GULF BANK GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2026

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with confidence

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

Introduction

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

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

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

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, during the six months period ended 30 June 2026 that might have had a material effect on the business of the Bank or on its financial position.

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EY
AL AIBAN, AL OSAIMI & PARTNERS

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AL-WAZZAN & CO.

29 July 2026
Kuwait

GULF BANK GROUP

Interim Condensed Consolidated Statement of Income (Unaudited)

PERIOD ENDED 30 JUNE 2026

	Note	***3 months ended 30 June 2026 KD 000's***	*3 months ended 30 June 2025 KD 000's*	***6 months ended 30 June 2026 KD 000's***	*6 months ended 30 June 2025 KD 000's*
Interest income		**98,750**	94,623	**193,351**	187,219
Interest expense		**60,619**	56,997	**119,911**	114,474
Net interest income		**38,131**	37,626	**73,440**	72,745
Net fees and commissions		**7,923**	7,106	**14,652**	12,932
Net gains from dealing in foreign currencies and derivatives		**2,300**	2,246	**4,669**	4,672
Dividend income		**1**	100	**253**	353
Other income		**807**	701	**1,260**	1,051
Operating income		**49,162**	47,779	**94,274**	91,753
Staff expenses		**14,008**	13,708	**27,692**	27,044
Occupancy costs		**640**	625	**1,257**	1,281
Depreciation		**2,270**	2,181	**4,546**	4,296
Other expenses		**10,305**	7,248	**17,157**	14,259
Operating expenses		**27,223**	23,762	**50,652**	46,880
OPERATING PROFIT BEFORE PROVISIONS / IMPAIRMENT LOSSES		**21,939**	24,017	**43,622**	44,873
Charge (release) of provisions:					
- specific		**6,909**	10,065	**16,498**	22,261
- general		**(1,768)**	1,093	**889**	2,071
Loan recoveries, net of write-off		**(2,105)**	(2,560)	**(2,585)**	(4,697)
Net provision on other financial assets		**2**	(14)	**(16)**	(11)
OPERATING PROFIT BEFORE DIRECTORS' REMUNERATION AND TAXATION		**18,901**	15,433	**28,836**	25,249
Directors' remuneration		**40**	50	**80**	80
Contribution to Kuwait Foundation for the Advancement of Sciences		**189**	154	**289**	253
National Labour Support Tax		**472**	388	**747**	626
Zakat		**192**	155	**287**	251
PROFIT FOR THE PERIOD		**18,008**	14,686	**27,433**	24,039
BASIC AND DILUTED EARNINGS PER SHARE (Fils)	3	**4**	4	**7**	6

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Interim Condensed Consolidated Statement of Comprehensive Income
(Unaudited)
PERIOD ENDED 30 JUNE 2026

	3 months ended 30 June 2026 KD 000's	*3 months 30 June 2025 KD 000's*	***6 months 30 June 2026 KD 000's***	*6 months ended 30 June 2025 KD 000's*
Profit for the period	**18,008**	14,686	**27,433**	24,039
Other comprehensive income				
Items that will not be reclassified subsequently to interim condensed consolidated statement of income :				
Net changes in fair value of investment securities-equity	**(7)**	1,815	**(17)**	4,944
Items that are or may be reclassified subsequently to interim condensed consolidated statement of income:				
Net changes in fair value of debt instruments at FVOCI	**71**	-	**(34)**	-
Other comprehensive income (loss) for the period	**64**	1,815	**(51)**	4,944
Total comprehensive income for the period	**18,072**	16,501	**27,382**	28,983

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Interim Condensed Consolidated Statement of Financial Position

