



National Bank of Kuwait

3Q/9M 2026

Earnings Conference Call

22 October 2026



3Q 2026 National Bank of Kuwait Earnings Call

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Edited transcript of National Bank of Kuwait earnings conference call that took place on Thursday, 22 Oct 2026, at 2:30 pm Kuwait time.

Corporate participants:

Mr. Isam Al-Sager	Vice Chairman and GCEO, NBK
Mr. Sujit Ronghe	Group CFO, NBK
Mr. Amir Hanna	Group Chief Communications Officer, NBK

Chairperson:

Elena Sanchez	EFG Hermes
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Elena Sanchez: Good afternoon everyone. This is Elena Sanchez from EFG Hermes, and I would like to welcome you all to National Bank of Kuwait's third quarter 2026 results call. It is a pleasure to have with us in the call Mr. Isam Al-Sager, NBK Vice Chairman and Group CEO, Mr. Sujit Ronghe, NBK Group CFO and Mr. Amir Hanna, Group Chief Communications Officer at NBK.

I would like to handover the call now to Mr. Amir Hanna.

Please go ahead.

Amir Hanna: Thank you Elena.

Good afternoon everyone. Thank you for joining us for today's earnings call

Let me start the presentation with our usual disclaimer. Certain comments in this presentation may constitute forward-looking statements. These comments reflect the Bank's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. The Bank does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein. Please also refer to the full disclaimer in our presentation for today's call.

Now back to the presentation, Our Vice Chairman and Group CEO, Mr. Isam Al-Sager, will start the call by giving some opening remarks. Then Mr. Sujit Ronghe, our Group CFO will discuss the period's financials in more details. Following our presentation, there will be a Q&A session. Today's slides are available on our website for your convenience.

Now let me hand over the call to Mr. Isam Al-Sager for his opening remarks.

Isam Al-Sager: Thank you Amir.

Good afternoon everyone.

Thank you for joining us today for our earnings call for the third quarter of 2026.

Looking back on quarter three, the regional conflict remains unresolved, with disruptions to trade and energy flows weighing on business sentiment and keeping uncertainty around global economic growth elevated.

Across the GCC, strong sovereign balance sheets and financial buffers continued to support the region's resilience, while activity began to gradually recover during the quarter.

In Kuwait, economic activity regained momentum following a slower second quarter. Oil production has recovered substantially from its low point, although it remains

below pre-conflict levels and the pace from here depends on export conditions. Non-oil activity proved more resilient, supported by progress on the development agenda and a marked pick-up in tendering projects across utilities, infrastructure and energy sectors.

The period also saw meaningful progress on the reform agenda. The new government sukuk law broadens sovereign financing options and supports the development of the local debt market, while amendments to the Future Generations Fund law provide additional financing flexibility. These developments, together with Kuwait's strong financial position, were viewed positively by the rating agencies, leading to sovereign ratings affirmation during the period. The mortgage financing law has been approved and published, and we await the release of the bylaws soon.

Overall, project award activity continued over the period, with total awards reaching approximately KD 3 billion during the first nine months of 2026. The quarter also attracted significant international investment into Kuwait's infrastructure sector, which we regard as a strong signal of confidence in Kuwait. With further projects at tender stage and awards expected over the coming period, the direction of the investment cycle is encouraging.

Moving on to our performance, NBK reported net profits of KD 481.7 million during the first nine months of 2026; compared to KD 467.4 million in the corresponding period of 2025. Net operating income grew by 3.8% year-on-year to KD 1 billion, demonstrating the strength of our diversified business model and broad geographic footprint and supporting solid performance despite challenging operating conditions.

Our returns remained strong with return on average assets at 1.39% while return on average equity stood at 13.9%.

Strategically, we continue to advance our digital transformation agenda and innovation capabilities. During the quarter, we expanded fully digital journeys across our core retail products, introducing Kuwait's first fully digital loan journey, fully digital account opening for children, and a fully digital credit card application and issuance process through the NBK Mobile Banking App.

Diversification remains central to the Group, supported by our regional and international presence, our wealth management division and our Islamic banking subsidiary, Boubyan Bank. During the quarter, we expanded our GCC presence in Qatar through a new branch in the Qatar Financial Centre, deepening relationships in a market we have served for many years.

