



National Bank of Kuwait

Investor Presentation

4Q/FY 2024 Earnings Call

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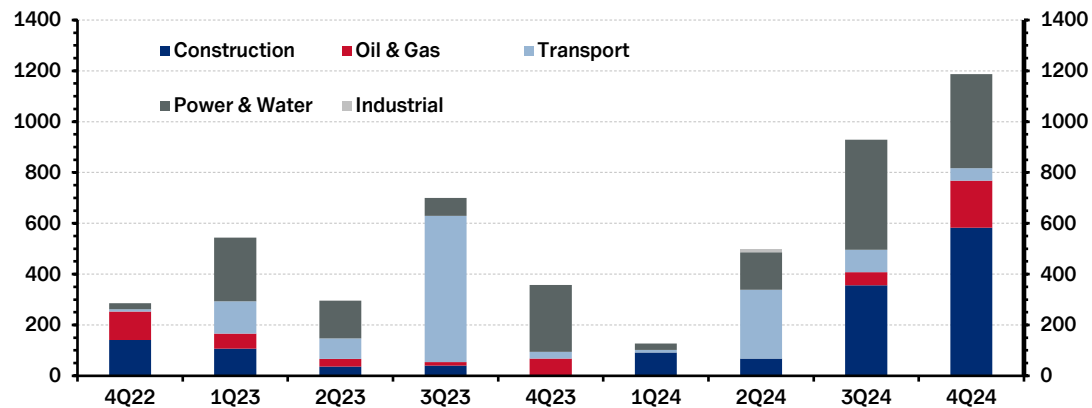
Key Economic Highlights

GCC Headline Growth (%)

	2024f	2025f
Bahrain	1.8	3.9
Kuwait	-2.4	3.0
Oman	1.3	3.2
Qatar	1.8	2.4
KSA	1.1	5.0
UAE	3.3	5.1
GCC	1.4	4.5

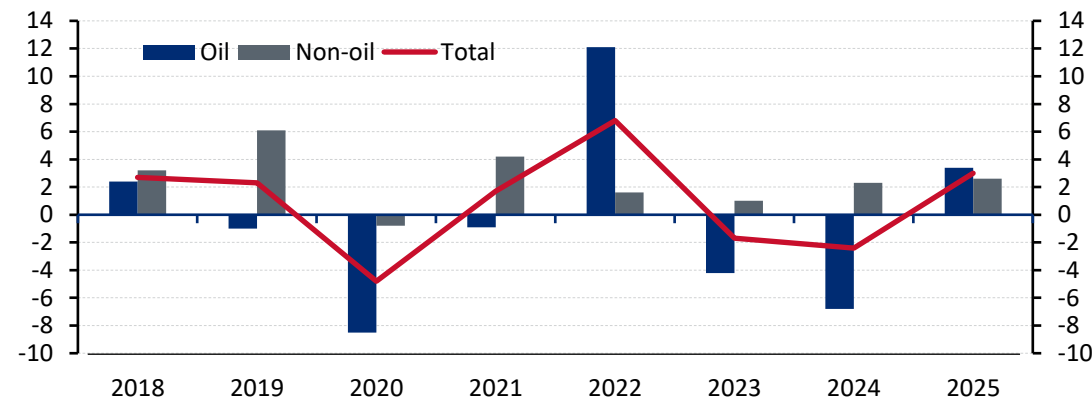
Economic growth in the GCC is expected to tick up in 2025, on the back of an unwinding of OPEC+ production cuts for the oil exporters and further output gains in the non-hydrocarbon sector. Domestic demand is likely to remain relatively firm supported by solid private consumption and expansive government fiscal policy. Inflationary pressures are expected to return given the pickup in non-oil economic activity amid a looser monetary policy environment (2.1%).

Project Awards² (KD million)



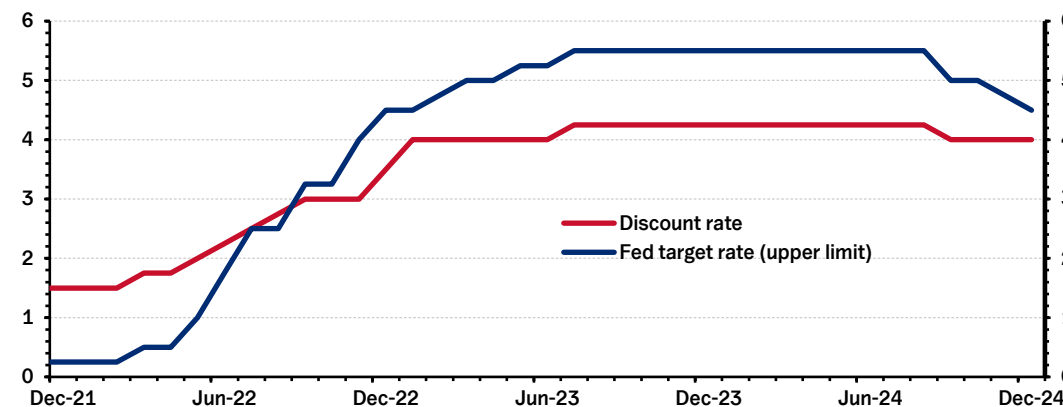
Project awards (value) were robust in Q4 2024, coming in at a near eight-year high of KD1.2 billion (+28% q/q; +232% y/y) on mostly construction and power & water related projects. Total awards in 2024 reached KD2.7 billion, comfortably exceeding (+45% y/y) 2023's figure of KD 1.9 billion.

Real GDP Growth¹ (% y/y)



GDP growth should recover in 2025 to reach 3.0%, after consecutive years of oil sector-driven decline. Unwinding voluntary production cuts by OPEC+ should result in a 3.4% boost to oil GDP. Non-oil activity is expected to pickup from a modest recovery in consumer spending, recent improvements in credit growth and project awards, and a possible rise in public investment. Inflation has moderated and is expected to average 2.5% in 2025.

Kuwait Discount Rate³ (%)



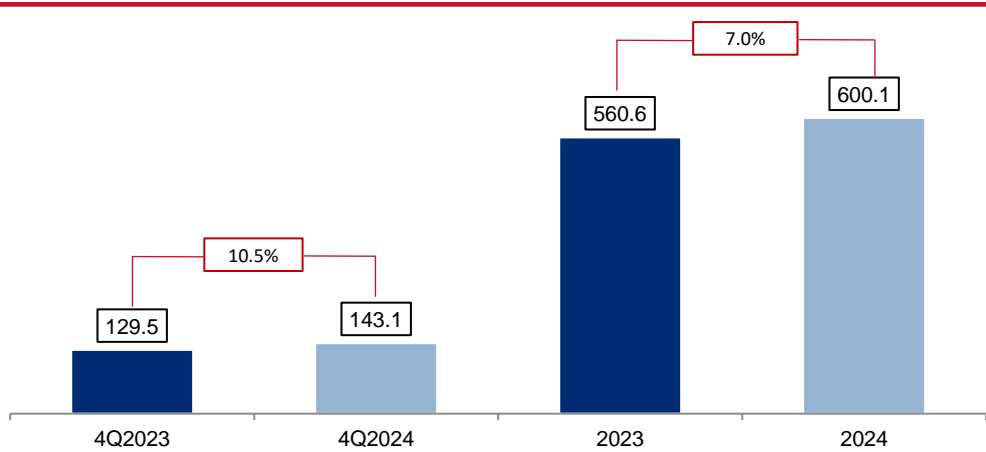
The CBK lowered its key discount rate by 25 bps to 4% in September, taking its cue from the US Fed. This marks the first interest rate move since July 2023. The CBK, having raised rates half as aggressively as the US Fed during the monetary tightening cycle, has so far cut at a slower pace than the US Fed (25 bps vs 100 bps) in loosening monetary policy.