	Notes	*(Unaudited)* **30 June 2026 KD 000's**	*(Audited)* *31 December 2025 KD 000's*	*(Unaudited)* *30 June 2025 KD 000's*
ASSETS				
Cash and cash equivalents		**996,497**	843,128	948,326
Kuwait Government treasury bonds		**344,345**	221,000	74,000
Central Bank of Kuwait bonds		**-**	15,789	113,400
Deposits with banks and other financial institutions		**44,463**	302,330	127,785
Loans and advances	4	**6,303,362**	5,858,707	5,676,557
Investment securities		**251,919**	308,761	210,654
Other assets	5	**114,908**	109,241	108,589
Premises and equipment		**39,603**	40,753	41,001
TOTAL ASSETS		**8,095,097**	7,699,709	7,300,312
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		**242,605**	187,956	182,206
Deposits from financial institutions		**924,721**	769,904	878,919
Customer deposits		**5,073,142**	4,954,788	4,503,352
Other borrowed funds	6	**854,875**	778,540	757,362
Other liabilities		**153,854**	154,156	153,821
TOTAL LIABILITIES		**7,249,197**	6,845,344	6,475,660
EQUITY				
Share capital	7	**419,226**	399,263	399,263
Proposed bonus shares	7	**-**	19,963	-
Statutory reserve		**72,390**	72,390	66,862
Share premium		**186,937**	186,937	186,937
Property revaluation reserve		**17,308**	17,308	17,603
Fair valuation reserve		**2,469**	2,571	325
Retained earnings		**149,947**	158,310	156,039
		848,277	856,742	827,029
Treasury shares	8	**(2,377)**	(2,377)	(2,377)
TOTAL EQUITY		**845,900**	854,365	824,652
TOTAL LIABILITIES AND EQUITY		**8,095,097**	7,699,709	7,300,312

Ahmad Mohammad Ahmad AlBahar
(Chairman)

Sami Bakhos Mahfouz
(Acting Chief Executive Officer)

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)
PERIOD ENDED 30 JUNE 2026

	Notes	***6 months ended 30 June 2026 KD 000's***	*6 months ended 30 June 2025 KD 000's*
OPERATING ACTIVITIES			
Profit for the period before directors' remuneration and taxation		**28,836**	25,249
Adjustments:			
Dividend income		**(253)**	(353)
Depreciation		**4,546**	4,296
Loan loss provisions		**17,387**	24,332
Net provision on other financial assets		**(16)**	(11)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		**50,500**	53,513
(Increase)/decrease in operating assets:			
Kuwait Government treasury bonds		**(123,345)**	(71,500)
Central Bank of Kuwait bonds		**15,789**	26,631
Deposits with banks and other financial institutions		**257,872**	7,682
Loans and advances		**(466,070)**	(234,566)
Other assets		**(9,709)**	(1,299)
Increase/(decrease) in operating liabilities:			
Due to banks		**54,649**	(183,224)
Deposits from financial institutions		**154,817**	(65,594)
Customer deposits		**118,354**	(153,328)
Other liabilities		**2,323**	(6,872)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**55,180**	(628,557)
INVESTING ACTIVITIES			
Purchase of investment securities		**(113,024)**	(163,934)
Proceeds from sale/maturity of investment securities		**173,868**	157,333
Purchase of premises and equipment		**(3,396)**	(4,349)
Dividend income received		**253**	353
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**57,701**	(10,597)
FINANCING ACTIVITIES			
Net proceeds from other borrowed funds	6	**76,335**	237,538
Dividend paid	7	**(35,847)**	(37,934)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**40,488**	199,604
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**153,369**	(439,550)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**843,128**	1,387,876
CASH AND CASH EQUIVALENTS AT 30 JUNE		**996,497**	948,326

Additional cash flows information

Interest received		**185,854**	186,040
Interest paid		**117,475**	120,456

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Interim Condensed Consolidated Statement of Changes in Equity
(Unaudited)
PERIOD ENDED 30 JUNE 2026

