



National Bank of Kuwait

Investor Presentation

1Q 2025 Earnings Call

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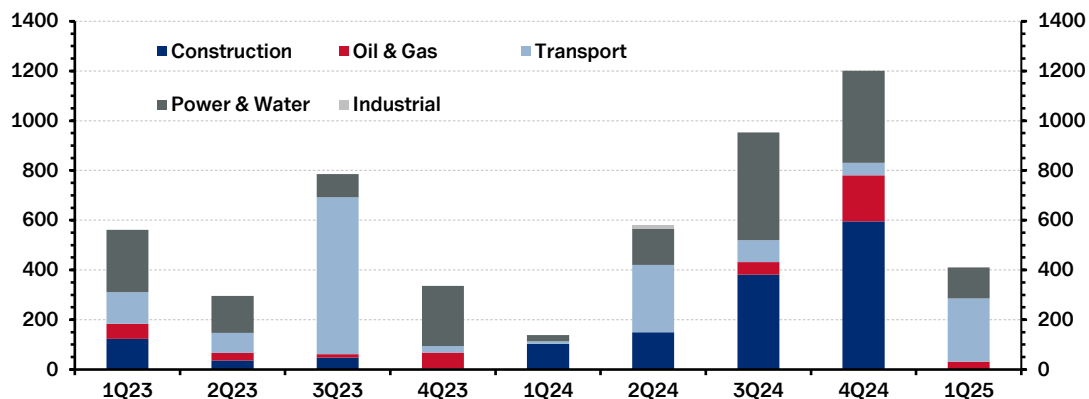
Key Economic Highlights

GCC Headline Growth (%)

	2024f	2025f	2026f
Bahrain	0.8	3.0	2.7
Kuwait	-2.4	1.9	3.3
Oman	1.3	3.2	3.4
Qatar	2.6	2.4	5.5
KSA	1.3	3.6	4.3
UAE	3.8	3.9	4.9
GCC	1.7	3.4	4.4

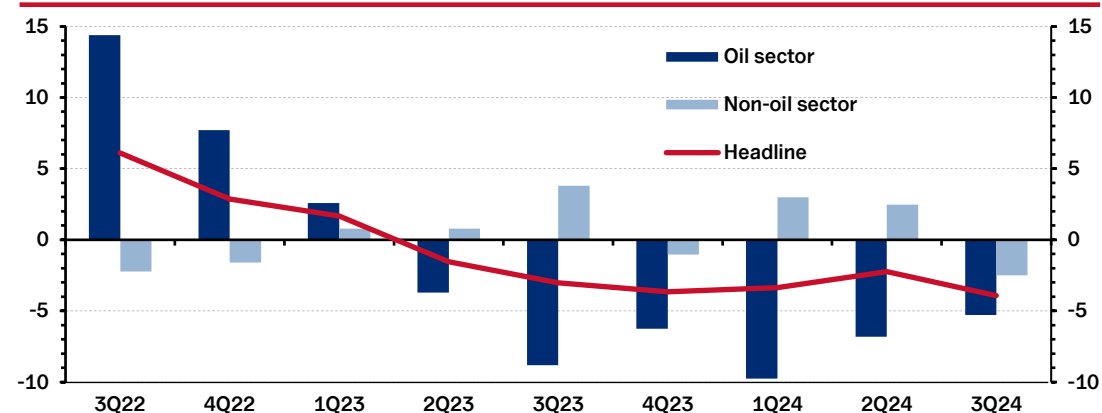
Headline economic growth in the GCC is expected to accelerate further in 2026, bolstered by a continued unwinding of OPEC+ production cuts for the oil exporters and further output gains in the non-hydrocarbon sector. Demand is likely to remain relatively strong in 2025 and 2026, supported by solid private consumption, government focus on domestic investment spending, economic diversification-targeting structural reforms and FDI-enhancing measures. GCC inflation is expected to remain stable at 1.9% in 2025-26 amid a relatively tighter monetary policy environment.

Project Awards² (KD million)



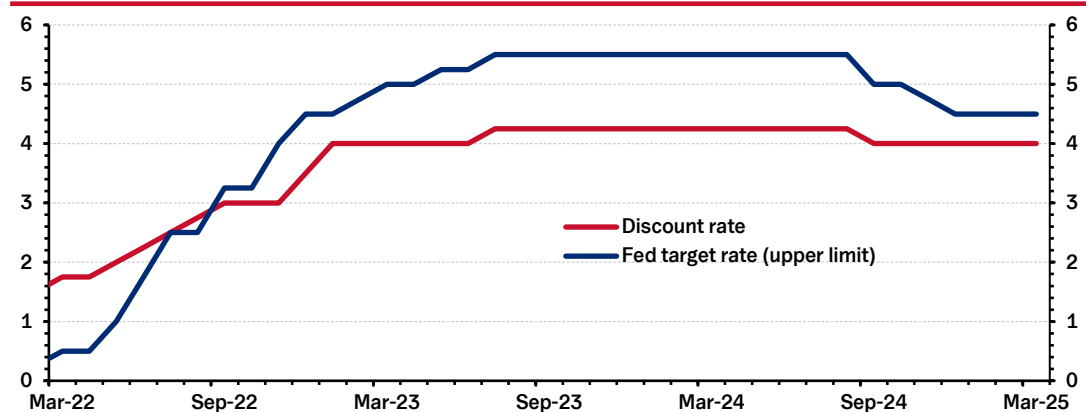
Project awards (value) slowed significantly in 1Q 2025 to KD410 million, registering a 66% q/q drop amid an absence of power & water sector projects. It was nevertheless a 197% y/y increase, helped by base effects and higher activity in the transport sector.

Real GDP Growth¹ (% y/y)



Non-oil GDP growth turned negative in Q3 2024 (-2.5% y/y; -5.3% q/q), first estimates from Kuwait's Central Statistical Bureau (CSB) showed. Output declines were broad-based but especially acute in the manufacturing sector (-10.8% y/y). Oil and headline GDP growth also remained in negative territory for a sixth quarter in a row at -5.3% y/y and -3.9%, respectively, the former due to ongoing OPEC+ production cuts.