Sources: ¹ CSB, NBK estimates; ² MEED Projects; ³ As per latest Central Bank of Kuwait (CBK) rate hike on 18/09/2024;

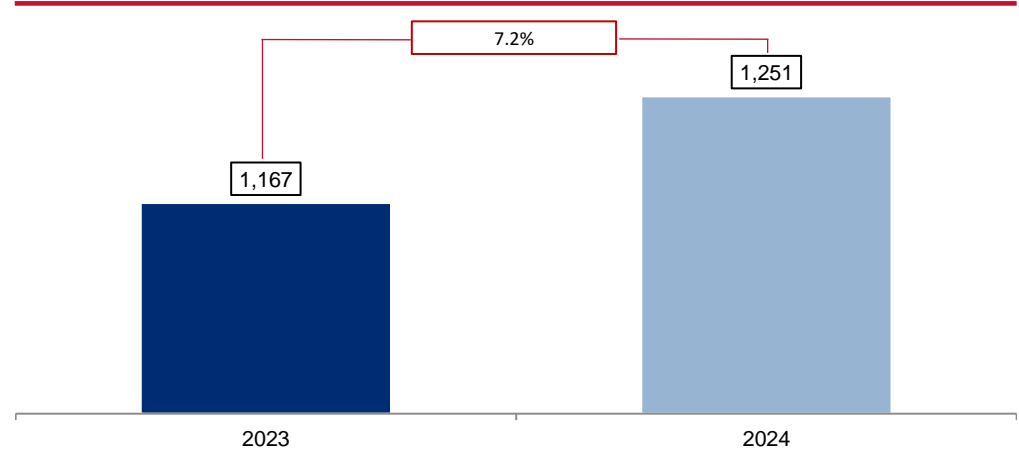


Operating Performance & Profitability

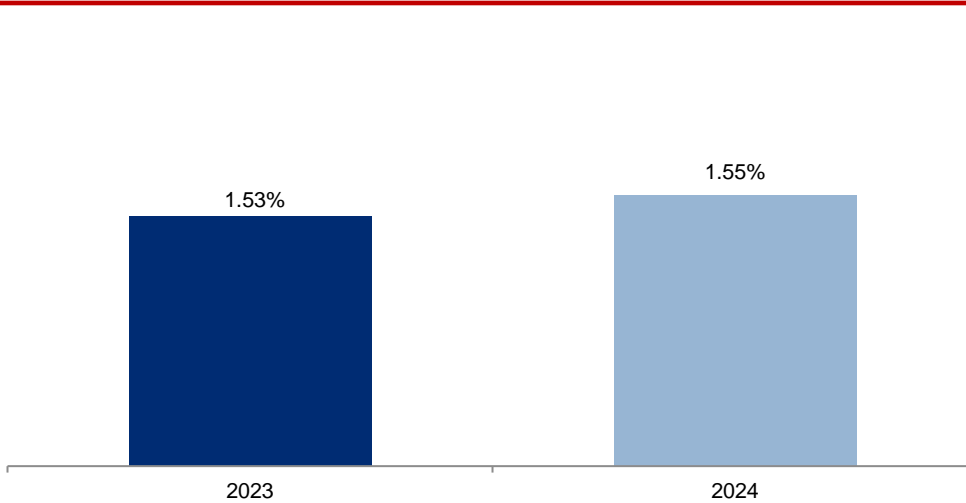
Net Profit (KDm)



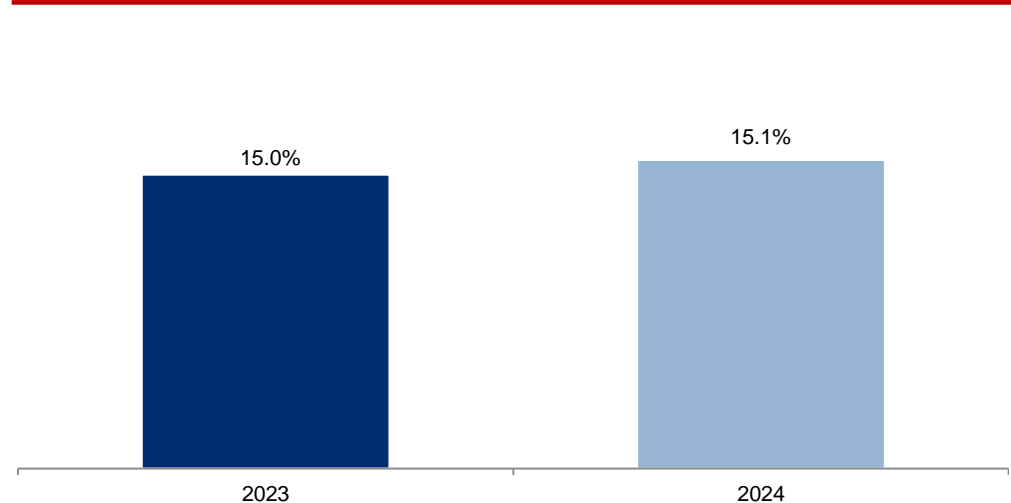
Net Operating Income (KDm)



