1. Overview

National Bank of Kuwait - United Arab Emirates branches (the "Branch") relates to the activities of the Dubai and Abu Dhabi Branches of National Bank of Kuwait S.A.K (the "Head Office"), a public shareholding company incorporated in Kuwait in 1952 and registered as a commercial bank with the Central Bank of Kuwait.

The Branch is registered as a Foreign Branch and is regulated by the Central Bank of the United Arab Emirates ("CBUAE") and is engaged in commercial banking activities. The registered addresses of each of the UAE branches and Head office are as follows:

- Dubai Branch: P.O. Box 9293, Dubai, United Arab Emirates
- Abu Dhabi Branch: P.O. Box 113567 Abu Dhabi, United Arab Emirates
- Head office: Al Shuhada Street, Sharq, P.O. Box 95,Safat, 13001, Kuwait

The Pillar III disclosure document is prepared in line with the CBUAE Regulation and Guidelines issued by the CBUAE.

The Pillar III disclosure reflect the activities and operations of the Dubai and Abu Dhabi Branches only and exclude all transactions, activities and operations of the Head Office and its other branches.

The purpose of this report is to inform market participants of the key components, scope and effectiveness of the Bank's risk measurement processes, risk profile and capital adequacy. This is accomplished by providing consistent and understandable disclosures of the Branch's risk profile in a manner that enhances comparability with other financial institutions.

The Basel Accord framework consists of three pillars:

- Pillar 1 provides a framework for measuring capital requirements for credit, operational and market risks under the "Standardised Approach";
- Pillar 2 relates to the supervisory review process and emphasises the importance of the Internal Capital Adequacy Assessment Process (ICAAP) performed by banks; and
- Pillar 3 aims to complement the capital adequacy requirements under Pillar 1 and Pillar 2 by requiring banks to provide a consistent and understandable disclosure framework which facilitates comparison, thus enhancing the safety and soundness of the banking industry in UAE.

A key objective of Branch along with its Head Office is (collectively the "Group") is to maximise shareholders' value with optimal levels of risk, whilst maintaining a strong capital base to support the development of its business and comply with externally imposed capital requirements.

The table below summarizes the Key Metrics of Capital Adequacy Ratio for UAE branches.

	Table - KM1 - Key metrics (at UAE Branches level)	**Sep-26**	**Jun-26**	**Mar-26**	**Dec-25**	**Sep-25**
	Available capital (AED 000)					
1	Common Equity Tier 1 (CET1)	2,336,875	2,360,658	2,368,778	2,373,306	2,186,385
1a	Fully loaded ECL accounting model	2,336,875	2,360,658	2,368,778	2,373,306	2,186,385
2	Tier 1	2,336,875	2,360,658	2,368,778	2,373,306	2,186,385
2a	Fully loaded ECL accounting model Tier 1	2,336,875	2,360,658	2,368,778	2,373,306	2,186,385
3	Total capital	2,383,526	2,419,871	2,423,035	2,427,985	2,297,186
3a	Fully loaded ECL accounting model total capital	2,383,526	2,419,871	2,423,035	2,427,985	2,297,186
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	11,514,221	11,168,270	11,732,074	11,272,183	9,379,118
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	20.30%	21.14%	20.19%	21.05%	23.31%
5a	Fully loaded ECL accounting model CET1 (%)	20.30%	21.14%	20.19%	21.05%	23.31%
6	Tier 1 ratio (%)	20.30%	21.14%	20.19%	21.05%	23.31%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	20.30%	21.14%	20.19%	21.05%	23.31%
7	Total capital ratio (%)	20.70%	21.67%	20.65%	21.54%	24.49%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.70%	21.67%	20.65%	21.54%	24.49%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-

