	648
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	218	-	-	-	-	218
12.	Other assets	-	-	-	-	-	-
13.	Claims on securitised assets	-	-	-	-	-	-
		2,136,098	419,199	137,021	79,919	33,511	2,805,748
Percentage of unfunded credit exposure by geographical sector		76.2%	14.9%	4.9%	2.8%	1.2%	100.0%

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f. Total credit exposures by residual maturity

		KD 000's					
		Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
As at 31 December 2025							
1.	Claims on sovereigns	467,200	3,313	2,596	2,100	262,087	737,296
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	220	2,604	11,720	8,101	283,944	306,589
4.	Claims on MDBs	323	52	26	91,750	81,074	173,225
5.	Claims on banks	776,796	268,755	149,119	197,127	506,195	1,897,992
6.	Claims on corporates	559,662	978,059	761,742	1,109,135	1,689,798	5,098,396
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	20,941	-	-	-	-	20,941
9.	Regulatory retail	9,509	10,488	15,310	38,525	491,667	565,499
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	1,163	232	324	621	8,179	10,519
12.	Other assets	76,136	-	1,185	101	128,327	205,749
13.	Claims on securitised assets	-	-	-	-	-	-
		1,911,950	1,263,503	942,022	1,447,460	3,451,271	9,016,206
Percentage of total credit exposures by residual maturity		21.2%	14.0%	10.4%	16.1%	38.3%	100.0%
		KD 000's					
		Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
As at 31 December 2024							
1.	Claims on sovereigns	316,731	50,666	42,377	12,790	156,888	579,452
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	15	21,632	-	-	237,534	259,181
4.	Claims on MDBs	-	-	-	-	91,207	91,207
5.	Claims on banks	811,288	246,632	36,845	55,056	254,422	1,404,243
6.	Claims on corporates	794,043	726,040	986,953	914,160	1,194,226	4,615,422
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	38,495	-	-	-	-	38,495
9.	Regulatory retail	210	1,006	567	10,340	535,417	547,540
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	9	47	107	17	38	218
12.	Other assets	138,595	196	6	235	3,785	142,817
13.	Claims on securitised assets	-	-	-	-	-	-
		2,099,386	1,046,219	1,066,855	992,598	2,473,517	7,678,575
Percentage of total credit exposures by residual maturity		27.3%	13.6%	13.9%	12.9%	32.2%	100.0%

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g. Funded credit exposures by residual maturity

		KD 000's					
		Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
As at 31 December 2025							
1.	Claims on sovereigns	467,200	3,313	2,596	2,100	260,846	736,055
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	220	2,604	11,720	8,101	242,940	265,585
4.	Claims on MDBs	323	52	26	30,670	81,074	112,145
5.	Claims on banks	477,300	184,715	139,274	186,040	473,926	1,461,255
6.	Claims on corporates	411,250	257,085	243,806	405,571	881,442	2,199,154
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	20,941	-	-	-	-	20,941
9.	Regulatory retail	9,240	9,819	14,360	27,847	482,928	544,194
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	1,163	232	324	621	7,800	10,140
12.	Other assets	76,136	-	-	101	128,327	204,564
13.	Claims on securitised assets	-	-	-	-	-	-
		1,463,773	457,820	412,106	661,051	2,559,283	5,554,033
Percentage of funded credit exposures by residual maturity		26.4%	8.2%	7.4%	11.9%	46.1%	100.0%
		KD 000's					
		Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
As at 31 December 2024							
1.	Claims on sovereigns	316,731	50,666	42,377	12,790	156,888	579,452
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	15	21,632	-	-	237,534	259,181
4.	Claims on MDBs	-	-	-	-	91,207	91,207
5.	Claims on banks	720,572	116,606	19,426	31,668	243,214	1,131,486
6.	Claims on corporates	449,507	211,505	458,297	436,248	527,740	2,083,297
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	38,495	-	-	-	-	38,495
9.	Regulatory retail	210	358	567	10,340	535,417	546,892
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	-	-	-	-	-	-
12.	Other assets	138,595	196	6	235	3,785	142,817
13.	Claims on securitised assets	-	-	-	-	-	-
		1,664,125	400,963	520,673	491,281	1,795,785	4,872,827
Percentage of funded credit exposures by residual maturity		34.2%	8.2%	10.7%	10.1%	36.8%	100.0%