Return on Average Assets

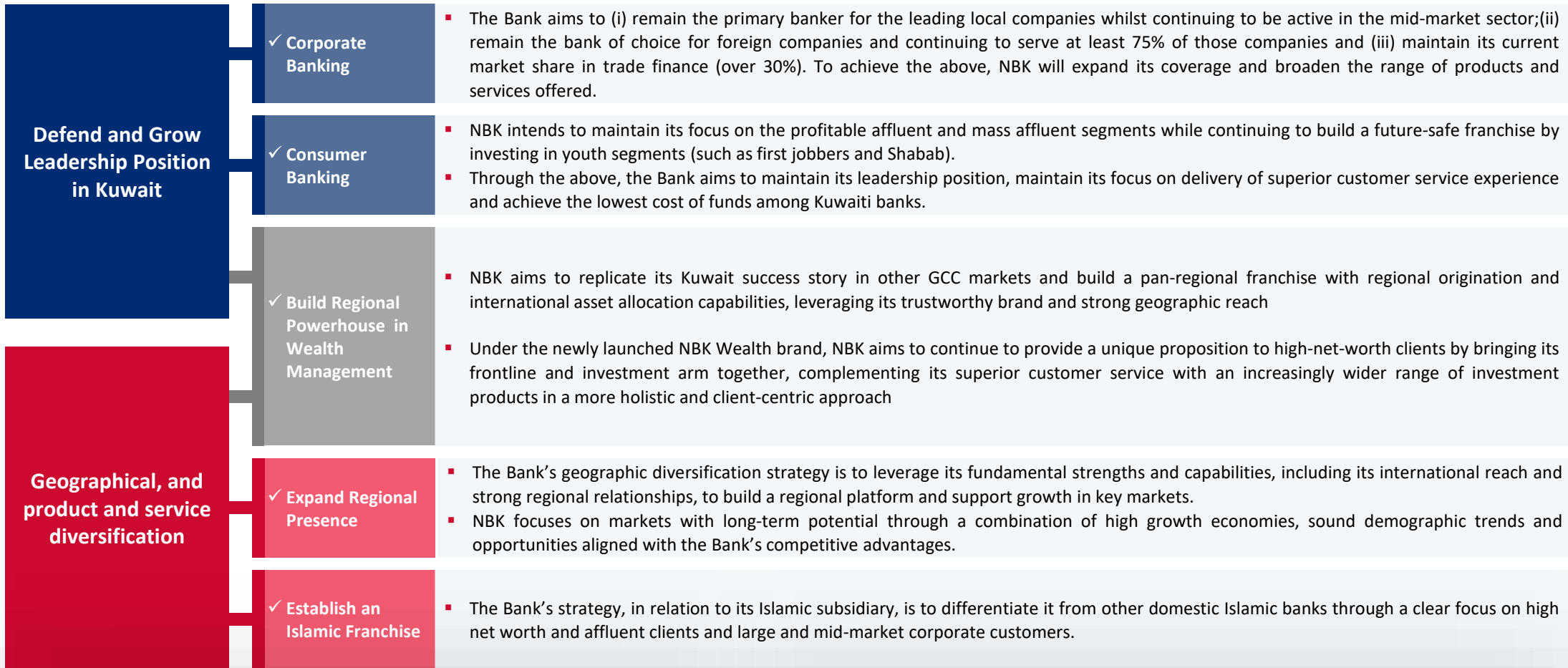


Return on Average Equity





NBK's Strategy



Digital Transformation

ESG Transition

Key ESG Achievements

We measure our progress against well-defined metrics and targets to achieve the greatest positive impact.

> Strategy Pillars



Responsible Banking



Governance For Resilience



Investing in Our Communities



Capitalizing on Our Capabilities

> Key Highlights*

- In the process of developing an **Environmental and Climate Change Policy**, a fundamental part of NBK's commitment to **carbon neutrality by 2060**.
 - Committed to **USD 10 billion Sustainable Assets by 2030**. As of 30 June 2024, **the Bank had around USD 4.57 billion of Sustainable Assets**.
 - Continue to offer **reduced rates to the Eco-friendly Auto Loan and Eco-friendly Housing Loan** for consumers.
 - Issued **debut USD 500 million green bond**, underscoring NBK's commitment to climate action.
 - Implemented **solar generated power systems** for 18 of NBK's local branches.
 - Finalized and approved **the Bank's Procurement policies**, embedding ESG-related principles in vendor sourcing and management processes.
 - Developed a **Sustainable Procurement Strategy Framework** which aims at guiding NBK's supply chain activities in line with best practices.
 - Forged a strategic partnership with DHL to use the **"DHL GoGreen Plus" service**, ensuring that all NBK's international shipments are transported using Sustainable Aviation Fuel.
-
- As part of the bank's commitment to the **United Nations Global Compact (UNGC)**, successfully submitted its first Communication on Progress (CoP) in July 2024.
 - Joined the **Partnership for Carbon Accounting Financials (PCAF)**. In the process of assessing the portfolio to establish a baseline measurement.
 - Finalized and approved a **Group-level ESG Policy** to orchestrate the Bank's sustainability activities and drive accountability across the Group network.
 - Accounted for **climate change risks in the Pillar II Assessment presented in the ICAAP regulatory report**.
 - Institutionalized **alignment with the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD)**. In the process of developing a **bank-wide Environmental & Social Risk Management (ESRM) Framework** and integrating ESG factors in the bank's credit and investment policies.
 - Conducted a **climate risk materiality assessment** on the bank's portfolio to identify high impact and carbon intensive sectors.
 - NBK actively serves as a key member of the **Kuwait Banking Association (KBA) ESG Committee**, contributing to the advancement of sustainable development within Kuwait's banking sector.
-
- NBK **Best Bank for 'SMEs in Kuwait'**, recognized with an award at Euromoney's 2024 Awards for Excellence.
 - Continues to be the primary advocator of **Central Bank of Kuwait's "Let's Be Aware" Campaign** which aims to raise public awareness about key financial concepts and advance financial inclusion in Kuwait. In 2024, NBK was named first in Kuwait for pioneering CBK's campaign during FY2023.
 - Continued efforts to support and nurture local talent. As of 30 September 2024, **Nationalization rate was 77.1%**.
 - Launched **"She's Next" initiative in partnership with VISA** for the second consecutive year; a global advocacy program that aims to support women-owned small businesses.
 - Launched the **"Bankee" financial literacy program** in **61 schools** in Kuwait, with **32,235 students and 7,335 teachers participating**.
 - Launched the second edition of **NBK Tech Academy** to attract and provide the Kuwaiti youth with a **best-in-class and innovative program in digital transformation**.
 - In collaboration with Kuwait Dive Team (KDT), **removed 127 tons of plastic, discarded fishing nets, and shipwreck from Kuwait's bays and coasts in 2024**.
 - **Total Community Investments reached around KD 30 million in 2024 (~USD 97 million)**.
-
- Developed an **Employee Grievance Policy**, which was circulated to all employees and published on NBK Group Website.
 - Finalized and publicly disclosed a **Diversity, Equity, and Inclusion (DE&I) Commitment Statement, which will be supported with a DEI strategy (in final stages of development)**.
 - As of 30 September 2024, **females represented 43.4 % of total NBK Kuwait workforce, and in management 27.7%**.
 - Continued to provide **Sustainability Essentials Training Program across the Group**, providing employees with capacity building on key sustainability concepts.
 - In 2024, NBK Kuwait employees received around **114,000 training hours**.
 - NBK signed an exclusive collaboration agreement with **IE University – Spain**. The agreement covers several areas including **talent development, promoting corporate innovation**, as well as **developing and implementing integrated solutions**.
 - NBK launched a **FinTech partnership platform** in efforts to support the growth and innovation of FinTech, recognizing its transformative potential to drive sustainable development.

*Note: The ESG key highlights reflect NBK's achievements during the reporting period 1 January 2024 to 31 December 2024
Sources: National Bank of Kuwait, [NBK ESG Investor Presentation - August 2024](#), [NBK 2023 Sustainability Report](#)