Kuwait Discount Rate³ (%)



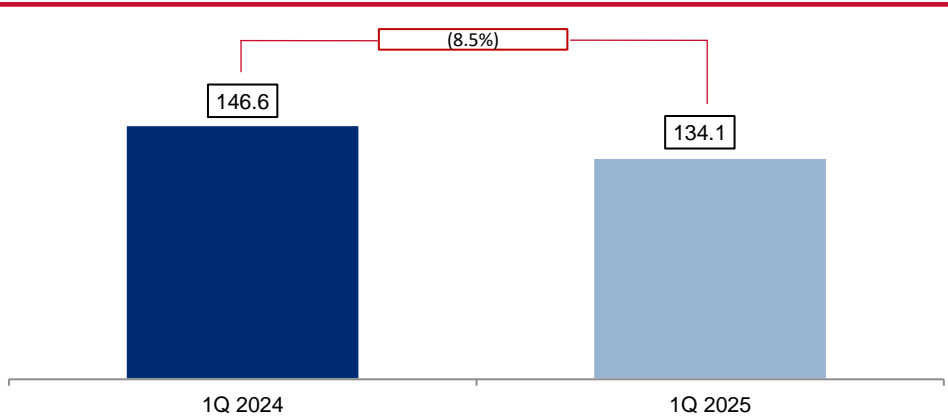
The CBK lowered its key discount rate by 25 bps to 4% in September, taking its cue from the US Fed. This marks the first interest rate move since July 2023. The CBK, having raised rates half as aggressively as the US Fed during the monetary tightening cycle, has so far cut at a slower pace than the US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

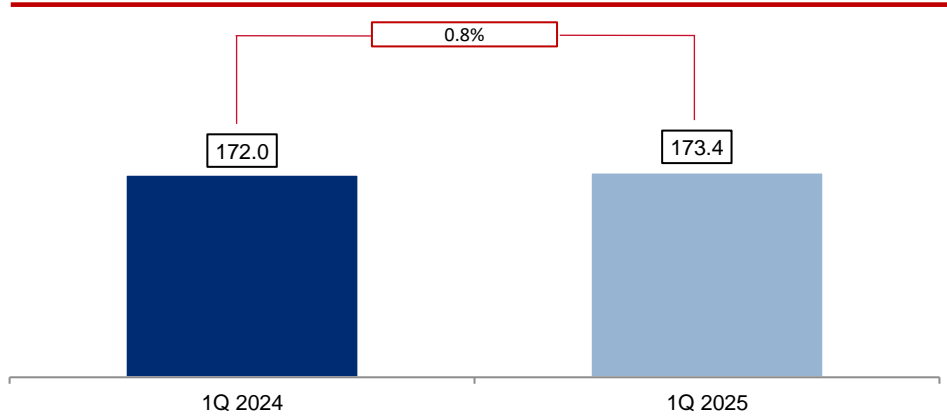


Operating Performance & Profitability

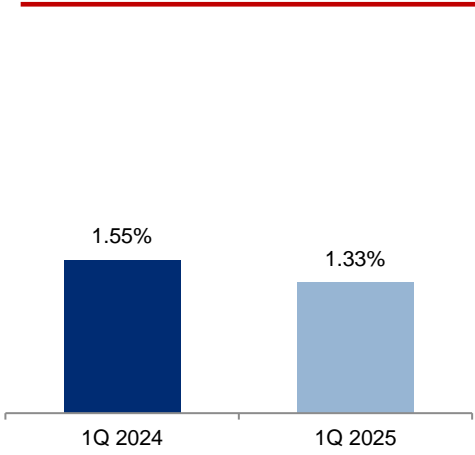
Net Profit (KDm)



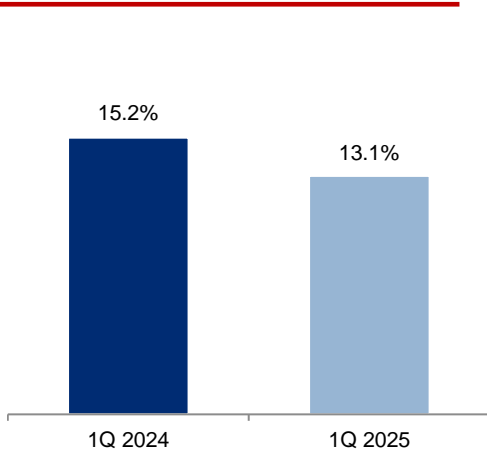
Pre-tax Profit (KDm)



