



BURGAN BANK GROUP
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

31 MARCH 2026 (UNAUDITED)

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

We have reviewed the accompanying interim condensed consolidated statement of financial position of Burgan Bank K.P.S.C. (“the Bank”) and its subsidiaries (collectively, “the Group”) as at 31 March 2026, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended. Management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation 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 not been made aware of any violations of the Companies Law No. 1 of 2016, as amended, its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the three-month period ended 31 March 2026 that might have had a material effect on the business of the Bank or on its financial position.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BURGAN BANK K.P.S.C. (continued)

Report on Other Legal and Regulatory Requirements (continued)

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 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 three-month period ended 31 March 2026 that might have had a material effect on the business of the Bank or on its consolidated financial position.

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Kuwait: 7 May 2026

Burgan Bank Group
Interim Condensed Consolidated Statement of Financial Position
As at 31 March 2026 (Unaudited)

			(Audited)	
		31 March	31 December	31 March
		2026	2025	2025
	Notes	KD 000's	KD 000's	KD 000's
ASSETS				
Cash and cash equivalents	3	1,036,482	811,938	1,120,321
Treasury bills and bonds with the CBK and others		558,733	510,818	353,369
Due from banks and other financial institutions		1,108,206	1,251,274	860,416
Loans and advances to customers		4,935,382	4,830,710	4,655,457
Investment securities		1,025,856	845,051	896,580
Investment properties		41,216	40,864	41,023
Other assets		560,330	555,932	455,422
Property and equipment		233,509	220,560	207,267
Goodwill and other intangible assets		31,376	31,668	33,860
TOTAL ASSETS		9,531,090	9,098,815	8,623,715
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		587,326	834,916	879,176
Due to other financial institutions		908,877	846,793	436,935
Deposits from customers		6,097,769	5,456,555	5,417,147
Certificates of deposit issued		71,254	61,125	23,786
Other borrowed funds	4	470,490	557,183	490,998
Other liabilities	5	367,883	290,942	323,547
TOTAL LIABILITIES		8,503,599	8,047,514	7,571,589
EQUITY				
Share capital	6	380,605	380,605	362,481
Share premium		282,802	282,802	282,802
Treasury shares	6	(18,095)	(17,253)	(1,742)
Statutory reserve		127,562	127,562	122,822
Voluntary reserve		127,940	127,940	123,200
Other reserves	6	(225,468)	(215,104)	(200,638)
Retained earnings		169,910	184,598	176,638
Total equity attributable to the equity holders of the Bank		845,256	871,150	865,563
Perpetual Tier 1 capital securities	6	150,000	150,000	150,000
Non-controlling interests		32,235	30,151	36,563
TOTAL EQUITY		1,027,491	1,051,301	1,052,126
TOTAL LIABILITIES AND EQUITY		9,531,090	9,098,815	8,623,715


Khalid Al Zouman
 Group Chief Financial Officer


Antoine Jean Daher
 Group Chief Executive Officer


Abdullah Nasser Sabah Al-Ahmad Al-Sabah
 Chairman of the Board

The accompanying notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Income Period ended 31 March 2026 (Unaudited)

	Notes	Three months ended 31 March	
		2026 KD 000's	2025 KD 000's
Interest income		159,554	159,552
Interest expense		(119,978)	(115,325)
Net interest income		39,576	44,227
Fee and commission income		18,849	10,542
Fee and commission expense		(2,651)	(2,418)
Net fee and commission income		16,198	8,124
Net (loss) gain from foreign currencies		(1,498)	97
Net investment income		1,051	2,042
Dividend income		604	152
Other income		7,858	3,241
Net operating income		63,789	57,883
Staff expenses		(25,584)	(20,057)
Other expenses		(20,689)	(13,383)
Operating profit		17,516	24,443
Provision for credit losses		(13,865)	(13,420)
Recoveries from written-off debts		9,702	7,188
Provision for other financial assets		(419)	(552)
Net monetary loss	2.3	(5,853)	(6,364)
Profit for the period before taxation		7,081	11,295
Taxation	7	(3,878)	(2,350)
Profit for the period		3,203	8,945
Attributable to:			
Equity holders of the Bank		5,109	10,682
Non-controlling interests		(1,906)	(1,737)
		3,203	8,945
Basic and diluted earnings per share			
- attributable to the equity holders of the Bank (fils)	8	0.6	2.0

The accompanying notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Comprehensive Income For the period ended 31 March 2026 (Unaudited)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2026</i>	<i>2025</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period	3,203	8,945
<u>Other comprehensive loss</u>		
<i>Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>		
Net change in fair value of equity instruments at fair value through other comprehensive income	(161)	3,359
	(161)	3,359
<i>Items that are or maybe be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>		
Debt instruments at fair value through other comprehensive income:		
- Net change in fair value	(4,844)	1,547
- Net transfer to interim condensed consolidated statement of income	(301)	(857)
Foreign currency translation adjustment	(5,708)	(7,238)
Changes in fair value of cash flow hedges	(1,168)	(2,019)
Other comprehensive loss for the period	(12,182)	(5,208)
Total comprehensive (loss) income for the period	(8,979)	3,737
Attributable to:		
Equity holders of the Bank	(5,250)	10,820
Non-controlling interests	(3,729)	(7,083)
	(8,979)	3,737

The accompanying notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Changes in Equity