11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	13.30%	14.14%	13.19%	14.05%	16.31%
	Leverage Ratio					
13	Total leverage ratio measure	18,908,067	18,235,628	21,111,525	22,361,892	17,247,380
14	Leverage ratio (%) (row 2/row 13)	12.36%	12.95%	11.22%	10.61%	12.68%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	12.36%	12.95%	11.22%	10.61%	12.68%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	12.36%	12.95%	11.22%	10.61%	12.68%
	Liquidity Coverage Ratio					
15	Total HQLA	-	-	-	-	-
16	Total net cash outflow	-	-	-	-	-
17	LCR ratio (%)	-	-	-	-	-
	Net Stable Funding Ratio					
18	Total available stable funding	-	-	-	-	-
19	Total required stable funding	-	-	-	-	-
20	NSFR ratio (%)	-	-	-	-	-
	ELAR					
21	Total HQLA	3,385,814	3,670,793	4,932,047	4,653,799	3,171,032
22	Total liabilities	12,304,672	11,422,314	14,675,058	15,802,292	10,497,837
23	Eligible Liquid Assets Ratio (ELAR) (%)	27.52%	32.14%	33.61%	29.45%	30.21%
	ASRR					
24	Total available stable funding	11,181,455	11,411,189	14,343,818	15,470,694	10,329,898
25	Total Advances	7,261,236	7,467,863	7,222,475	6,091,254	5,390,307
26	Advances to Stable Resources Ratio (%)	64.94%	65.44%	50.35%	39.37%	52.18%

2. OVERVIEW OF RISK MANAGEMENT AND RWA

Risk management

The Group's risk management framework is integral to its operations and culture and it seeks to manage risk in a structured, systematic manner through a global risk policy, which embeds comprehensive risk management into the organisational structure, risk measurement and monitoring processes.

Ultimate responsibility for setting out risk appetite and effective management of risk rests with the Board of Directors. This is managed through the Board Risk & Compliance Committee (the "BRCC") and the Group Executive Committee (the "EC"), which ensure that risk-taking authority and policies are effectively communicated from the Board to the appropriate business units. The Group's risk management and compliance function and its internal audit function assist Executive Management in controlling and actively managing the Group's overall risk profile.

The key features of the Group's comprehensive risk management policy are:

- the Board provides overall risk management direction and oversight;
- the Group's risk appetite is reviewed by the BRCC and ultimately approved by the Board;
- risk management is embedded in the Group as an intrinsic process and is a core competency of all its employees;
- the Group manages its credit, market, liquidity and operational risks in a coordinated manner within the organisation; and
- the Group's internal audit function reports to the Board Audit Committee (the "BAC") and provides independent validation of the business units' compliance with risk policies and procedures and the adequacy and effectiveness of the risk management framework on a Group-wide basis.

The function also ensures that:

- The Group's overall business strategy is consistent with its risk appetite approved by the Board and allocated by the Executive Committee.
- Risk policies, procedures and methodologies are consistent with the Group's risk appetite.
- Appropriate risk management architecture and systems are developed and implemented; and
- Risks and limits of the portfolio are monitored throughout the Group, including at appropriate "regional" levels.

The Group regularly assesses the adequacy and effectiveness of its risk management framework in light of the changing risk environment.

The key elements of the Board-approved risk strategy are:

- maintaining stability and business continuity during stress situations;
- ensuring effective and adequate compliance with Regulatory Capital requirements
- developing the Group's IT infrastructure and using modern methods to raise the professional level and levels of experience of human resources;
- effective risk planning through an appropriate risk appetite; and

The Group's risk appetite defines the maximum limit of risk that the Group is willing to accept in relevant business categories in order to achieve an optimal balance of risk and return which will enable the achievement of its strategic objectives. Any risk, which breaches the Group's stated risk appetite, must be mitigated as a matter of priority to within acceptable levels.

The risk appetite is annually reviewed and presented by the BRCC to the Board for final approval. This ensures the risk appetite statements are consistent with the Group's strategy and business environment. Through the risk appetite statements, the Board communicates to Management the acceptable level of risk for the Group, determined in a manner which meets the objectives of shareholders, depositors and regulators.