We also continued to integrate sustainability across our business and operations, achieving more than 60% of our USD 10 billion sustainable finance target for 2030 as of September 2026, demonstrating strong execution against our ESG strategy and commitment to long-term, sustainable growth.

Looking ahead, we remain well positioned to build on this performance and to reinforce our leadership at home. Our capital and liquidity positions give us the capacity to lend as activity recovers. While our trusted relationships across the public and private sectors continue to place us at the forefront of Kuwait's investment, infrastructure, and economic transformation plans.

With that, I will conclude my comments and leave you with my colleague Sujit Ronghe, our Group CFO, to cover our quarterly and nine-month results in more detail.

Please go ahead Sujit.

Sujit Ronghe:

Thank you Mr. Isam.

Hello everyone, and welcome.

I am very pleased for the opportunity to discuss with you NBK's financial results for nine months of 2026. NBK has announced a Group net profit of KD481.7m, a year-on-year increase of 3.1%

Before going on to details of our financial results, a few words regarding the overall operating environment.

Significant optimism and expectations of strong business growth in Kuwait and the regional network diminished due to sudden increase in geo-political tensions since end-Feb 2026. In spite of an unstable operating environment and increased macro-economic uncertainty, NBK Group has demonstrated operational and financial strength benefiting from its well-diversified business model, resilience and adaptability.

Now turning to key takeaways of financial results for 9M26.

As shown at the top left of this slide, net profit at KD481.7m reflects a year-on-year increase of KD14.3m, +3.1%. 3Q26 net profit of KD156.9m was a similar 3.1% ahead of 3Q25, driven by a stable operating performance and relatively lower net provisions and impairment losses.

At KD625.5m, 9M26 operating surplus remained solid and increased year on year by 3.5%, benefiting from growth in business volumes.

Net operating income, at KD1bn, exceeded the previous year by KD36.7m i.e. 3.8%, with strong contribution from non-interest income sources and to a lesser extent net interest income and net income from Islamic financing. The operating income mix shows a continued healthy mix with 25% contributed by non-interest income sources.

Similarly, the pie chart at bottom right reflects well-diversified net profit contributions by key business lines. You will note that International and Islamic Banking, our two key pillars of diversification together contribute 39% of the Group profit.

I will go into the main drivers behind movements in income, margins and costs shortly.

Moving on to the next slide.

We will now look at net interest income and drivers behind its performance.

Net interest income and net income from Islamic financing of KD754.3m, as shown in the chart at top left, increased by KD5.4m compared to 9M25. Current year's NII benefited from 8.6% year on year growth in average interest earning assets, mainly loans, across the Group. However, relatively lower benchmark interest rates, mix of asset growth and higher funding spreads in recent months, have affected NII and 9M26 NIM unfavorably.

Continued issuance of KD denominated Kuwait Government treasury bonds has progressively increased the proportion of interest earning reserves with the CBK, positively affecting NII and NIM to some extent. We hope debt issuances will continue, allowing the Bank to deploy liquidity into better yielding CBK assets.

We see in the top right chart that average NIM for 9M26 dropped to 2.28%, driven by a higher decrease in yield, compared to the funding cost. Group yield and funding cost for the current nine months were 5.31% and 3.41% respectively. 3Q26 NIM at 2.26% adversely effected by higher funding cost during the quarter.

At the bottom left of this slide, we can see drivers behind the 17bps year on year decrease in NIM to 2.28% in 9M26. Loans and other interest earning assets affected by lower interest rates and less favorable asset mix contributed a net decrease of 30bps and 9bps to the NIM respectively. Lower funding cost positively affected the NIM by 22bps.

Chart at the bottom right reflects that non-interest income at KD251.4m, was KD31.3m i.e. 14.2% higher than the comparable period in 2025. Fee income was strong at KD181.6m, +11.9% year on year, reflecting robust contributions across different lines of business and geographies. Fx contributed KD40.7m aided by favorable currency movements and higher transaction volumes. Other non-interest income sources (mainly investment income) contributed KD29.1m, largely benefiting from improved valuations. Moving to the next slide.

Turning now to the top left of this slide. Total operating expenses for 9M26 at KD380.3m were 4.3% higher than last year. Cost growth is well-controlled given current operating environment, while the Group continues to invest in key businesses initiatives, digital technologies, to optimize resources and improve operational efficiency while offering best-in-class customer service.