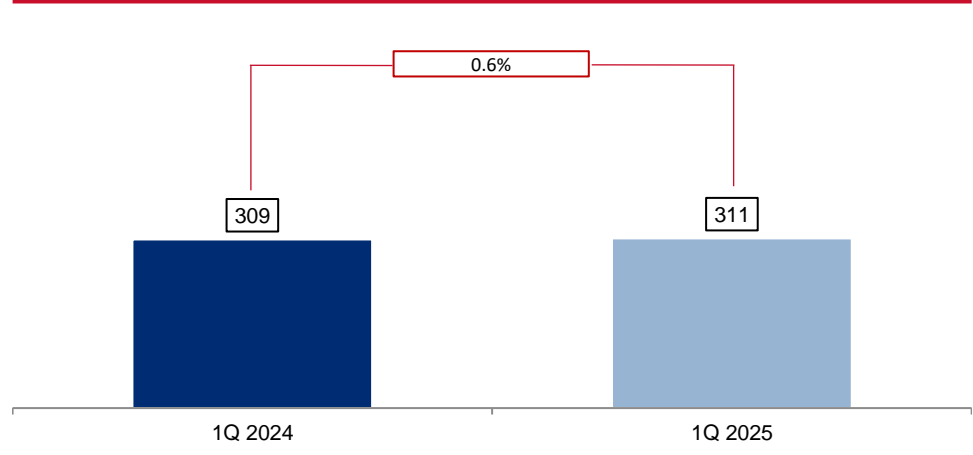
Return on Average Assets



Return on Average Equity

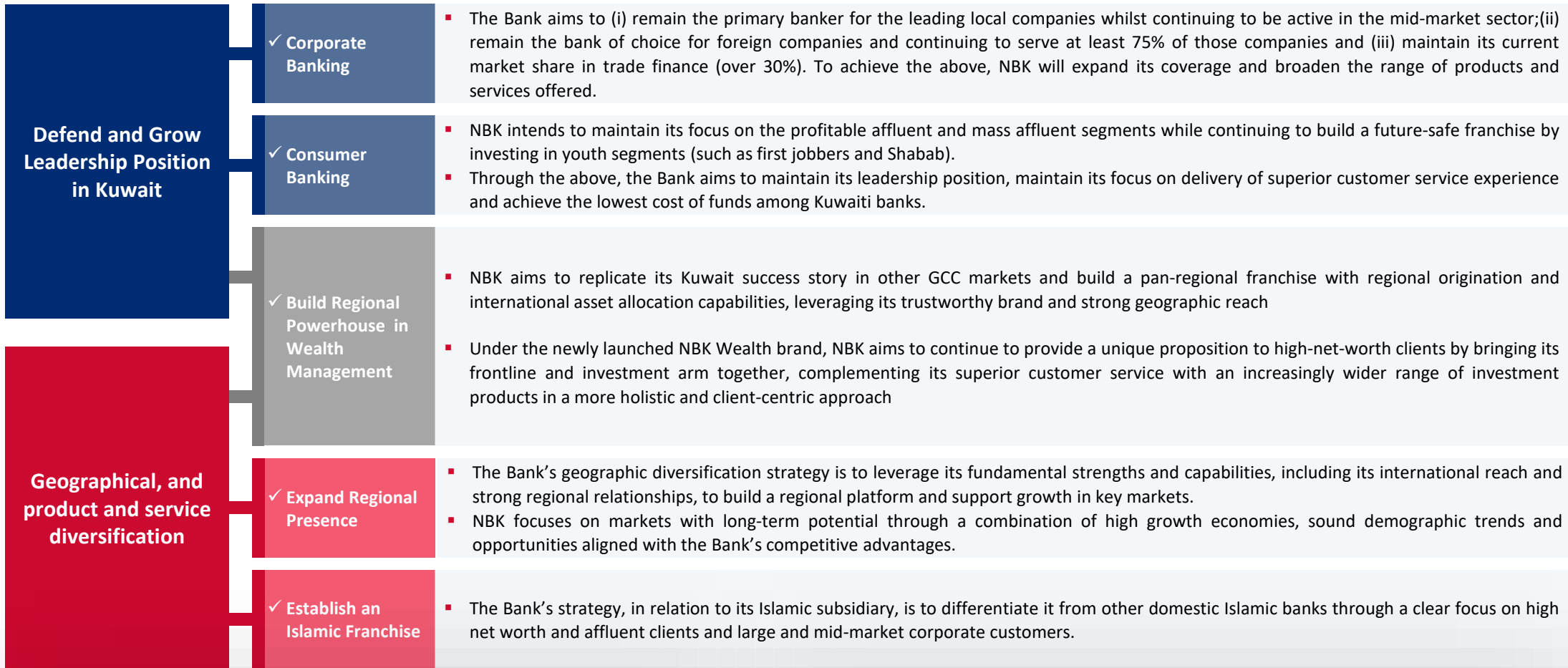


Net Operating Income (KDm)





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 31 December 2024, **the Bank had around USD 4.97 billion of Sustainable Assets, achieving approximately 50% progress**.
- 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. NBK aims to publish its first green bond allocation report in June 2025.
- Implemented **solar generated power systems** for 18 of NBK's local branches.
- 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.
- NBK named **"Best Bank for Sustainable Finance in Kuwait 2025"** by Global Finance.

- 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)**. Recently developed a **bank-wide Environmental & Social Risk Management (ESRM) Framework** and gradually 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 31 December 2024, **Nationalization rate was 78%**.
- 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.
- Expanded the **"Bankee" financial literacy program** to **61 schools** in Kuwait, with **32,235 students and 7,335 teachers participating** for the academic year 2024-2025.
- 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 31 December 2024, **females represented 43.2% of total NBK Kuwait workforce**, and in **management 27.6%**.
- 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, as well as achievements during 1Q 2025.

Sources: National Bank of Kuwait, [NBK ESG Investor Presentation - August 2024](#), [NBK 2023 Sustainability Report](#)

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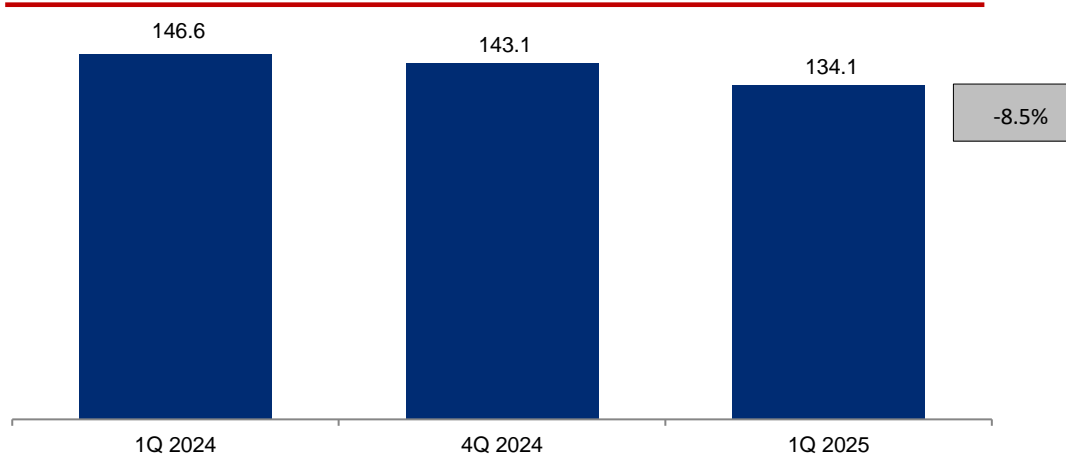
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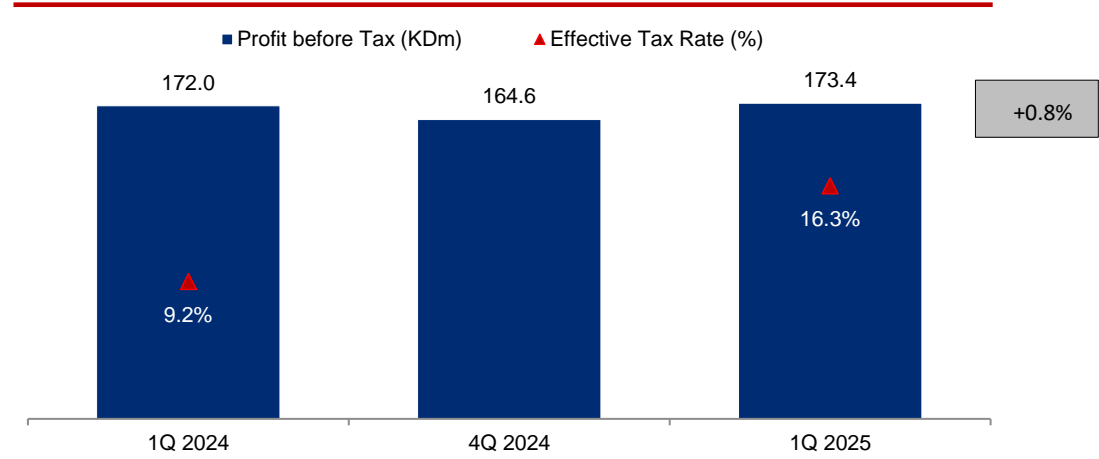


Operating Performance 1Q 2025

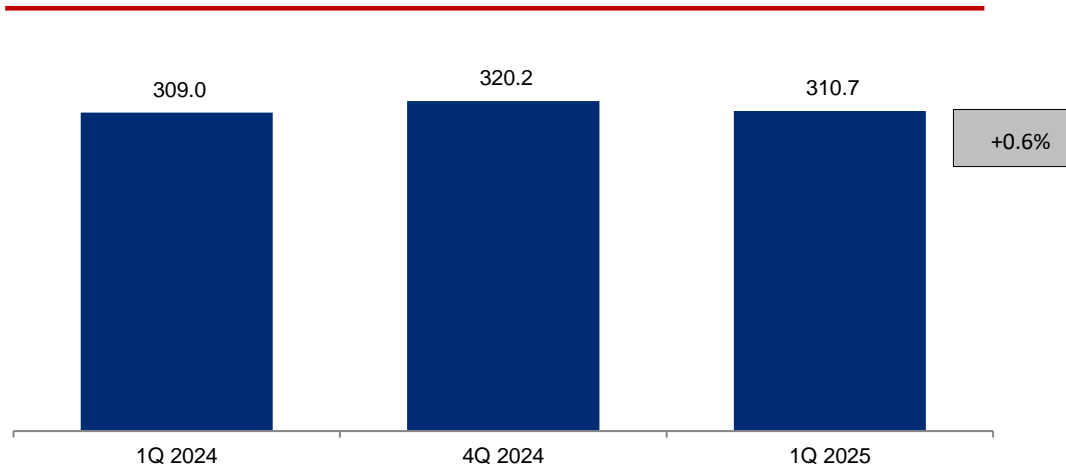
Net Profit (KDm)