The Group risk management and compliance function aims to identify early warnings of risk limit and risk appetite breaches, and is responsible for notifying them to the BRCC and the Board.

The Group's risk management framework enables the Group to identify, assess, limit and monitor risks using a comprehensive range of quantitative and qualitative tools. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories and enable generation of information.

The Group regularly assesses the adequacy and effectiveness of its reporting tools and metrics in light of the changing risk environment.

The Group organizes and manages its operations by segmentation of business lines into corporate, retail, private banking etc. International Banking Group (IBG) located in Kuwait (established by the Board of Directors of NBK SAK) is responsible for the management and oversight of NBK branch and subsidiary operations located outside Kuwait. It comprises a dedicated senior management team committed and closely involved in the strategic decisions and directions of the Branch along with EC.

The overall risk function is managed by Group Risk Management (GRM) headed by the Group Chief Risk Officer (CRO) centrally. There are various Credit committees to manage the credit risk, ALCO manages market and liquidity risk.

Capital management

The capital planning exercise and execution involves the development of specific capital and other actions the branch plans to execute over the coming year, as well as the development of a number of contingent mitigating actions that can be called upon if needed. The development of the capital plan is a core exercise of the local ICAAP committee. The capital plan is submitted to IBG management for further actions if any required. Final approval is received from Group Executive Committee for any capital action proposed.

A number of options available for maintaining an adequate risk and capital profile are evaluated. These actions may be used in emergency conditions as well as regular operating conditions and cover both short-term remedies to a threat to the branch's capital adequacy as well as longer-term policies.

The actions include:

- Setting internal limits and targets for capital resources/ ratios
- Establishing appropriate repatriation policy in relation to capital adequacy
- Executing capital infusion
- Executing other instruments like MTN etc.
- Managing other levels of risk

On an ongoing basis, NBKUAE management reviews the options available to it to optimize its capital structure. These options include actions such as additional capital infusion from HO, modification of repatriation policies, adjustment of limits or other actions to affect the balance of risk and capital within the branch.

HO is committed to providing adequate financial support through capital retention and capital contributions, as and when required.

The following table provides an Overview of the total risk weighted asset (RWA) for UAE branches.

	Table - OV1 - Overview of RWA	RWA (AED 000)					Minimum capital requirements*
		Sep-26	Jun-26	Mar-26	Dec-25	Sep-25	Sep-26
1	Credit risk (excluding counterparty credit risk)	9,994,546	9,880,746	10,193,949	10,442,541	8,369,653	1,049,427
2	Of which: standardised approach (SA)	9,994,546	9,880,746	10,193,949	10,442,541	8,369,653	1,049,427
3	Of which: foundation internal ratings-based (F-IRB) approach						
4	Of which: supervisory slotting approach						
5	Of which: advanced internal ratings-based (A-IRB) approach						
6	Counterparty credit risk (CCR)	853,212	619,310	870,837	220,587	494,458	89,587
7	Of which: standardised approach for counterparty credit risk						
8	Of which: Internal Model Method (IMM)						
9	Of which: other CCR						
10	Credit valuation adjustment (CVA)						
11	Equity positions under the simple risk weight approach						
12	Equity investments in funds - look-through approach						
13	Equity investments in funds - mandate-based approach						
14	Equity investments in funds - fall-back approach						
15	Settlement risk						
16	Securitisation exposures in the banking book						
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)						
18	Of which: securitisation external ratings-based approach (SEC-ERBA)						
19	Of which: securitisation standardised approach (SEC-SA)						
20	Market risk	225,482	227,232	226,307	220,151	126,103	23,676
21	Of which: standardised approach (SA)	225,482	227,232	226,307	220,151	126,103	23,676
22	Of which: internal models approach (IMA)						
23	Operational risk	440,981	440,981	440,981	388,904	388,904	46,303
24	Amounts below thresholds for deduction (subject to 250% risk weight)						
25	Floor adjustment						
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**11,514,221**	**11,168,270**	**11,732,074**	**11,272,183**	**9,379,118**	**1,208,993**

