

**NATIONAL BANK OF KUWAIT GROUP**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2024 (UNAUDITED)**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NATIONAL BANK OF KUWAIT S.A.K.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Bank of Kuwait S.A.K.P. (the “Bank”) and its subsidiaries (collectively the “Group”) as at 31 March 2024, 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 months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

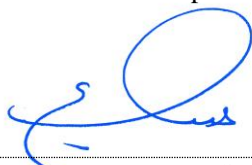
### *Conclusion*

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

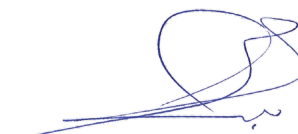
### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulation, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the three months period ended 31 March 2024 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any 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 months period ended 31 March 2024 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM ALSAMDAN  
LICENCE NO. 208 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS



BADER A. AL-WAZZAN  
LICENCE NO. 62 A  
DELOITTE & TOUCHE  
AL-WAZZAN & CO.

# National Bank of Kuwait Group

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

31 March 2024 (Unaudited)

	Notes	Three months ended 31 March	
		2024 KD 000's	2023 KD 000's
Interest income		452,047	361,366
Interest expense		262,873	190,673
<b>Net interest income</b>		<b>189,174</b>	<b>170,693</b>
Murabaha and other Islamic financing income		110,584	92,197
Finance cost and Distribution to depositors		61,644	51,138
<b>Net income from Islamic financing</b>		<b>48,940</b>	<b>41,059</b>
<b>Net interest income and net income from Islamic financing</b>		<b>238,114</b>	<b>211,752</b>
Net fees and commissions		53,185	51,392
Net investment income		6,783	5,813
Net gains from dealing in foreign currencies		10,248	7,984
Other operating income		635	921
<b>Non-interest income</b>		<b>70,851</b>	<b>66,110</b>
<b>Net operating income</b>		<b>308,965</b>	<b>277,862</b>
Staff expenses		58,858	54,851
Other administrative expenses		40,696	35,629
Depreciation of premises and equipment		11,514	10,573
Amortisation of intangible assets		412	412
<b>Operating expenses</b>		<b>111,480</b>	<b>101,465</b>
<b>Operating profit before provision for credit losses and impairment losses</b>		<b>197,485</b>	<b>176,397</b>
<b>Provision charge for credit losses and impairment losses</b>	3	<b>25,499</b>	<b>28,100</b>
<b>Operating profit before taxation</b>		<b>171,986</b>	<b>148,297</b>
Taxation	4	15,754	9,023
<b>Profit for the period</b>		<b>156,232</b>	<b>139,274</b>
<b>Attributable to:</b>			
Shareholders of the Bank		146,581	134,203
Non-controlling interests		9,651	5,071
		<b>156,232</b>	<b>139,274</b>
<b>Basic earnings per share attributable to shareholders of the Bank</b>	5	<b>17 fils</b>	<b>15 fils</b>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

# National Bank of Kuwait Group

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 March 2024 (Unaudited)

	Three months ended 31 March	
	2024 KD 000's	2023 KD 000's
<b>Profit for the period</b>	<b>156,232</b>	139,274
<b>Other comprehensive income (loss)</b>		
Investment in debt securities measured at FVOCI :		
Net change in fair value	27,271	(29,489)
Net transfer to interim condensed consolidated statement of income	628	619
	<b>27,899</b>	(28,870)
Exchange differences on translation of foreign operations	<b>(65,841)</b>	(25,289)
<b>Other comprehensive loss for the period reclassifiable to interim condensed consolidated statement of income in subsequent periods</b>	<b>(37,942)</b>	(54,159)
Net loss on investments in equity instruments designated at FVOCI (not reclassifiable to interim condensed consolidated statement of income in subsequent periods)	<b>(418)</b>	(28)
<b>Other comprehensive loss for the period</b>	<b>(38,360)</b>	(54,187)
<b>Total comprehensive income for the period</b>	<b>117,872</b>	85,087
<b>Attributable to:</b>		
Shareholders of the Bank	107,598	82,616
Non-controlling interests	10,274	2,471
	<b>117,872</b>	85,087

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

# National Bank of Kuwait Group

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024 (Unaudited)