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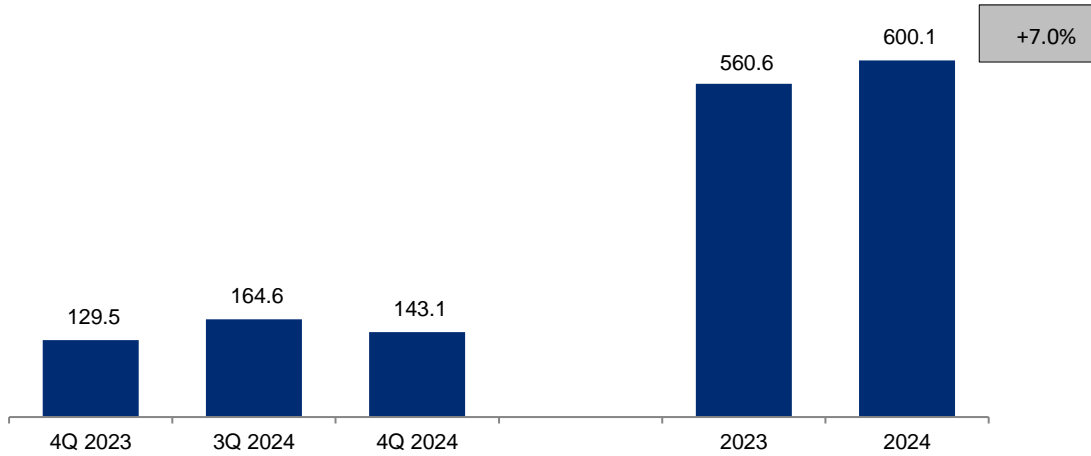
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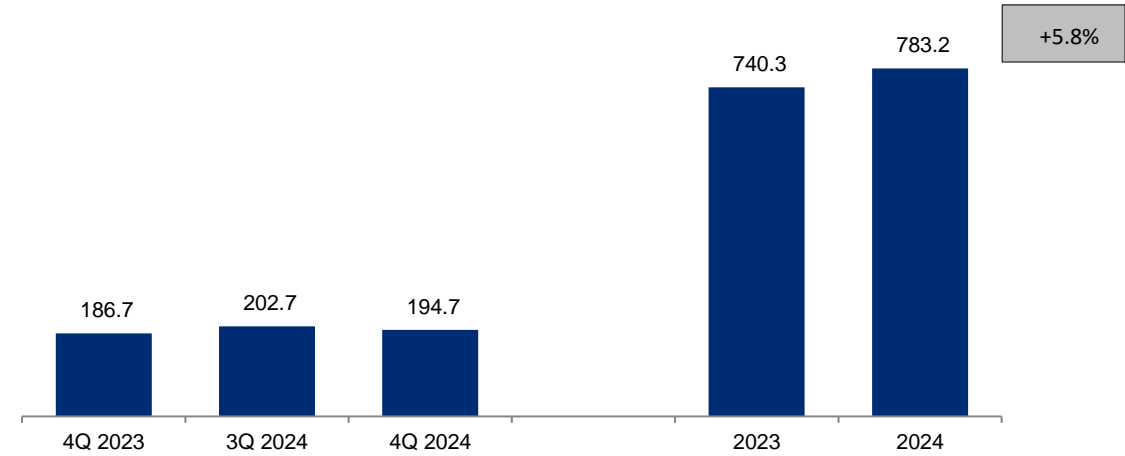


Operating Performance

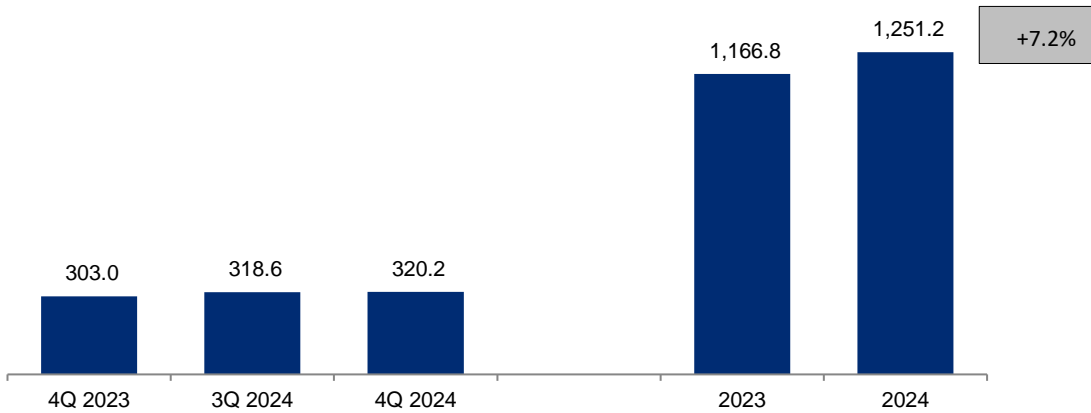
Net Profit (KDm)



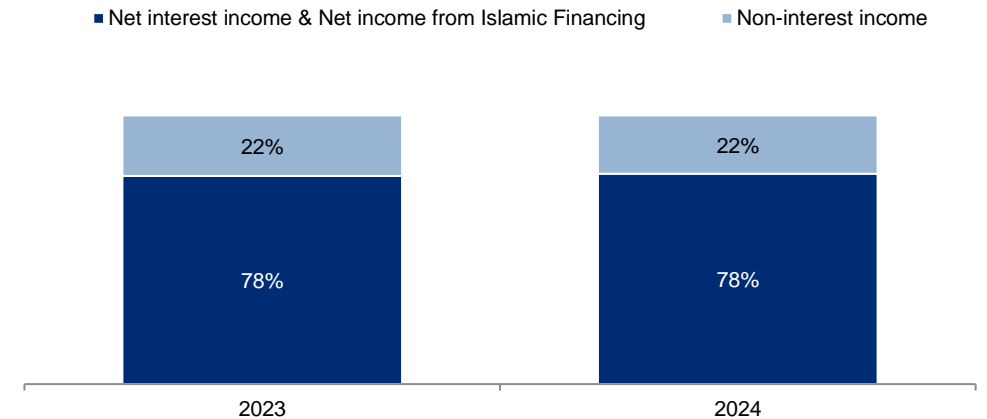
Operating Surplus (KDm)



Net Operating Income (KDm)



