

NATIONAL BANK OF KUWAIT GROUP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 September 2024 (UNAUDITED)



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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 30 September 2024, and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three month and nine month periods then ended, and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine 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 preparation 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 preparation 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 nine months period ended 30 September 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 nine months period ended 30 September 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.

15 October 2024
Kuwait

National Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

30 September 2024 (Unaudited)

	<i>Notes</i>	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Interest income		456,822	429,090	1,353,850	1,184,977
Interest expense		259,134	242,508	773,563	652,185
Net interest income		197,688	186,582	580,287	532,792
Murabaha and other Islamic financing income		119,441	104,450	343,895	295,149
Finance cost and Distribution to depositors		65,707	57,237	190,473	162,096
Net income from Islamic financing		53,734	47,213	153,422	133,053
Net interest income and net income from Islamic financing		251,422	233,795	733,709	665,845
Net fees and commissions		50,654	48,962	151,735	148,569
Net investment income		8,615	3,513	19,212	19,037
Net gains from dealing in foreign currencies		7,269	11,986	24,794	29,419
Other operating income (loss)		671	(363)	1,552	880
Non-interest income		67,209	64,098	197,293	197,905
Net operating income		318,631	297,893	931,002	863,750
Staff expenses		63,138	56,861	186,999	171,848
Other administrative expenses		40,513	34,937	119,222	104,082
Depreciation of premises and equipment		11,836	11,297	35,026	32,990
Amortisation of intangible assets		411	411	1,235	1,235
Operating expenses		115,898	103,506	342,482	310,155
Operating profit before provision for credit losses and impairment losses		202,733	194,387	588,520	553,595
Provision charge for credit losses and impairment losses	3	13,674	17,883	56,326	65,842
Operating profit before taxation		189,059	176,504	532,194	487,753
Taxation	4	14,819	14,538	46,463	36,786
Profit for the period		174,240	161,966	485,731	450,967
Attributable to:					
Shareholders of the Bank		164,599	155,753	457,024	431,100
Non-controlling interests		9,641	6,213	28,707	19,867
		174,240	161,966	485,731	450,967
Basic earnings per share attributable to shareholders of the Bank	5	19 fils	18 fils	53 fils	50 fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

National Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

30 September 2024 (Unaudited)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period	174,240	161,966	485,731	450,967
Other comprehensive (loss) income:				
Investment in debt securities measured at FVOCI:				
Net change in fair value	(26,304)	6,710	(1,966)	9,002
Net transfer to interim condensed consolidated statement of income	337	(881)	(921)	1,312
	<u>(25,967)</u>	<u>5,829</u>	<u>(2,887)</u>	<u>10,314</u>
Exchange differences on translation of foreign operations	<u>14,440</u>	<u>(6,526)</u>	<u>(56,133)</u>	<u>(23,428)</u>
Other comprehensive loss for the period reclassifiable to interim condensed consolidated statement of income in subsequent periods	(11,527)	(697)	(59,020)	(13,114)
Net gain (loss) on investments in equity instruments designated at FVOCI (not reclassifiable to interim condensed consolidated statement of income in subsequent periods)	937	235	8	(187)
Actuarial gain in respect of defined benefit plans	-	-	88	-
Other comprehensive loss for the period	(10,590)	(462)	(58,924)	(13,301)
Total comprehensive income for the period	163,650	161,504	426,807	437,666
Attributable to:				
Shareholders of the Bank	153,377	154,281	398,790	415,259
Non-controlling interests	10,273	7,223	28,017	22,407
	<u>163,650</u>	<u>161,504</u>	<u>426,807</u>	<u>437,666</u>

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

National Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2024 (Unaudited)