		31 March 2024 KD 000's	Audited 31 December 2023 KD 000's	31 March 2023 KD 000's
<b>Assets</b>				
Cash and short term funds		4,271,244	4,384,700	5,108,257
Central Bank of Kuwait bonds		859,682	856,815	893,538
Kuwait Government treasury bonds		192,764	194,111	198,441
Deposits with banks		1,918,465	1,318,121	1,427,160
Loans, advances and Islamic financing to customers	6	22,389,414	22,281,004	21,189,473
Investment securities		6,899,771	6,884,821	5,970,157
Land, premises and equipment		496,892	506,812	474,709
Goodwill and other intangible assets		508,010	508,416	529,910
Other assets		791,613	730,191	672,030
<b>Total assets</b>		<b>38,327,855</b>	<b>37,664,991</b>	<b>36,463,675</b>
<b>Liabilities</b>				
Due to banks		4,181,296	3,963,802	4,021,252
Deposits from other financial institutions		3,068,456	3,725,629	3,700,514
Customer deposits		22,271,091	21,948,957	20,436,400
Certificates of deposit issued		1,643,823	822,899	1,480,744
Other borrowed funds		1,237,072	1,331,006	1,371,457
Other liabilities		1,119,186	966,123	942,961
<b>Total liabilities</b>		<b>33,520,924</b>	<b>32,758,416</b>	<b>31,953,328</b>
<b>Equity</b>				
Share capital	7	792,995	792,995	755,233
Proposed bonus shares	7	39,649	39,649	37,762
Statutory reserve		396,499	396,499	377,618
Share premium account		803,028	803,028	803,028
Treasury shares reserve		34,961	34,961	34,961
Other reserves	7	1,720,432	1,816,640	1,502,082
Equity attributable to shareholders of the Bank		3,787,564	3,883,772	3,510,684
Perpetual Tier 1 Capital Securities	8	439,032	439,032	439,032
Non-controlling interests		580,335	583,771	560,631
<b>Total equity</b>		<b>4,806,931</b>	<b>4,906,575</b>	<b>4,510,347</b>
<b>Total liabilities and equity</b>		<b>38,327,855</b>	<b>37,664,991</b>	<b>36,463,675</b>

Hamad Mohamed Al-Bahar  
Chairman

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

# National Bank of Kuwait Group

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

31 March 2024 (Unaudited)

	Notes	Three months ended 31 March	
		2024 KD 000's	2023 KD 000's
<b>Operating activities</b>			
Profit for the period		156,232	139,274
Adjustments for:			
Net investment income		(6,783)	(5,813)
Depreciation of premises and equipment		11,514	10,573
Amortisation of intangible assets		412	412
Provision charge for credit losses and impairment losses	3	25,499	28,100
Taxation	4	15,754	9,023
Cash flow from operating activities before changes in operating assets and liabilities		202,628	181,569
Changes in operating assets and liabilities:			
Central Bank of Kuwait bonds		(2,867)	(12,297)
Kuwait Government treasury bonds		-	14,968
Deposits with banks		(599,550)	66,983
Loans, advances and Islamic financing to customers		(331,497)	(217,871)
Other assets		(3,417)	100,912
Due to banks		217,500	3,273
Deposits from other financial institutions		(649,973)	(40,363)
Customer deposits		584,214	258,338
Certificates of deposit issued		820,924	(320,879)
Other liabilities		(95,345)	(19,134)
Tax paid		(8,948)	(2,996)
Net cash from operating activities		133,669	12,503
<b>Investing activities</b>			
Purchase of investment securities		(962,580)	(896,542)
Proceeds from sale/redemption of investment securities		823,610	581,737
Dividend income		145	12
Change in holding in subsidiaries		22	(5,457)
Proceeds from sale of land, premises and equipment		-	917
Purchase of land, premises and equipment		(10,583)	(8,136)
Purchase of investment properties		-	(21,773)
Proceeds from sale of investment properties		1,424	-
Net cash used in investing activities		(147,962)	(349,242)
<b>Financing activities</b>			
Interest paid on Perpetual Tier 1 Capital Securities		(3,907)	(3,900)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary		(3,036)	(3,027)
Net movement in other borrowed funds		(92,220)	128,471
Net cash (used in) from financing activities		(99,163)	121,544
<b>Decrease in cash and short term funds</b>		<b>(113,456)</b>	<b>(215,195)</b>
Cash and short term funds at 1 January		4,384,700	5,323,452
<b>Cash and short term funds at 31 March</b>		<b>4,271,244</b>	<b>5,108,257</b>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

# National Bank of Kuwait Group

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 March 2024 (Unaudited)