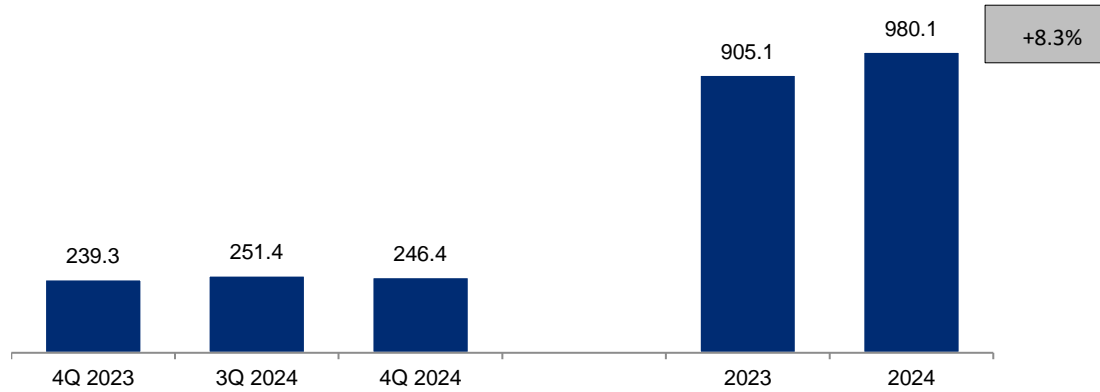
Net Operating Income Mix



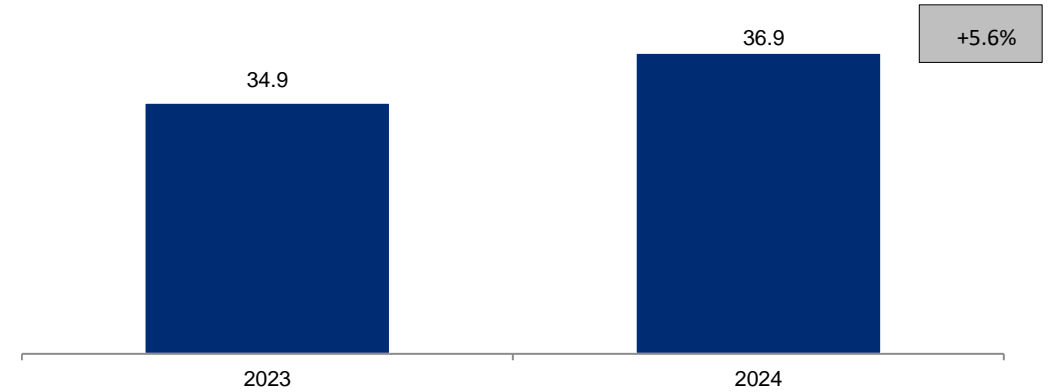


Operating Performance

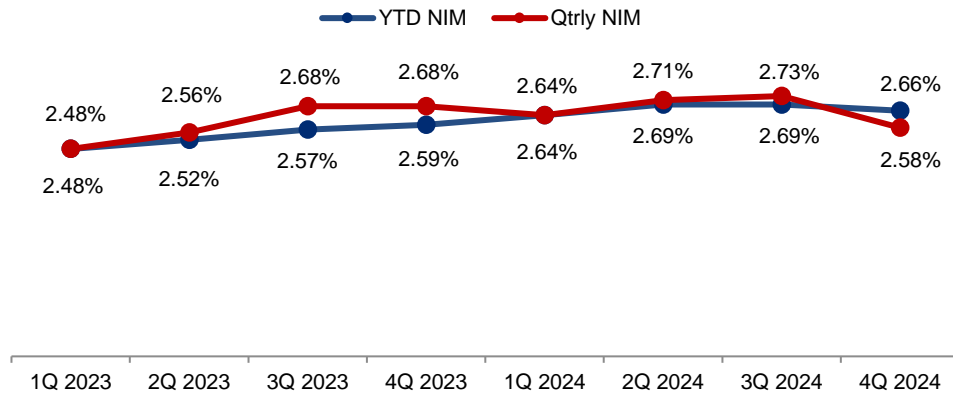
Net Interest Income* (KDm)



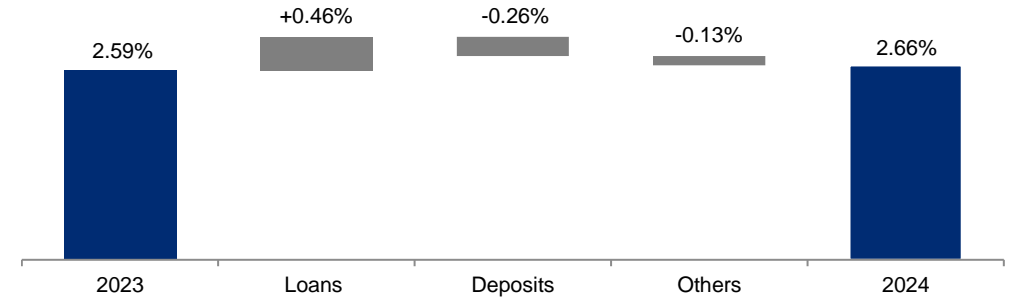
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin Drivers

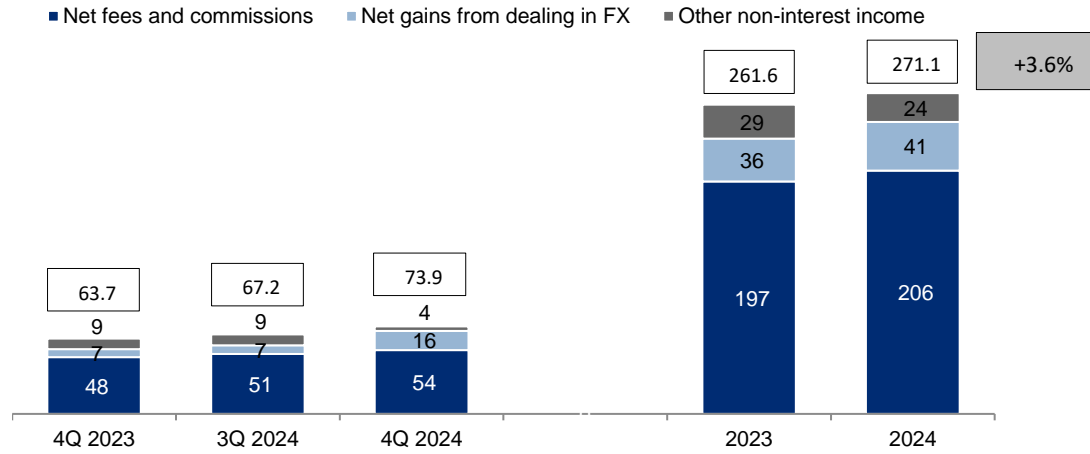


*Includes net interest income and net income from Islamic Financing

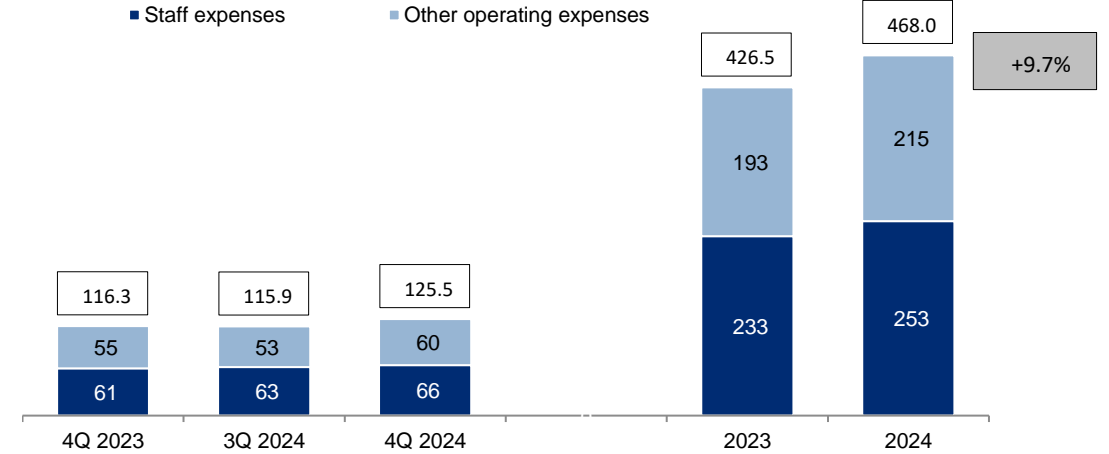


Operating Performance

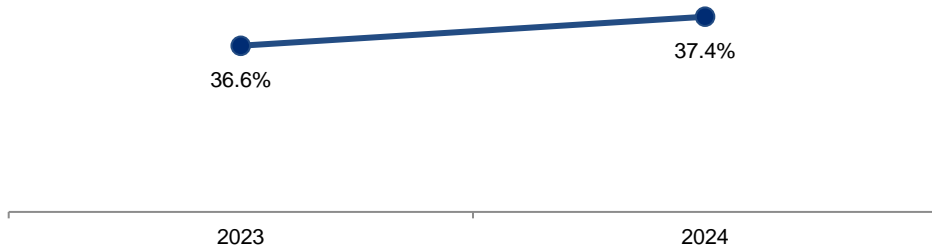
Non-Interest Income (KDM)