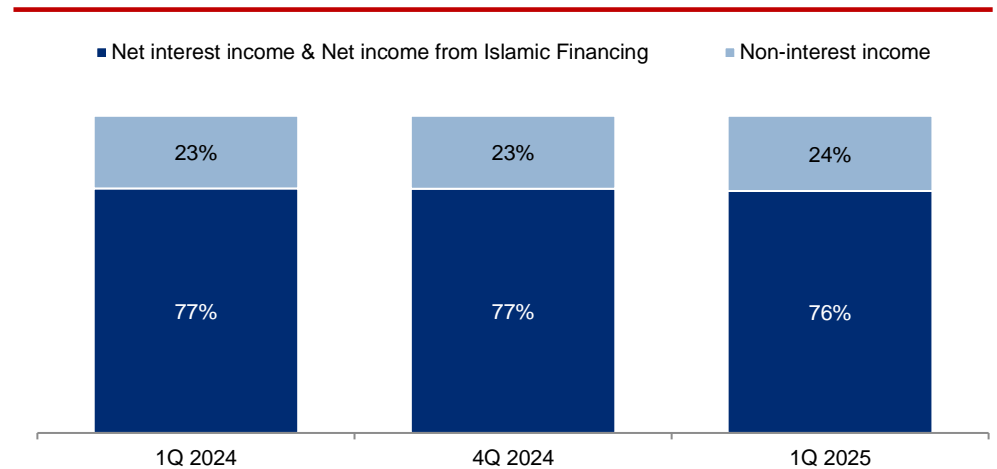
Profit Before Tax (KDm)



Net Operating Income (KDm)



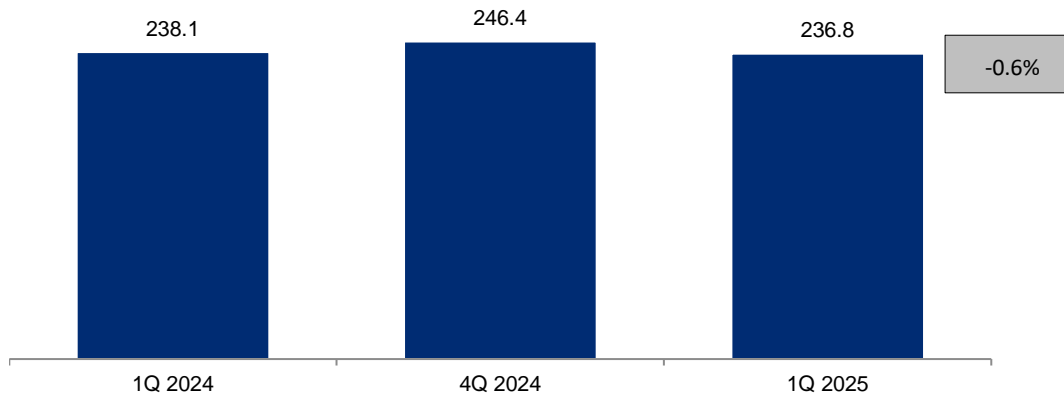
Net Operating Income Mix



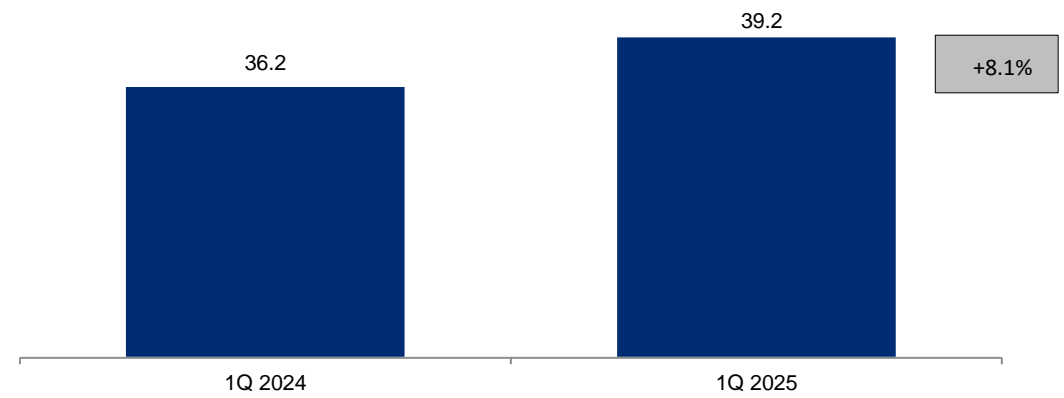


Operating Performance 1Q 2025

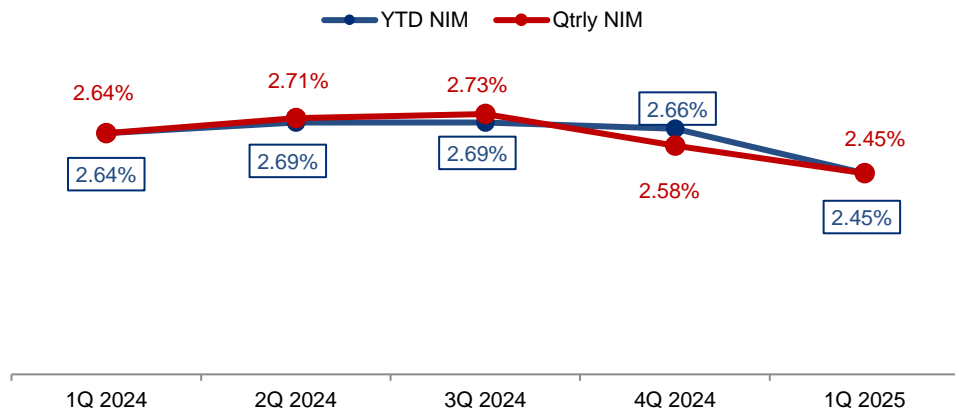
Net Interest Income* (KDm)



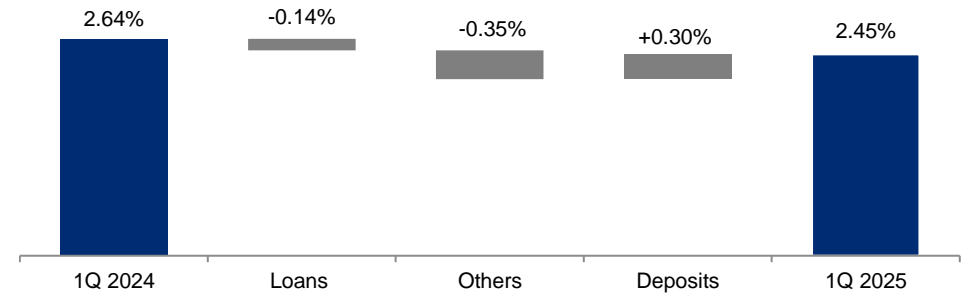
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin drivers

