

REF : ABK/BA/225
Date : 3 November 2024

To: Boursa Kuwait

Dear Sirs,

Subject : Analyst conference transcript and presentation for Q3-2024

In compliance with the provisions of Article (8-4-2) of Boursa Kuwait Rulebook issued pursuant to Resolution No 1 of 2018 and amendments thereof, concerning the continuing obligations of the listed companies of "the Premier Market" under which Al Ahli Bank of Kuwait is categorized,

Al Ahli Bank of Kuwait would like to report that the Analyst Conference for the Q3-2024 was held at 3:00 p.m. (local timing) on Thursday 31 October 2024 through live broadcasting on internet (live webcast).

Kindly note that during the conference there was no disclosure of any material information that is not in the public domain.

We attach herewith the transcript and presentation of the Analyst conference for Q3-2024.

Best Regards,



Fawzy Al-Thunayan
GM, Board Affairs





Al Ahli Bank of Kuwait
Edited Transcript – Q3 2024 Investor’s Call

Date: Thursday 31st October 2024

Time: 3:00 p.m. KWT

Speakers:

- Mr. Abdulla Alsumait, Acting Group Chief Executive Officer (Acting GCEO)
- Mr. Shiamak Soonawalla, Group Chief Financial Officer (GCFO)
- Mr. Abdulaziz Jawad, Chief Strategy Officer (CSO)
- Mr. Yaqoub Almulla, Senior Manager - Investor Relations

Host:

Arqaam Capital

Moderator:

Hussain Mahfouz

Hussain Mahfouz:

Good afternoon, everyone and thank you for joining us today. This is Hussain Mahfouz from Arqaam Capital and I am pleased to welcome you to Al Ahli Bank of Kuwait’s (ABK) Q3 2024 earnings webcast.

I have with me here today, from ABK’s management, Mr. Abdulla Alsumait, Acting Group Chief Executive Officer, Mr. Shiamak Soonawalla, Group Chief Financial Officer, Mr. Abdulaziz Jawad, Chief Strategy Officer, and Mr. Yaqoub Almulla, Senior Manager - Investor Relations.

I will now hand the call over to Mr. Yaqoub.

Yaqoub Almulla:

Good afternoon, everyone. Thank you for joining us today for our Q3 2024 earnings webcast.

We will start our call with a disclaimer. I would like to bring to your attention that certain comments in this presentation may constitute forward-looking statements. These comments reflect the Bank’s expectation 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 statement made herein. Please refer to the full disclaimer on slide 2 of our presentation for today's call.

We will continue the call with an overview from ABK's Acting GCEO, Mr. Abdulla Alsumait, followed by ABK's GCFO, Mr. Shiamak Soonawalla, providing an extended review on financials and performance. Then he will be followed by ABK's CSO, Mr. Abdulaziz Jawad, who will provide us with an overall update on ABK, strategy, and major projects. We will answer any questions received through the webcast platform. I trust everybody has had a chance to review our earnings release documents. They're available, including the earnings presentation that we'll be referring to during the call, on the Investor Relations section of ABK's website. Also, feel free to send any follow-up questions or required clarifications to our Investor Relations email IR@abkuwait.com.

Please allow me to hand it over to Mr. Abdulla.

Abdulla Alsumait:

Thank you, Yaqoub. Good afternoon, everyone. It is a pleasure to be here today to review our performance and accomplishments for the first 9 months of 2024. During this period, ABK has achieved consistent growth and made remarkable advancements.

Starting with the key financial achievements of this period, we have experienced a 19% increase in Net Profit attributable to shareholders, rising from KD 32.6 million in the first 9 months of 2023 to KD 38.8 million in first 9 months in 2024. Moreover, Earnings Per Share have grown by 23%, rising from 13 fils to 16 fils, supported by a robust Capital Adequacy Ratio of 17%.

In addition, during mid-September the Bank successfully issued Additional Tier 1 perpetual bonds with a value of \$300 million at a fixed rate of 6.5% which was oversubscribed 4.5 times, demonstrating international investors' confidence in ABK's credit worthiness and performance.

Our adaptability to the evolving economic landscape is reflected in our successful strategic execution as evident in our KPIs. Over the last nine months, ABK has maintained positive momentum, as seen



in our improved profitability and asset quality metrics, with a Non-Performing Loan Ratio of 1.30% displaying stability along with a loan growth of 6% YoY.

The Bank is also continuously advancing its strategic goals and sustaining excellence in digital transformation across all sectors. This is highlighted by a major overhaul and near-completion of our mobile banking app to provide state-of-the-art services to our customers. Both our corporate and retail portfolios have grown significantly and are closely monitored using real-time data analytics.

Looking forward, ABK is well-prepared to capitalize on emerging growth opportunities by leveraging its financial robustness and customer-centric strategies. We remain committed to maintaining the highest standards of corporate governance and transparency, aiming for a positive outcome by the end of 2024.

I will now hand over to my colleague, Mr. Shiamak Soonawalla, the Group CFO, to discuss the detailed financial aspects of our presentation.

Shiamak Soonawalla:

Thank you, Mr. Abdulla, and a warm welcome to everyone to our earnings call for the first nine months of 2024. We are excited to present the outstanding results we have achieved during this period.

Beginning with our financial outcomes, we have seen a 19% increase YoY in Net Profit attributable to shareholders, reaching KD 38.8 million. Earnings per Share have also shown remarkable progress, increasing by 23% YoY from 13 fils to 16 fils. On the operational front, our Operating Income has grown by 11%, amounting to KD 150.8 million, while Operating Profit increased by 13% to KD 80.6 million. After the successful issuance of Additional Tier 1 perpetual bonds (AT1) of USD 300 million, our Capital Adequacy Ratio has strengthened to 17%, comfortably above the regulatory benchmarks.

In terms of asset quality, we are pleased to report that our Non-Performing Loan Ratio stands at a low 1.30% compared to 1.34% from the same period in 2023. Our Loan Loss Coverage Ratio is also impressive at 467%, reflecting our prudent provision strategies and solid credit practices. Additionally, as of September 2024, our

provisions exceed IFRS requirements by KD 226 million, providing a substantial buffer against potential risks.

Profitability continues to be a priority, as indicated by our Net Interest Margin at 2.2%, an improvement from 2.1% in the previous year. Moreover, our Operating Profit to Average Assets Ratio increased by 11 basis points to 1.61%. These figures highlight the Group's strong performance. Additionally, our Return on Average Equity has risen to 8.4%, an impressive 35% increase from the same period in 2023.

For the first nine months of 2024, the Group has achieved KD 108 million in Net Interest Income, marking a 7% rise of KD 6.7 million in comparison to the same period in 2023. This growth is largely driven by increased asset levels and loan volumes.

Shifting to our Group's Total Assets, these have grown by 13%, reaching KD 7.1 billion, while our loan book has grown YoY by 6%, from KD 4.3 billion to KD 4.6 billion. Furthermore, Total Deposits stand at KD 4.3 billion, making up 68% of our Total Liabilities. In terms of liquidity, we are well positioned with a Net Stable Funding Ratio of 116% and a Liquidity Coverage Ratio of 378%, both well above regulatory requirements.

Operating Profit increased by 13% YoY driven by improved margins and higher non-interest income. The major contributions to our Operating Income of KD 150.8 million for the 9-month period came from Corporate Banking (46%), Retail Banking (39%) and Treasury operations (15%). Our asset allocation shows 56% in Commercial Banking, 12% in Retail, and 32% in Treasury.

Fees and commissions have significantly contributed to our operating income, growing by 15% from last year to KD 29 million during the first nine months in 2024. These are broadly diversified across various regions and business sectors, arising primarily from core banking operations. Moreover, our cost-to-income ratio has improved to 46.6% from 47.6% last year, emphasizing our ongoing commitment to cost optimization and efficiency.