9M26 cost to income ratio was 37.8%, similar to 37.6% one year ago.

Moving on to provisions and impairments profiled at the top right of the slide. Total credit provisions and impairment losses for 9M26 amounted to KD24m, an increase of KD12.1m over 9M25.

KD32.3m of the current period charge was for provisions for credit facilities, of which KD22.9m was towards general provisions. The Group has continued to take provisions in ordinary course of business for retail and corporate customers in Kuwait and overseas locations. In 9M25, specific provisions were a net release of KD19.1m due to significant recoveries of amounts provided towards credit losses during prior years. Specific provisions for 9M26 at KD9.4m also included a similar benefit but to a much lesser extent compared to previous year.

9M26 cost of risk was 15bps due to recovery of fully provided debts as mentioned earlier.

ECL on non-credit facilities for 9M26 was a net release of KD10.5m mainly due to improvements in macro-economic inputs, benefit of which was held back in 1Q26, reflecting the conservative position taken by the Bank given heightened uncertainty caused by sudden onset of the regional conflict, which has moderated since then.

The Group remains committed to its conservative approach in managing credit exposures.

I would now like to discuss Expected Credit Losses (ECL) on credit facilities as per IFRS 9. You would note that stage-wise ECL composition has remained stable during the year. As we know, amount of provision for credit facilities (in the balance sheet) is based on the higher of IFRS9 ECL and that as per CBK rules. It is important to note that CBK guidelines for calculating ECL on credit facilities as per IFRS 9 are on a more conservative basis compared to the original accounting standard.

The key chart on this slide at the bottom right reflects that the Bank holds credit provisions of KD940m as per CBK rules, against an ECL requirement of KD713m. Balance sheet provision as per CBK rules thus exceeds ECL requirement by KD227m, providing an ample cushion for the Group to withstand any possible adverse effect of prevailing situation.

Moving now to the next slide.

Here we will look at some of the movements in key balance sheet items.

As shown on the chart at top left, the Group total assets reached KD46.9bn as of Sep 26, a 4.5% increase over Sep 25. Group loans and advances at KD28.2bn registered a year-on-year growth of KD2.1bn i.e. 8.2% and 5.1% during current 9 months, negatively affected by adverse geo-political developments in the region since end-February.

The overall balance sheet composition has remained largely stable during the year. Also, NBK's total asset composition is well diversified between Kuwait | International and Conventional | Islamic Banking.

Similarly, the chart for loan exposure by sector reflects a well-diversified portfolio, with personal loans at 28% as the largest segment. A significantly high portion of

personal loans are extended to a large number of Kuwaiti individuals, pre-dominantly employed with the Government, backed by salary and with low default rates.

Customer deposits i.e. non-bank and non-FI deposits at KD27.9bn comprise a healthy 67% of total liabilities. Customer deposits reflect a year-on-year growth of 13.5% and were largely stable during the current year. At KD4.8bn, deposits from other non-bank FI comprise 12% of total liabilities. The Group continues to benefit from its strong base of core, franchise retail deposits. CASA deposit levels remained stable during 9M26, with volumes exceeding that of Sep 25 and Dec 25.

The stability of NBK's funding base during the recent turbulent period reflects confidence of customers resulting from deep, longstanding relationships, a solid brand and strong credit ratings.

In response to the ongoing crisis, CBK implemented various measures in support of the Kuwaiti banking sector, detailed in Note 15 of Sep 26 financial statements. NBK Group continues to maintain healthy liquidity levels with Basel III ratios (LCR at 163% and NSFR at 107%) exceeding original minimum requirements.

Moving now to the next slide.

We will now look at the impact 9M26 financial results had on certain performance metrics.

The Return on Average Equity for the current nine months period was 13.9% and the Return on Average Assets stood at 1.39%.

9M26 cost to income ratio was 37.8%, similar to 37.6% one year ago.

At 15.9%, the total capital adequacy ratio remained strong and stable, with CET1 and Tier1 ratios at 12.8% and 13.8% respectively. Kindly note that interim profit is not included in regulatory capital. Also, the bank called back and redeemed US\$700m AT1 securities in August 2026.