KD 000's

	Equity attributable to shareholders of the Bank						Total	Perpetual Tier 1 Capital Securities	Non-controlling interests	Total equity
	Share capital	Proposed bonus shares	Statutory reserve	Share premium account	Treasury shares reserve	Other reserves (Note 7)				
At 1 January 2024	792,995	39,649	396,499	803,028	34,961	1,816,640	3,883,772	439,032	583,771	4,906,575
Profit for the period	-	-	-	-	-	146,581	146,581	-	9,651	156,232
Other comprehensive (loss) income	-	-	-	-	-	(38,983)	(38,983)	-	623	(38,360)
<b>Total comprehensive income</b>	-	-	-	-	-	107,598	107,598	-	10,274	117,872
Transfer to dividends payable (Note 7b)	-	-	-	-	-	(198,249)	(198,249)	-	-	(198,249)
Interest paid on perpetual Tier 1 Capital Securities	-	-	-	-	-	(3,907)	(3,907)	-	-	(3,907)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	-	-	-	-	(1,833)	(1,833)	-	(1,203)	(3,036)
Change in holding in subsidiaries	-	-	-	-	-	-	-	-	22	22
Dividend payable to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	(12,561)	(12,561)
Other movements	-	-	-	-	-	183	183	-	32	215
<b>At 31 March 2024</b>	<b>792,995</b>	<b>39,649</b>	<b>396,499</b>	<b>803,028</b>	<b>34,961</b>	<b>1,720,432</b>	<b>3,787,564</b>	<b>439,032</b>	<b>580,335</b>	<b>4,806,931</b>
At 1 January 2023	755,233	37,762	377,618	803,028	34,961	1,614,386	3,622,988	439,032	572,926	4,634,946
Profit for the period	-	-	-	-	-	134,203	134,203	-	5,071	139,274
Other comprehensive loss	-	-	-	-	-	(51,587)	(51,587)	-	(2,600)	(54,187)
<b>Total comprehensive income</b>	-	-	-	-	-	82,616	82,616	-	2,471	85,087
Transfer to dividends payable (Note 7b)	-	-	-	-	-	(188,808)	(188,808)	-	-	(188,808)
Interest paid on perpetual Tier 1 Capital Securities	-	-	-	-	-	(3,900)	(3,900)	-	-	(3,900)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	-	-	-	-	(1,821)	(1,821)	-	(1,206)	(3,027)
Change in holding in subsidiaries	-	-	-	-	-	(693)	(693)	-	(4,764)	(5,457)
Dividend payable to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	(8,966)	(8,966)
Other movements	-	-	-	-	-	302	302	-	170	472
<b>At 31 March 2023</b>	<b>755,233</b>	<b>37,762</b>	<b>377,618</b>	<b>803,028</b>	<b>34,961</b>	<b>1,502,082</b>	<b>3,510,684</b>	<b>439,032</b>	<b>560,631</b>	<b>4,510,347</b>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### **1 Incorporation and registration**

The interim condensed consolidated financial information of National Bank of Kuwait S.A.K.P. (the “Bank”) and its subsidiaries (collectively the “Group”) for the three months period ended 31 March 2024 was authorised for issue in accordance with a resolution of the directors on 8 April 2024. The Bank is a public shareholding company incorporated in the State of Kuwait in 1952 and is registered as a bank (commercial registration number – 8490) with the Central Bank of Kuwait. The Bank’s registered office is at Al Shuhada Street, P.O. Box 95, Safat 13001, Kuwait.

### **2 Accounting policies**

#### **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 accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023.

The annual consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards (“IFRS”) with an amendment for measuring the expected credit loss (“ECL”) on credit facilities at the higher of ECL computed under IFRS 9 – ‘Financial Instruments’ in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

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

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2024 did not have any material impact on the accounting policies, financial position or performance of the Group.



# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 3 Provision charge for credit losses and impairment losses

	Three months ended 31 March	
	2024 KD 000's	2023 KD 000's
Provision charge for credit facilities – specific	22,730	2,008
Provision charge for credit facilities – general	2,528	26,775
Expected credit losses release	(92)	(683)
Other impairment losses	333	-
	<u>25,499</u>	<u>28,100</u>

### 4 Taxation

	Three months ended 31 March	
	2024 KD 000's	2023 KD 000's
National Labour Support Tax	3,537	3,318
Zakat	1,639	1,472
Contribution to Kuwait Foundation for the Advancement of Sciences	1,407	1,259
Overseas tax	9,171	2,974
	<u>15,754</u>	<u>9,023</u>

### 5 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Bank (adjusted for interest and profit paid on Perpetual Tier 1 Capital Securities) by the weighted average number of shares outstanding during the period net of treasury shares. There are no dilutive potential shares that are convertible into shares.