In conclusion, the 9 months of 2024 have been marked by significant enhancements in profitability, operational efficiency, asset quality, and capital strength. We remain optimistic about

continuing this positive trajectory through the remainder of the year.

I will now hand it over to Mr. Abdulaziz, our Chief Strategy Officer, who will present an update on our strategic initiatives and major projects.

Abdulaziz Jawad:

Thank you, Mr. Shiamak. Good afternoon, everyone and thank you for joining us on our earnings call for Q3 2024.

The geopolitical and macroeconomic landscapes for the region have been fluid with a lot of volatility over the past 12 months, which have, and continue to have, an impact on oil prices and GCC economies.

Starting with an update on the global macroeconomic scene, global economic growth is forecasted to remain stable at 3.2% according to the latest IMF report in October. From a monetary perspective, the Central Bank of Kuwait has reduced the discount rate by 25 basis points from 4.25% to 4% effective September 19, 2024, which was in parallel to the Federal Reserve's (Fed) implementation of a 50 basis points rate cut.

In the GCC region, market performance has shown encouraging economic progress, characterized by strong non-oil growth, despite ongoing uncertainties and fluctuations in oil prices.

Whilst Kuwait's economic activities were subjected to subdued growth over the last period, the IMF projects a rebound of 2.8% GDP growth in 2025 with activity expected to increase in the energy, water, and construction sectors. Such outlook will have positive effects on the banking sector as a whole, and ABK in particular.

Despite the global and regional challenging conditions over the last period, ABK has impressively grown its profitability and balance sheet size whilst maintaining its asset quality, as previously illustrated by Mr. Shiamak.

ABK's organic growth strategy remains focused on its key pillars of targeting the youth and high-value customers on the corporate and retail banking fronts, whilst optimizing our operating model. In



parallel, ABK Group is selectively exploring and assessing different inorganic growth avenues and opportunities.

As we move forward, our dedication to creating long-term value for our shareholders remains steadfast at ABK. We are strategically investing in our future while maintaining a prudent approach to risk management, which has earned us strong credit ratings of 'A2' and 'A' from Moody's and Fitch respectively. Furthermore, ABK is honored to have received six distinguished awards from the esteemed Global Finance institution in 2024.

Transitioning to our international footprint and starting with Egypt, the IMF Executive Board completed the third review of Egypt's Extended Fund Facility (EFF) arrangement in July 2024, noting that Egypt's recent reform efforts have shown positive results and are yielding improvements in macroeconomic stability.

Demonstrating the successful rollout of our strategy, ABK-Egypt was named Best Retail Bank in Egypt at the Banking Excellence Awards ceremony organized by MEED this year. This reflects ABK-Egypt's commitment to realizing its long-term vision of establishing a prominent and distinguished position within the banking sector in the Country.

Reflecting our commitment to sustainability across the Group, we have recently published ABK-Egypt's first annual Sustainability Report and Carbon Footprint Report for 2023, adhering to GRI standards.

Last but not least, from a strategy standpoint, ABK-UAE has achieved significant milestones, most notably launching the corporate service desk to streamline operations and enhance client experience. On the consumer-banking front, we enhanced our UAE mortgage product by extending financing against cash collateral, which broadens our customer base and meets short-term cash flow needs. Our special mortgage rate program is in the final development stage and is expected to boost UAE mortgage growth, hand in hand with a new personal loan product that is set to roll out soon, diversifying our consumer banking offerings.

As we move through the remainder of 2024, we will continue to approach the execution of ABK's strategy with determination, ensuring we pave a successful way for our full-year results.



Thank you for your attention, I will now hand it over to Hussain for the Q&A.

Q&A Session

Hussain Mahfouz:

Thank you for the presentation. We will now take questions. If you would like to ask a question, please share it in the chat box.

We have our first question from Rajat: What is the Common Equity Tier 1 (CET1) ratio at the end of Q3 2024 and how much is the internal buffer for CET1 over and above the 9.5% regulatory requirement?

ABK:

It's 11.83% versus 9.5%. So, we are well secured at almost 12%. Remember, when we compute all the ratios under central bank rate regulations in Q3, the first nine months' profits are excluded. So, when we relook at this ratio at year end, CET1 is positively impacted by the profitability uplift that comes in.

Hussain Mahfouz:

Thank you. We have another question: What's the guidance on NIM for Q4 and 2025? What would the NIM be for Kuwaiti operations and also the current mix of USD loans and deposits?

ABK:

As you have seen, NIM has gone up by 10 basis points from 2.1 to 2.2. We all know we are heading for a decline in interest rates. However, from our look at the structure of the balance sheet and what we studied looking at next year, even if the rate decreases or cuts, we will see a 5 to 10 basis points maximum decline in the NIM from where we stand.

In terms of end-of-year, NIM is expected to remain the same because the impact of the rate cuts, which may come through towards the end of the year, is going to be minimal.

Another factor that must be pointed out is that the Central Bank discount rate does not follow the Fed rate. So, we are currently at 4% and the Fed rate is at 5%. So, it is unlikely that every rate cut that the Fed will make, the central bank rate will follow. So, the impact will therefore be much lesser in any event, given the 100-basis points gap. Our USD loan book is roughly 60:40. 40% being USD and 60% being local currency.



Hussain Mahfouz:

Thank you again. We have another question from Rajat: Any update on corporate tax implementation in Kuwait? Is it still a 2025 implementation?

ABK:

A commitment to implement Pillar 2 is evident in 2025. We expect the regulation to come in quickly and get approved by Q1 2025. The target is 2025, but only for those corporates with a turnover above 750 million Euros, which affects most blue-chip companies and almost all banks in Kuwait. They have signed on to the Pillar 2 BEPS agreement so, it is definitely coming through.

Hussain Mahfouz:

Okay, thank you.

As a reminder, if you have any questions, please send a message to the chat box to Arqaam Capital.

Well, it looks like there are no more questions and we have covered all the questions in the chat box.

Do you have anything to add?

ABK:

No, thank you, Hussain. It's all good from our side.



AL AHLI BANK OF KUWAIT

INVESTOR PRESENTATION

9M 2024

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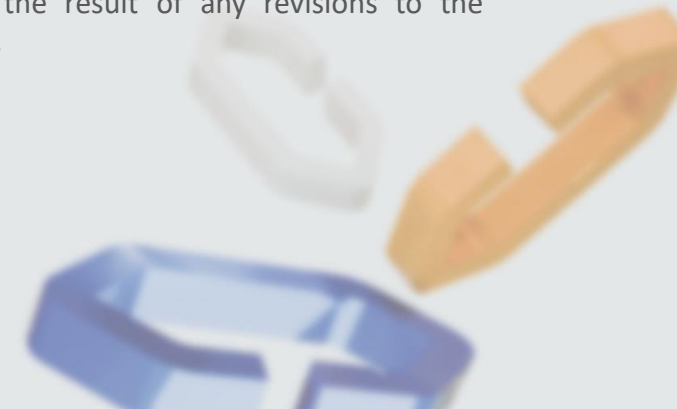


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SECTION 1

ABK OVERVIEW AND FOOTPRINT



AL AHLI BANK OF KUWAIT

Overview

ABK Cayman Island Limited
Established 2022
Subsidiary

ABK Egypt
Subsidiary Acquired 2015
45 Branches

Egypt Leasing Company
Subsidiary









Egypt Investments Company
Subsidiary

ABK Kuwait
Parent Entity Established 1967
29 Branches
(1 Fully Digitized Branch)
Headquarters in Kuwait