		<i>30 September</i> <i>2024</i>	<i>Audited</i> <i>31 December</i> <i>2023</i>	<i>30 September</i> <i>2023</i>
	Notes	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Assets				
Cash and short term funds		4,346,973	4,384,700	3,639,390
Central Bank of Kuwait bonds		637,793	856,815	862,250
Kuwait Government treasury bonds		148,785	194,111	190,983
Deposits with banks		1,704,755	1,318,121	2,080,312
Loans, advances and Islamic financing to customers	6	23,154,075	22,281,004	21,796,658
Investment securities		7,404,563	6,884,821	6,314,188
Land, premises and equipment		508,576	506,812	496,752
Goodwill and other intangible assets		507,163	508,416	529,169
Other assets		744,371	730,191	925,572
Total assets		<u>39,157,054</u>	<u>37,664,991</u>	<u>36,835,274</u>
Liabilities				
Due to banks		4,688,440	3,963,802	3,570,710
Deposits from other financial institutions		2,962,424	3,725,629	3,558,581
Customer deposits		22,413,278	21,948,957	20,934,004
Certificates of deposit issued		1,623,602	822,899	1,750,338
Other borrowed funds	7	1,420,633	1,331,006	1,335,886
Other liabilities		1,029,340	966,123	920,420
Total liabilities		<u>34,137,717</u>	<u>32,758,416</u>	<u>32,069,939</u>
Equity				
Share capital	8	832,644	792,995	792,995
Proposed bonus shares	8	-	39,649	-
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	8	1,917,095	1,816,640	1,741,931
Equity attributable to shareholders of the Bank		3,984,227	3,883,772	3,750,533
Perpetual Tier 1 Capital Securities	9	439,032	439,032	439,032
Non-controlling interests		596,078	583,771	575,770
Total equity		<u>5,019,337</u>	<u>4,906,575</u>	<u>4,765,335</u>
Total liabilities and equity		<u>39,157,054</u>	<u>37,664,991</u>	<u>36,835,274</u>

Hamad Mohamed Al-Bahar
Chairman

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

National Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

30 September 2024 (Unaudited)

	Notes	<i>Nine months ended</i>	
		<i>2024</i>	<i>2023</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Operating activities			
Profit for the period		485,731	450,967
Adjustments for:			
Net investment income		(19,212)	(19,037)
Depreciation of premises and equipment		35,026	32,990
Amortisation of intangible assets		1,235	1,235
Provision charge for credit losses and impairment losses	3	56,326	65,842
Taxation	4	46,463	36,786
Cash flow from operating activities before changes in operating assets and liabilities		<u>605,569</u>	<u>568,783</u>
Changes in operating assets and liabilities:			
Central Bank of Kuwait bonds		219,022	18,991
Kuwait Government treasury bonds		47,000	18,989
Deposits with banks		(385,651)	(587,876)
Loans, advances and Islamic financing to customers		(1,120,125)	(860,567)
Other assets		(94,827)	26,248
Due to banks		724,644	(447,269)
Deposits from other financial institutions		(756,005)	(182,296)
Customer deposits		726,401	755,942
Certificates of deposit issued		800,703	(51,285)
Other liabilities		(19,577)	161,846
Tax paid		(47,960)	(35,019)
Net cash from (used in) operating activities		<u>699,194</u>	<u>(613,513)</u>
Investing activities			
Purchase of investment securities		(2,606,655)	(2,615,592)
Proceeds from sale/redemption of investment securities		2,140,993	1,837,358
Dividend income		1,428	1,366
Change in holding in subsidiaries		(657)	(11,613)
Proceeds from sale of land, premises and equipment		697	1,817
Purchase of land, premises and equipment		(39,571)	(36,908)
Purchase of investment properties		(7,256)	(36,496)
Capital repayment from investment in associate		250	-
Proceeds from sale of investment properties		2,699	-
Net cash used in investing activities		<u>(508,072)</u>	<u>(860,068)</u>
Financing activities			
Net proceeds from issuance of Global medium term notes	7	152,571	-
Interest paid on Perpetual Tier 1 Capital Securities		(12,966)	(13,013)
Profit distribution on Perpetual Tier 1 sukuk by a subsidiary		(6,049)	(6,079)
Dividends paid	8	(281,513)	(268,107)
Dividend paid by a subsidiary to non-controlling interests		(12,621)	(9,572)
Net movement in other borrowed funds		(68,271)	86,290
Net cash used in financing activities		<u>(228,849)</u>	<u>(210,481)</u>
Decrease in cash and short term funds		<u>(37,727)</u>	<u>(1,684,062)</u>
Cash and short term funds at 1 January		4,384,700	5,323,452
Cash and short term funds at 30 September		<u><u>4,346,973</u></u>	<u><u>3,639,390</u></u>

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

National Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 2024 (Unaudited)