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h. Unfunded credit exposures by residual maturity

		KD 000's					
		Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
As at 31 December 2025							
1.	Claims on sovereigns	-	-	-	-	1,241	1,241
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	-	-	-	-	41,004	41,004
4.	Claims on MDBs	-	-	-	61,080	-	61,080
5.	Claims on banks	299,496	84,040	9,845	11,087	32,269	436,737
6.	Claims on corporates	148,412	720,974	517,936	703,564	808,356	2,899,242
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	-	-	-	-	-	-
9.	Regulatory retail	269	669	950	10,678	8,739	21,305
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	-	-	-	-	379	379
12.	Other assets	-	-	1,185	-	-	1,185
13.	Claims on securitised assets	-	-	-	-	-	-
		448,177	805,683	529,916	786,409	891,988	3,462,173
Percentage of unfunded credit exposures by residual maturity		12.9%	23.3%	15.3%	22.7%	25.8%	100.0%
		KD 000's					
		Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
As at 31 December 2024							
1.	Claims on sovereigns	-	-	-	-	-	-
2.	Claims on international organisations	-	-	-	-	-	-
3.	Claims on PSEs	-	-	-	-	-	-
4.	Claims on MDBs	-	-	-	-	-	-
5.	Claims on banks	90,716	130,026	17,419	23,388	11,208	272,757
6.	Claims on corporates	344,536	514,535	528,656	477,912	666,486	2,532,125
7.	Claims on central counter parties	-	-	-	-	-	-
8.	Cash items	-	-	-	-	-	-
9.	Regulatory retail	-	648	-	-	-	648
10.	RHLs eligible for 35% RW	-	-	-	-	-	-
11.	Past due exposure	9	47	107	17	38	218
12.	Other assets	-	-	-	-	-	-
13.	Claims on securitised assets	-	-	-	-	-	-
		435,261	645,256	546,182	501,317	677,732	2,805,748
Percentage of unfunded credit exposures by residual maturity		15.5%	23.0%	19.5%	17.9%	24.2%	100.0%

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i. Analysis of loans past due but not impaired by standard portfolio

	2025 KD 000's		2024 KD 000's	
	Past due but not impaired		Past due but not impaired	
	0-60 days	61-90 days	0-60 days	61-90 days
1. Claims on sovereigns	-	-	-	-
2. Claims on international organisations	-	-	-	-
3. Claims on PSEs	-	-	-	-
4. Claims on MDBs	-	-	-	-
5. Claims on banks	-	-	-	-
6. Claims on corporates	49,069	383	98,170	5
7. Claims on central counter parties	-	-	-	-
8. Cash items	-	-	-	-
9. Regulatory retail	26,889	89	23,576	79
10. RHLs eligible for 35% RW	-	-	-	-
11. Past due exposure	-	-	-	-
12. Other assets	-	-	-	-
13. Claims on securitised assets	-	-	-	-
	75,958	472	121,746	84

j. General provision and provisions charged to statement of income by standard portfolio

	2025 KD 000's		2024 KD 000's	
	General Provision	Statement of Income	General Provision	Statement of Income
1. Claims on sovereigns	-	-	-	-
2. Claims on international organisations	-	-	-	-
3. Claims on PSEs	-	-	-	-
4. Claims on MDBs	-	-	-	-
5. Claims on banks	1,652	108	1,544	(249)
6. Claims on corporates	183,109	(1,373)	200,104	(1,169)
7. Claims on central counter parties	-	-	-	-
8. Cash items	-	-	-	-
9. Regulatory retail	7,030	(2,529)	7,165	5,554
10. RHLs eligible for 35% RW	-	-	-	-
11. Past due exposure	-	-	-	-
12. Other assets	2,643	(447)	1,871	(51,842)
13. Claims on securitised assets	-	-	-	-
	194,434	(4,241)	210,684	(47,706)