	Three months ended 31 March	
	2024 KD 000's	2023 KD 000's
Profit attributable to shareholders of the Bank	146,581	134,203
Less: Interest paid on Perpetual Tier 1 Capital Securities	(3,907)	(3,900)
Less: Profit distribution on Perpetual Tier 1 sukuk by a subsidiary attributable to shareholders of the bank	(1,833)	(1,821)
	<u>140,841</u>	<u>128,482</u>
Weighted average number of shares outstanding during the period net of treasury shares (thousands)	<u>8,326,443</u>	<u>8,326,443</u>
Basic earnings per share	<u>17 fils</u>	<u>15 fils</u>

Earnings per share calculations for the period ended 31 March 2024 and 31 March 2023 have been adjusted to take account of the bonus shares proposed to be issued in 2024.

# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 6 Loans, advances and Islamic financing to customers

	<b>31 March 2024 KD 000's</b>	Audited 31 December 2023 KD 000's	31 March 2023 KD 000's
Loans, advances and Islamic financing to customers	<b>23,260,648</b>	23,143,854	22,024,816
Provision for credit losses	<b>(871,234)</b>	(862,850)	(835,343)
	<b><u>22,389,414</u></b>	<u>22,281,004</u>	<u>21,189,473</u>

The available provision on non-cash facilities of KD 41,130 thousand (31 December 2023: KD 40,540 thousand, 31 March 2023: KD 39,957 thousand) is included under other liabilities. The total provision for cash and non cash credit facilities in accordance with CBK guidelines amounted to KD 912,364 thousand as at 31 March 2024 (31 December 2023: KD 903,390 thousand, 31 March 2023: KD 875,300 thousand)

The Expected Credit Losses ("ECL") on credit facilities determined under IFRS 9 in accordance to the CBK guidelines amounted to KD 597,429 thousand as at 31 March 2024 (31 December 2023: 615,659 thousand, 31 March 2023: KD 579,640 thousand). CBK guidelines prescribe certain parameters to determine the ECL on credit facilities such as floors for estimating Probability of Default (PD), eligible collateral with haircuts for determining Loss Given Default (LGD), deemed minimum maturity for Stage 2 exposures, 100% credit conversion factors for utilised cash and non-cash facilities, Stage 3 ECLs at 100% of the defaulted exposure net of eligible collateral after applying applicable haircuts etc.

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

<i>31 March 2024</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Loans, advances and Islamic financing to customers	<b>21,178,120</b>	<b>1,731,090</b>	<b>351,438</b>	<b>23,260,648</b>
Contingent liabilities (Note 10)	<b>3,955,203</b>	<b>677,527</b>	<b>16,004</b>	<b>4,648,734</b>
Commitments (revocable and irrevocable) to extend credit	<b>8,144,149</b>	<b>1,030,760</b>	<b>1,820</b>	<b>9,176,729</b>
ECL allowance for credit facilities	<b>173,097</b>	<b>170,723</b>	<b>253,609</b>	<b>597,429</b>
<i>31 December 2023</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Loans, advances and Islamic financing to customers	21,339,511	1,485,957	318,386	23,143,854
Contingent liabilities (Note 10)	3,895,079	708,129	12,703	4,615,911
Commitments (revocable and irrevocable) to extend credit	8,046,514	1,010,524	1,175	9,058,213
ECL allowance for credit facilities	195,114	174,258	246,287	615,659

# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 6 Loans, advances and Islamic financing to customers (continued)

<i>31 March 2023</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Loans, advances and Islamic financing to customers	20,384,075	1,299,521	341,220	22,024,816
Contingent liabilities (Note 10)	3,734,289	657,681	11,980	4,403,950
Commitments (revocable and irrevocable) to extend credit	7,517,749	886,012	233	8,403,994
ECL allowance for credit facilities	186,000	162,154	231,486	579,640

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

	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance as at 1 January 2024	195,114	174,258	246,287	615,659
Transfer between stages				
Transfer from Stage 1	(3,511)	2,271	1,240	-
Transfer from Stage 2	24,164	(35,854)	11,690	-
Transfer from Stage 3	7,684	2,545	(10,229)	-
Amounts written off net of exchange movements	(3,408)	(694)	(16,534)	(20,636)
Net (decrease) increase in ECL for the period	(46,946)	28,197	21,155	2,406
At 31 March 2024	173,097	170,723	253,609	597,429
ECL allowance as at 1 January 2023	169,351	169,228	238,856	577,435
Transfer between stages				
Transfer from Stage 1	(2,032)	1,481	551	-
Transfer from Stage 2	34,790	(46,067)	11,277	-
Transfer from Stage 3	7,458	4,284	(11,742)	-
Amounts recovered(written off) net of exchange movements	73	91	(21,006)	(20,842)
Net (decrease) increase in ECL for the period	(23,640)	33,137	13,550	23,047
At 31 March 2023	186,000	162,154	231,486	579,640