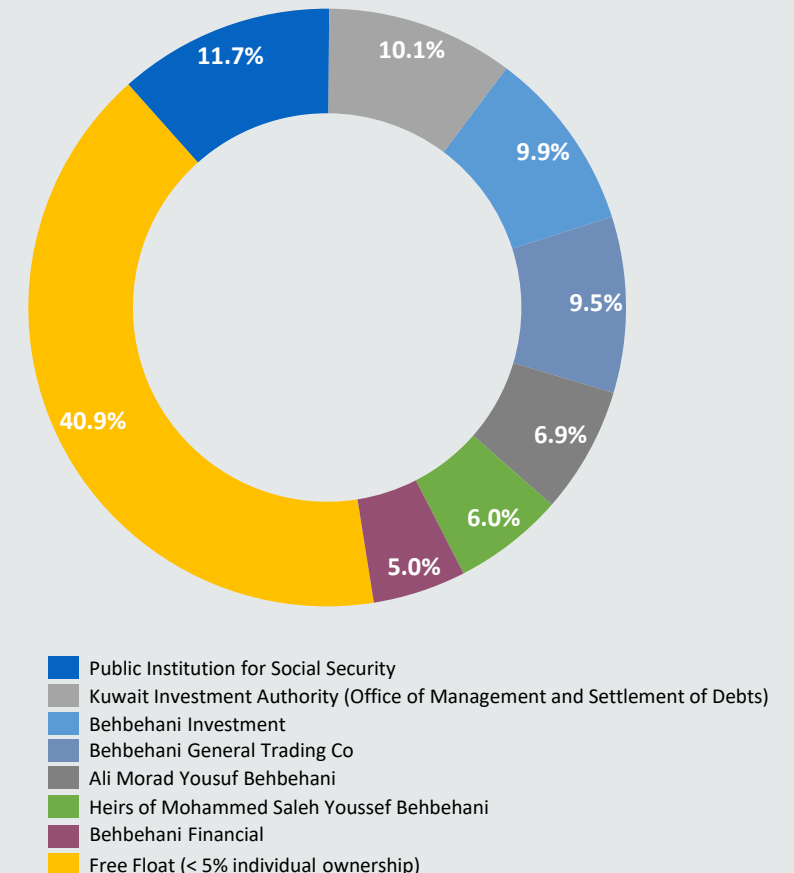
ABK Capital
Established 2006
Subsidiary

ABK UAE
Established 1977
2 Branches (Dubai & Abu Dhabi)
Established 2018
1 DIFC (Off-shore Banking Branch)

ABK OVERVIEW & BACKGROUND

-  Established in 1967 by the Behbehani family, ABK has steadily become one of the leading Kuwaiti Banks retaining the same core shareholder base since its establishment.
-  Headquartered in Kuwait City, the Group has three subsidiaries: Ahli Capital Investment Company, Al Ahli Bank of Kuwait – Egypt and ABK Cayman Island Limited, a branch network in UAE including an off-shore banking branch in DIFC with a Category 1 license.
-  Provides a wide range of financial and banking services and products across all its markets which include: Corporate Banking, Retail Banking, Treasury & Investments.
-  Has a total of 77 branches in three countries: 29 in Kuwait (1 Fully digitized), 2 full-service branches in Abu Dhabi & Dubai & 1 offshore banking branch in Dubai International Financial Centre (DIFC), & 45 branches in Egypt.
-  Strong and well-established access to market by the issuances of KD 50 million subordinated Tier II bond in Oct-21 and another issuance of subordinated Tier II bond of KD 50 million in Nov-22
-  Successful closing of 37 month syndicated loan financing for USD 825 million and a 37-month (with a 12 month extension option) USD 600 million Asia focused syndicated term loan facility in the DIFC Branch, in line with its strategy to become the international banking hub for the Group.
-  In Sep-23 successfully completed a capital increase of KD 100 million (share Capital of KD 50 million & share premium of KD 50 million) representing 26.7% with an initial coverage of 331.4%
-  In Sep-24 successful completion of the issuance of Additional Tier 1 (AT1) perpetual bonds capital in value of US\$300 Million

Ownership Structure



OVERVIEW OF ABK'S AWARDS & RATINGS

Ratings

MOODY'S

Last Affirmed | Jun-24
 Long Term Rating | A2
 Outlook | Stable

FitchRatings

Last Affirmed | Oct-24
 Long Term Rating | A
 Outlook | Stable

Awards

MEED

- Best Retail Bank (Egypt)
- Excellence in Customer Protection/Fraud Control (Kuwait)

Global Finance

- Best Consumer Digital Bank in Kuwait
- Best Consumer Digital Bank in the Middle East
- Best Mobile Banking Adaptive Site in Kuwait
- Best in Transformation in Kuwait
- Best User Experience (UX) Design in Kuwait
- Best User Experience (UX) Design in the Middle East



ABK KEY FINANCIAL HIGHLIGHTS



Self-funded balance sheet

Customer Deposits: **KD 4.3Bn**
Customer Deposits / Total Liabilities: **68.0%**



Stable operating performance

Net Interest Margin: **2.2%**
Operating Profit / Average Assets: **1.61%**



Strong capital position

Tier 1 Ratio: **13.72%**
CAR: **17.01%**



Robust asset quality with excess provisions

Non-performing Loans Ratio: **1.30%**
Loan Loss Coverage Ratio: **467%**
Excess Provision Over IFRS 9 Requirement : **KD 226Mn**



High liquidity & stable funding

Net Stable Funding Ratio: **116%**
Liquidity Coverage Ratio: **378%**

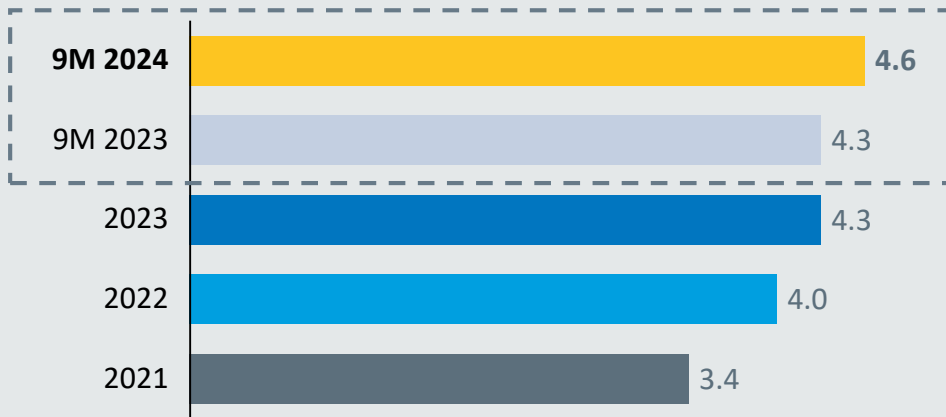


Solid investor demand & established market access*

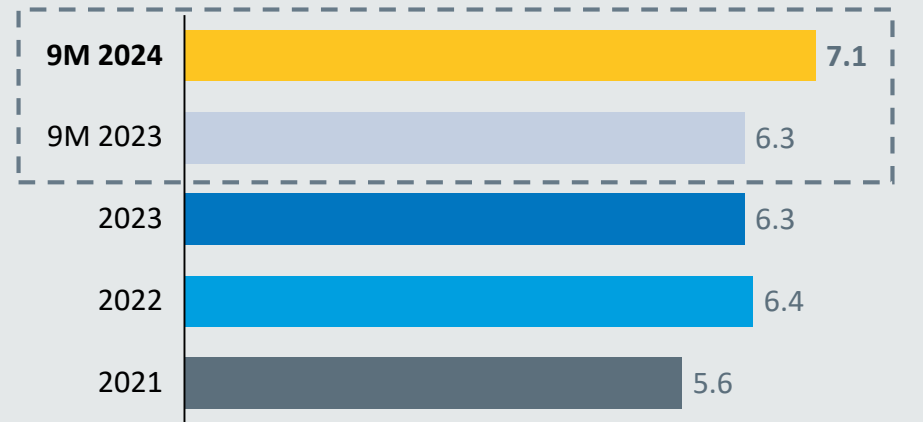
Number of Shares: **2,493,106,675**
Market Capitalization: **KD 678Mn**