For the period ended 31 March 2026 (Unaudited)

Attributable to the equity holders of the Bank

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Other reserves*</i>	<i>Retained earnings</i>	<i>Subtotal</i>	<i>Perpetual Tier 1 capital securities</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Balance as at 1 January 2026	380,605	282,802	(17,253)	127,562	127,940	(215,104)	184,598	871,150	150,000	30,151	1,051,301
Profit (loss) for the period	-	-	-	-	-	-	5,109	5,109	-	(1,906)	3,203
Other comprehensive loss for the period	-	-	-	-	-	(10,359)	-	(10,359)	-	(1,823)	(12,182)
Total comprehensive (loss) income for the period	-	-	-	-	-	(10,359)	5,109	(5,250)	-	(3,729)	(8,979)
Cash dividend (note 6)	-	-	-	-	-	-	(22,399)	(22,399)	-	-	(22,399)
Purchase of treasury shares	-	-	(842)	-	-	-	-	(842)	-	-	(842)
Net transfer to retained earnings on de recognition of equity investments at FVOCI	-	-	-	-	-	(5)	5	-	-	-	-
Interest payment on Tier 1 capital securities	-	-	-	-	-	-	(2,673)	(2,673)	-	-	(2,673)
Impact of application of IAS 29 (note 2.3)	-	-	-	-	-	-	5,270	5,270	-	5,813	11,083
Balance as at 31 March 2026	380,605	282,802	(18,095)	127,562	127,940	(225,468)	169,910	845,256	150,000	32,235	1,027,491

* Refer to note 6 for further details.

The accompanying notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the period ended 31 March 2026 (Unaudited)

Attributable to the equity holders of the Bank

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Other reserves*</i>	<i>Retained earnings</i>	<i>Subtotal</i>	<i>Perpetual Tier 1 capital securities</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Balance as at 1 January 2025	362,481	282,802	(1,742)	122,822	123,200	(200,633)	184,605	873,535	150,000	(3,677)	1,019,858
Profit (loss) for the period	-	-	-	-	-	-	10,682	10,682	-	(1,737)	8,945
Other comprehensive income (loss) for the period	-	-	-	-	-	138	-	138	-	(5,346)	(5,208)
Total comprehensive income (loss) for the period	-	-	-	-	-	138	10,682	10,820	-	(7,083)	3,737
Cash dividend (note 6)	-	-	-	-	-	-	(21,715)	(21,715)	-	-	(21,715)
Net transfer to retained earnings on de-recognition of equity investments at FVOCI	-	-	-	-	-	(143)	143	-	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,535)	(2,535)
Fair valuation gain on previously held equity interests	-	-	-	-	-	-	912	912	-	-	912
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	44,641	44,641
Interest payment on Tier 1 capital securities	-	-	-	-	-	-	(2,719)	(2,719)	-	-	(2,719)
Impact of application of IAS 29 (note 2.3)	-	-	-	-	-	-	4,730	4,730	-	5,217	9,947
Balance as at 31 March 2025	362,481	282,802	(1,742)	122,822	123,200	(200,638)	176,638	865,563	150,000	36,563	1,052,126

* Refer to note 6 for further details.

The accompanying notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Cash Flows For the period ended 31 March 2026 (Unaudited)

	Notes	Three months ended 31 March	
		2026 KD 000's	2025 KD 000's
Operating activities			
Profit for the period before taxation		7,081	11,295
<u>Adjustments:</u>			
Net investment income		(1,051)	(2,042)
Provision for credit losses		13,865	13,420
Provision for other financial assets		419	552
Dividend income		(604)	(152)
Depreciation and amortisation		4,683	4,188
Net monetary loss	2.3	5,853	6,364
Operating profit before changes in operating assets and liabilities		30,246	33,625
Changes in operating assets and liabilities:			
Treasury bills and bonds with CBK and others		(47,915)	(36,609)
Due from banks and other financial institutions		143,020	(14,997)
Loans and advances to customers		(118,489)	(195,437)
Other assets		(3,843)	22,725
Due to banks		(247,590)	8,475
Due to other financial institutions		62,084	(275,404)
Deposits from customers		640,046	501,119
Certificates of deposit issued		10,129	23,786
Other liabilities		46,352	(16,354)
Taxation paid		(1,732)	(1,790)
Net cash flows from operating activities		512,308	49,139
Investing activities			
Purchase of investment securities		(332,852)	(148,372)
Proceeds from sale of investment securities		147,373	173,640
Purchase of property and equipment, (net of disposals)		(12,681)	(5,932)
Dividends income received		604	152
Acquisition of subsidiary, net of cash acquired		-	(30,052)
Net cash flows used in investing activities		(197,556)	(10,564)
Financing activities			
Other borrowed funds		(86,693)	31,394
Purchase of treasury shares		(842)	-
Interest payment on Tier1 capital securities		(2,673)	(2,719)
Net cash flows (used in) from financing activities		(90,208)	28,675
Net increase in cash and cash equivalents		224,544	67,250
Cash and cash equivalents at 1 January		811,938	1,053,071
Cash and cash equivalents at 31 March	3	1,036,482	1,120,321
Additional cash flow information:			
Interest received		155,286	170,051
Interest paid		104,641	109,469

The accompanying notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information **At 31 March 2026 (Unaudited)**

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Burgan Bank K.P.S.C. (the “Bank”) is a public shareholding company incorporated in the State of Kuwait by Amiri Decree dated 27 December 1975 listed on Bursa Kuwait and is registered as a bank with the Central Bank of Kuwait (“CBK”). The Bank’s registered address is P.O. Box 5389, Safat 12170, State of Kuwait.