KD 000's

	<i>Equity attributable to shareholders of the Bank</i>						<i>Total</i>	<i>Perpetual Tier 1 Capital Securities</i>	<i>Non - controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Proposed bonus shares</i>	<i>Statutory reserve</i>	<i>Share premium account</i>	<i>Treasury shares reserve</i>	<i>Other reserves (Note 8)</i>				
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	-	-	-	-	-	457,024	457,024	-	28,707	485,731
Other comprehensive loss	-	-	-	-	-	(58,234)	(58,234)	-	(690)	(58,924)
Total comprehensive income	-	-	-	-	-	398,790	398,790	-	28,017	426,807
Issue of bonus shares (Note 8b)	39,649	(39,649)	-	-	-	-	-	-	-	-
Dividends paid (Note 8b)	-	-	-	-	-	(198,249)	(198,249)	-	-	(198,249)
Interim dividends paid (Note 8c)	-	-	-	-	-	(83,264)	(83,264)	-	-	(83,264)
Interest paid on perpetual Tier 1 capital Securities	-	-	-	-	-	(12,966)	(12,966)	-	-	(12,966)
Profit distribution on Perpetual Tier 1 sukuk by a subsidiary	-	-	-	-	-	(3,652)	(3,652)	-	(2,397)	(6,049)
Change in holding in subsidiaries	-	-	-	-	-	-	-	-	(657)	(657)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	(12,621)	(12,621)
Other movements	-	-	-	-	-	(204)	(204)	-	(35)	(239)
At 30 September 2024	832,644	-	396,499	803,028	34,961	1,917,095	3,984,227	439,032	596,078	5,019,337
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	-	-	-	-	-	431,100	431,100	-	19,867	450,967
Other comprehensive (loss) income	-	-	-	-	-	(15,841)	(15,841)	-	2,540	(13,301)
Total comprehensive income	-	-	-	-	-	415,259	415,259	-	22,407	437,666
Issue of bonus shares (Note 8b)	37,762	(37,762)	-	-	-	-	-	-	-	-
Dividends paid (Note 8b)	-	-	-	-	-	(188,808)	(188,808)	-	-	(188,808)
Interim dividends paid (Note 8c)	-	-	-	-	-	(79,299)	(79,299)	-	-	(79,299)
Interest paid on perpetual Tier 1 capital Securities	-	-	-	-	-	(13,013)	(13,013)	-	-	(13,013)
Profit distribution on Perpetual Tier 1 sukuk by a subsidiary	-	-	-	-	-	(3,664)	(3,664)	-	(2,415)	(6,079)
Change in holding in subsidiaries	-	-	-	-	-	(3,906)	(3,906)	-	(7,707)	(11,613)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	-	(9,607)	(9,607)
Other movements	-	-	-	-	-	976	976	-	166	1,142
At 30 September 2023	792,995	-	377,618	803,028	34,961	1,741,931	3,750,533	439,032	575,770	4,765,335

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

National Bank of Kuwait Group

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 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 nine months period ended 30 September 2024 was authorised for issue in accordance with a resolution of the directors on 9 October 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.

3 PROVISION CHARGE FOR CREDIT LOSSES AND IMPAIRMENT LOSSES

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000’s</i>	<i>KD 000’s</i>	<i>KD 000’s</i>	<i>KD 000’s</i>
Provision charge for credit facilities – specific	8,809	10,859	44,781	23,054
Provision charge for credit facilities – general	4,732	7,404	15,385	43,567
Expected credit losses release	-	(270)	(4,970)	(669)
Other impairment losses /(release)	133	(110)	1,130	(110)
	13,674	17,883	56,326	65,842

National Bank of Kuwait Group

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2024 (Unaudited)

4 TAXATION

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
National Labour Support Tax	4,071	3,848	11,383	10,890
Zakat	1,836	1,722	5,149	4,780
Contribution to Kuwait Foundation for the Advancement of Sciences	1,790	1,687	4,796	4,486
Overseas tax	7,122	7,281	25,135	16,630
	14,819	14,538	46,463	36,786

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.

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit attributable to shareholders of the Bank	164,599	155,753	457,024	431,100
Less: Interest paid on Perpetual Tier 1 capital Securities	(3,878)	(3,916)	(12,966)	(13,013)
Less: Profit distribution on Perpetual Tier 1 sukuk by a subsidiary attributable to shareholders of the Bank	(1,820)	(1,843)	(3,652)	(3,664)
	158,901	149,994	440,406	414,423
Weighted average number of shares outstanding during the period net of treasury shares (thousands)	8,326,443	8,326,443	8,326,443	8,326,443
Basic earnings per share	19 fils	18 fils	53 fils	50 fils

Earnings per share calculations for the period ended 30 September 2023 have been adjusted to take account of the bonus shares issued in 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2024 (Unaudited)