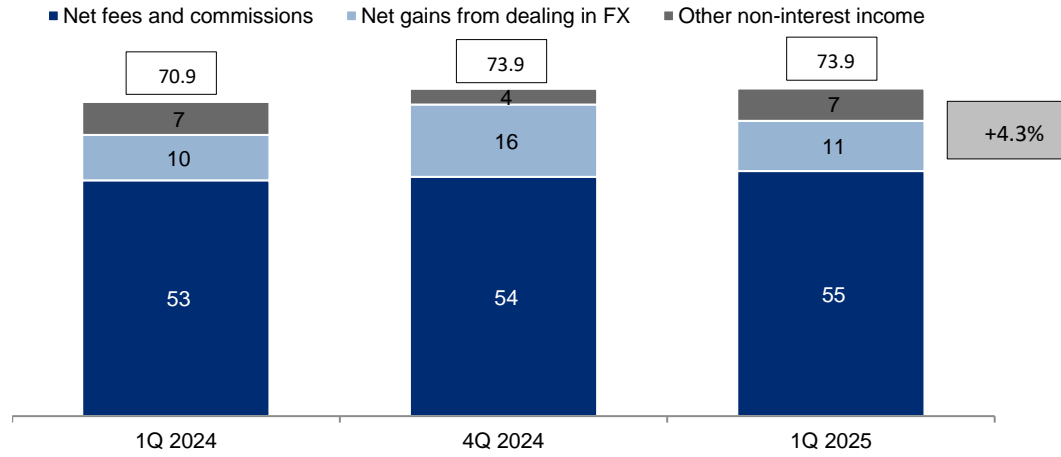


*Includes net interest income and net income from Islamic Financing

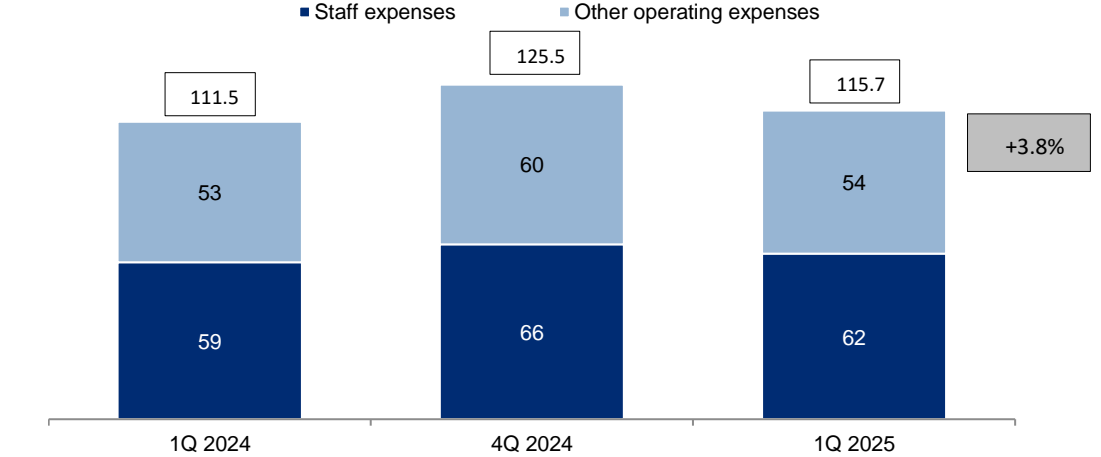


Operating Performance 1Q 2025

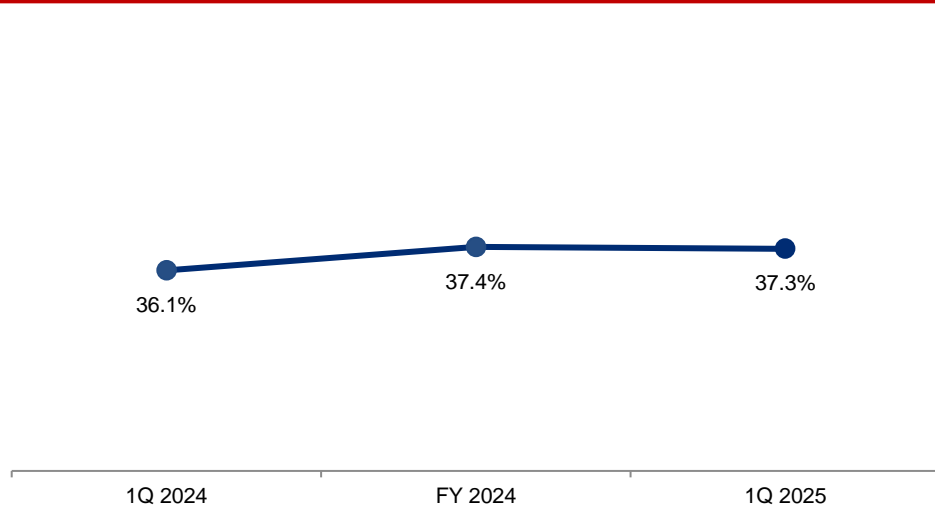
Non-interest income (KDm)



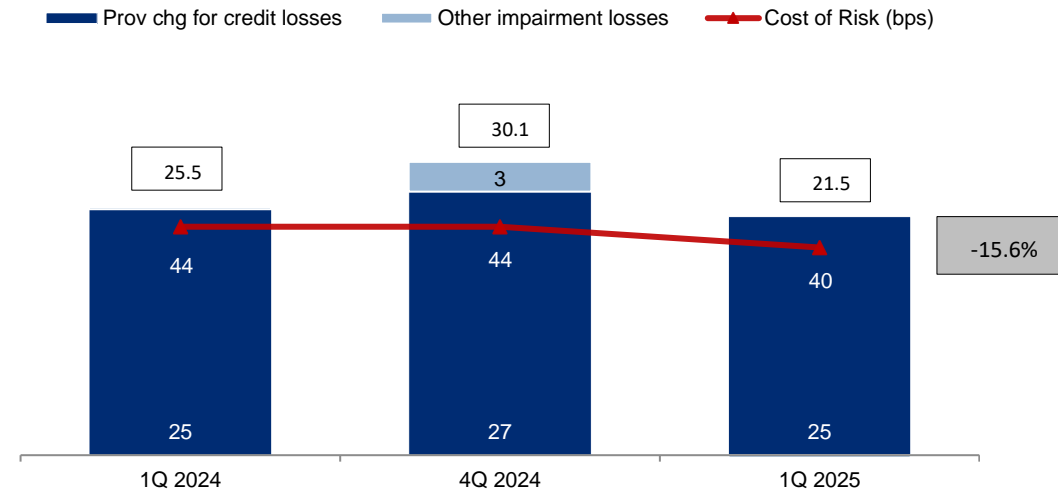
Operating Expenses (KDm)