FINANCIAL SNAPSHOT (KD'Bn)

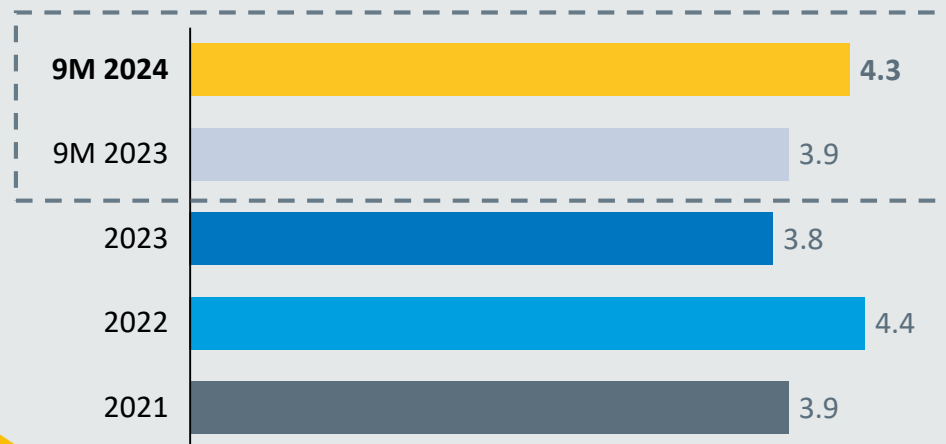
Net Loans & Advances



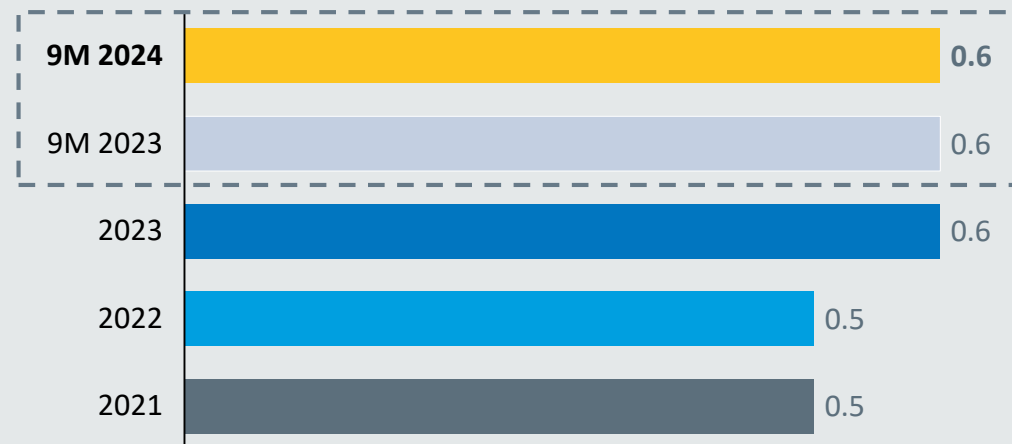
Total Assets



Customer Deposits

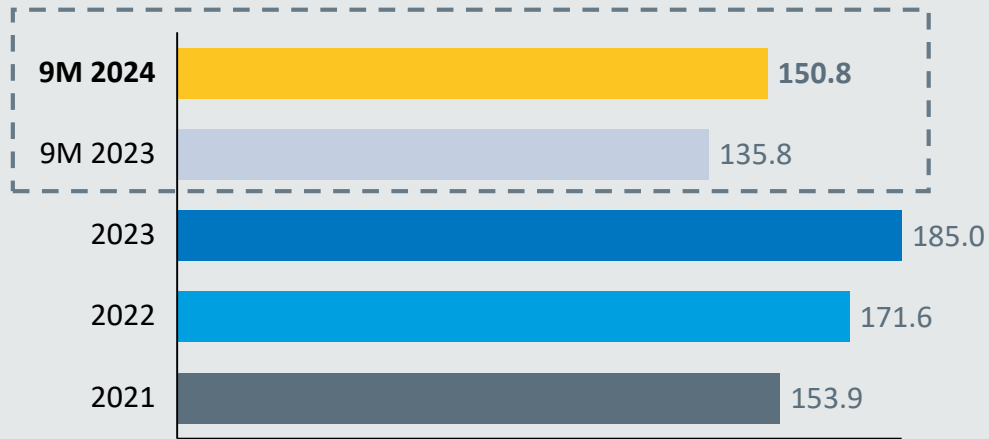


Shareholders' Equity

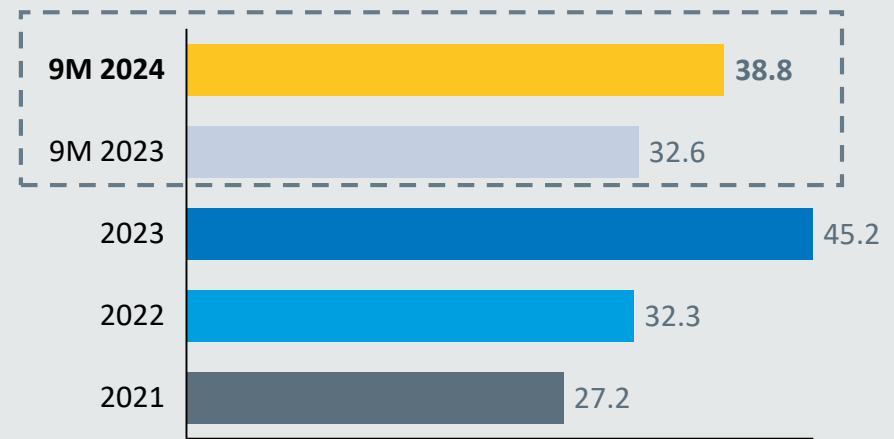


FINANCIAL SNAPSHOT

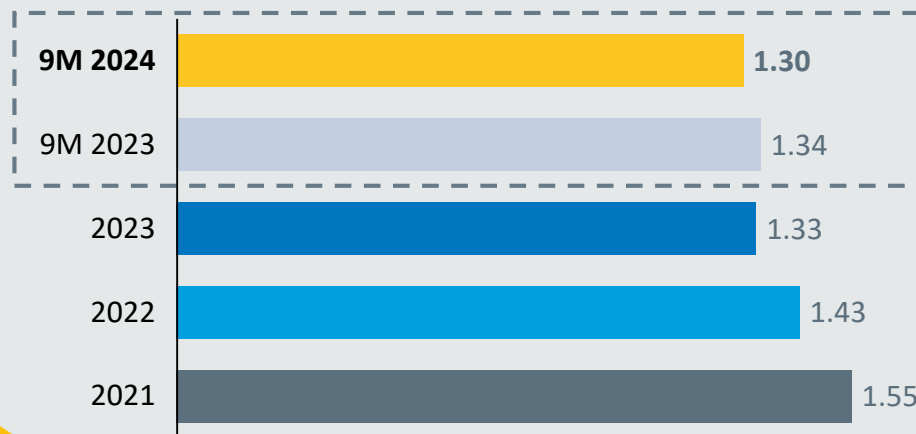
Total Operating Income (KD'Mn)



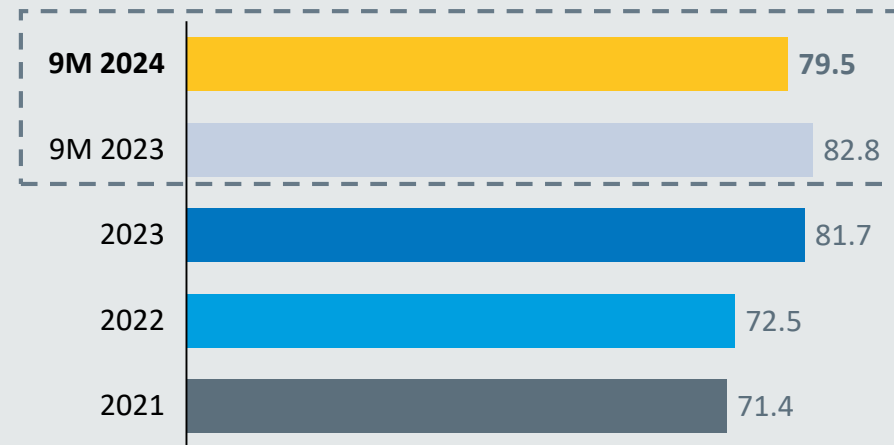
Net Profit Attributable to Shareholder's of the Bank (KD'Mn)