6 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS

	30 September 2024 KD 000's	<i>Audited</i> 31 December 2023 KD 000's	30 September 2023 KD 000's
Loans, advances and Islamic financing to customers	24,034,915	23,143,854	22,664,131
Provision for credit losses	(880,840)	(862,850)	(867,473)
	<u>23,154,075</u>	<u>22,281,004</u>	<u>21,796,658</u>

The available provision on non-cash facilities of KD 45,488 thousand (31 December 2023: KD 40,540 thousand, 30 September 2023: KD 40,950 thousand) is included under other liabilities. The total provision for cash and non cash credit facilities in accordance with CBK guidelines amounted to KD 926,328 thousand as at 30 September 2024 (31 December 2023: KD 903,390 thousand, 30 September 2023: KD 908,423 thousand)

The Expected Credit Losses ("ECL") on credit facilities determined under IFRS 9 in accordance to the CBK guidelines amounted to KD 599,586 thousand as at 30 September 2024 (31 December 2023: 615,659 thousand, 30 September 2023: KD 610,741 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.

National Bank of Kuwait Group

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2024 (Unaudited)

6 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS (continued)

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>30 September 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	21,953,725	1,746,334	334,856	24,034,915
Contingent liabilities (Note 11)	4,473,183	734,415	15,872	5,223,470
Commitments (revocable and irrevocable) to extend credit	9,294,357	869,443	6,729	10,170,529
ECL allowance for credit facilities	170,049	182,655	246,882	599,586
<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 11)	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
<i>30 September 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	20,858,453	1,411,339	394,339	22,664,131
Contingent liabilities (Note 11)	3,947,237	718,792	12,696	4,678,725
Commitments (revocable and irrevocable) to extend credit	7,869,575	1,017,541	282	8,887,398
ECL allowance for credit facilities	187,131	152,462	271,148	610,741

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	(5,208)	3,497	1,711	-
Transfer from Stage 2	31,365	(43,628)	12,263	-
Transfer from Stage 3	13,361	2,937	(16,298)	-
Amounts written off net of exchange movements	(3,374)	(735)	(37,073)	(41,182)
Net (decrease) increase in ECL for the period	(61,209)	46,326	39,992	25,109
At 30 September 2024	170,049	182,655	246,882	599,586

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6 LOANS, ADVANCES AND ISLAMIC FINANCING TO CUSTOMERS (continued)

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL allowance as at 1 January 2023	169,351	169,228	238,856	577,435
Transfer between stages				
Transfer from Stage 1	(3,322)	1,807	1,515	-
Transfer from Stage 2	32,067	(48,179)	16,112	-
Transfer from Stage 3	10,061	2,193	(12,254)	-
Amounts recovered (written off) net of exchange movements	161	185	(27,432)	(27,086)
Net (decrease) increase in ECL for the period	(21,187)	27,228	54,351	60,392
At 30 September 2023	<u>187,131</u>	<u>152,462</u>	<u>271,148</u>	<u>610,741</u>

7 OTHER BORROWED FUNDS

On 6 June 2024, the Bank, through a wholly owned special purpose vehicle, issued senior unsecured notes of nominal amount USD 500 million (KD 153,100 thousand) under the Bank's USD 5 billion Global Medium Term Note programme, maturing on 6 June 2030 with first optional redemption date on 6 June 2029. These notes were issued at 99.905 per cent of nominal value and carry a fixed interest rate of 5.5% per annum payable semi-annually in arrears until the first optional redemption date, followed by a floating rate of SOFR + 116 basis points paid quarterly thereafter.

8 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 30 September 2023: 10,000,000,000 shares) of 100 fils each. The issued and fully paid up share capital of the Bank comprises 8,326,442,901 shares (31 December 2023: 7,929,945,620 shares and 30 September 2023: 7,929,945,620 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 final cash dividend of 25 fils per share for the year ended 31 December 2022). The final cash dividend amounting to KD 198,249 thousand was paid on 18 April 2024. The bonus shares issued in 2024 increased the number of issued and fully paid up shares by 396,497,281 (2023: 377,616,458) and share capital by KD 39,649 thousand (2023: KD 37,762 thousand).

c) Interim cash dividends

The Board of Directors approved distribution of an interim cash dividend of 10 fils per share on the outstanding shares as of 30 June 2024 (Interim cash dividend of 10 fils per share on the outstanding shares as of 30 June 2023). The interim cash dividend amounting to KD 83,264 thousand (2023: KD 79,299 thousand) was paid during the period.