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k. Impaired loans and provisions by geographic sector

	KD 000's			
	Gross Debt	Specific Provision	Past due but not impaired	
			0-60 days	61-90 days
As at 31 December 2025				
Kuwait	-	-	75,958	472
Asia	-	-	-	-
Europe	-	-	-	-
USA	-	-	-	-
Others	-	-	-	-
	-	-	75,958	472

	KD 000's			
	Gross Debt	Specific Provision	Past due but not impaired	
			0-60 days	61-90 days
As at 31 December 2024				
Kuwait	-	-	121,746	84
Asia	-	-	-	-
Europe	-	-	-	-
USA	-	-	-	-
Others	-	-	-	-
	-	-	121,746	84

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I. Movement in provisions

	2025 KD 000's			2024 KD 000's		
	Specific	General	Total	Specific	General	Total
Provisions 1 January	-	210,684	210,684	-	190,353	190,353
Write-offs	(97,440)	-	(97,440)	(22,197)	-	(22,197)
Exchange differences	-	46	46	-	(19)	(19)
Ceded to Central Bank	(1)	-	(1)	(7)	-	(7)
Statement of income	106,567	(16,296)	90,271	22,204	20,350	42,554
	9,126	194,434	203,560	-	210,684	210,684

m. Credit exposures after CRM and CCF

	2025 KD 000's		2024 KD 000's	
	Credit Exposures after CRM		Credit Exposures after CRM	
	Rated Exposures	Unrated Exposures	Rated Exposures	Unrated Exposures
1. Claims on sovereigns	736,087	-	579,555	-
2. Claims on international organisations	-	-	-	-
3. Claims on PSEs	80,340	195,579	129,429	140,997
4. Claims on MDBs	79,671	32,474	61,678	-
5. Claims on banks	1,277,902	494,727	949,435	441,104
6. Claims on corporates	84,208	2,880,318	88,139	2,731,827
7. Claims on central counter parties	-	-	-	-
8. Cash items	-	20,941	-	38,495
9. Regulatory retail	-	543,539	-	545,393
10. RHLs eligible for 35% RW	-	-	-	-
11. Past due exposure	-	10,218	-	-
12. Other assets	-	199,630	-	142,799
13. Claims on securitised assets	-	-	-	-
	2,258,208	4,377,426	1,808,236	4,040,615

VII Credit risk mitigation

Acceptable collateral includes cash, bank guarantees, shares, real estate, etc. subject to specific conditions on eligibility, margin requirements, etc. laid down in the credit policy. The credit risk mitigation used for capital adequacy computation includes collateral in the form of cash and shares as well as guarantees by 'A' rated Banks in accordance with the CBK's rules and regulations concerning capital adequacy standards. The credit policy of the Group lays down guidelines for collateral valuation and management which includes, minimum coverage requirements for different categories of collateral, remargining, frequency and basis of revaluation, documentation, insurance, custodial requirements, etc. According to the credit policy, the frequency of revaluing the collateral depends on the type of collateral. Specifically, daily revaluation is required for share collateral and also in cases where the collateral is in a different currency to the exposure. This process is handled by a department independent of the business divisions to ensure objectivity. An independent annual analysis is conducted by Risk Management Division to categorize the shares acceptable as collateral into different grades for the purpose of stipulating differential margin requirements.