### 7 Shareholders' equity

a) The authorised share capital of the Bank comprises 10,000,000,000 shares (31 December 2023: 10,000,000,000 shares and 31 March 2023: 10,000,000,000 shares) of 100 fils each. The issued and fully paid up share capital of the Bank comprises 7,929,945,620 shares (31 December 2023: 7,929,945,620 shares and 31 March 2023: 7,552,329,162 shares) of 100 fils each.

b) Dividend and bonus shares

The Annual General Assembly meeting of the shareholders held on 23 March 2024 approved 5% bonus shares and a final cash dividend of 25 fils per share for the year ended 31 December 2023 (5% bonus shares and a final cash dividend of 25 fils per share for the year ended 31 December 2022). The final cash dividend payable amounting to KD 198,249 thousand is included in other liabilities as at 31 March 2024 and will be paid on 18 April 2024. The bonus shares will increase the number of issued and fully paid up shares by 396,497,281 (2023: 377,616,458) and increase the share capital by KD 39,649 thousand (2023: KD 37,762 thousand). The bonus shares will be distributed on 18 April 2024.

# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 7 Shareholders' equity (continued)

c) Other reserves

KD 000's

	<i>General reserve</i>	<i>Retained earnings</i>	<i>Foreign currency translation reserve</i>	<i>Cumulative changes in fair values</i>	<i>Share based payment reserve</i>	<i>Actuarial valuation reserve</i>	<i>Proposed cash dividend</i>	<i>Total other reserves</i>
Balance as at 1 January 2024	117,058	1,750,695	(351,838)	83,553	14,409	4,514	198,249	1,816,640
Profit for the period	-	146,581	-	-	-	-	-	146,581
Other comprehensive (loss) income	-	-	(65,219)	26,236	-	-	-	(38,983)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>146,581</b>	<b>(65,219)</b>	<b>26,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,598</b>
Transfer to dividends payable	-	-	-	-	-	-	(198,249)	(198,249)
Interest paid on Perpetual Tier 1 Capital Securities	-	(3,907)	-	-	-	-	-	(3,907)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	(1,833)	-	-	-	-	-	(1,833)
Other movements	-	183	-	-	-	-	-	183
<b>At 31 March 2024</b>	<b>117,058</b>	<b>1,891,719</b>	<b>(417,057)</b>	<b>109,789</b>	<b>14,409</b>	<b>4,514</b>	<b>-</b>	<b>1,720,432</b>
Balance as at 1 January 2023	117,058	1,550,747	(336,789)	79,139	14,409	1,014	188,808	1,614,386
Profit for the period	-	134,203	-	-	-	-	-	134,203
Other comprehensive loss	-	-	(24,252)	(27,335)	-	-	-	(51,587)
Total comprehensive income (loss)	-	134,203	(24,252)	(27,335)	-	-	-	82,616
Transfer to dividends payable	-	-	-	-	-	-	(188,808)	(188,808)
Interest paid on Perpetual Tier 1 Capital Securities	-	(3,900)	-	-	-	-	-	(3,900)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	(1,821)	-	-	-	-	-	(1,821)
Change in holding in subsidiaries	-	(693)	-	-	-	-	-	(693)
Other movements	-	302	-	-	-	-	-	302
<b>At 31 March 2023</b>	<b>117,058</b>	<b>1,678,838</b>	<b>(361,041)</b>	<b>51,804</b>	<b>14,409</b>	<b>1,014</b>	<b>-</b>	<b>1,502,082</b>

# National Bank of Kuwait Group

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### 8 Perpetual Tier 1 Capital Securities

The Bank issued the following Perpetual Tier 1 Capital Securities (the “Capital Securities”), through wholly owned special purpose vehicles:

	<i>31 March</i> <i>2024</i> <i>KD 000's</i>	<i>Audited</i> <i>31 December</i> <i>2023</i> <i>KD 000's</i>	<i>31 March</i> <i>2023</i> <i>KD 000's</i>
USD 750,000 thousand (issued in November 2019 at an interest rate of 4.5% per annum, semi-annually in arrears, until the first reset date in November 2025, redeemable at the option of the bank in August 2025)	<b>227,738</b>	227,738	227,738
USD 700,000 thousand (issued in February 2021 at an interest rate of 3.625% per annum, semi-annually in arrears, until the first reset date in February 2027, redeemable at the option of the bank in August 2026)	<b>211,294</b>	211,294	211,294
	<b>439,032</b>	439,032	439,032

During 2021, Boubyan Bank K.S.C.P, a subsidiary of the Group, issued Tier 1 Sukuk (the “Capital Securities”), through a Sharia’s compliant Sukuk arrangement amounting to USD 500,000 thousand, callable in October 2026 and bears an expected profit rate of 3.95% per annum until the first reset date in April 2027, payable semi-annually in arrears.