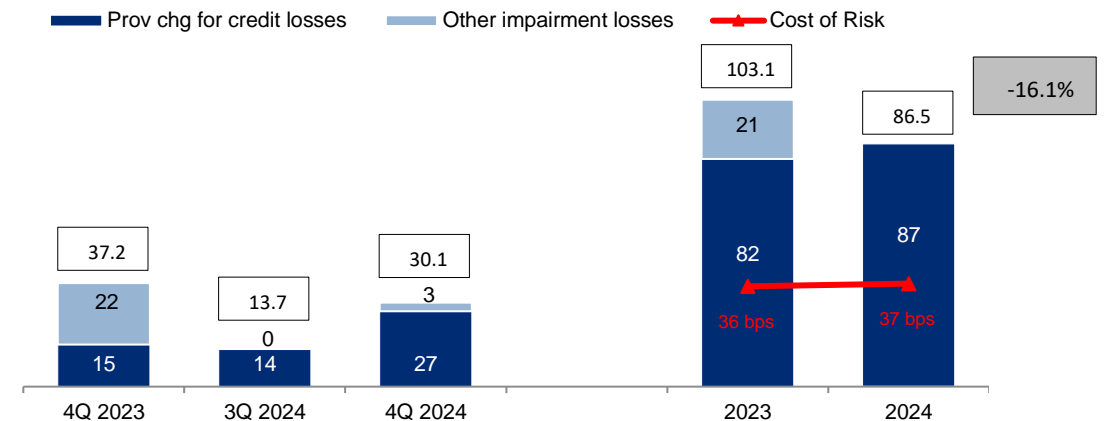
Operating Expenses (KDM)



Cost to Income Ratio



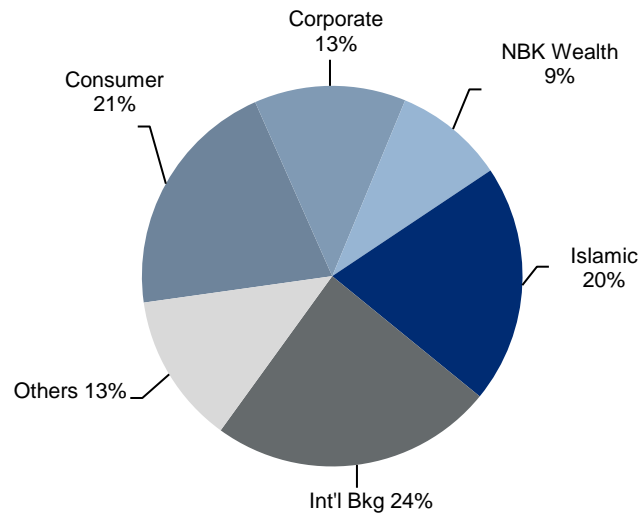
Provisions and Impairments (KDM)



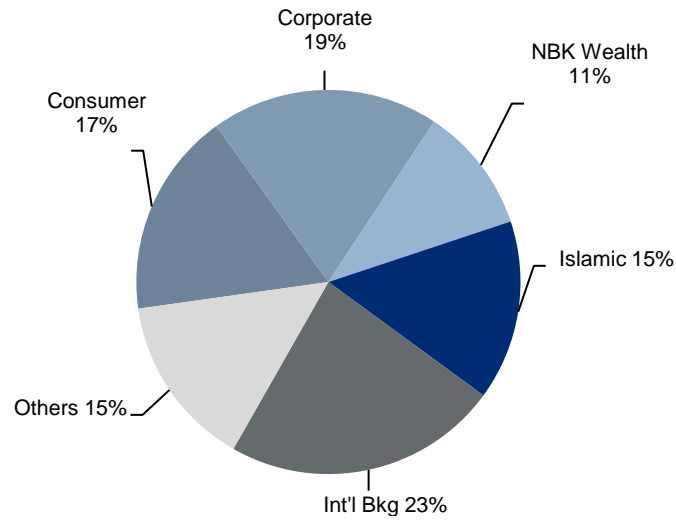


Group Diversification

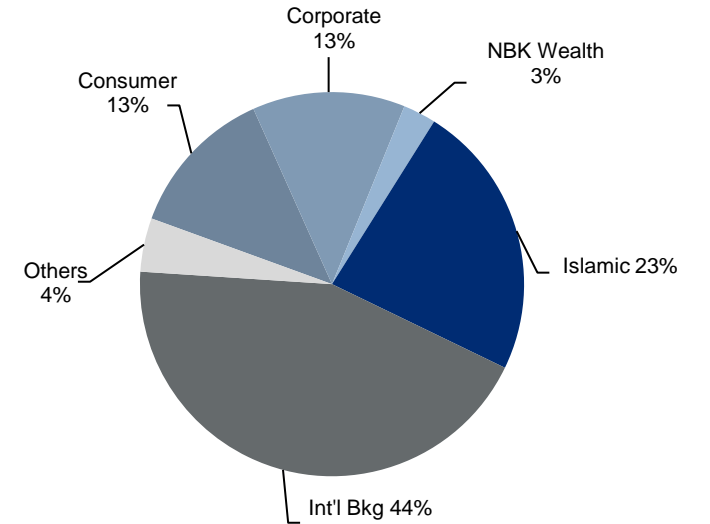
2024 Op. Income by Business Line (%)