The interim condensed consolidated financial information of the Bank and its subsidiaries (collectively “Group”) for the period ended 31 March 2026 was authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2026.

The principal activities of the Group are explained in note 9.

The Bank is a subsidiary of Kuwait Projects Company Holding K.S.C.P. (the “Parent Company”), whose shares are listed on Bursa Kuwait.

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

The 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 interim condensed consolidated financial information has been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations, require banks and other financial institutions regulated by the CBK to adopt the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), except for expected credit loss (“ECL”) to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 in accordance with the CBK guidelines or the provisions as required by the CBK instructions along with its consequent impact on related disclosures.

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2025.

Further, results for the three months period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

2.2. Accounting policies adopted in the preparation of the interim condensed consolidated financial information

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the previous financial year, except for:

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

- **Classification and Measurement of Financial Instruments: Amendment to IFRS 9 and IFRS 7**

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include (i) Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities’, (ii) ‘Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed’ and (iii) ‘Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments’. The amendments had no impact on the Group’s interim condensed consolidated financial information.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

At 31 March 2026 (Unaudited)

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

2.3 Hyperinflation

The Bank, through its subsidiary Burgan Bank A.S. (“BBT”), has banking operations in Turkey. The Turkish economy has been assessed as a hyperinflationary economy based on the cumulative inflation rates over the previous three years, effective for reporting period on or after 30 April 2022. Accordingly, this interim condensed consolidated financial information includes the effects of hyperinflation in accordance with IAS 29 “*Financial Reporting in Hyperinflationary Economies*” stemming from its Turkish operations. IAS 29 has been applied from 1 January 2022 i.e. the beginning of the reporting period in which hyperinflation has been identified.

The Group has determined the Consumer Price Index (“CPI”) as the appropriate general price index to be used in the inflation accounting and it was measured at 3,866.57 as at 31 March 2026 (31 December 2025: 3,513.87 and 31 March 2025: 2,954.69). The inflation accounting was applied to the books of BBT from the date of acquisition i.e. December 2012.

3. CASH AND CASH EQUIVALENTS

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash in hand and in current account with banks and OFIs	419,230	251,989	310,568
Balances with the CBK	428,630	273,060	521,752
Due from banks and OFIs maturing within thirty days	188,638	286,904	288,039
	1,036,498	811,953	1,120,359
Expected credit losses	(16)	(15)	(38)
Cash and cash equivalents	1,036,482	811,938	1,120,321

4. OTHER BORROWED FUNDS

		<i>(Audited)</i>		
	<i>Interest rates</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
		<i>2026</i>	<i>2025</i>	<i>2025</i>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Subordinated bonds (2031) *	2.750%	153,364	152,552	153,934
Medium term borrowing -unsecured (2025-2029)	SOFR + (0.95% - 1.10%)	153,402	210,703	290,878
Medium term borrowing -unsecured (2025-2028)	CBK + (1.25% - 1.50%)	-	39,798	46,186
Medium term borrowing -unsecured (2026)	TLREF + 0.8%- 1.25%	10,914	2,129	-
Medium term borrowing -unsecured (2030)	4.875%	152,810	152,001	-
		470,490	557,183	490,998

* In 2020, the Bank issued US\$500 million Subordinated Tier 2 Notes due in 2031 (the “Notes”) at the principal amount. The Notes meet the requirements to be treated as Tier 2 Capital under Basel III Regulations as adopted by the CBK. The Notes are callable in whole, but not in part, at the option of the issuer after 6 years from the date of their issuance, or on any interest payment date thereafter, subject to certain conditions being satisfied and the prior approval of the CBK.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

At 31 March 2026 (Unaudited)

5. OTHER LIABILITIES

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2026</i>	<i>2025</i>	<i>2025</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Accrued interest payable	118,934	103,597	81,431
Staff benefits	28,381	31,774	27,953
Provision for non-cash credit facilities (Note 13)	22,533	21,965	24,766
Clearing cheques and balances	44,457	50,963	43,369
Income received in advance	14,493	14,816	17,646
Other payable and accruals	81,444	19,855	74,610
Deferred tax liabilities	17,005	15,940	14,726
Taxation payable*	32,889	30,685	29,327
Other balances	7,747	1,347	9,719
	<u>367,883</u>	<u>290,942</u>	<u>323,547</u>

* Taxation payable includes an amount of KD 52 thousand (31 December 2025: KD 427 thousand and 31 March 2025: 112 thousand) relating to KFAS payable.

6. EQUITY

a) Share capital

The issued and fully paid-up share capital of the Bank comprises of 3,806,053,945 (31 December 2025: 3,806,053,945 and 31 March 2025: 3,624,813,281) shares of 100 fils each.

b) Treasury shares

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2026</i>	<i>2025</i>	<i>2025</i>
Number of shares held	76,958,306	72,835,092	5,588,691
Percentage of shares held	2.02%	1.91%	0.15%
Cost <i>KD 000's</i>	18,095	17,253	1,742
Market value <i>KD 000's</i>	16,161	15,878	1,325
Weighted average market value per share (fils)	208	235	213

The balance in the treasury share reserve account is not available for distribution. An amount equal to the cost of treasury shares is not available for distribution from voluntary reserve throughout the holding period of these treasury shares.

c) Dividends and bonus shares

On 28 March 2026, the annual general assembly approved the distribution of cash dividend of 6 fils per share (2024: 6 fils per share) and bonus shares of 5% (2024: 5%) for the year ended 31 December 2025.