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8 SHAREHOLDERS' EQUITY (CONTINUED)

d) 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	-	457,024	-	-	-	-	-	457,024
Other comprehensive (loss) income	-	-	(56,284)	(2,038)	-	88	-	(58,234)
Total comprehensive income (loss)	-	457,024	(56,284)	(2,038)	-	88	-	398,790
Dividends paid	-	-	-	-	-	-	(198,249)	(198,249)
Interim dividends paid	-	(83,264)	-	-	-	-	-	(83,264)
Interest paid on Perpetual Tier 1 Capital Securities	-	(12,966)	-	-	-	-	-	(12,966)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	(3,652)	-	-	-	-	-	(3,652)
Realised loss on equity investments at FVOCI	-	(162)	-	162	-	-	-	-
Other movements	-	(204)	-	-	-	-	-	(204)
At 30 September 2024	117,058	2,107,471	(408,122)	81,677	14,409	4,602	-	1,917,095
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	-	431,100	-	-	-	-	-	431,100
Other comprehensive (loss) income	-	-	(23,884)	8,043	-	-	-	(15,841)
Total comprehensive income (loss)	-	431,100	(23,884)	8,043	-	-	-	415,259
Dividends paid	-	-	-	-	-	-	(188,808)	(188,808)
Interim dividends paid	-	(79,299)	-	-	-	-	-	(79,299)
Interest paid on Perpetual Tier 1 Capital Securities	-	(13,013)	-	-	-	-	-	(13,013)
Profit distribution on Perpetual Tier 1 Sukuk by a subsidiary	-	(3,664)	-	-	-	-	-	(3,664)
Change in holding in subsidiaries	-	(3,906)	-	-	-	-	-	(3,906)
Other movements	-	976	-	-	-	-	-	976
At 30 September 2023	117,058	1,882,941	(360,673)	87,182	14,409	1,014	-	1,741,931

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9 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>30 September 2024</i>	<i>Audited 31 December 2023</i>	<i>30 September 2023</i>
	<i>KD 000's</i>	<i>KD 000's</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 call date in November 2025, redeemable at the option of the bank in August 2025)	227,738	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 call date in February 2027, redeemable at the option of the bank in August 2026)	211,294	211,294	211,294
	439,032	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.

10 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.

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10 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:

	30 September 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>Nine months</i>							
Net operating income	<u>188,901</u>	<u>122,176</u>	<u>87,508</u>	<u>188,445</u>	<u>121,173</u>	<u>222,799</u>	<u>931,002</u>
Profit for the period	<u>82,927</u>	<u>91,490</u>	<u>51,776</u>	<u>73,145</u>	<u>72,284</u>	<u>114,109</u>	<u>485,731</u>
Total assets	<u>5,116,591</u>	<u>5,204,598</u>	<u>1,042,738</u>	<u>9,067,262</u>	<u>2,360,861</u>	<u>16,365,004</u>	<u>39,157,054</u>
Total liabilities	<u>4,989,116</u>	<u>2,597,158</u>	<u>2,281,181</u>	<u>8,005,101</u>	<u>1,931,692</u>	<u>14,333,469</u>	<u>34,137,717</u>
	30 September 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>Nine months</i>							
Net operating income	<u>176,422</u>	<u>120,302</u>	<u>85,045</u>	<u>167,798</u>	<u>114,120</u>	<u>200,063</u>	<u>863,750</u>
Profit for the period	<u>75,961</u>	<u>112,563</u>	<u>53,068</u>	<u>58,685</u>	<u>54,820</u>	<u>95,870</u>	<u>450,967</u>
Total assets	<u>5,072,434</u>	<u>5,212,560</u>	<u>889,564</u>	<u>8,200,981</u>	<u>2,529,565</u>	<u>14,930,170</u>	<u>36,835,274</u>
Total liabilities	<u>4,976,339</u>	<u>3,009,648</u>	<u>2,140,455</u>	<u>7,191,172</u>	<u>1,412,840</u>	<u>13,339,485</u>	<u>32,069,939</u>

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11 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September</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>30 September</i> <i>2023</i> <i>KD 000's</i>
Commitments on behalf of customers for which there are corresponding liabilities by the customers concerned:			
Acceptances	160,824	189,080	356,349
Letters of credit	489,890	391,486	400,050
Guarantees	4,572,756	4,035,345	3,922,326
	<u>5,223,470</u>	<u>4,615,911</u>	<u>4,678,725</u>

Irrevocable commitments to extend credit amount to KD 1,342,364 thousand (31 December 2023: KD 1,327,508 thousand, 30 September 2023: KD 1,142,406 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 84,258 thousand (31 December 2023: KD 85,980 thousand, 30 September 2023: KD 91,848 thousand).