2024 Net Profit by Business Line (%)



2024 Total Assets by Business Line (%)

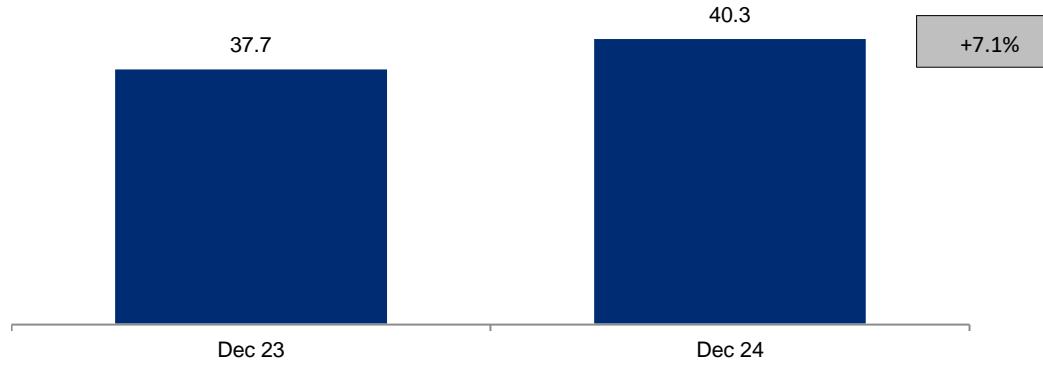


Source: Segment analysis note of 2024 FS

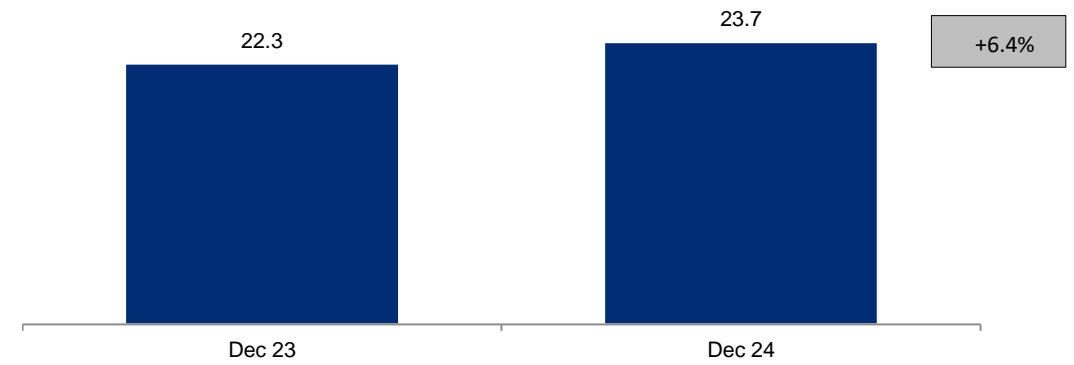


Balance Sheet

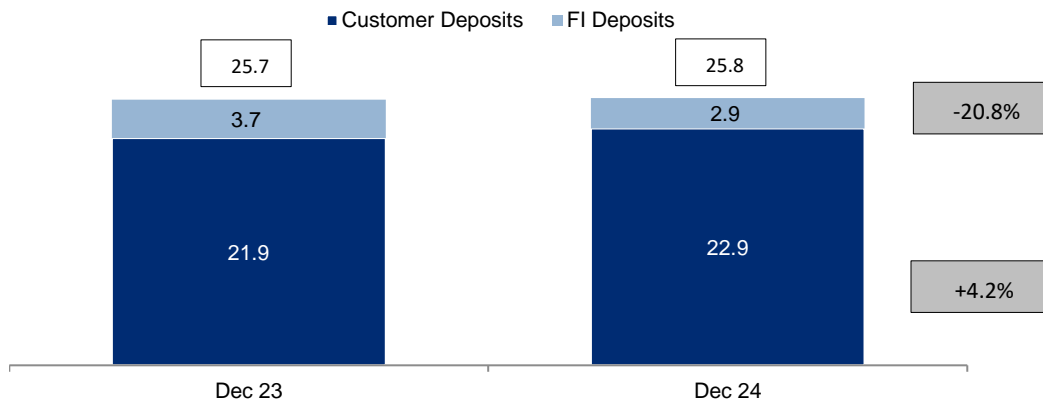
Total Assets (KDbn)



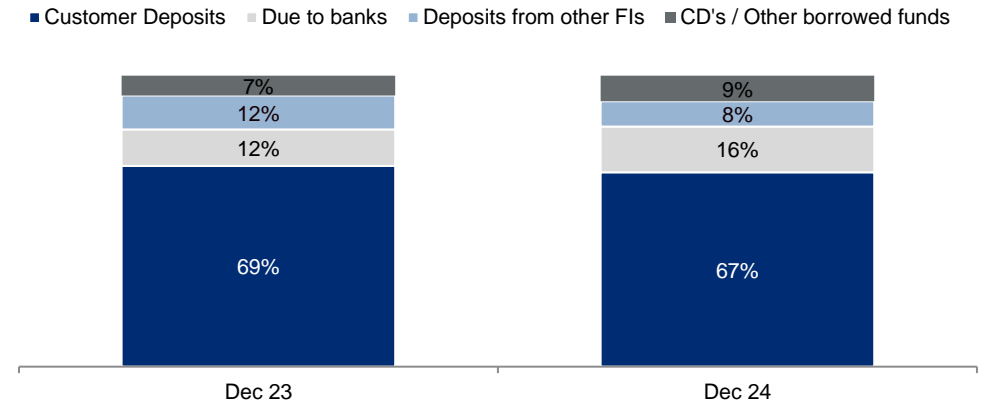
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits* (KDbn)



Funding Mix

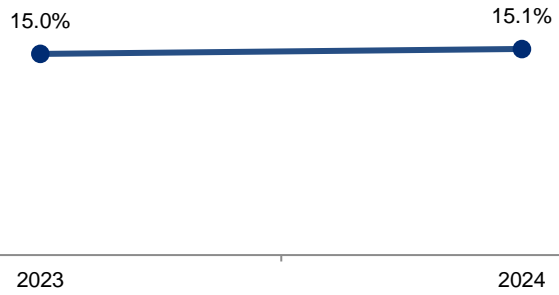


*excludes due to banks

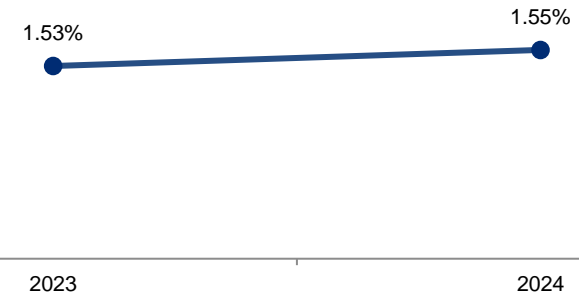


Performance and Asset Quality Ratios

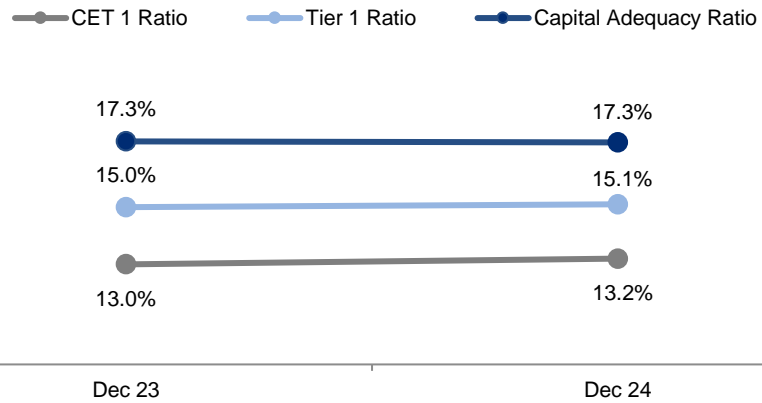
Return on Average Equity



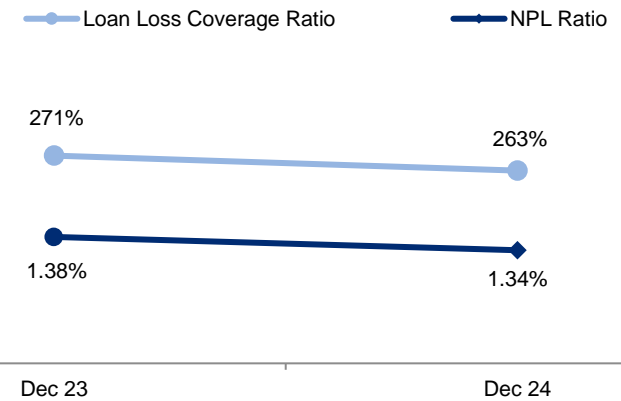
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



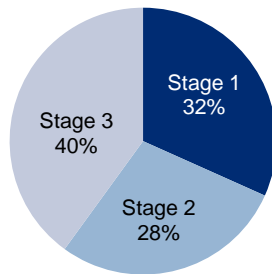


Expected Credit Losses (ECL)