Issuance of bonus shares is subject to certain pending regulatory approval as on the date of this interim condensed consolidated financial information.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

At 31 March 2026 (Unaudited)

6. EQUITY (continued)

d) Other reserves

	<i>Three months ended 31 March 2026</i>					
	<i>Treasury shares reserve KD 000's</i>	<i>Fair value reserve KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Hedge of net investment in foreign operations KD 000's</i>	<i>Cash flow hedge reserve KD 000's</i>	<i>Total KD 000's</i>
Balance at 1 January 2026	43,135	(111,686)	(169,842)	16,205	7,084	(215,104)
Other comprehensive loss for the period	-	(6,246)	(3,516)	-	(597)	(10,359)
Total other comprehensive loss	-	(6,246)	(3,516)	-	(597)	(10,359)
Net transfer to retained earnings on de-recognition of equity investments at FVOCI	-	(5)	-	-	-	(5)
Balance at 31 March 2026	43,135	(117,937)	(173,358)	16,205	6,487	(225,468)

	<i>Three months ended 31 March 2025</i>					
	<i>Treasury shares reserve KD 000's</i>	<i>Fair value reserve KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Hedge of net investment in foreign operations KD 000's</i>	<i>Cash flow hedge reserve KD 000's</i>	<i>Total KD 000's</i>
Balance at 1 January 2025	43,135	(107,928)	(159,831)	16,205	7,786	(200,633)
Other comprehensive income (loss) for the period	-	4,098	(3,000)	-	(960)	138
Total other comprehensive income (loss)	-	4,098	(3,000)	-	(960)	138
Net transfer to retained earnings on de-recognition of equity investments at FVOCI	-	(143)	-	-	-	(143)
Balance at 31 March 2025	43,135	(103,973)	(162,831)	16,205	6,826	(200,638)

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Notes to the Interim Condensed Consolidated Financial Information At 31 March 2026 (Unaudited)

6. EQUITY (continued)

d) Perpetual Tier 1 Capital Securities

On 9 May 2024, the Bank issued Perpetual Tier 1 Capital Securities (the “Tier 1 securities”), amounting to KD 150,000 thousand in two tranches composed of:

- i) Fixed rate securities of KD 75,000 thousand with a coupon of 7.25% per annum for the first five years after the date of the issuance, and for the subsequent period, sum of the Reset rate plus 3.00% per annum, payable quarterly in arrears with interest payments starting three months from the issuance date of the securities, and
- ii) Floating rate securities of KD 75,000 thousand with a floating rate coupon determined quarterly on the interest determination date of 3.25% over CBK discount rate per annum (provided, however, that the floating rate of interest shall never exceed the prevailing interest rate attributable to the fixed rate securities at the time plus 1% per annum) payable quarterly in arrears, with interest payment starting three months from the issuance date of securities.

The Tier 1 securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with *IAS 32: Financial Instruments – Classification*. The Tier 1 securities do not have a maturity date. They are redeemable by the Bank at its discretion after 9 May 2029 (the “First Call Date”) or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

The Bank at its sole discretion may elect not to distribute interest and this is not considered an event of default. If the Bank does not pay interest on the Tier 1 securities, on a scheduled interest payment date (for whatever reason), then the Bank must not make any other distribution or payment on or with respect to its other shares that rank equally with or junior to the Tier 1 securities (other than pro-rata distributions or payments on shares that rank equally with Tier 1 securities) unless and until it has paid two consecutive interest payments in full on the Tier 1 securities.

7. TAXATION

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2026</i>	<i>2025</i>
	<i>KD 000's</i>	<i>KD 000's</i>
National Labour Support Tax	-	318
Contribution to the Kuwait Foundation for the Advancement of Sciences	52	112
Zakat	-	161
Taxation arising from overseas subsidiaries	3,826	1,759
	3,878	2,350

Base erosion and profit shifting “BEPS” Pillar Two

The Parent Company, which is located in Kuwait, constitute as the Ultimate Parent Company for the purpose of the DMTT law for the Group.

The Parent Company has performed an estimated Top-Up Tax computation, aggregating all the entities located in Kuwait. Since Kuwait jurisdiction is in a Globe loss position for the period ended 31 March 2026, no top-up tax liability is recorded in these interim condensed consolidated financial information.

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At 31 March 2026 (Unaudited)

8. EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to equity holders of the Bank after interest payment of Tier 1 capital securities by the weighted average number of shares outstanding during the period less treasury shares.

The computation of basic and diluted earnings per share is as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2026</i>	<i>2025</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period attributable to equity holders of the Bank	5,109	10,682
Less: Interest payments and other movements on Tier 1 capital securities	(2,673)	(2,719)
Profit for the period attributable to equity holders of the Bank after interest payment on Tier1 capital securities and other movements	<u>2,436</u>	<u>7,963</u>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares, net of treasury shares	<u>3,918,006,913</u>	<u>3,986,640,601</u>
Basic and diluted earnings per share (fils)	<u>0.6</u>	<u>2.0</u>

Basic and diluted earnings per share for the comparative period presented have been restated to reflect the effect of bonus shares (Note 6).