			RESERVES								
	Share capital *KD 000's*	*Proposed bonus shares* *KD 000's*	*Statutory reserve* *KD 000's*	*Share premium* *KD 000's*	*Property revaluation reserve* *KD 000's*	*Fair valuation reserve* *KD 000's*	*Retained earnings* *KD 000's*	*Subtotal reserves* *KD 000's*	*Treasury shares* *KD 000's*	*Total* *KD 000's*
At 1 January 2025	380,250	19,013	66,862	186,937	17,603	2,120	163,195	436,717	(2,377)	833,603
Profit for the period	-	-	-	-	-	-	24,039	24,039	-	24,039
Other comprehensive income for the period	-	-	-	-	-	4,944	-	4,944	-	4,944
Total comprehensive income for the period	-	-	-	-	-	4,944	24,039	28,983	-	28,983
Dividend paid (Note 7)	-	-	-	-	-	-	(37,934)	(37,934)	-	(37,934)
Issue of bonus shares (Note 7)	19,013	(19,013)	-	-	-	-	-	-	-	-
Realised gain on equity securities at FVOCI	-	-	-	-	-	(6,739)	6,739	-	-	-
At 30 June 2025	399,263	-	66,862	186,937	17,603	325	156,039	427,766	(2,377)	824,652
At 1 January 2026	**399,263**	**19,963**	**72,390**	**186,937**	**17,308**	**2,571**	**158,310**	**437,516**	**(2,377)**	**854,365**
Profit for the period	-	-	-	-	-	-	27,433	27,433	-	27,433
Other comprehensive loss for the period	-	-	-	-	-	(51)	-	(51)	-	(51)
Total comprehensive (loss) income for the period	-	-	-	-	-	(51)	27,433	27,382	-	27,382
Dividend paid (Note 7)	-	-	-	-	-	-	(35,847)	(35,847)	-	(35,847)
Issue of bonus shares (Note 7)	19,963	(19,963)	-	-	-	-	-	-	-	-
Realised gain on equity securities at FVOCI	-	-	-	-	-	(51)	51	-	-	-
At 30 June 2026	**419,226**	**-**	**72,390**	**186,937**	**17,308**	**2,469**	**149,947**	**429,051**	**(2,377)**	**845,900**

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

1. INCORPORATION AND REGISTRATION

Gulf Bank K.S.C.P. (the "Bank") is a public shareholding company incorporated in Kuwait on 29 October 1960 and is registered as a bank with the Central Bank of Kuwait. The Bank's shares are listed on Boursa Kuwait. Its registered office is at Mubarak Al Kabir Street, P.O. Box 3200, 13032 Safat, Kuwait City.

Gulf Capital Investment Company KSCC is a 100% owned subsidiary, with an authorized, issued and fully paid up capital of **KD 10,000 thousand**, engaged in securities activities in the State of Kuwait.

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

The interim condensed consolidated financial information of the Group for the six months period ended 30 June 2026 was authorised by the Board of Directors for issue on 14 July 2026.

During the previous year, the Bank has received an initial approval from the CBK for its conversion to an Islamic bank in accordance with Islamic Shari'ah. This conversion is subject to final approvals from the CBK, shareholders and other regulatory authorities. The Bank is in the process of carrying out all necessary arrangements for the conversion.
The principal activities of the Group are described in Note 9.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" except as noted below:

The annual consolidated financial statements for the year ended 31 December 2025 were 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 Accounting Standards") with an amendment for measuring the expected credit loss ("ECL") on credit facilities at the higher of ECL computed under IFRS 9 – 'Financial Instruments' in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025. Further, operating results for the six months period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

This interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the Group's functional currency, rounded off to the nearest thousand (KD 000's), except when otherwise indicated.

2.2 New standards, interpretations and amendments and accounting policies adopted by the Group

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2025.

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

3. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are based on the weighted average number of shares outstanding during the period, which is as follows:

	3 months ended 30 June 2026 KD 000's	*3 months ended 30 June 2025 KD 000's*	***6 months ended 30 June 2026 KD 000's***	*6 months ended 30 June 2025 KD 000's*
Profit for the period	**18,008**	14,686	**27,433**	24,039
	Shares	Shares	**Shares**	Shares
Weighted average number of shares outstanding during the period	**4,182,170,688**	4,182,170,688	**4,182,170,688**	4,182,170,688
Basic and diluted earnings per share (Fils)	**4**	4	**7**	6

Earnings per share calculations for the period ended 30 June 2026 and 30 June 2025 have been adjusted to the account of bonus shares issued on 15 April 2026 (Note 7).

4. LOANS AND ADVANCES

	(Unaudited) 30 June 2026 KD 000's	*(Audited) 31 December 2025 KD 000's*	*(Unaudited) 30 June 2025 KD 000's*
Gross loans and advances	**6,531,674**	6,087,494	5,920,842
Less: Provision for impairment	**(228,312)**	(228,787)	(244,285)
Loans and advances	**6,303,362**	5,858,707	5,676,557

Provision for non-cash facilities of **KD 23,060 thousand** (31 December 2025: KD 27,088 thousand and 30 June 2025: KD 30,871 thousand) is included under other liabilities.