* Minimum capital requirements applied is 10.5%

3. LEVERAGE RATIO

The table below provides the details of leverage ratio

	Table LR1: Summary comparison of accounting assets vs leverage ratio exposure	**Sep-26**	**Jun-26**	**Mar-26**	**Dec-25**	**Sep-25**
1	Total consolidated assets as per published financial statements	15,034,586	14,114,199	17,307,079	18,413,910	13,047,038
2	Adjustments 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 securitised exposures that meet the operational requirements for the recognition of risk transference	-	-	-	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-	-	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-	-	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-	-	-	-	-
7	Adjustments for eligible cash pooling transactions	-	-	-	-	-
8	Adjustments for derivative financial instruments	231,762	192,730	236,937	181,871	265,551
9	Adjustment for securities financing transactions (ie repos and similar secured lending)					
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,976,973	4,118,777	3,572,056	3,770,787	4,064,493
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital					
12	Other adjustments	(335,253)	(190,077)	(4,547)	(4,677)	(129,701)
13	**Leverage ratio exposure measure**	**18,908,067**	**18,235,628**	**21,111,525**	**22,361,892**	**17,247,380**

	Table - LR2 - Leverage ratio common disclosure template (January 2014 standard) (AED 000)	Sep-26	Jun-26	Mar-26	Dec-25	Sep-25
On-balance sheet exposures						
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	14,703,644	13,928,453	17,307,079	18,413,910	12,921,169
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-	-	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-	-	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-	-	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-	-	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(4,331)	(4,331)	(4,547)	(4,677)	(3,832)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	14,699,313	13,924,122	17,302,532	18,409,233	12,917,337
Derivative exposures						
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	23,633	13,304	11,371	9,783	12,490
9	Add-on amounts for PFE associated with *all* derivatives transactions	141,911	124,360	157,870	120,125	177,189
10	(Exempted CCP leg of client-cleared trade exposures)			-		
11	Adjusted effective notional amount of written credit derivatives			-		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)			-		
13	**Total derivative exposures (sum of rows 8 to 12)**	231,762	192,730	236,937	181,871	265,551
Securities financing transactions						
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions					
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)					
16	CCR exposure for SFT assets					
17	Agent transaction exposures					
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**					
Other off-balance sheet exposures						
19	Off-balance sheet exposure at gross notional amount	9,992,350	10,195,513	8,834,710	9,399,179	10,003,086
20	(Adjustments for conversion to credit equivalent amounts)	(6,015,377)	(6,076,737)	(5,262,654)	(5,628,392)	(5,938,593)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)					
22	**Off-balance sheet items (sum of rows 19 to 21)**	3,976,973	4,118,777	3,572,056	3,770,787	4,064,493
Capital and total exposures						
23	**Tier 1 capital**	2,336,875	2,360,658	2,368,778	2,373,306	2,186,385
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	18,908,067	18,235,628	21,111,525	22,361,892	17,247,380
Leverage ratio						
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**12.4%**	**12.9%**	**11.2%**	**10.6%**	**12.7%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	-	-	-	-	-
26	CBUAE minimum leverage ratio requirement	3%	3%	3%	3%	3%
27	**Applicable leverage buffers**	9.4%	9.9%	8.2%	7.6%	9.7%

4. Eligible Liquid Asset Ratio (ELAR)

The details of the Eligible Liquid Asset Ratio (ELAR) is provided in the below table

Table - ELAR - Eligible Liquid Assets Ratio (AED 000)		Sep-26		Jun-26		Mar-26	
1	**High-Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**	**Nominal amount**	**Eligible Liquid Asset**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,947,957		3,205,194		5,212,180	-
1.2	UAE Federal Government Bonds and Sukuks	184,537		197,077		195,452	
	Sub Total (1.1 to 1.2)	3,132,494	3,132,494	3,402,271	3,402,271	5,407,632	5,407,632
1.3	UAE local governments publicly traded debt securities	253,320		268,522		268,373	-
1.4	UAE Public sector publicly traded debt securities					-	
	Sub total (1.3 to 1.4)	253,320	253,320	268,522	268,522	268,373	268,373
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks					-	-
1.6	**Total**	**3,385,814**	**3,385,814**	**3,670,793**	**3,670,793**	**5,676,005**	**5,676,005**
2	Total liabilities		12,304,672		11,422,314		14,675,058
3	**Eligible Liquid Assets Ratio (ELAR)**		**27.52%**		**32.14%**		**38.68%**