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

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9. SEGMENT INFORMATION

For management purposes, the Group organises its operations by geographic territory in the first instance, primarily Domestic and International. All operations outside Kuwait are classified as International. Within its domestic operations, the Group is organised into the following business segments:

- ▶ **Corporate and Consumer banking:** provides comprehensive product and services to corporate and individual customers, including lending, deposits, trade services, foreign exchange, advisory services, credit and debit cards, and others.
- ▶ **Treasury, FI and Investment banking:** includes treasury activities, investment services and management, and banking with Financial Institutions (FI). It also provides products and services to banks/FIs including money markets, lending, deposits, foreign exchange and others.
- ▶ **Central office:** includes liquidity and funding management, any residual in respect of transfer pricing and other unallocated activities.

Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment result after provisions which in certain respects are measured differently from operating profit or loss in the interim condensed consolidated financial information.

The table below presents income and results and certain assets and liabilities information regarding the Group's operating segments.

	<i>Kuwait Operations</i>			<i>International operations</i>	<i>Unallocated / Intragroup transactions</i>	<i>Group</i>	
	<i>Corporate and Consumer banking</i>	<i>Treasury, FI and Investment banking</i>	<i>Central office</i>				
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>Total KD 000's</i>	
<i>31 March 2026</i>							
Net interest income	16,845	2,161	(5,171)	13,835	25,741	-	39,576
Segment operating results	23,158	3,381	(5,635)	20,904	42,885	-	63,789
Profit (loss) for the period	4,322	1,035	(1,698)	3,659	(231)	(225)	3,203

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9. SEGMENT INFORMATION (continued)

	<i>Kuwait Operations</i>				<i>International operations</i>	<i>Unallocated / Intragroup transactions</i>	<i>Group</i>
	<i>Corporate and Consumer banking</i>	<i>Treasury, FI and Investment banking</i>	<i>Central office</i>	<i>Total</i>			
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>Total</i>
<i>31 March 2025</i>							
Net interest income	20,257	1,754	(2,546)	19,465	24,762	-	44,227
Segment operating results	25,072	2,838	(682)	27,228	30,425	230	57,883
Profit (loss) for the period	12,154	207	(3,748)	8,613	(411)	743	8,945
	<i>Kuwait Operations</i>				<i>International operations</i>	<i>Unallocated / Intragroup transactions</i>	<i>Group</i>
	<i>Corporate and Consumer banking</i>	<i>Treasury, FI and Investment banking</i>	<i>Central office</i>	<i>Total</i>			
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>Total</i>
<i>31 March 2026</i>							
Total assets	4,285,306	1,574,009	1,068,882	6,928,197	2,914,740	(311,847)	9,531,090
Total liabilities	3,122,699	323,283	2,873,456	6,319,438	2,481,784	(297,623)	8,503,599
<i>31 December 2025 (Audited)</i>							
Total assets	4,147,421	1,535,211	962,183	6,644,815	2,736,943	(282,943)	9,098,815
Total liabilities	2,777,079	674,650	2,556,238	6,007,967	2,308,398	(268,851)	8,047,514
<i>31 March 2025</i>							
Total assets	4,039,988	1,473,965	998,366	6,512,319	2,346,861	(235,465)	8,623,715
Total liabilities	2,800,952	978,502	2,071,737	5,851,191	1,942,113	(221,715)	7,571,589

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Notes to the Interim Condensed Consolidated Financial Information At 31 March 2026 (Unaudited)

10. TRANSACTIONS WITH RELATED PARTIES

The Group has entered transactions with certain related parties (Parent Company, associates, directors and key management personnel of the Group and their close family members and entities controlled, jointly controlled or significantly influenced by such parties) who were customers of the Group during the period. The “Others” column in the table below mainly represents transactions with other related parties that are either controlled or significantly influenced by the Parent Company. The terms of these transactions are substantially on the same commercial basis as those with unrelated parties, including collateral. Lending to Board Members and their related parties is secured by tangible collateral in accordance with regulations of the Central Bank of Kuwait. The outstanding balances and transactions are as follows:

	<i>Parent Company</i>	<i>Associates</i>	<i>Others</i>	<i>31 March 2026</i>	<i>(Audited) 31 December 2025</i>	<i>31 March 2025</i>
	<i>KD 000's</i>	<i>KD000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>Assets and liabilities</i>						
Due from banks and OFIs*	-	-	148,402	148,402	150,489	166,834
Loans and advances to customers*	-	-	815,719	815,719	813,427	863,841
Investment securities	7,895	-	90,422	98,317	98,655	101,339
Investment securities managed by a related party	-	-	68,110	68,110	68,033	72,729
Investment properties	17,974	-	-	17,974	17,799	-
Other assets	426	-	512	938	1,184	8,281
Due to banks	-	-	501	501	5,377	9,490
Due to other financial institutions	6	5	10,157	10,168	9,232	59
Deposits from customers	197,351	8,507	69,400	275,258	271,783	149,749
Other Liabilities	1,795	-	266	2,061	2,787	3,068
<i>Commitments, contingent Liabilities and derivatives</i>						
Letters of credit	-	-	4,153	4,153	1,657	10,981
Letters of guarantee	-	-	46,454	46,454	46,128	46,420
Undrawn lines of credit	-	-	93,066	93,066	97,937	42,056
Other commitments	-	-	24,372	24,372	25,208	13,840
<i>Transactions</i>						
Interest income	-	-	10,745	10,745	50,287	12,943
Interest expense	(1,795)	(82)	(446)	(2,323)	(5,682)	(949)
Fee and commission income	339	-	480	819	3,029	321
Fee and commission expenses	-	-	(4)	(4)	(16)	-
Dividend income	-	-	-	-	34	-
Other income	56	-	4	60	310	-
Other expense	-	-	(1,099)	(1,099)	(6,336)	(1,196)
<i>Other transactions during the Period</i>						
Acquisition of subsidiary	-	-	-	-	58,596	58,596