4. LOANS AND ADVANCES (continued)

Comparison between total provisions and IFRS 9 ECL on credit facilities:

	(Unaudited) 30 June 2026 KD 000's	*(Audited) 31 December 2025 KD 000's*	*(Unaudited) 30 June 2025 KD 000's*
Provision on cash facilities	**228,312**	228,787	244,285
Provision on non-cash facilities	**23,060**	27,088	30,871
Total provisions on credit facilities	**251,372**	255,875	275,156
IFRS 9 ECL on credit facilities	**177,196**	165,960	179,516
Excess of total provisions over IFRS 9 ECL on credit facilities	**74,176**	89,915	95,640
Excess provisions as a percentage of total provisions	**30%**	35%	35%

An analysis of the carrying amounts of Credit Facilities, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance to the CBK guidelines is as follows:

At 30 June 2026:

	Stage 1 KD 000's	***Stage 2 KD 000's***	***Stage 3 KD 000's***	***Total KD 000's***
Loans and advances	**6,300,176**	**148,423**	**83,075**	**6,531,674**
Contingent liabilities and commitments (Note 11)	**3,014,311**	**46,767**	**39,134**	**3,100,212**
IFRS 9 ECL on credit facilities	**62,218**	**13,538**	**101,440**	**177,196**

At 31 December 2025:

	Stage 1 KD 000's	*Stage 2 KD 000's*	*Stage 3 KD 000's*	*Total KD 000's*
Loans and advances	5,844,838	166,872	75,784	6,087,494
Contingent liabilities and commitments (Note 11)	3,043,944	61,231	29,248	3,134,423
IFRS 9 ECL on credit facilities	57,940	23,178	84,842	165,960

At 30 June 2025:

	Stage 1 KD 000's	*Stage 2 KD 000's*	*Stage 3 KD 000's*	*Total KD 000's*
Loans and advances	5,647,645	186,778	86,419	5,920,842
Contingent liabilities and commitments (Note 11)	2,929,574	108,777	33,835	3,072,186
IFRS 9 ECL on credit facilities	49,653	26,545	103,318	179,516

4. LOANS AND ADVANCES (continued)

An analysis of the movement in the ECL in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance with the CBK guidelines:

At 30 June 2026:

	Stage 1 KD 000's	***Stage 2 KD 000's***	***Stage 3 KD 000's***	***Total KD 000's***
ECL balance as at 1 January 2026	**57,940**	**23,178**	**84,842**	**165,960**
Impact due to transfer between stages	**4,947**	**(6,589)**	**1,642**	**-**
ECL (release) charge for the period	**(669)**	**(3,051)**	**36,846**	**33,126**
ECL release on written off facilities	**-**	**-**	**(21,890)**	**(21,890)**
ECL balance as at 30 June 2026	**62,218**	**13,538**	**101,440**	**177,196**

At 30 June 2025:

	Stage 1 KD 000's	*Stage 2 KD 000's*	*Stage 3 KD 000's*	*Total KD 000's*
ECL balance as at 1 January 2025	46,051	32,559	98,127	176,737
Impact due to transfer between stages	12,897	(2,237)	(10,660)	-
ECL (release) charge for the period	(9,295)	(3,777)	35,272	22,200
ECL release on written off facilities	-	-	(19,421)	(19,421)
ECL balance as at 30 June 2025	49,653	26,545	103,318	179,516

5. OTHER ASSETS

	(Unaudited) 30 June 2026 KD 000's	*(Audited) 31 December 2025 KD 000's*	*(Unaudited) 30 June 2025 KD 000's*
Accrued interest receivable	**44,456**	36,959	32,082
Sundry debtors and others	**13,507**	15,337	19,562
Repossessed collaterals	**56,945**	56,945	56,945
	114,908	109,241	108,589

The fair value of the real estate properties was determined by approved valuers based on the market comparable approach (Level 3); and not materially different from their carrying values.

6. OTHER BORROWED FUNDS

	Effective interest rate	***(Unaudited) 30 June 2026 KD 000's***	*(Audited) 31 December 2025 KD 000's*	*(Unaudited) 30 June 2025 KD 000's*
Subordinated Tier 2 bonds- KWD 2031 (Fixed tranche)	6.00%	**25,000**	25,000	25,000
Subordinated Tier 2 bonds- KWD 2031 (Floating tranche capped at 5%)	CBK+2.25%	**25,000**	25,000	25,000
Medium term borrowings-Floating	4.35% to 4.95%	**804,875**	728,540	707,362
		854,875	778,540	757,362

7. EQUITY

Share Capital

	(Unaudited) 30 June 2026 KD 000's	*(Audited) 31 December 2025 KD 000's*	*(Unaudited) 30 June 2025 KD 000's*
Issued and fully paid 4,192,258,563(31 December 2025: 3,992,627,203 and 30 June 2025: 3,992,627,203) shares of 100 fils each	**419,226**	399,263	399,263

The authorised share capital of the Bank comprises **4,860,561,006 shares** (31 December 2025: 4,860,561,006 shares and 30 June 2025: 4,860,561,006 shares) of 100 fils each.