During 1Q26, CBK reduced Capital Conservation Buffer included in CET1 by 1%, thereby lowering the Group's minimum total CAR to 14%. NBK's cap-ad ratios continue to be healthy and in excess of original minimum requirement.

The Group's Balance Sheet remains strong with stable credit quality. NBK's asset quality was stable with a low NPL ratio at 1.29%. Loan loss coverage ratio is 236%, reflecting conservative provisioning policy of the Group.

NBK's capital base, along with the ability to generate healthy operating profits, provides a strong credit loss-absorption capacity.

Now to the final slide in this section.

In 9M26, NBK demonstrated operational resilience with a sound bottom-line profit, a healthy balance sheet, stable liquidity and a strong capital base during this challenging

period. Although hostilities from the regional conflict appeared to be somewhat moderating since 2Q26, recent developments have increased uncertainty, affecting the time required for normalcy and business growth potential.

Going forward, we remain cautiously optimistic that overall operating environment, although challenging, will stabilize during coming quarters.

Now turning to the guidance for the year ahead.

As regards loan growth – while we continue to monitor the currently volatile situation and resulting uncertainty, our guidance for 2026 loan growth continues to be in the mid to high single digit range.

Turning to the NIM. You would have noted that NIM has declined since 3Q25. We expect full year 2026 NIM to similarly remain under pressure compared to 2025.

Coming to operating expenses, the 9M26 year on year cost growth was 4.3%. While cost growth is typically expected to be in the mid-to-high single-digit range, we expect the same for 2026 to be more towards the mid-single digit and cost-to-income ratio to be below 40%.

Coming to the cost of risk – The currently evolving geo-political scenario makes it difficult to provide specific guidance regarding the cost of risk. The overall health of our credit portfolio remains strong, and we expect that 9M26 recoveries will benefit the full-year provision charge. Hence, while normalized cost of risk remains closer to 40bps, reported cost of risk for 2026 will be materially lower.

It would not be prudent to give specific guidance on earnings / capital adequacy in the current environment. We are hopeful of maintaining capital adequacy ratios in line with our internal targets above the regulatory minimum.

That ends my presentation. Thank you very much for your time.

Back to Amir.

Amir Hanna:

Thank you all for listening to the presentation by the management team.

We will pause for a while to get in your questions then we'll start answering them.

Thank you everyone for holding. We'll start answering the questions in the order they have been received.

What is the reason behind the very strong growth in fee and commission income?

Sujit Ronghe:

Fees and commission income growth by 11.9% yoy, has been very strong and remains a key contributor to the top line. Fee income growth was largely contributed by AUM, lending, and cards income. We have seen a similar trend

during the 3Q26 as well, with growth coming from AUM and cards business, which was impacted in the earlier part of the year, due to travel limitations.

- Amir Hanna:** How are you able to control the staff expenses at the same level for the past six quarters?
- Sujit Ronghe:** Operating expenses i.e. staff and other expenses are somewhat dependent on the level of activity at the bank and the wider Group. Since certain activities have had to be curtailed during the last nine months, some type of expenses could be saved, resulting in cost efficiencies for the Group.
- Amir Hanna:** Which geographies contribute to deposit growth and loan growth in Q3?
- Sujit Ronghe:** The loan growth during the nine months has mainly come from Kuwait with a lower contribution from the overseas business as the regional situation was not conducive for strong loan growth. We did see some loan transactions take place in regional and international locations, in addition to Kuwait.
- Amir Hanna:** What is driving sequentially broadly stable margin in Q3, despite cost of funding pressure?
- Sujit Ronghe:** While yields have been largely stable, funding cost pressures which have impacted the net interest income and NIM were more evident during the third quarter. This is reflected in the 3Q26 NIM of 2.26% compared to the 2.28% of the second quarter. Looking ahead, we see funding cost being a pressure point for the NIM.
- Amir Hanna:** Has the government indicated how many housing units or land plots will be allocated to nationals eligible for government housing and over what timeline? In your view, what is a reasonable estimate of annual government housing supply?
- Isam Al-Sager:** Well, this is a long question that needs to be answered in more details. You probably know that the number of outstanding applications for the housing authority reached more than 108,000 as of June 2026. Additionally, the authorities get new housing applications that can sometimes reach close to 10,000 annually. Currently, there is generally a shortage in housing units that are ready for distribution to meet the new demand and to clear the backlog. So there is no formal indication of the units or the land plots to be allocated annually. But the government is progressing plans for the three new residential cities that are already working on with an indicative capacity of around 170,000 housing units. Future allocations will depend on the resumption of distributions, infrastructure completion and the government implementation schedules. We expect lending activity under the newly approved mortgage law to gradually take off while we expect the real potential down the road when

more units are available for distribution. In the meantime, and outside the scope of the mortgage law, there will be some pickup in lending activity as more work will be directed towards the infrastructure and development of these new cities.