* As of period ended 31 March 2026, the fair value of total eligible collateral to the extent of the outstanding balances amounted to KD 510,980 thousand (31 December 2025: KD 518,854 thousand and 31 March 2025: KD 512,849 thousand).

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information At 31 March 2026 (Unaudited)

10. TRANSACTIONS WITH RELATED PARTIES (continued)

	<i>No. of Board members / key management personnel</i>	<i>31 March 2026 KD 000's</i>	<i>(Audited) 31 December 2025 KD 000's</i>	<i>31 March 2025 KD 000's</i>
Board members**				
Loans and advances to customers	5	1,312	1,191	864
Deposits from customers	7	2,472	1,082	972
Key management personnel				
Loans and advances to customers	31	1,288	4,097	1,612
Deposits from customers	38	2,723	2,538	2,888

**As of period ended 31 March 2026, the fair value of total eligible collateral to the extent of the outstanding balances amounted to KD 1,249 thousand (31 December 2025: KD 1,123 thousand and 31 March 2025: KD 788 thousand).

Key management compensation

Remuneration paid or payable in relation to "key management" (deemed for this purpose to comprise Directors in relation to their committee service, the Chief Executive Officers and other Senior Officers), was as follows:

	<i>Three months ended 31 March</i>	
	<i>2026 KD 000's</i>	<i>2025 KD 000's</i>
Short term employee benefits including salary and bonus	3,183	2,585
Accrual for end of service indemnity	943	782
Accrual for cost of long-term incentive rights	212	180
Accrual for committee service	88	110
	<u>4,426</u>	<u>3,657</u>

11. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2026 KD 000's</i>	<i>(Audited) 31 December 2025 KD 000's</i>	<i>31 March 2025 KD 000's</i>
Acceptances	23,024	34,968	39,138
Letters of credit	350,245	355,111	304,547
Letters of guarantee	1,045,751	998,387	954,623
	<u>1,419,020</u>	<u>1,388,466</u>	<u>1,298,308</u>

Irrevocable commitments to extend credit amount to KD 801,656 thousand (31 December 2025: KD 805,523 thousand and 31 March 2025: KD 561,848 thousand). This includes commitments to extend credit which are irrecoverable over the life of the facility or are revocable only in response to a material adverse change.

The primary purpose of these instruments is to ensure that funds are available to customers as required. Acceptances, standby letters of credit and guarantees, which represent irrevocable assurances that the Group will make payments in the event that the customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are undertaken by the Group on behalf of the customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

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Notes to the Interim Condensed Consolidated Financial Information At 31 March 2026 (Unaudited)

11. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Undrawn lines of credit represent unused portions of authorisations to extend cash credit. With respect to credit risk on undrawn lines of credit, the Group is potentially exposed to loss in an amount equal to the total unused lines. However, the likely amount of loss is less than the total unused lines since most of these lines will expire or terminate without being funded.

The Group makes available to its customers guarantees which may require that the Group makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The Group has commitments in respect of capital expenditure amounting to KD 25,155 thousand (31 December 2025: KD 25,552 thousand and 31 March 2025: KD 13,840 thousand).

12. DERIVATIVES FINANCIAL INSTRUMENTS

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. The Group offers its clients derivatives products that are traded in the financial markets in order to service their risk management needs to hedge currency and interest rate exposures. The Group also uses derivatives for economic hedging purpose to manage its own assets and liabilities as well as to hedge certain risk exposures such as variation in future cash flows attributable to a recognised asset or liability (cash flow hedge), or hedges of net investment in foreign operation. For those derivative contracts that are designated as a hedging instrument, hedge accounting is used provided certain criteria are met.

Derivatives are initially recognised and are subsequently measured at fair value. Fair values are obtained from quoted market prices in active markets, and valuation techniques (such as discounted cash flow models and option pricing models), as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At the inception of the transactions the Group documents the relationship between the hedging instruments and the hedged items, its risk management objective, together with the methods selected to assess hedge effectiveness. The Group also documents its assessment both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

Derivative instruments that are used by the Group as part of its risk management strategies, but which do not qualify for hedge accounting under the Group's hedge accounting policies, are presented as derivatives held for trading (non-qualifying hedges).

Derivatives held for hedging

Hedge of net investment in foreign operations

During the year 2024, the Bank has discontinued the hedge of net investment foreign operations. As the Group has not sold / liquidated the corresponding investment in the foreign operation, the cumulative amount of hedge reserve is not recycled to the interim condensed consolidated statement of income. A subsidiary of the Group has designated certain forward foreign exchange contracts to hedge against the changes in the value of its net investment in its foreign subsidiary based in Kuwait. Gains or losses on the retranslation of the aforesaid contracts are transferred to equity to offset any gains or losses on translation of the net investments in subsidiary.