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The collateralised credit exposure with eligible collateral by standard portfolio are as follows:

		KD 000's			
		Total gross exposures	Collateralised Exposures	Financial Collaterals	Bank Guarantees
As at 31 December 2025					
1.	Claims on sovereigns	737,296	-	-	-
2.	Claims on international organisations	-	-	-	-
3.	Claims on PSEs	306,589	-	-	-
4.	Claims on MDBs	173,225	-	-	-
5.	Claims on banks	1,897,992	-	-	-
6.	Claims on corporates	5,098,396	982,000	285,980	-
7.	Claims on central counter parties	-	-	-	-
8.	Cash items	20,941	-	-	-
9.	Regulatory retail	565,499	14,013	2,276	-
10.	RHLs eligible for 35% RW	-	-	-	-
11.	Past due exposure	10,519	-	112	-
12.	Other assets	205,749	4,619	4,934	-
13.	Claims on securitised assets	-	-	-	-
		9,016,206	1,000,632	293,302	-

		KD 000's			
		Total gross exposures	Collateralised Exposures	Financial Collaterals	Bank Guarantees
As at 31 December 2024					
1.	Claims on sovereigns	579,452	-	-	-
2.	Claims on international organisations	-	-	-	-
3.	Claims on PSEs	259,181	-	-	-
4.	Claims on MDBs	91,207	-	-	-
5.	Claims on banks	1,404,243	-	-	-
6.	Claims on corporates	4,615,422	838,791	270,868	-
7.	Claims on central counter parties	-	-	-	-
8.	Cash items	38,495	-	-	-
9.	Regulatory retail	547,540	15,726	1,770	-
10.	RHLs eligible for 35% RW	-	-	-	-
11.	Past due exposure	218	-	109	-
12.	Other assets	142,817	47	18	-
13.	Claims on securitised assets	-	-	-	-
		7,678,575	854,564	272,766	-

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VIII Capital requirement for market risk

The present market risk exposure comprises of foreign exchange and equity trading portfolio. The capital charge for the entire market risk exposure is computed under the standardized approach.

The capital requirement for market risk exposure is as follows:

	2025 KD 000's	2024 KD 000's
1. Interest rate position risk	-	-
2. Equity position risk	-	66
3. Foreign exchange risk	1,390	596
4. Commodities risk	-	-
5. Options	-	-
	<u>1,390</u>	<u>662</u>

IX Operational risk

The Group uses the standardized approach for the computation of operational risk capital charge that amounted to KD 41,656 thousand (2024: KD 37,711 thousand) which primarily involves segregating the Group's activities into eight business lines and applying the relevant beta factors to the average gross income for each business line as defined in the CBK's rules and regulations pertaining to capital adequacy standards. However, capital for operational risk is separately calculated for pillar two purposes using a variation of the standardized approach based on the results of the operational risk scorecard.

X Equity position in the banking book

The majority of equity holdings are taken with the expectation of capital gains and dividend income. Strategic equity holdings are taken in financial institutions where the Group expects to develop a business relationship or ultimately gain control of that entity.

Equity investment securities in the Group are classified as "FVOCI". These are carried at fair value with any resultant gain or loss arising from changes in fair value taken to the investment valuation reserve through the consolidated statement of comprehensive income in equity.

Fair values are determined by reference to quoted market prices. The fair value for investments in mutual funds, unit trusts, or similar investment vehicles are based on the last published bid price. The fair value for unquoted investments is determined by reference to any recent transaction of shares of the same entity, the market value of a similar investment, or at a conservative discount to its net asset value or book value.