Non Performing Loans (%)

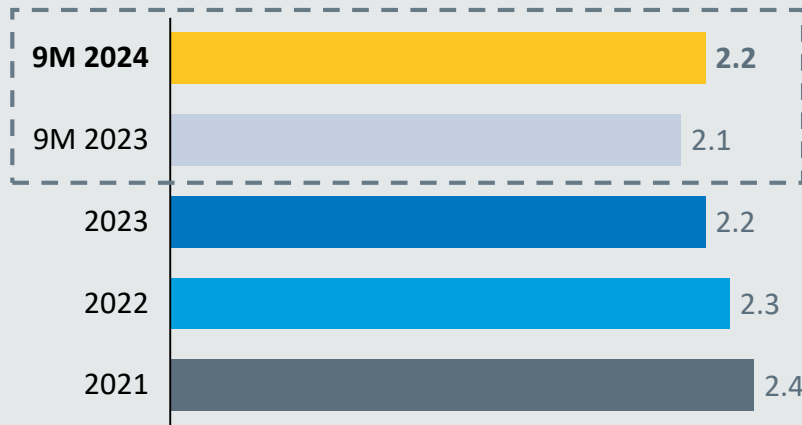


Loans to Deposit Ratio (%)*

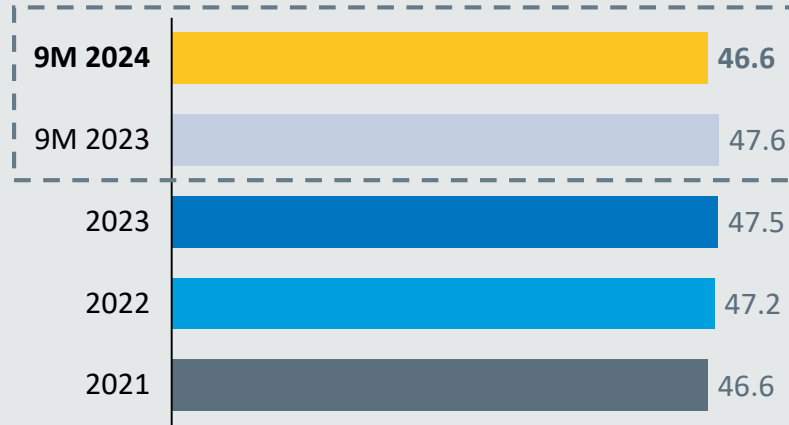


FINANCIAL SNAPSHOT

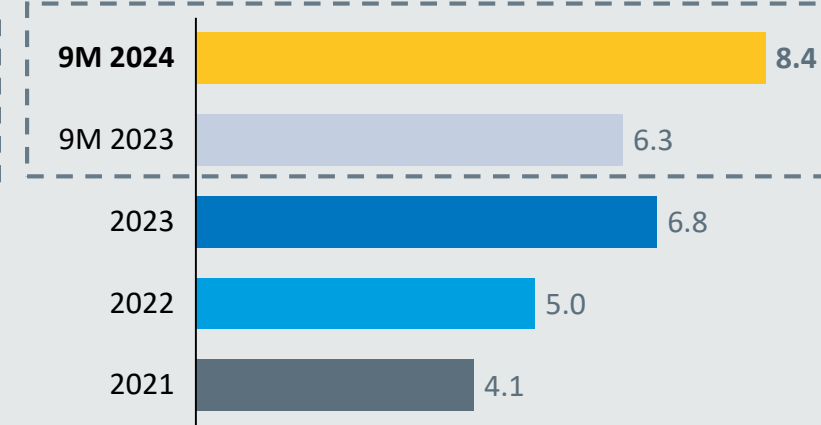
Net Interest Margin (%)



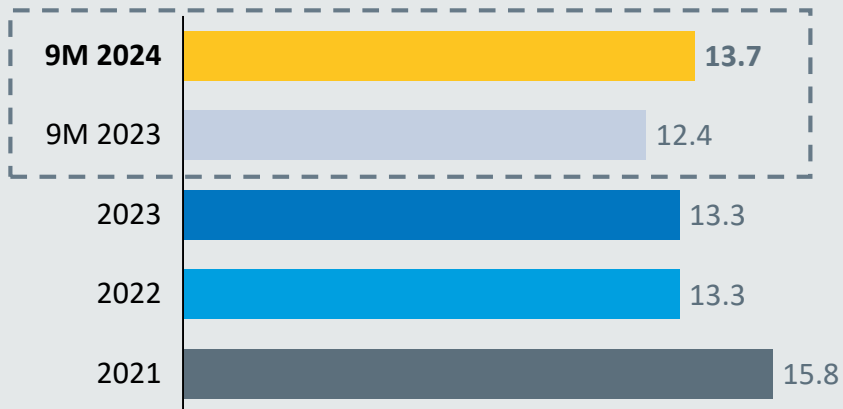
Cost / Income Ratio (%)



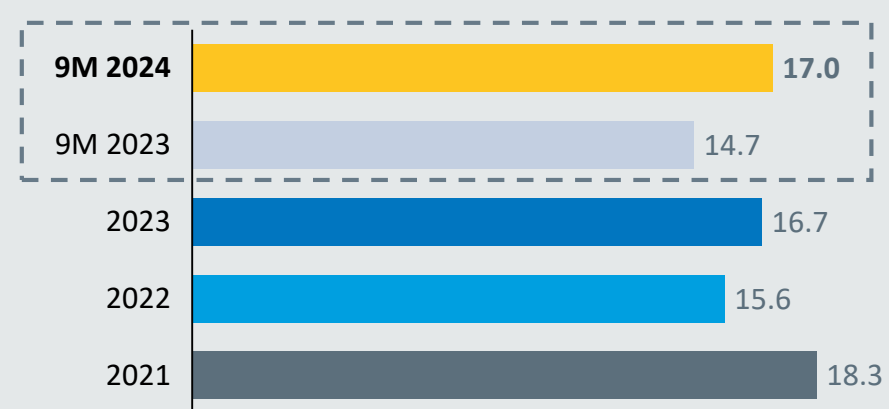
Return on Average Equity (%)



Tier 1 Ratio (%)



Total Capital Adequacy Ratio (%)



KEY HIGHLIGHTS

Stable funding base and good liquidity buffers

- 68% of the total liabilities consist of customer deposits
- Liquidity coverage ratio and net stable funding ratio of 378% and 116% against regulatory requirement of 100% for each benchmark
- Leverage of 8.2%, above the 3.0% required by the CBK Basel III leverage ratio



Solid well-diversified revenue generating capacity with high growth opportunities

- Group's geographical Footprint supports revenue generation, loan distribution and deposit collection
- Group's international operations comprise the operations of its UAE branches and its ABK Egypt subsidiary contributing around 45% of operating income and 34% of assets
- Consistent strategy in Kuwait along with risk managed opportunistic growth in regional markets including Egypt and UAE



Robust capitalization, strong credit ratings along with a fortress balance sheet

- Recognized as a D-SIB with Tier 1 ratio of 13.7% and CAR of 17%
- Well above the Tier 1 ratio and CAR levels of 11.0% and 13.5% respectively (including D-SIB charge of 0.5%) required as per the CBK's regulation
- Maintained by strong internal capital generation with sound track record of profitability and solid revenue generating capacity
- Strong credit rating of A2 and A from Moody's and Fitch respectively