No ineffectiveness from the hedges was recognised in the interim condensed consolidated statement of income during the period (31 March 2025: Nil)

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information At 31 March 2026 (Unaudited)

12. DERIVATIVES FINANCIAL INSTRUMENTS (continued)

Cash flow hedges

One of the subsidiaries of the Group applies cash flow hedge accounting using interest rate swaps to hedge its foreign currency deposits with an average maturity up to 3 months against interest rate fluctuations. The subsidiary implements effectiveness tests at the reporting dates for hedge accounting; the effective portions are accounted as part of changes in fair value of derivatives under other reserves, whereas the ineffective portion is recognised in the interim condensed consolidated statement of income.

No ineffectiveness from hedges was recognised in the interim condensed consolidated statement of income during the period (31 March 2025: Nil).

Derivatives held for trading

Derivative contracts that are entered into for the purpose of servicing customers in their risk management needs as well as derivatives used by the Group for economic hedging purpose, but which do not meet the qualifying criteria for hedge accounting are classified as 'Derivatives held for trading'. The risk exposures on account of derivative contracts for customers are covered by entering positions with an opposite risk profile with other counter parties or by other risk mitigating transactions.

The positive fair value of derivative instruments as at 31 March 2026 is KD 31,978 thousand (31 December 2025: KD 24,226 thousand and 31 March 2025: KD 34,581 thousand) and the negative fair value is KD 34,984 thousand (31 December 2025: KD 28,198 thousand and 31 March 2025: KD 23,781 thousand), included in the carrying amount of other assets and other liabilities, respectively.

The table below shows the notional amounts of derivatives outstanding as of the reporting date. The notional amount of a derivatives' underlying asset, reference rate or index is the basis upon which changes in the value of derivatives are measured.

The notional amounts of derivatives are as follows:

	31 March 2026	<i>(Audited)</i> 31 December 2025	31 March 2025
	KD 000's	KD 000's	KD 000's
Derivatives held for trading:			
<i>(non-qualifying hedges)</i>			
Forward swaps / foreign exchange contracts	1,835,777	1,921,877	1,874,998
Interest rate swaps	100,753	114,893	32,755
Options	276,217	200,874	61,670
Derivatives held for hedging:			
<i>Hedge of net investment in foreign operations:</i>			
Forward swaps / foreign exchange contracts	28,765	28,619	26,116
<i>Cashflow hedges:</i>			
Interest rate swaps	124,513	127,066	193,612

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Notes to the Interim Condensed Consolidated Financial Information **At 31 March 2026 (Unaudited)**

13. FAIR VALUE MEASUREMENTS

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

The fair value of investment securities is categorised as per the policy on fair value measurement in Note 2. Movement in level 3 is mainly on account of purchase, sale and change in fair value and on account of investment security acquired against recovery of debt previously written off and change in fair value and reclassification under IFRS 9. During the three months period, decrease of KD 30 thousand (31 March 2025: increase of KD 12 thousand) was recorded in the other comprehensive income representing change in fair value. There were no material transfers between the levels during the period.

Debt securities included under level 3 consists of unquoted corporate bonds. The fair values of these bonds are estimated using discounted cash flow method. Equities and other securities included in this category mainly include strategic equity investments and managed funds which are not traded in an active market. The fair values of these investments are estimated by using valuation techniques that are appropriate in the circumstances. Valuation techniques include discounted cash flow models, observable market information of comparable companies, recent transaction information and net asset value.

Significant unobservable inputs used in valuation techniques mainly include discount rate, terminal growth rate, revenue, profit estimates and market multiples such as price to book and price to earnings.

Other financial assets and liabilities are carried at amortised cost and their carrying values are not materially different from their fair values. Fair values of remaining financial assets and liabilities carried at amortised cost are estimated using valuation techniques incorporating certain assumptions such as future cashflows and credit spreads that are appropriate in the circumstances.

The impact on the interim condensed consolidated financial position or the interim condensed consolidated statement of income or the interim condensed consolidated statement of shareholders' equity would be immaterial if the relevant risk variables used for fair value estimations to fair value the unquoted securities were altered by 5%.

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Notes to the Interim Condensed Consolidated Financial Information

At 31 March 2026 (Unaudited)

13. FAIR VALUE MEASUREMENTS (continued)

Fair value measurement hierarchy for financial and non-financial assets and financial liabilities that are carried at fair value is as follows:

	31 March 2026				(Audited) 31 December 2025				31 March 2025			
	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's
Financial assets												
Equity securities	69,946	2,453	116,862	189,261	69,437	2,305	115,378	187,120	72,335	-	118,229	190,564
Debt securities	437,761	-	264	438,025	309,648	-	262	309,910	412,158	-	100	412,258
Managed funds	-	-	68,395	68,395	-	-	68,256	68,256	-	-	72,950	72,950
Derivative financial instruments	-	31,978	-	31,978	-	24,226	-	24,226	-	34,581	-	34,581
Financial liabilities												
Derivative financial instruments	-	(34,984)	-	(34,984)	-	(28,198)	-	(28,198)	-	(23,781)	-	(23,781)
Non-financial assets:												
Investment properties	-	-	41,216	41,216	-	-	40,864	40,864	-	-	41,023	41,023

Investment securities classified as FVOCI, and amortised cost and other debt instruments carried at amortised cost (excluding credit facilities) are subject to expected credit losses. These financial assets are largely categorised under Stage 1 (31 December 2025: Stage 1 and 31 March 2025: Stage 1). Central Bank of Kuwait bonds and Kuwait Government treasury bonds are not subject to expected credit losses.