Cost to Income ratio



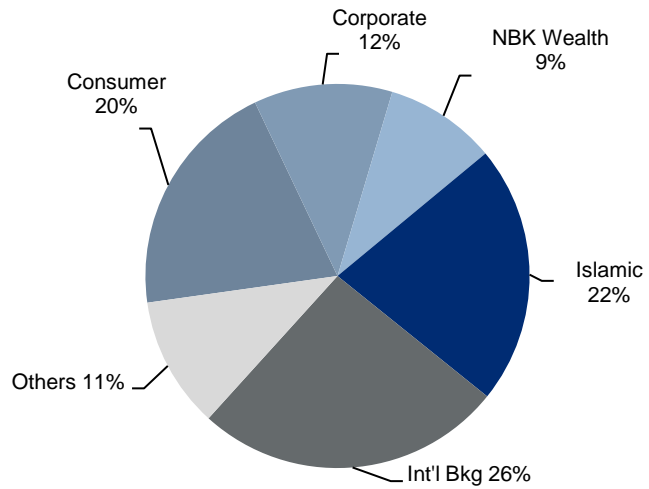
Provisions and Impairments (KDm)



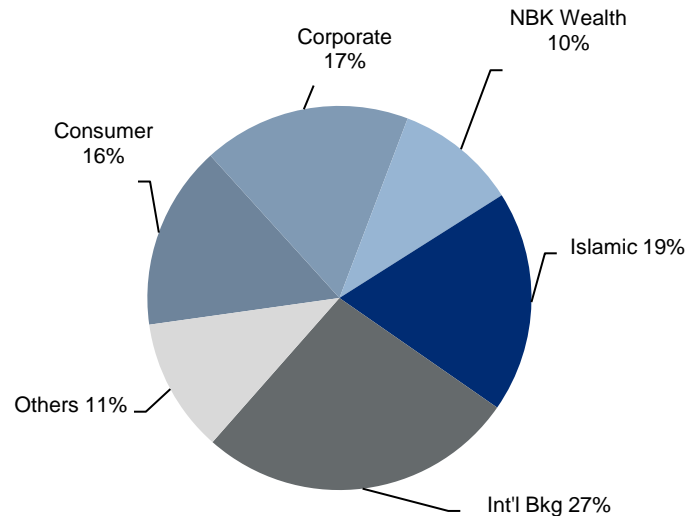


Group Diversification

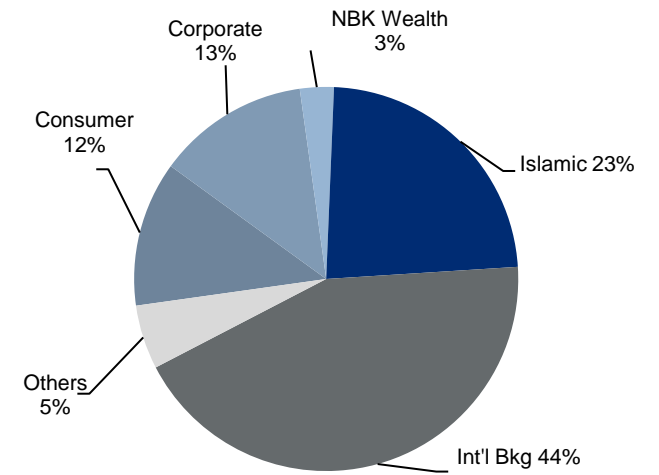
1Q 2025 Op. Income by Business Line (%)



1Q 2025 Net Profit by Business Line (%)



1Q 2025 Total Assets by Business Line (%)

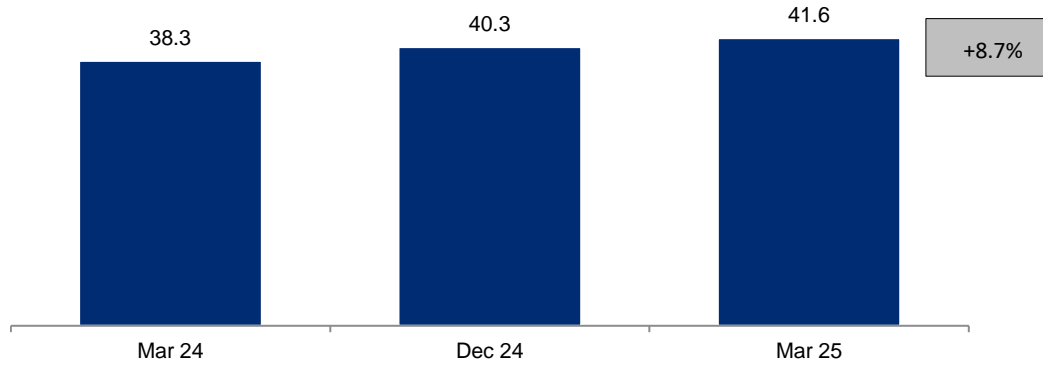


Source: Segment analysis note of 1Q 25 FS

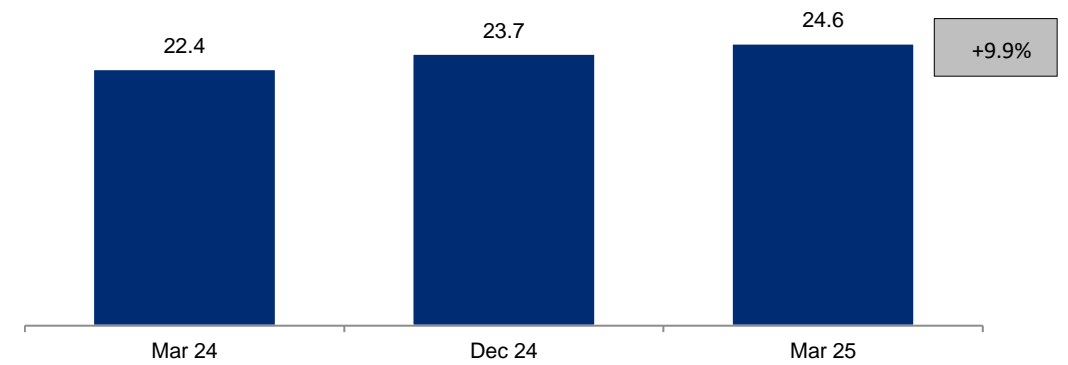


Operating Performance 1Q 2025

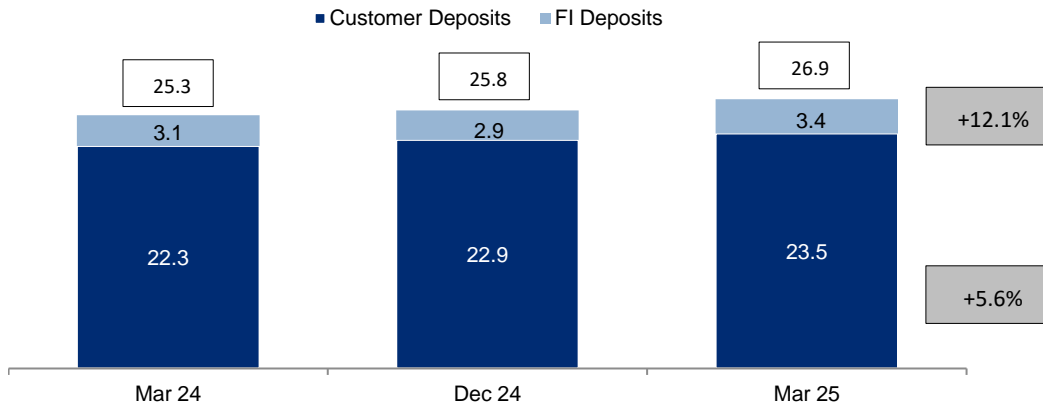
Total Assets (KDbn)