Clearly defined group strategy and five-year transformational plan

- Group has clearly defined three strategic pillars and 10 strategic priority areas for the five years to 2026:
- Scale and create value in its core business
 - Sustain and de-risk its business
 - Innovate and enable to support the other two strategic pillars



Committed shareholder base and a well-experienced management team

- Established in 1967 by the Behbehani family, ABK has retained the same core shareholder base since its establishment
- Well-diversified shareholding base backing the long-term vision of the Bank
- Has a strong and stable Board and a long-serving executive team with a proven track record in Kuwait



Banking on a sustainable journey - strong performance across ESG indicators

- Alignment with GRI, UN SDGs, New Kuwait Vision 2035, UAE Vision 2030, and the Egypt Vision 2030
- Select ESG Indicators include commitment to gender diversity (Total workforce 37% Females vs. 63% males, 26% Females in Management positions, 21% in Executive positions, and 31% Females amongst new hires Q3 in 2024), investing in youth prospects (20% YOY increase in fresh graduate hires), commitment to ethical business practice (zero incidents), investment in local procurement (55.74% Q3 2024), monitoring GHG emissions, waste generation and water consumption.



SECTION 2

OPERATING ENVIRONMENT



SNAPSHOT OF KUWAIT'S ECONOMY

Key Economic Indicators



**Population
2024**
4.92 Mn*

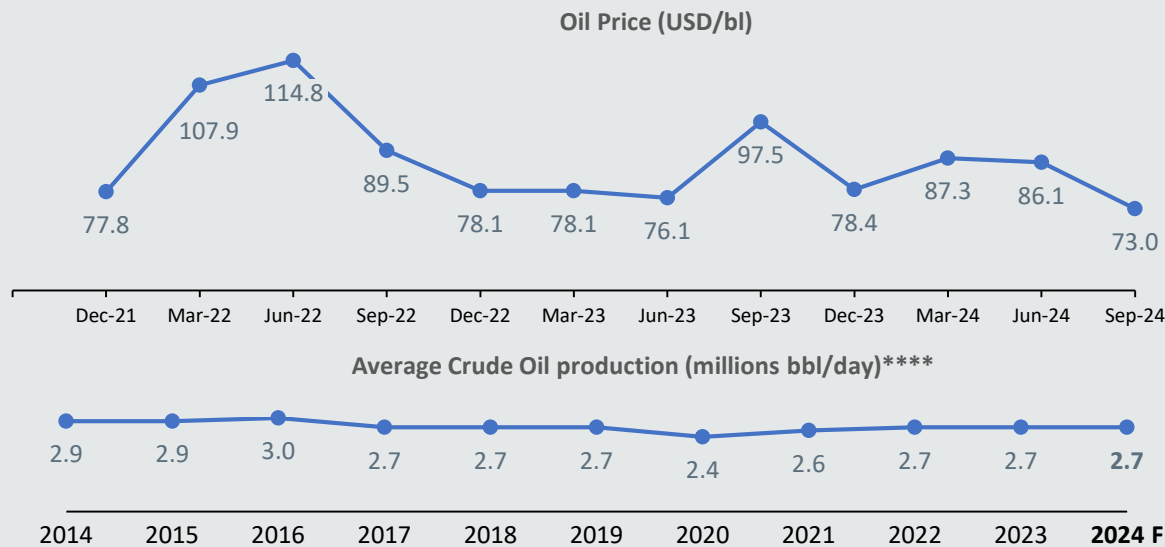


**Inflation
Aug 2024**
2.92%

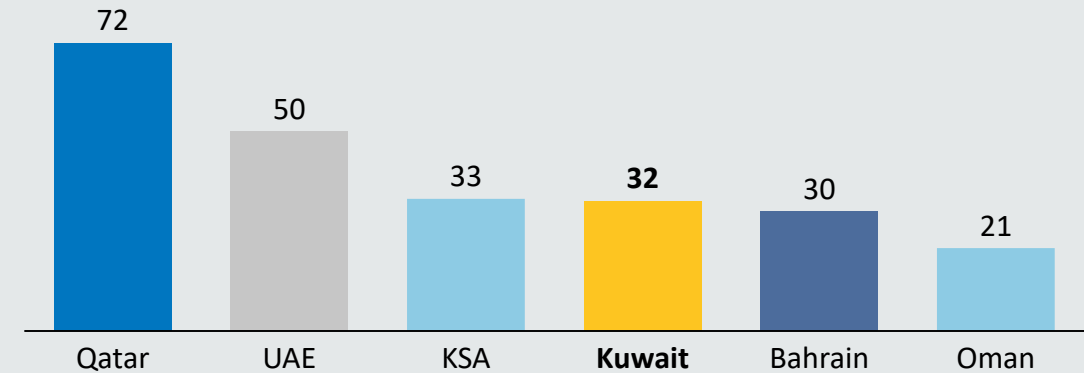


**CBK Benchmark
Rate**
4.00%**

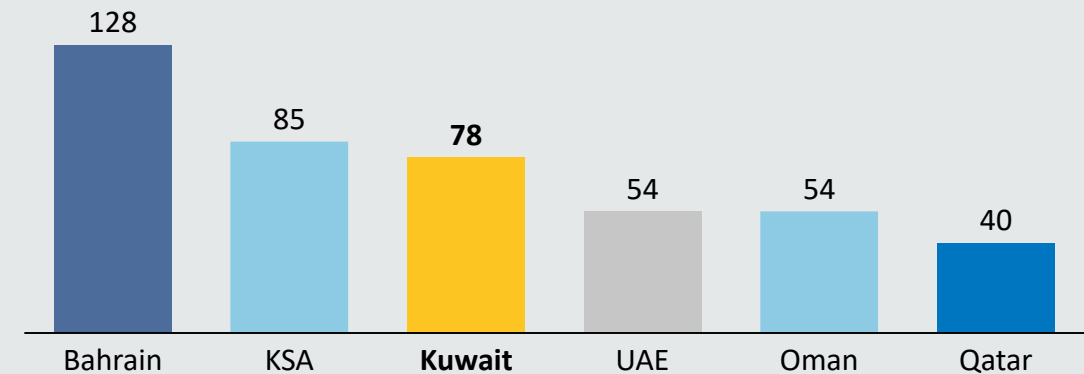
Evolution of oil price and Kuwait's - average daily crude oil production



GCC GDP per capita (2024) (USD'000)***



Fiscal Oil price breakeven 2025 projections compared to other GCC countries (USD/Bl)****



SNAPSHOT OF KUWAIT'S BANKING SECTOR



The banking sector is highly regulated by the CBK. Leading supervisory practices are in place to monitor interest rates charged, lending limits and concentrations, investment limits, liquidity, and capital adequacy

Provisions required by CBK instructions have been more precautionary in nature and higher than the ECL calculated under IFRS 9 according to CBK guidelines creating additional buffers in the banking system

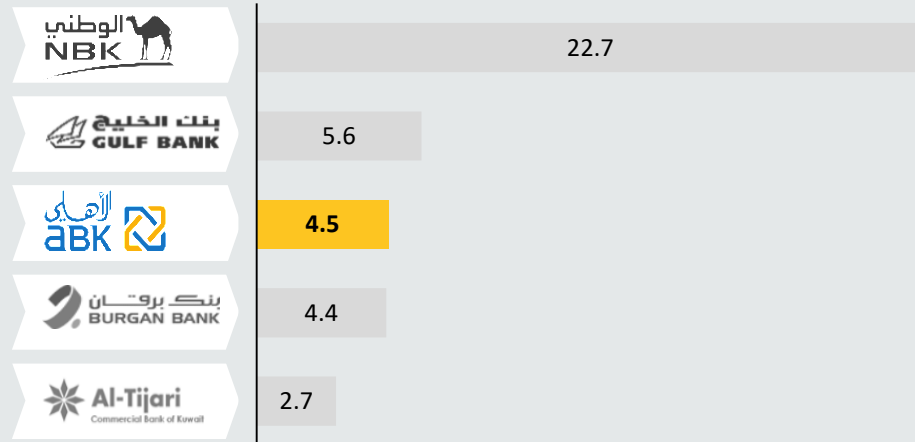
The government's financial strength reinforce both capacity and willingness to provide support to the banking sector