Amir Hanna: Back to the financials, could you remind us about the share of USD denominated assets liabilities in your balance sheet? And how will the rate hike margin trend into Q4 of the group?

Sujit Ronghe: Foreign currency component of our total assets and total funding is typically in the range of 55% to 60%.

Amir Hanna: Could you provide greater clarity on sustainability of the strong fee income recorded in third quarter? What were the key drivers, and which geographies contributed most? I think we answered the second part.

Sujit Ronghe: Specifically talking about the fee income for the third quarter, two growth drivers compared to the previous quarter and the 3Q25, were AUM and card related income. You would note that cards' income benefited from increased flights and airport operations during the summer travel season in 3Q26.

Amir Hanna: What are the key drivers, and which geographies contributed the most?

Sujit Ronghe: As mentioned the key drivers for fee income growth during 9M26 were AUM, lending and cards income. The income was well distributed across Kuwait and different international locations.

Amir Hanna: Okay, How do we model Zakat and income tax rate?

Sujit Ronghe: There is no requirement to pay Zakat and NLST in Kuwait since the bank is subject to DMTT, which is the 15% tax based on Pillar 2 tax rules since 2025. In addition, the bank also pays a 1% contribution to Kuwait Fund for Advancement of Sciences which makes the baseline tax rate to be approximately 16%. Effective tax rate in the current year was lower at c.14.4%, since bank benefited from release of provisions towards certain tax assessments which were completed in favor of the bank.

Amir Hanna: How is domestic borrowing evolving? Which sectors are driving demand?

Sujit Ronghe: Domestic borrowing is a tale of two different customer categories. Demand for retail loans remains very subdued. However, we noted a pickup in demand from corporates. We have seen good demand from oil sector and other primary sectors as well. Overall, corporate demand is contributing more to the loan growth compared to the retail demand in Kuwait.

- Amir Hanna:** Risk weighted assets have grown only 0.6% year to date compared to a loan growth of 5%. Has your loan growth been driven mainly by government related entities?
- Sujit Ronghe:** Although loans have increased by 5.1% during the year, part of the growth was to obligors that carry a lower risk weight. Net RWA growth during the year also reflects a drop of KD 1.4 billion in inter-bank placements.
- Amir Hanna:** What is the percent of CASA to total deposits in December 25 and September 26?
- Sujit Ronghe:** CASA deposit to total non-bank deposits ratio at low thirties, has remained very stable during the year. However, absolute amounts of CASA deposits as at the end of September 26 are in excess of those in Sep and Dec 25.
- Amir Hanna:** Is the 3% deposit growth mainly coming from Kuwait or overseas?
- Sujit Ronghe:** The deposit growth is a mix of Kuwait and overseas, but Kuwait is a larger component of the growth.
- Amir Hanna:** The market practice to date has been that banks in Kuwait have been calling their perpetual bonds on the first call date, on the first day of the call notice periods. Should this thinking apply to tier two bonds too by large, or are the tier 2s different in terms of how Kuwaiti banks and local investors view them?
- Sujit Ronghe:** From NBK's point of view, the bank has historically called both tier one and tier two bonds at the first call date, while trying to be investor friendly in its actions. The bank typically intends to continue with that position. Of course, the final decision will be made closer to the date of the event.
- Amir Hanna:** Following the repayment of one of your AT1 instruments. Do you have a timeline for issuing a new AT1 capital?
- Sujit Ronghe:** The bank will decide on capital issuances depending on the evolving geopolitical situation, stability of markets, and resulting growth opportunities.
- Amir Hanna:** These are all the questions we have. Thank you all for joining us on a late Thursday afternoon. Elena, back to you.
- Elena Sanchez:** Thank you Amir. I would like to thank the management team of NBK for the presentation and the Q&A session.
- Thank you to all the participants that joined the call today.