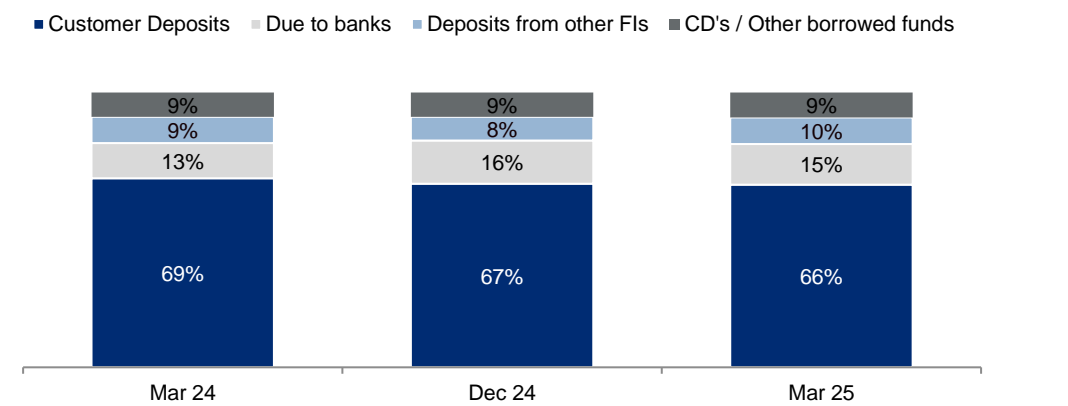
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits* (KDbn)



Funding Mix

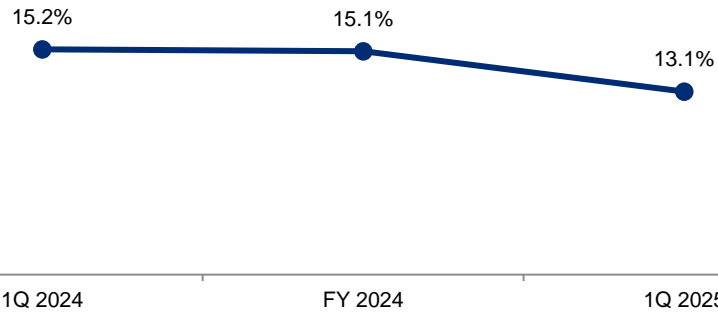


*excludes due to banks

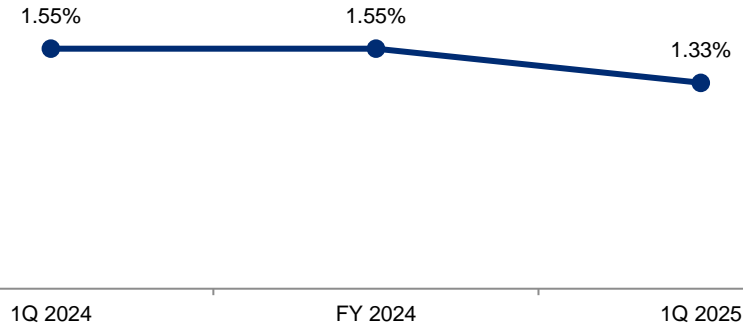


Performance and Asset Quality Ratios 1Q 2025

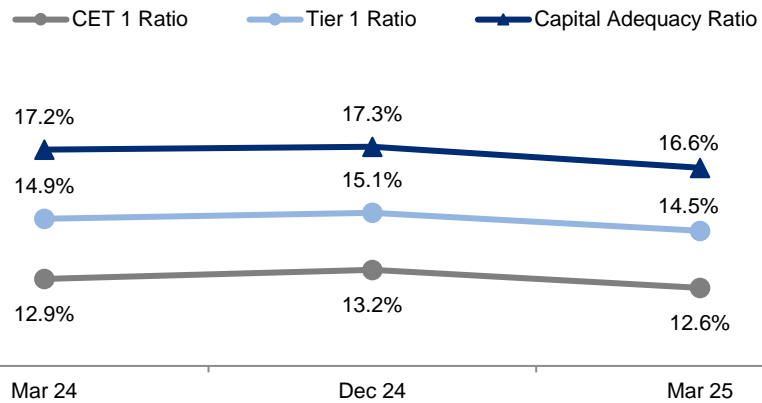
Return on Average Equity



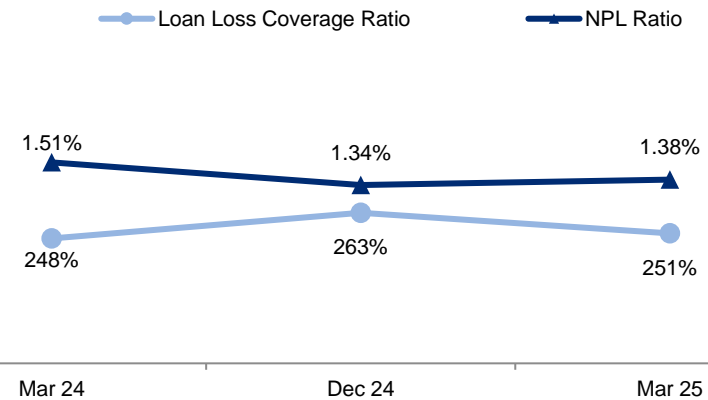
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