Dividend

The shareholders at the Annual General Meeting (AGM) held on 14 March 2026 approved a cash dividend of **9 fils** per share (2024: 10 fils per share) amounting to **KD 35,847 thousand** (2024: KD 37,934 thousand) and bonus shares of 5% (2024: 5%) amounting to **KD 19,963 thousand** (2024: KD 19,013 thousand) for the year ended 31 December 2025. The cash dividend amounting to **KD 35,847 thousand** was recorded and paid subsequently. The bonus shares were distributed on 15 April 2026.

8. TREASURY SHARES

	(Unaudited) 30 June 2026	*(Audited) 31 December 2025*	*(Unaudited) 30 June 2025*
Number of treasury shares	**10,087,875**	9,607,500	9,607,500
Percentage of treasury shares	**0.24%**	0.24%	0.24%
Cost of treasury shares (KD 000's)	**2,377**	2,377	2,377
Weighted average market value of treasury shares (KD 000's)	**3,430**	3,286	3,209

9. SEGMENTAL ANALYSIS

By Business Unit

Commercial Banking	Acceptance of deposits from individuals, corporate and institutional customers and providing consumer loans, overdrafts, credit card facilities and funds transfer facilities to individuals; and other credit facilities to corporate, institutional customers and banks.
Treasury & Investments	Providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of Kuwait Government treasury bonds, government securities, placements and acceptances with other banks. The proprietary investments of the Bank are managed by the Investments unit.

Segmental information for the six months period ended 30 June is as follows:

	Commercial Banking		Treasury & Investments		Total	
	2026 KD 000's	2025 KD 000's	**2026 KD 000's**	2025 KD 000's	**2026 KD 000's**	2025 KD 000's
Operating income (excluding unallocated income provided below)	**65,093**	62,963	**9,152**	5,931	**74,245**	68,894
Segment result	**31,172**	24,824	**6,739**	3,996	**37,911**	28,820
Unallocated income					**20,029**	22,859
Unallocated expense					**(30,507)**	(27,640)
Profit for the period					**27,433**	24,039
Segment assets	**6,382,267**	5,789,298	**1,626,983**	1,430,086	**8,009,250**	7,219,384
Unallocated assets					**85,847**	80,928
Total Assets					**8,095,097**	7,300,312
Segment liabilities	**3,094,154**	3,233,844	**3,933,133**	3,002,266	**7,027,287**	6,236,110
Unallocated liabilities and equity					**1,067,810**	1,064,202
Total Liabilities and Equity					**8,095,097**	7,300,312

10. RELATED PARTY TRANSACTIONS

Certain related parties (major shareholders, board members and executive management of the Bank, their families and companies of which they are principal owners) were customers of the Bank in the ordinary course of business. The terms of these transactions were approved as per the Bank's policies.

The transaction and balances included in the interim condensed consolidated statement of income and interim condensed consolidated financial information are as follows:

	Number of Board Members or executive management			*Number of other related parties*					
	(Unaudited)	*(Audited)*	*(Unaudited)*	***(Unaudited)***	*(Audited)*	*(Unaudited)*	***(Unaudited)***	*(Audited)*	*(Unaudited)*
	30 June 2026	*31 December 2025*	*30 June 2025*	***30 June 2026***	*31 December 2025*	*30 June 2025*	***30 June 2026***	*31 December 2025*	*30 June 2025*
							KD 000's	*KD 000's*	*KD 000's*
Board members, major shareholders and other related parties:									
Balances									
Deposits with banks within 30 days	**-**	-	-	**1**	1	1	**1,754**	31,670	64,999
Loans and advances	**-**	-	-	**15**	15	16	**164,182**	165,980	173,673
Credit cards	**1**	1	-	**3**	3	2	**11**	6	1
Deposits	**5**	5	4	**40**	39	37	**1,192,305**	783,445	715,475
Contingent liabilities/derivatives									
Guarantees/letters of credit	**1**	-	-	**13**	14	15	**29,234**	25,523	28,974
Forward foreign exchange contracts	**-**	-	-	**1**	1	-	**150**	2,476	-
Transactions									
Interest income	**-**	1	1	**16**	39	39	**3,916**	10,988	5,997
Interest expense	**1**	2	2	**17**	27	24	**21,177**	34,172	17,160
Net fees and commissions	**4**	5	5	**36**	95	91	**145**	317	198
Other expenses	**-**	-	-	**3**	17	16	**320**	2,327	1,371
Purchase of equipment	**-**	-	-	**-**	2	2	**-**	34	34
Executive management:									
Balances									
Loans and advances	**6**	6	8	**-**	-	-	**269**	620	685
Credit cards	**11**	12	11	**-**	-	-	**27**	42	30
Deposits	**18**	17	16	**-**	-	-	**658**	684	3,949
Transactions									
Interest income	**8**	10	9	**-**	-	-	**12**	35	18
Interest expense	**20**	20	17	**-**	-	-	**12**	98	65

10. RELATED PARTY TRANSACTIONS (continued)

The loans issued to board members and executive management are repayable within CBK regulatory limits and have interest rates of **4.25% to 6.00%** (31 December 2025: 4.25% to 6.25% and 30 June 2025: 5.05% to 6.25%) per annum. Some of the loans advanced to board members and their related parties are collateralised. The fair value of these collaterals as of 30 June 2026 was **KD 30,830 thousand** (31 December 2025: KD 5,200 thousand and 30 June 2025: KD 46,301 thousand).

Compensation for key management, including executive management, comprises the following:

	6 months ended 30 June 2026 KD 000's	*6 months ended 30 June 2025 KD 000's*
Salaries and other benefits	**1,851**	1,869
End of service/termination benefits	**343**	505
Directors' remuneration and meeting attendance fee	**171**	159
	2,365	2,533

Directors' remuneration of **KD 80 thousand** (31 December 2025: KD 430 thousand and 30 June 2025: KD 80 thousand) and Directors' meeting attendance fee included in other expenses of **KD 91 thousand** (31 December 2025: KD 189 thousand and 30 June 2025: KD 79 thousand) are in accordance with local regulations and are subject to approval of the shareholders at the Annual General Meeting.

The AGM of the shareholders of the Bank held on 14 March 2026 approved directors' remuneration and meeting attendance fee for the year ended 31 December 2025 amounting to KD 619 thousand (2024: KD 240 thousand).

11. CONTINGENT LIABILITIES AND COMMITMENTS

	(Unaudited) 30 June 2026 KD 000's	*(Audited) 31 December 2025 KD 000's*	*(Unaudited) 30 June 2025 KD 000's*
Guarantees	**1,301,178**	1,333,578	1,336,252
Letters of credit and acceptances	**512,147**	550,209	432,006
Undrawn irrevocable commitments	**38,779**	182,246	55,522
Undrawn revocable commitments	**1,248,108**	1,068,390	1,248,406
	3,100,212	3,134,423	3,072,186

The contractual terms entitle the Group to withdraw undrawn revocable facilities at any time.

12. DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. 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.

The table below shows the positive and negative fair value 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 notional amounts indicate the volume of transactions outstanding at the period end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

12. DERIVATIVES (continued)

At 30 June 2026:

Derivatives instruments held as:	***Positive fair value KD 000's***	***Negative fair value KD 000's***	***Notional amount total KD 000's***	***Notional amounts by term to maturity*** ***Within 3 months KD 000's***	***3-12 months KD 000's***
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	**157**	**(77)**	**65,148**	**65,148**	**-**

At 31 December 2025:

Derivatives instruments held as:	*Positive fair value KD 000's*	*Negative fair value KD 000's*	*Notional amount total KD 000's*	*Notional amounts by term to maturity* *Within 3 months KD 000's*	*3-12 months KD 000's*
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	130	(22)	109,457	109,457	-

At 30 June 2025:

Derivatives instruments held as:	*Positive fair value KD 000's*	*Negative fair value KD 000's*	*Notional amount total KD 000's*	*Notional amounts by term to maturity* *Within 3 months KD 000's*	*3-12 months KD 000's*
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	981	(21)	113,606	113,606	-