The Parent Bank did not subscribe to the Tier 1 Sukuk issue and the total amount is included in non-controlling interest in the interim condensed consolidated statement of financial position.

The above mentioned Capital securities are subordinated, unsecured and are eligible to be classified under equity in accordance with IAS 32: Financial Instruments – Presentation.

### 9 Segmental analysis

The Group has six reportable segments as described below. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment.

#### Consumer Banking

Consumer Banking provides a diversified range of products and services to individuals. The range includes consumer loans, credit cards, deposits, foreign exchange and other branch related services.

#### Corporate Banking

Corporate Banking provides a comprehensive product and service offering to business and corporate customers, including lending, deposits, trade finance, foreign exchange and advisory services.

#### NBK Wealth

NBK Wealth provides a full range of asset management, custody, brokerage, lending, deposits and other customized and innovative banking services to high net worth individuals and institutional clients across the Group.

#### Islamic Banking

Islamic banking represents the financial results of Boubyan Bank K.S.C.P., the Islamic banking subsidiary of the Group.

# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 9 Segmental analysis (continued)

#### Group Centre

Group Centre includes treasury, investments, and other defined Group activities. Treasury provides a comprehensive range of treasury services and products to its clients, and is also responsible for the Bank's liquidity and market risk management. Group Centre includes any residual in respect of transfer pricing and inter segment allocations.

#### International Banking

International Banking provides a broad range of products and services including lending, deposits, trade finance etc. to corporate and individual customers at Group's overseas locations.

The following table shows net operating income, profit for the period, total assets and total liabilities information in respect of the Group's business segments:

	31 March 2024						
	Consumer Banking KD 000's	Corporate Banking KD 000's	NBK Wealth KD 000's	Islamic Banking KD 000's	Group Centre KD 000's	International Banking KD 000's	Total KD 000's
<i>Three months</i>							
Net operating income	<u>61,522</u>	<u>40,472</u>	<u>27,623</u>	<u>63,351</u>	<u>41,743</u>	<u>74,254</u>	<u>308,965</u>
Profit for the period	<u>26,831</u>	<u>32,965</u>	<u>16,987</u>	<u>24,621</u>	<u>22,083</u>	<u>32,745</u>	<u>156,232</u>
Total assets	<u>5,090,210</u>	<u>5,192,654</u>	<u>926,896</u>	<u>8,673,125</u>	<u>2,687,197</u>	<u>15,757,773</u>	<u>38,327,855</u>
Total liabilities	<u>4,919,319</u>	<u>2,992,580</u>	<u>2,149,653</u>	<u>7,651,587</u>	<u>1,915,419</u>	<u>13,892,366</u>	<u>33,520,924</u>
	31 March 2023						
	Consumer Banking KD 000's	Corporate Banking KD 000's	NBK Wealth KD 000's	Islamic Banking KD 000's	Group Centre KD 000's	International Banking KD 000's	Total KD 000's
<i>Three months</i>							
Net operating income	<u>53,142</u>	<u>40,798</u>	<u>28,677</u>	<u>54,069</u>	<u>33,337</u>	<u>67,839</u>	<u>277,862</u>
Profit for the period	<u>23,021</u>	<u>34,897</u>	<u>18,007</u>	<u>19,442</u>	<u>2,366</u>	<u>41,541</u>	<u>139,274</u>
Total assets	<u>5,073,345</u>	<u>4,977,170</u>	<u>933,348</u>	<u>8,030,951</u>	<u>2,619,245</u>	<u>14,829,616</u>	<u>36,463,675</u>
Total liabilities	<u>5,051,734</u>	<u>2,798,845</u>	<u>1,958,009</u>	<u>7,065,071</u>	<u>1,769,579</u>	<u>13,310,090</u>	<u>31,953,328</u>

# National Bank of Kuwait Group

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### 10 Commitments and contingent liabilities