Capital adequacy standards under the Basel III framework were implemented by CBK in June 2014

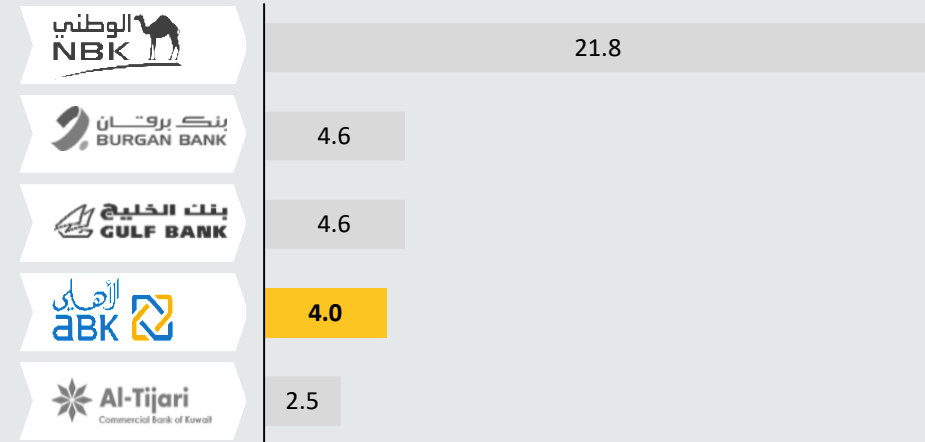
100% Guarantee on customer deposits held with local banks under the Deposits Guarantee Law

PEER COMPARISON

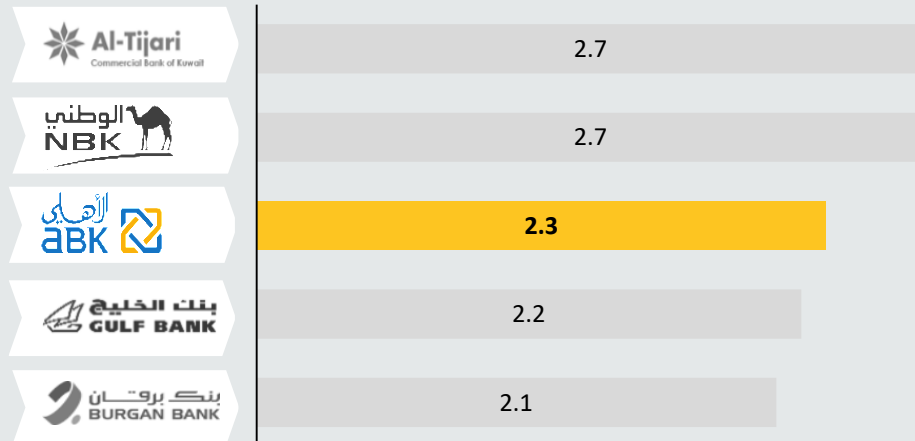
Loans & Advances (KD'Bn)



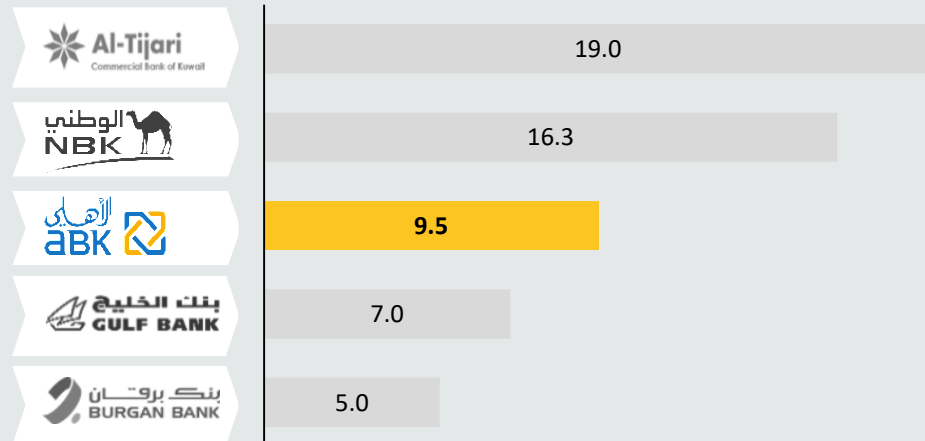
Customer Deposits (KD'Bn)



Net Interest Margin (%)



Return on Equity (%)



SECTION 3

STRATEGY AND BUSINESS OVERVIEW



ABK'S VISION, MISSION, AND CORE VALUES

The Foundation of ABK's Strategy

ABK's strategy supports our Vision and Mission across our values that define our holistic approach to each element of our organization from processes and product development to talent management and client service.



Vision

Reimagining a simpler bank



Mission

To consistently provide experiences that simplify and enrich people's lives

Core Values



Simplicity

Ensure business activities and tasks are executed in an efficient and effective manner.



Integrity

Being honest and showing a consistent and uncompromising adherence to ethical values.



Transparency

Being open, straightforward, and unbiased in all our dealings.



Excellence

Always strive to exceed our customers and colleagues' expectations.

ABK'S STRATEGIC PRIORITY AREAS



Core business & risk areas



Scale & Create Value

Kuwait: Scale franchise in retail, private banking, and commercial banking

Egypt: Maintain growth momentum, continuous focus on risk

UAE: Grow selectively; focus on diversification/synergy benefits

Cross-group: Leverage synergies across network



Sustain & De-Risk

Risk strategy & appetite:

Develop commensurate risk appetite enabling prudent growth across geographies, sectors & products

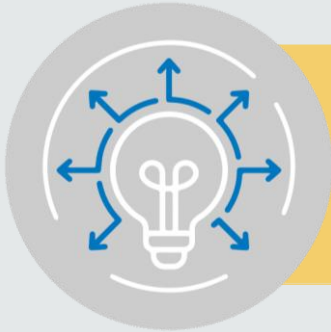
Next-gen risk capabilities:

Revamp risk processes & tools and leverage data & advance analytics to enhance effectiveness and efficiency

Efficient capital & liquidity management:

Deploy efficient capital and funding supporting our growth ambitions

ABK'S STRATEGIC PRIORITY AREAS

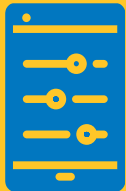


Core enablers areas: Innovate & Enable



Digital & Advanced Analytics transformation:

Implement comprehensive digital and advanced analytics roadmap focused on customer experience as well as efficiency gains



Technology & operational excellence

Build modern, agile, and secure IT function, unlock efficiencies through disciplined spend management and structural operating model shifts



Winning talent & culture:

Maintain a winning & performance culture, develop & retain talent (incl. digital talent), nurture future Kuwaiti leaders

OVERVIEW OF ABK'S BUSINESS SEGMENTS



Commercial Banking

A holistic range of various cash & non-cash facilities to local and international entities.