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amounts approximate to their fair value and this applies to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

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

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

At 30 June 2026:

	Level 1 KD '000	***Level 2 KD '000***	***Level 3 KD '000***	***Total KD '000***
Financial assets at FVOCI:				
Equity securities	**-**	**49**	**21,559**	**21,608**
Debt securities	**9,904**	**-**	**-**	**9,904**
	9,904	**49**	**21,559**	**31,512**
Financial assets at FVTPL:				
Managed funds	**-**	**10,748**	**-**	**10,748**

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The amortized cost and fair value of investment securities at amortised cost as at 30 June 2026 were **KD 209,659 thousand** (31 December 2025: KD 278,696 thousand; 30 June 2025: KD 183,028 thousand) and **KD 209,115 thousand** (Level 1) (31 December 2025: KD 279,306 thousand; 30 June 2025: KD 183,159 thousand) respectively.

At 31 December 2025:

	Level 1 KD '000	*Level 2 KD '000*	*Level 3 KD '000*	*Total KD '000*
Financial assets at FVOCI:				
Equity securities	-	86	22,556	22,642
Debt securities	5,290	-	-	5,290
	5,290	86	22,556	27,932
Financial assets at FVTPL:				
Managed fund	-	2,133	-	2,133

At 30 June 2025:

	Level 1 KD '000	*Level 2 KD '000*	*Level 3 KD '000*	*Total KD '000*
Financial assets at FVOCI:				
Equity securities	-	141	21,278	21,419
Financial assets at FVTPL:				
Managed funds	-	6,207	-	6,207

The following table analyses the movement in level 3 of financial assets:

Financial assets at FVOCI: Equity securities	**At 1 January KD 000's**	**Change in fair value KD 000's**	**Additions/ disposals KD 000's**	**Exchange rate movements KD 000's**	**At 30 June KD 000's**
2026	**22,556**	**-**	**(1,006)**	**9**	**21,559**
2025	21,275	-	-	3	21,278

The fair value of the above investment securities classified under Level 1, Level 2 and Level 3 is categorised as per the policy on fair value measurement in note to the annual consolidated financial statements. During the period, there were no transfers between any of the fair value hierarchy levels.

The positive and negative fair values of forward foreign exchange contracts are valued using significant inputs of observable market data (Level 2). Refer Note 12.

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

14. GEOPOLITICAL EVENTS IMPACT

Geopolitical escalation risk

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

Support measures on Geopolitical events

On 26 March 2026, CBK implemented various measures targeted at reinforcing the banking sector's ability to play a vital role in the economy, with the aim to provide the necessary liquidity for businesses to continue their operations without interruption and limit the transformation of short term liquidity challenges into long term risks that could affect financial solvency. Some of the important measures are given below:

- Decrease the Liquidity Coverage Ratio from 100% to 80%
- Decrease the Net Stable Financing Ratio from 100% to 80%
- Decrease the regulatory Liquidity Ratio from 18% to 15%
- Increase the maximum limits of the negative cumulative gap for liquidity across various time bands
- Increase the maximum lending limit from 90% to 100%
- Releasing 1% of Capital Conservation Buffer in the form of CET1, thereby reducing the minimum comprehensive capital requirement from 13% to 12%

Expected Credit Loss estimates

The Group has considered the potential impact of the uncertainties caused by the ongoing geopolitical events together with the relief measures of CBK in its estimation of ECL requirements for the period ended 30 June 2026. The Group takes into account their historic experience of losses updated to reflect current conditions as well as forecasts of future economic conditions to assess if there is significant increase in credit risk or objective evidence of impairment in the light of ongoing geopolitical events.

Notwithstanding the above, ECL requirement for credit facilities estimated as at 30 June 2026 continues to be lower than the provisions required as per CBK instructions. In accordance with Group's accounting policy, the higher amount, being the provision required as per CBK instructions, is therefore recognized as the provision requirement for credit losses on credit facilities.

Business continuity

In response to the ongoing geopolitical events, the Group has implemented protocols and processes to help protect employees, customers and community partners. These measures include: leveraging our online platforms and business continuity plans and enhancing our capabilities to support employees to work from home, and pre-planned contingency strategies for critical site-based operations. These capabilities have allowed us to continue to service our customers. The Group will continue to manage the increased operational risk related to the execution of our business continuity plans in accordance with Risk Management policies.