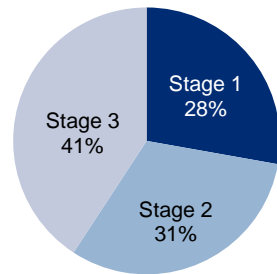
Financial Statements ECL Disclosure (KDm)

31 December 2024	Stage 1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	22,714	1,529	329	24,572
Contingent liabilities	4,582	802	14	5,397
Commitments (revocable and irrevocable) to extend credit	9,125	897	0	10,022
ECL allowance for credit facilities	176	199	259	634

ECL Allowance for Credit Facilities

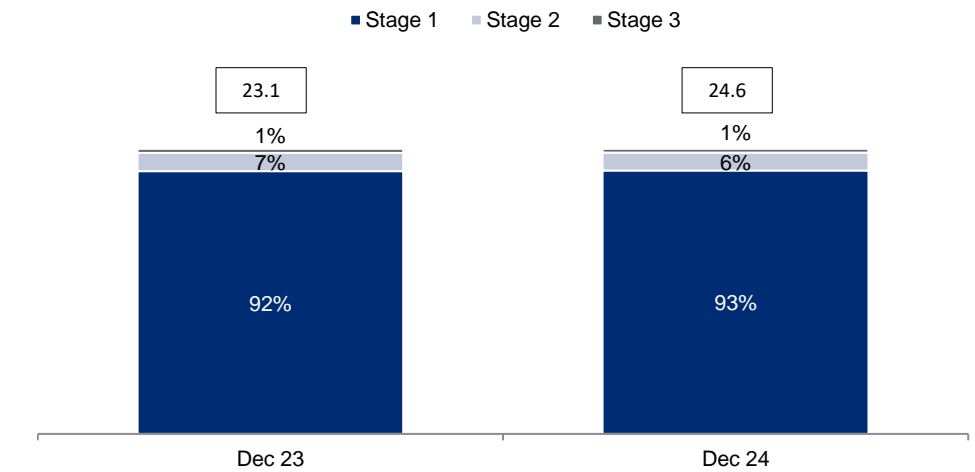


Dec 23 (KD 616m)



Dec 24 (KD 634m)

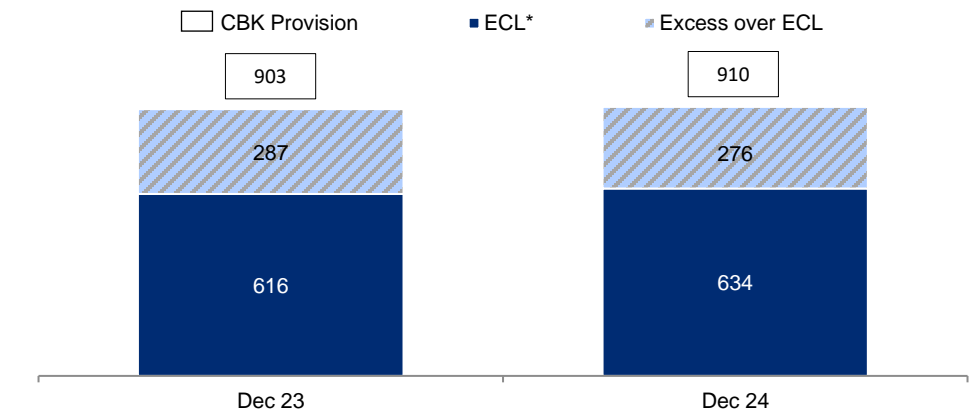
Total Gross Loans (KDbn)



Dec 23

Dec 24

CBK Credit Provisions vs IFRS 9 ECL (KDm)



Dec 23

Dec 24


* ECLs as per CBK guidelines



2025 Guidance

	2024	2025 Guidance
Loan Growth	+6.4%	Mid Single Digit
NIM	2.66%	Contracting
Cost to Income ratio	37.4%	High 30s
Cost of Risk	<i>37 bps</i>	<i>c.40 bps</i>
Earnings	<i>+7.0%</i>	
Capital Adequacy	<i>17.3%</i>	

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Consolidated Statement Of Income *(KDm)*

<i>KDm</i>	2023	2024	YoY Growth (%)
Interest Income	1,633	1,799	10%
Interest Expense	908	1,027	13%
Net Interest Income	725	772	6%
Murabaha and other Islamic financing income	402	465	15%
Finance cost and Distribution to depositors	222	256	15%
Net Income from Islamic financing	181	208	15%
Net interest income and net income from Islamic financing	905	980	8%
Net fees and commissions	197	206	5%
Net investment income	27	23	(16%)
Net gains from dealing in foreign currencies	36	41	14%
Other operating income	1	1	(8)%
Non-interest income	262	271	4%
Net Operating Income	1,167	1,251	7%
Staff expenses	233	253	8%
Other administrative expenses	147	167	13%
Depreciation of premises and equipment	44	47	6%
Amortisation of intangible assets	2	2	0%
Operating Expenses	426	468	10%
Op. profit before provision for credit losses and impairment losses	740	783	6%
Provision charge for credit losses and impairment losses	103	86	(16%)
Operating profit before taxation and directors' remuneration	637	697	9%
Taxation and Director's remuneration	49	58	19%
Non-controlling interests	28	38	39%
Profit attributable to shareholders of the Bank	561	600	7%



Consolidated Statement Of Financial Position *(KDm)*

<i>KDm</i>	December-2023	December-2024	YoY Growth %
Cash and short term funds	4,385	5,323	21%
Central Bank of Kuwait bonds	857	344	(60%)
Kuwait Government treasury bonds	194	149	(23%)
Deposits with banks	1,318	1,383	5%
Loans, advances and Islamic financing to customers	22,281	23,708	6%
Investment securities	6,885	7,626	11%
Land, premises and equipment	507	517	2%
Goodwill and other intangible assets	508	511	0%
Other assets	730	777	6%
Total Assets	37,665	40,338	7%
Due to banks	3,964	5,404	36%
Deposits from other financial institutions	3,726	2,950	(21%)
Customer deposits	21,949	22,866	4%
Certificates of deposit issued	823	1,501	82%
Other borrowed funds	1,331	1,520	14%
Other liabilities	966	940	(3%)
Total Liabilities	32,758	35,181	7%
Share capital	793	833	5%
Proposed bonus shares	40	42	5%
Statutory reserve	396	416	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,817	1,984	9%
Equity attributable to shareholders of the bank	3,884	4,112	6%
Perpetual Tier 1 Capital Securities	439	439	0%
Non-controlling interests	584	605	4%
Total equity	4,907	5,157	5%
Total liabilities and equity	37,665	40,338	7%



Performance Measures 2024

	December-2023	December-2024
Return on Average Assets	1.53%	1.55%
Return on Average Equity	15.0%	15.1%
Net Interest Margin	2.59%	2.66%
Cost to Income	36.6%	37.4%
NPLs to Gross Loans	1.38%	1.34%
Loan Loss Reserves to NPLs	271%	263%
CET 1 Ratio	13.0%	13.2%
Tier 1 Ratio	15.0%	15.1%
Total Capital Adequacy Ratio	17.3%	17.3%

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Questions?



Thank You



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