	<b>31 March 2024 KD 000's</b>	Audited 31 December 2023 KD 000's	31 March 2023 KD 000's
Commitments on behalf of customers for which there are corresponding liabilities by the customers concerned:			
Acceptances	<b>115,454</b>	189,080	107,891
Letters of credit	<b>483,376</b>	391,486	536,369
Guarantees	<b>4,049,904</b>	4,035,345	3,759,690
	<b><u>4,648,734</u></b>	<u>4,615,911</u>	<u>4,403,950</u>

Irrevocable commitments to extend credit amount to KD 1,343,407 thousand (31 December 2023: KD 1,327,508 thousand, 31 March 2023: KD 997,048 thousand). This includes commitments to extend credit which are irrevocable over the life of the facility or are revocable only in response to a material adverse change.

In the normal course of business, the Group has exposure to various indirect credit commitments which, though not reflected in the interim condensed consolidated statement of financial position, are subject to normal credit standards, financial controls and monitoring procedures.

These credit commitments do not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded. Credit losses, if any, which may result from exposure to such commitments are not expected to be significant.

The Group has commitments in respect of capital expenditure amounting to KD 91,869 thousand (31 December 2023: KD 85,980 thousand, 31 March 2023: KD 78,432 thousand).

### 11 Fair value of financial instruments

The fair value of financial assets and financial liabilities that are traded in active markets is based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are observable from market data. Debt securities under this category mainly include sovereign debt instruments in the Middle East & North Africa (MENA) region.

Level 3: valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 11 Fair value of financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments recorded at fair value:

<i>31 March 2024</i>	<i>Level 1 KD 000's</i>	<i>Level 2 KD 000's</i>	<i>Level 3 KD 000's</i>	<i>Total KD 000's</i>
Debt securities	5,136,296	295,120	-	5,431,416
Equities and other investments	62,997	214,909	43,388	321,294
	<u>5,199,293</u>	<u>510,029</u>	<u>43,388</u>	<u>5,752,710</u>
Derivative financial instruments (Note 12)	-	316,952	-	316,952
 <i>31 December 2023</i>	 <i>Level 1 KD 000's</i>	 <i>Level 2 KD 000's</i>	 <i>Level 3 KD 000's</i>	 <i>Total KD 000's</i>
Debt securities	5,192,114	345,509	-	5,537,623
Equities and other investments	61,356	188,570	43,012	292,938
	<u>5,253,470</u>	<u>534,079</u>	<u>43,012</u>	<u>5,830,561</u>
Derivative financial instruments (Note 12)	-	247,694	-	247,694
 <i>31 March 2023</i>	 <i>Level 1 KD 000's</i>	 <i>Level 2 KD 000's</i>	 <i>Level 3 KD 000's</i>	 <i>Total KD 000's</i>
Debt securities	4,446,919	313,039	-	4,759,958
Equities and other investments	51,383	190,813	43,603	285,799
	<u>4,498,302</u>	<u>503,852</u>	<u>43,603</u>	<u>5,045,757</u>
Derivative financial instruments (Note 12)	-	266,316	-	266,316



# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 11 Fair value of financial instruments (continued)

The table below analyses the movement in level 3 and the income (dividend and realised/unrealised gain) generated during the periods.

	<i>At 1 January 2024 KD 000's</i>	<i>Change in fair value KD 000's</i>	<i>Additions KD 000's</i>	<i>Sale/ redemption KD 000's</i>	<i>Exchange rate movements KD 000's</i>	<i>At 31 March 2024 KD 000's</i>	<i>Net gain in the interim condensed statement of income KD 000's</i>
Equities and other investments	43,012	13	583	(249)	29	43,388	155
	<u>43,012</u>	<u>13</u>	<u>583</u>	<u>(249)</u>	<u>29</u>	<u>43,388</u>	<u>155</u>

	<i>At 1 January 2023 KD 000's</i>	<i>Change in fair value KD 000's</i>	<i>Additions KD 000's</i>	<i>Sale/ redemption KD 000's</i>	<i>Exchange rate movements KD 000's</i>	<i>At 31 March 2023 KD 000's</i>	<i>Net gain in the interim condensed statement of income KD 000's</i>
Equities and other investments	48,046	47	29	(4,490)	(29)	43,603	133
	<u>48,046</u>	<u>47</u>	<u>29</u>	<u>(4,490)</u>	<u>(29)</u>	<u>43,603</u>	<u>133</u>

### 12 Derivative financial instruments

Derivative financial instruments are financial instruments that derive their value by referring to interest rates, foreign exchange rates, index of prices or rates and credit rating or credit index. Notional principal amounts merely represent amounts to which a rate or price is applied to determine the amounts of cash flows to be exchanged and do not represent the potential gain or loss associated with the market or credit risk of such instruments.