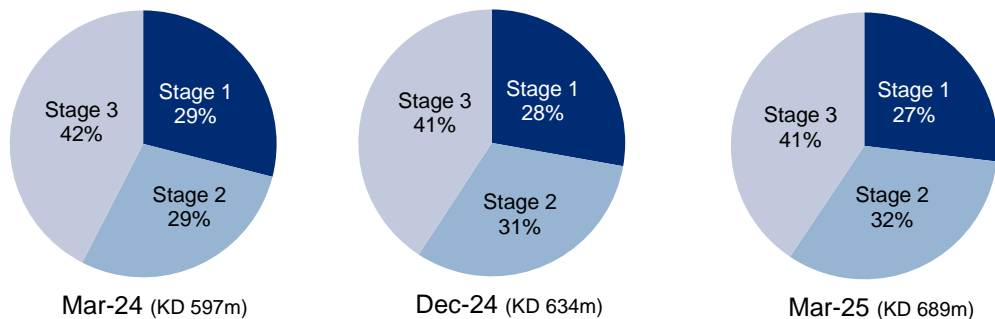


Expected Credit Losses (ECL) 1Q 2025

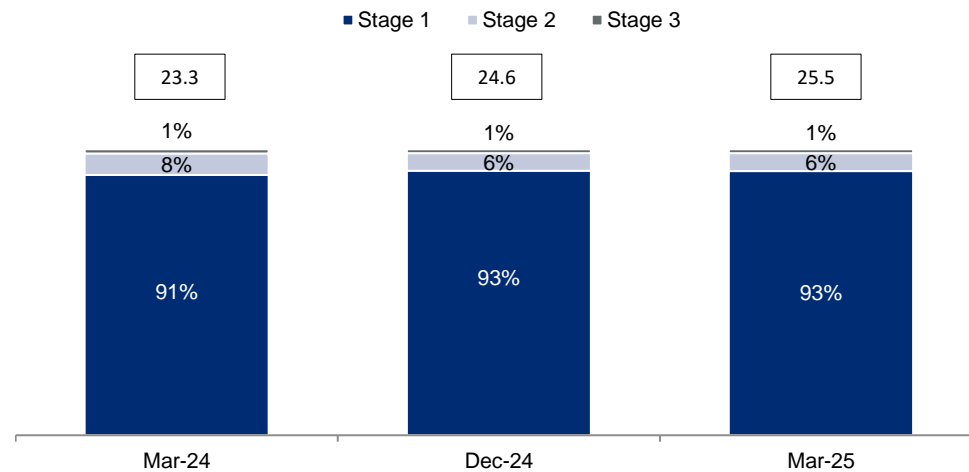
Financial Statements ECL Disclosure (KDM)

31 March 2025	Stage 1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	23,551	1,587	352	25,490
Contingent liabilities	4,543	889	13	5,445
Commitments (revocable and irrevocable) to extend credit	9,923	833	1	10,757
ECL allowance for credit facilities	185	224	280	689

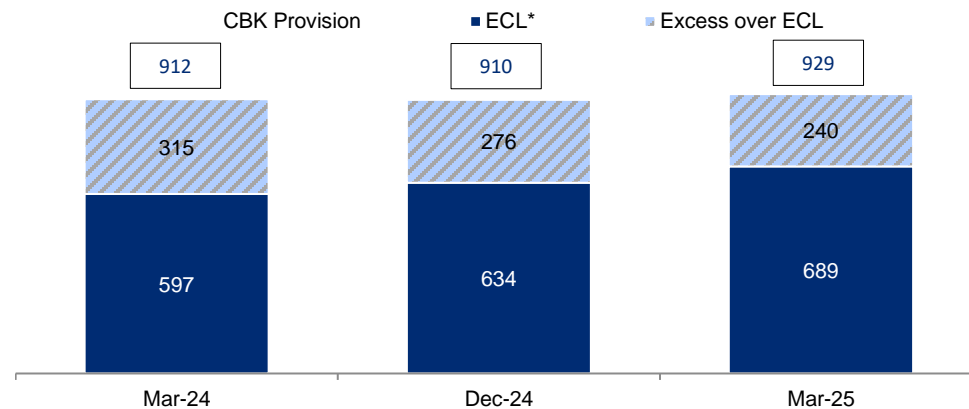
ECL Allowance for Credit Facilities



Total Gross Loans (KDbn)



CBK Credit Provisions vs IFRS 9 ECL (KDM)



* ECL as per CBK guidelines



2025 Guidance

	FY 2024	1Q 2025	2025 Guidance (v/s 2024)
Loan Growth (ytd)	+6.4%	+3.8%	Mid Single Digit
NIM	2.66%	2.45%	Contracting
Cost to Income ratio	37.4%	37.3%	High 30s
Cost of Risk	<i>37bps</i>	<i>40bps</i>	<i>c.40bps</i>
Earnings (yoy)	<i>+7.0%</i>	<i>-8.5%</i>	
Capital Adequacy	<i>17.3%</i>	<i>16.6%</i>	

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Consolidated Statement Of Income *(KDm)*

<i>KDm</i>	1Q 2024	1Q 2025	YoY Growth (%)
Interest Income	452	437	(3%)
Interest Expense	263	252	(4%)
Net Interest Income	189	185	(2%)
Murabaha and other Islamic financing income	111	118	7%
Finance cost and Distribution to depositors	62	67	8%
Net Income from Islamic financing	49	51	5%
Net interest income and net income from Islamic financing	238	237	(1%)
Net fees and commissions	53	55	4%
Net investment income	7	8	15%
Net gains from dealing in foreign currencies	10	11	10%
Other operating income	1	(0)	NM
Non-interest income	71	74	4%
Net Operating Income	309	311	1%
Staff expenses	59	62	5%
Other administrative expenses	41	41	1%
Depreciation of premises and equipment	12	12	5%
Amortisation of intangible assets	0	0	0%
Operating Expenses	111	116	4%
Op. profit before provision for credit losses and impairment losses	197	195	(1%)
Provision charge for credit losses and impairment losses	25	22	(16%)
Operating profit before taxation and directors' remuneration	172	173	1%
Taxation and Director's remuneration	16	28	79%
Non-controlling interests	10	11	15%
Profit attributable to shareholders of the Bank	147	134	(9%)



Consolidated Statement Of Financial Position *(KDm)*

<i>KDm</i>	March-2024	March-2025	YoY Growth %
Cash and short term funds	4,271	4,685	10%
Central Bank of Kuwait bonds	860	334	(61%)
Kuwait Government treasury bonds	193	150	(22%)
Deposits with banks	1,918	1,767	(8%)
Loans, advances and Islamic financing to customers	22,389	24,607	10%
Investment securities	6,900	8,276	20%
Land, premises and equipment	497	524	5%
Goodwill and other intangible assets	508	510	0%
Other assets	792	794	0%
Total Assets	38,328	41,647	9%
Due to banks	4,181	5,209	25%
Deposits from other financial institutions	3,068	3,440	12%
Customer deposits	22,271	23,508	6%
Certificates of deposit issued	1,644	1,741	6%
Other borrowed funds	1,237	1,459	18%
Other liabilities	1,119	1,223	9%
Total Liabilities	33,521	36,580	9%
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	1,720	1,900	10%
Equity attributable to shareholders of the bank	3,788	4,029	6%
Perpetual Tier 1 Capital Securities	439	439	0%
Non-controlling interests	580	599	3%
Total equity	4,807	5,067	5%
Total liabilities and equity	38,328	41,647	9%



Performance Measures 1Q 2025

	March-2024	March-2025
Return on Average Assets	1.55%	1.33%
Return on Average Equity	15.2%	13.1%
Net Interest Margin	2.64%	2.45%
Cost to Income	36.1%	37.3%
NPLs to Gross Loans	1.51%	1.38%
Loan Loss Reserves to NPLs	248%	251%
CET 1 Ratio	12.9%	12.6%
Tier 1 Ratio	14.9%	14.5%
Total Capital Adequacy Ratio	17.2%	16.6%

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Questions?



Thank You



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