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities that are traded in active markets are 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 market 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.

The valuation techniques and inputs used in this interim condensed consolidated financial information are same as those disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

National Bank of Kuwait Group

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2024 (Unaudited)

12 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>30 September 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	5,766,509	305,195	-	6,071,704
Equities and other investments	60,069	199,587	43,800	303,456
	<u>5,826,578</u>	<u>504,782</u>	<u>43,800</u>	<u>6,375,160</u>
Derivative financial instruments (Note 13)	-	135,709	-	135,709
	<u>-</u>	<u>135,709</u>	<u>-</u>	<u>135,709</u>
<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 13)	-	247,694	-	247,694
	<u>-</u>	<u>247,694</u>	<u>-</u>	<u>247,694</u>
<i>30 September 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	4,707,799	300,425	-	5,008,224
Equities and other investments	58,745	191,147	42,535	292,427
	<u>4,766,544</u>	<u>491,572</u>	<u>42,535</u>	<u>5,300,651</u>
Derivative financial instruments (Note 13)	-	432,776	-	432,776
	<u>-</u>	<u>432,776</u>	<u>-</u>	<u>432,776</u>

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12 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 30 September 2024 KD 000's</i>	<i>Net gain in the interim condensed consolidated statement of income KD 000's</i>
Equities and other investments	43,012	26	1,235	(479)	6	43,800	1,498
	<u>43,012</u>	<u>26</u>	<u>1,235</u>	<u>(479)</u>	<u>6</u>	<u>43,800</u>	<u>1,498</u>
							<i>Net gain in the interim condensed consolidated statement of income KD 000's</i>
	<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 30 September 2023 KD 000's</i>	<i>Net gain in the interim condensed consolidated statement of income KD 000's</i>
Equities and other investments	48,046	(86)	28	(5,522)	69	42,535	1,960
	<u>48,046</u>	<u>(86)</u>	<u>28</u>	<u>(5,522)</u>	<u>69</u>	<u>42,535</u>	<u>1,960</u>

13 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 interim condensed 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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13 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:

	<u>30 September 2024</u>			<i>Audited</i> <u>31 December 2023</u>			<u>30 September 2023</u>		
	<i>Positive fair value</i> KD 000's	<i>Negative fair value</i> KD 000's	<i>Notional</i> KD 000's	<i>Positive fair value</i> KD 000's	<i>Negative fair value</i> KD 000's	<i>Notional</i> KD 000's	<i>Positive fair value</i> KD 000's	<i>Negative fair value</i> KD 000's	<i>Notional</i> KD 000's
Interest rate swaps (held as fair value hedges)	205,658	76,147	6,756,200	282,008	43,973	5,826,052	456,703	19,492	5,397,145
Interest rate swaps (others)	589	2,621	84,698	891	1,753	86,318	1,197	1,203	21,630
Forward foreign exchange contracts	19,467	11,237	2,923,423	27,547	17,026	4,112,667	13,192	17,621	3,683,663
	225,714	90,005	9,764,321	310,446	62,752	10,025,037	471,092	38,316	9,102,438

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14 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:

	<i>Number of Board Members and Executive Officers</i>			<i>Number of related parties</i>					
	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>
							<i>KD 000's</i>	<i>Audited KD 000's</i>	<i>KD 000's</i>
Loans	7	6	6	19	22	19	43,003	49,652	46,499
Contingent liabilities	1	1	1	8	7	7	21,478	22,719	22,770
Credit cards	18	19	18	32	28	29	205	187	191
Deposits	25	24	25	81	88	88	45,536	36,927	41,820
Collateral against credit facilities	2	3	3	15	14	14	151,116	153,137	153,743
Interest and fee income							2,302	3,005	2,339
Interest expense							846	1,205	929
Purchase of equipment and other expenses							293	330	187

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30 September 2024 (Unaudited)

14 RELATED PARTY TRANSACTIONS (continued)

Details of compensation to key management personnel are as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Salaries and other short term benefits	2,997	2,950	8,879	8,821
Post-employment benefits	52	30	201	288
Share based compensation	300	185	691	460
	3,349	3,165	9,771	9,569