Table - ELAR - Eligible Liquid Assets Ratio (AED 000)		Dec-25		Sep-25	
1	**High-Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	4,451,893		2,966,388	
1.2	UAE Federal Government Bonds and Sukuks	201,906		204,644	
	Sub Total (1.1 to 1.2)	4,653,799	4,653,799	3,171,032	3,171,032
1.3	UAE local governments publicly traded debt securities	278,248		280,145	
1.4	UAE Public sector publicly traded debt securities	-			
	Sub total (1.3 to 1.4)	278,248	278,248	280,145	280,145
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-	-	-
1.6	**Total**	**4,932,047**	**4,932,047**	**3,451,177**	**3,451,177**
2	Total liabilities		15,802,292		10,497,837
3	**Eligible Liquid Assets Ratio (ELAR)**		**31.21%**		**32.88%**

5. Advances to Stable Resources Ratio (ASSR)

The below provide the detail of the Advances to Stable Resources Ratio (ASSR)

Table - ASRR - Advances to Stables Resource Ratio							
		Items (AED 000)	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**
1		**Computation of Advances**	Sep-26	Jun-26	Mar-26	Dec-25	Sep-25
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	5,839,610	5,645,199	5,408,073	4,439,054	4,216,031
	1.2	Lending to non-banking financial institutions	-	-	-	-	-
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	303,963	330,377	329,302	341,075	307,548
	1.4	Interbank Placements	1,117,663	1,492,287	1,485,100	1,311,125	866,728
	1.5	**Total Advances**	7,261,236	7,467,863	7,222,475	6,091,254	5,390,307
2		**Calculation of Net Stable Resources**					
	2.1	Total capital + general provisions	2,518,993	2,474,092	2,470,578	2,544,787	2,482,354
		Deduct:					
	2.1.1	Goodwill and other intangible assets	4,311	4,331	4,547	4,677	3,832
	2.1.2	Fixed Assets	33,204	34,107	34,933	35,725	34,640
	2.1.3	Funds allocated to branches abroad	-	-	-	-	-
	2.1.5	Unquoted Investments	-	-	-	-	-
	2.1.6	Investment in subsidiaries, associates and affiliates	-	-	-	-	-
	2.1.7	**Total deduction**	37,515	38,438	39,480	40,402	38,472
	2.2	**Net Free Capital Funds**	2,481,478	2,435,654	2,431,098	2,504,385	2,443,882
	2.3	**Other stable resources:**	-	-	-	-	-
	2.3.1	Funds from the head office	-	-	-	-	-
	2.3.2	Interbank deposits with remaining life of more than 6 months	-	-	-	-	-
	2.3.3	Refinancing of Housing Loans	-	-	-		-
	2.3.4	Borrowing from non-Banking Financial Institutions	836,417	836,548	984,206	726	415
	2.3.5 (a)	Customer Deposits with remaining life of more than 6 months (BRF 9)	224,789	142,959	189,157	1,034,643	77,905
	2.3.5 (b)	85% of the rest of Customer Deposits	7,638,771	7,996,028	10,739,357	11,930,940	7,807,696
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-	-	-	-	-
	2.3.7	**Total other stable resources**	8,699,977	8,975,535	11,912,720	12,966,309	7,886,016
	2.4	**Total Stable Resources (2.2+2.3.7)**	11,181,455	11,411,189	14,343,818	15,470,694	10,329,898
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	64.94	65.44	50.35	39.37	52.18