The quantitative information related to equity investment securities in the Group are as follows:

	2025 KD 000's	2024 KD 000's
1. Value of investment disclosed in the balance sheet	<u>59,464</u>	<u>51,735</u>
2. Type and nature of investment securities		
Financial assets at FVOCI		
Equity securities -quoted	34,002	30,980
Equity securities -unquoted	25,462	20,755
	<u>59,464</u>	<u>51,735</u>
3. Cumulative realised gain (net) arising from sales of investment securities	<u>-</u>	<u>-</u>
4. Total unrealised gain / (loss) recognised in the balance sheet but not through profit and loss account	<u>7,791</u>	<u>(6,321)</u>
5. Capital requirements		
Financial assets at FVOCI	<u>7,730</u>	<u>6,726</u>

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Remuneration Policy

During 2025 remuneration policy was reviewed by BNRC, which submitted the updated remuneration policy to Board on 08 October 2025. The Board approved remuneration policy as submitted. No material changes were made in the last update presented to the Board.

The remuneration policy is reviewed and updated every year. Further, the remuneration policy is updated to incorporate changes stipulated by the CBK or the Board, as and when such changes are introduced.

The following are the key features and objectives of remuneration policy

a. Key features

The structure of remuneration of all Group's employee consists of combination of fixed and variable remuneration

- Fixed Remuneration - It is made up of basic salary ,allowance and related benefits.
- Variable Remuneration - It represents payment linked to the job requirements and performance.

b. objective

- 1 Promote effective governance and sound practices of the financial remunerations system consistent with risk strategy.
- 2 Create a combination of fixed and variable remunerations on various organisation levels and nature of jobs.
- 3 Attract and retain highly qualified, skilled and knowledgeable employees required to perform banking business.
- 4 Aligning the remunerations with Bank's risk strategies connected to risk levels and financial soundness, along with providing benefits for progressive career and work life balance.
- 5 Ensure that financial remunerations are linked to the bank's performance and Risk Timeline, taking into account amending the financial remunerations granted to employees in case of the Bank's weak/negative financial performance and to match risks on the long term.

In order to ensure independence of Risk Management, Compliance and Corporate Governance and Internal Audit functions within Group, head of these functions reports directly to various committees of the Board without having reporting line to CEO. The following table shows the functional and administrative reporting lines of these functions.

Function / Division	Function Reporting Line	Administrative Reporting Line
Risk Management	Board Risk Management Committee	Chairman of the Board
Compliance and Corporate Governance	Board Corporate Governance Committee	Chairman of the Board
Internal Audit	Board Audit Committee	Board Audit Committee

Performance appraisal

As per Group policy all employees are appraised atleast once a year for their individual performance. The appraisal process is used to evaluate employees' contribution in achieving Group objectives and to give them feedback on their performance related strengths and weakness.

Performance evaluation and measurement processes are taken out at least once a year, in compliance with the approved procedures, and considering relevant instructions issued by the management in this regard.

The rating guidelines are applied uniformly across all business lines and individuals.

The annual incentive paid to employees is as follows:

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	2025 KD 000's	2024 KD 000's
Amount paid	<u>3,279</u>	<u>1,924</u>
No. of employees	<u>1,163</u>	<u>1,276</u>

There is no sign on awards made during the year.

During the year, Bank has paid in respect of end of service benefit are as follows:

	2025		2024	
	No. of Employees	KD 000's	No. of Employees	KD 000's
Amount paid to:				
Kuwaiti employees	36	<u>715</u>	35	<u>623</u>
Non Kuwaiti employees	17	<u>1,321</u>	74	<u>648</u>

The table below shows the value of remuneration paid to senior management and other material risk taker:

	KD 000's			
	2025		2024	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed				
Cash-based	2,399	-	2,269	-
Shares and share-linked instruments	-	-	-	-
Other	-	-	-	-
Total fixed	<u>2,399</u>	<u>-</u>	<u>2,269</u>	<u>-</u>

There is no variable remuneration was paid during the year.

The table below shows the summary of remuneration paid to senior management and other material risk taker:

	2025		2024	
	No. of Employees	KD 000's	No. of Employees	KD 000's
Senior Management	15	<u>2,399</u>	15	<u>2,269</u>
Material Risk Takers	5	<u>939</u>	5	<u>881</u>
Financial & Control Functions	5	<u>774</u>	5	<u>721</u>

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