Derivative financial instruments are carried at fair value in the consolidated statement of financial position. Positive fair value represents the cost of replacing all transactions with a fair value in the Group's favour had the rights and obligations arising from that instrument been closed in an orderly market transaction at the reporting date. Credit risk in respect of derivative financial instruments is limited to the positive fair value of the instruments. Negative fair value represents the cost to the Group's counter-parties of replacing all their transactions with the Group.

The Group deals in interest rate swaps to manage its interest rate risk on interest bearing assets and liabilities and to provide interest rate risk management solutions to customers. Similarly the Group deals in forward foreign exchange contracts for customers and to manage its foreign currency positions and cash flows.

# National Bank of Kuwait Group

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

### 12 Derivative financial instruments (continued)

Interest rate swaps used to hedge the change in fair value of the Group's financial assets and liabilities and which qualifies as effective hedging instruments are disclosed as 'held as fair value hedges'. Other interest rate swaps and forward foreign exchange contracts are carried out for customers or used for hedging purpose but do not meet the qualifying criteria for hedge accounting. The risk exposures on account of derivative financial instruments for customers are covered by entering into opposite transactions (back to back) with counter-parties or by other risk mitigating transactions.

#### Interest rate swaps

Interest rate swaps are contractual agreements between two counter-parties to exchange interest payments on a defined principal amount for a fixed period of time. In cross currency interest rate swaps, the Group exchanges interest payment in two different currencies on a defined principal amount for a fixed period of time and also exchanges defined principal amounts in two different currencies at inception of the contract and re-exchanges principal amounts on maturity.

#### Forward foreign exchange

Forward foreign exchange contracts are agreements to buy or sell currencies at a specified rate and at a future date.

The fair value of derivative financial instruments included in the financial records, together with their notional amounts is summarised as follows:

	31 March 2024			Audited 31 December 2023			31 March 2023		
	Positive fair value KD 000's	Negative fair value KD 000's	Notional KD 000's	Positive fair value KD 000's	Negative fair value KD 000's	Notional KD 000's	Positive fair value KD 000's	Negative fair value KD 000's	Notional KD 000's
Interest rate swaps (held as fair value hedges)	348,316	30,279	5,957,523	282,008	43,973	5,826,052	292,758	23,791	4,842,250
Interest rate swaps (others)	1,164	1,075	85,151	891	1,753	86,318	1,097	1,109	21,459
Forward foreign exchange contracts	8,956	10,130	4,126,199	27,547	17,026	4,112,667	14,477	17,116	4,181,161
	<b>358,436</b>	<b>41,484</b>	<b>10,168,873</b>	<b>310,446</b>	<b>62,752</b>	<b>10,025,037</b>	<b>308,332</b>	<b>42,016</b>	<b>9,044,870</b>

## National Bank of Kuwait Group

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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#### 13 Related party transactions

Related parties comprise Board Members and Executive Officers of the Bank, their close family members, companies controlled by them or close family members and associates of the Group. Certain related parties were customers of the Group in the ordinary course of business. Transactions with related parties were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk. Lending to Board Members and their related parties is secured by tangible collateral in accordance with regulations of Central Bank of Kuwait.

Details of the interests of related parties are as follows:

	Number of Board Members and Executive Officers			Number of related parties			31 March 2024	31 December 2023 Audited KD 000's	31 March 2023 KD 000's
	31 March 2024	31 December 2023	31 March 2023	31 March 2024	31 December 2023	31 March 2023			
Loans	6	6	7	19	22	19	49,013	49,652	55,346
Contingent liabilities	1	1	2	7	7	8	23,133	22,719	21,887
Credit cards	18	19	18	31	28	29	232	187	217
Deposits	25	24	24	89	88	86	41,403	36,927	40,460
Collateral against credit facilities	3	3	3	13	14	15	158,506	153,137	176,202
Interest and fee income							795	3,005	645
Interest expense							223	1,205	317
Purchase of equipment and other expenses							50	330	36

## National Bank of Kuwait Group

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2024 (Unaudited)

#### 13 Related party transactions (continued)

Details of compensation to key management personnel are as follows:

	Three months ended	
	31 March	
	2024	2023
	KD 000's	KD 000's
Salaries and other short term benefits	2,961	2,916
Post-employment benefits	27	68
Share based compensation	300	224
	<u>3,288</u>	<u>3,208</u>