As of 31 March 2026, investments securities include debt securities amounting to KD nil thousand (31 December 2025: nil and 31 March 2025: KD 49,091 thousand) provided as collateral under repurchase agreements.

Movement in level 3 is summarized as below:

	31 March 2026 KD 000's	(Audited) 31 December 2025 KD 000's	31 March 2025 KD 000's
Opening balance as of 1 January	224,760	134,438	134,438
Net addition	2,007	100,888	97,852
Change in fair value	(30)	(10,566)	12
Closing balance as of 31 December	226,737	224,760	232,302

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Notes to the Interim Condensed Consolidated Financial Information At 31 March 2026 (Unaudited)

13. FAIR VALUE MEASUREMENTS (continued)

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

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
<i>31 March 2026:</i>				
Credit facilities	5,046,057	450,074	160,131	5,656,262
Commitments and contingent liabilities*	3,018,757	127,912	16,320	3,162,989
ECL allowance for credit facilities	20,410	32,159	85,226	137,795
<i>31 December 2025 (Audited):</i>				
Credit facilities	4,925,293	486,190	114,925	5,526,408
Commitments and contingent liabilities*	3,077,342	139,610	16,289	3,233,241
ECL allowance for credit facilities	19,625	33,740	65,663	119,028
<i>31 March 2025:</i>				
Credit facilities	4,515,214	599,292	90,603	5,205,109
Commitments and contingent liabilities*	2,583,743	120,805	15,563	2,720,111
ECL allowance for credit facilities	16,681	46,828	56,443	119,952

* including commitments to extend non-cash facilities.

The details of available provisions as required by CBK instructions are as follows:

	<i>31 March</i> <i>2026</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2025</i> <i>KD 000's</i>	<i>31 March</i> <i>2025</i> <i>KD 000's</i>
Available provision for credit losses	203,972	194,340	186,107

The provision includes KD 22,533 thousand (31 December 2025: KD 21,965 thousand and 31 March 2025: KD 24,766 thousand), being provision for non-cash facilities reported under other liabilities (note 5).

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Notes to the Interim Condensed Consolidated Financial Information At 31 March 2026 (Unaudited)

13. FAIR VALUE MEASUREMENTS (continued)

An analysis of the changes in the ECL in relation to loans and advances to customers (cash and non-cash facilities), computed under IFRS 9 in accordance with the CBK guidelines is as follows:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL allowance as at 1 January 2026	19,625	33,740	65,663	119,028
ECL movement for the period	996	(1,335)	23,242	22,903
Amounts written off	-	-	(3,413)	(3,413)
Foreign exchange adjustments	(211)	(246)	(266)	(723)
Balance at 31 March 2026	20,410	32,159	85,226	137,795

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL allowance as at 1 January 2025	17,753	37,992	53,155	108,900
Acquisition of a subsidiary	59	-	2,411	2,470
ECL movement for the period	(1,553)	9,313	4,247	12,007
Amounts written off	-	-	(3,380)	(3,380)
Foreign exchange adjustments	422	(477)	10	(45)
Balance at 31 March 2025	16,681	46,828	56,443	119,952

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information **At 31 March 2026 (Unaudited)**

14. GEOPOLITICAL UNCERTAINTY IN THE MIDDLE EAST REGION

Impact of Geopolitical escalation risk and related Uncertainty:

Geopolitical events in the Middle East that commenced in late February 2026 have affected GCC countries, 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.

To address the repercussion caused by the situation in the region, The Central Bank of Kuwait (CBK) through the notification dated 26 March 2026 provided a package of the stimulus measure to support the economic sectors and the banking system. Enabling the banking sector to continue to support the economic activity in the region by providing the necessary liquidity for the uninterrupted continuation of their activities and reduces the transformation of the short-term challenges related to liquidity shortages into the long-term risk affecting the solvency.

Some of the important measures are given below:

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

Expected Credit Loss (ECL) estimates

The Group considered the potential impact of the uncertainties caused by the ongoing geopolitical event together with the relief measures of central bank in its estimation of ECL requirements for the period ended 31 March 2026, adjusting the macro-economic variables as appropriate. The Group has also given specific consideration on the relevant quantitative and qualitative factors when determining any significant increase in credit risk (SICR) and in assessing indicators of impairment for exposures to potentially affected sectors.

Notwithstanding the above, ECL requirement for credit facilities estimated as at 31 March 2026 continues to be lower than the provisions required as per CBK instructions. In accordance with Group 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.

Fair value measurement of financial and non-financial assets

The Group is constantly monitoring the current situation as it unfolds, noting that it is in early stages and there is limited economic data available to accurately evaluate the impact on the economy, and on the Group's financial position. The reported amounts best represent management's assessment of the fair values based on observable market information. Moreover, as the situation remain volatile, and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental, and the Group will continue to reassess its position and the related impact on a regular basis.

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