

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of National Bank of Kuwait S.A.K.P. (the "Bank") and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

2024 Financial Performance

The Group has delivered strong financial results for the year 2024, notwithstanding the continuing challenges arising from macroeconomic and geopolitical situations, while benefitting from increase in business activities and volume growth.

The Group reported net profit attributable to shareholders of the Bank of KD 600.1 million compared to KD 560.6 million for 2023, an increase of 7%. Operating profit amounted to KD 783.2 million compared to KD 740.3 million in 2023, an increase of 5.8%.

Net interest income and net income from Islamic financing totaled KD 980.1 million (2023: KD 905.1 million). Net fees and commissions increased to KD 205.7 million (2023: KD 196.6 million). Net investment income was KD 23.0 million in 2024 (2023: KD 27.5 million). Net gains from dealing in foreign currencies increased to KD 41.2 million in 2024 (2023: KD 36.1 million).

Total operating expenses were KD 468.0 million (2023: KD 426.5 million). The cost to income ratio for 2024 increased to 37.4% (2023: 36.6%).

The provision charge for credit losses and impairment losses were KD 86.5 million (2023: KD 103.1 million).

The return on average equity for 2024 was 15.1% (2023: 15%).

2024 Balance Sheet

Total assets of the Group grew to KD 40,338.2 million from KD 37,665.0 million at the end of 2023, an increase of 7.1%. Loans, advances and Islamic financing to customers grew by KD 1,426.6 million to KD 23,707.6 million, an increase of 6.4%. Investment securities grew by KD 741.7 million to KD 7,626.5 million, an increase of 10.8%.

Customer deposits grew to KD 22,866.2 million from KD 21,949.0 million at the end of 2023, an increase of 4.2%. The Group benefits from a loyal customer base across the network, whose deposits remain a continuing source of stable funding. Due to banks were KD 5,403.8 million (2023: KD 3,963.8 million). Deposits from other financial institutions were KD 2,949.8 million (2023: KD 3,725.6 million). Certificates of deposits issued were KD 1,501.5 million (2023: KD 822.9 million) and other borrowed funds were KD 1,520.4 million (2023: KD 1,331.0 million).

The Group maintained a strong liquidity position with cash, short term funds, Central Bank of Kuwait bonds and Kuwait Government treasury bonds amounting to KD 5,815.5 million at the year-end. Deposits with banks were KD 1,383.3 million at the year end. The Group has continued to maintain Basel III liquidity ratios well in excess of minimum requirements.

The Group's general provisions in respect of on-balance sheet credit facilities were KD 674.8 million at the year-end (2023: KD 697.6 million), whilst specific provisions were KD 189.5 million at the year-end (2023: KD 165.3 million). The Group operates a conservative credit policy with a balanced diversification across all business sectors and geographical areas. Loan collateral profiles and values are continually monitored to ensure that optimum protection is afforded to the Group at all times.

Cash and non-cash credit facilities provided by the Bank to Board Members or Executive Officers and their related parties were KD 68.5 million at the year-end against collateral of KD 151.5 million. Deposits of Board Members and Executive Officers and their related parties were KD 39.4 million. Proposed remuneration to Directors of the Bank was KD 770 thousand.

Equity

Total equity attributable to the shareholders of the Bank after deducting the proposed cash dividend of KD 208.2 million was KD 3,904.1 million (2023: KD 3,685.5 million).

The Basel III capital adequacy ratio was 17.3% at the year-end (2023: 17.3%) as compared to the CBK prescribed regulatory minimum of 15% (2023: 15%). The leverage ratio was 9.5% at the year-end (2023: 9.7%) as compared to the CBK prescribed regulatory minimum of 3%.

Capital Market Authority Requirements

The necessary measures were taken to ensure compliance with Law No (7) of 2010, and subsequent Executive By-Laws relating to the Establishment of the Capital Market Authority and Organization of Securities Activities.

The Bank maintains a record for reporting the Bank's shares owned by the Insider Persons (or their dependent children) to the Capital Market Authority and Boursa Kuwait Company.

Bonus Shares, Dividends and Proposed Appropriations

Net profit for the year was principally allocated as follows:

1. KD 291.5 million to the dividend account for the distribution of a cash dividend. Proposed final dividend of KD 208.2 million (25 fils per share) subject to the approval of shareholders at the annual general meeting (proposed dividend - 25 fils in 2023). An interim cash dividend of KD 83.3 million (10 fils per share) was paid during 2024 (10 fils per share in 2023).
2. KD 41.6 million to the share capital account to cover the issuance of bonus shares equal to 5% of share capital at the end of 2024 (5% for 2023) (equivalent to 416,322,145 shares with a nominal value of 100 fils per share) subject to the approval of shareholders at the annual general meeting.
3. KD 19.8 million to the statutory reserve account to make the statutory reserve in excess of 50% of share capital.
4. KD 21.8 million to interest and profit payment towards perpetual Tier 1 Capital Securities and perpetual Tier 1 Sukuk.
5. KD 225.4 million to retained earnings.

Financial highlights

KD million	2024	2023	2022
Total assets	40,338.2	37,665.0	36,338.4
Loans, advances and Islamic financing to customers	23,707.6	22,281.0	20,998.4
Customer deposits	22,866.2	21,949.0	20,178.1
Net operating income	1,251.2	1,166.8	1,009.7
Profit attributable to shareholders of the Bank	600.1	560.6	509.1