Retail Banking

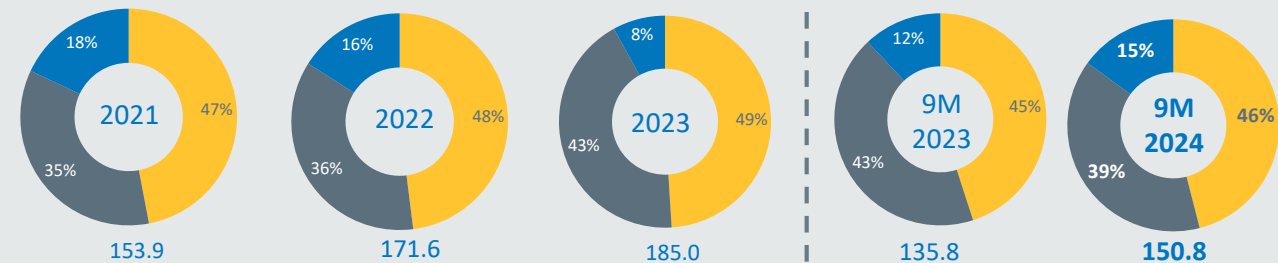
Full set of retail banking products and services including loans, credit cards, deposits, and digital solutions.



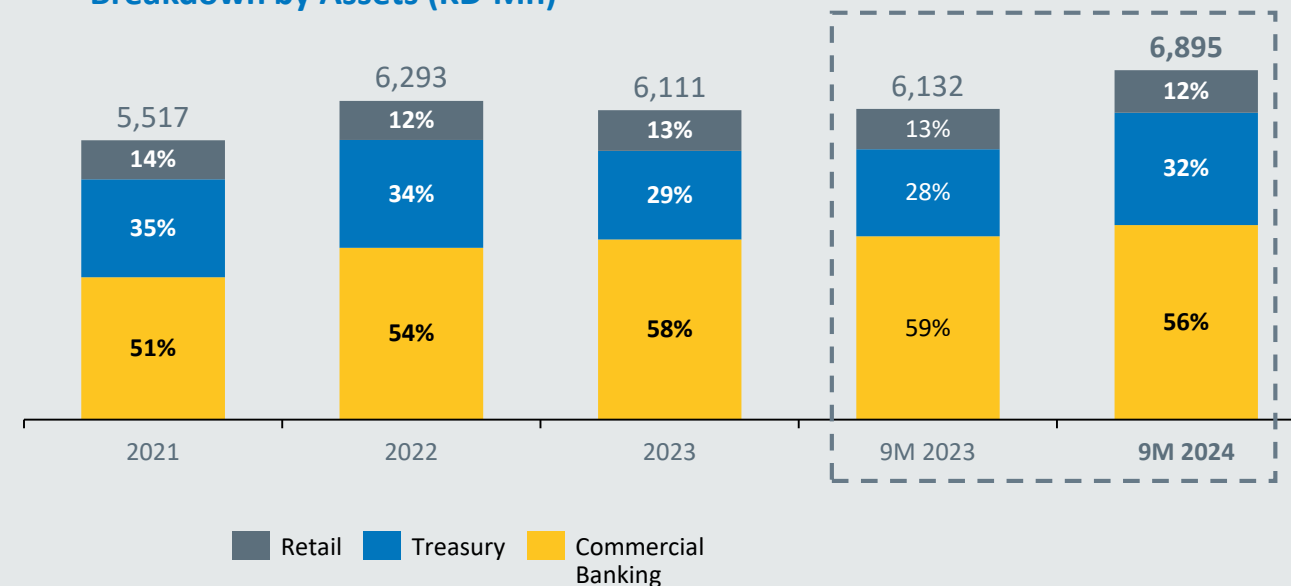
Treasury & Investment

Treasury services provided to customers includes money market transactions, foreign exchange transactions including derivatives and fixed income transactions under the investment activities.

Breakdown by Operating Income (KD'Mn)



Breakdown by Assets (KD'Mn)



COMMERCIAL AND RETAIL BANKING



Commercial Banking

Corporate Banking

- Split into 2 divisions (Corporate Banking & Structured Finance), 10 specialized business units
- Offering a wide & broad spectrum of financial products and services to local & international entities in various sectors

International Banking

- Operations from the Group's Head Office in Kuwait is responsible for the Bank's relationship with major international banks and correspondent banks around the world, including the Nostro and Vostro accounts for and within the Group
- The international banking division manages the Group's institutional and multi-national corporate loan portfolio through relationship managers



Retail Banking

- Offers its customers with best-in-class & secure retail products and services through its integrated distribution network, comprising 29 branches and a direct sales force, as well as simple, secure and accessible digital banking solutions.

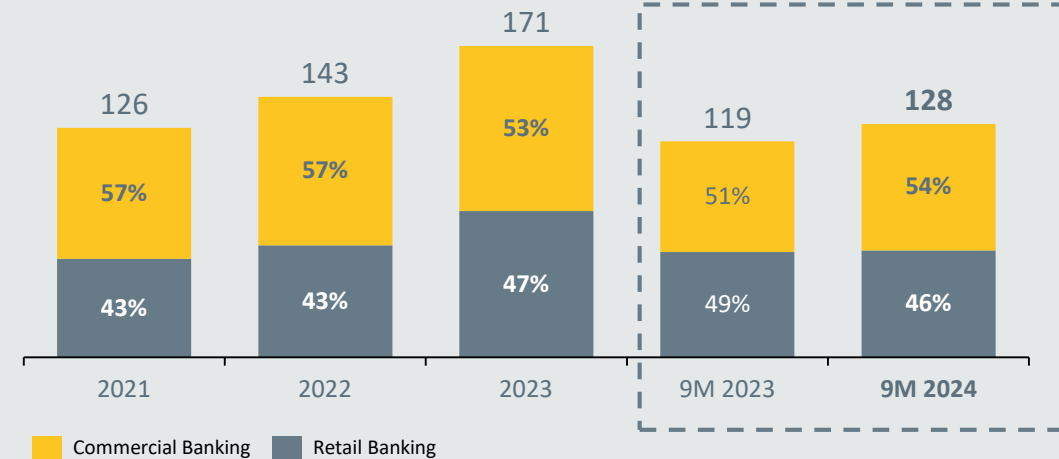
Key Stats – Kuwait

29 branches – Including a fully digitized branch, 134 ATMs & 3 ITMs (interactive teller machines) as of Sep-24

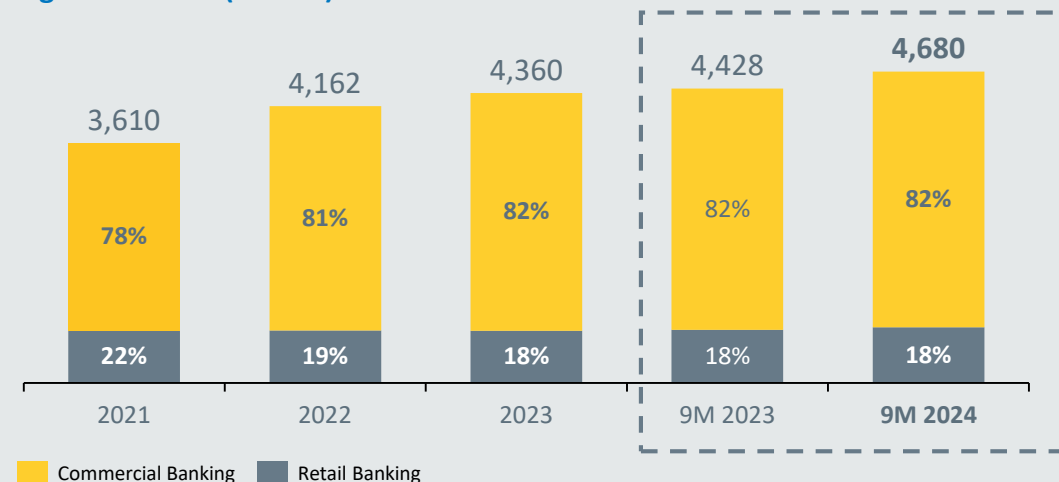
Key Stats – Egypt

45 branches and 119 ATMs across major cities as of Sep-24

Operating Income (KD'Mn)



Segment Assets (KD'Mn)



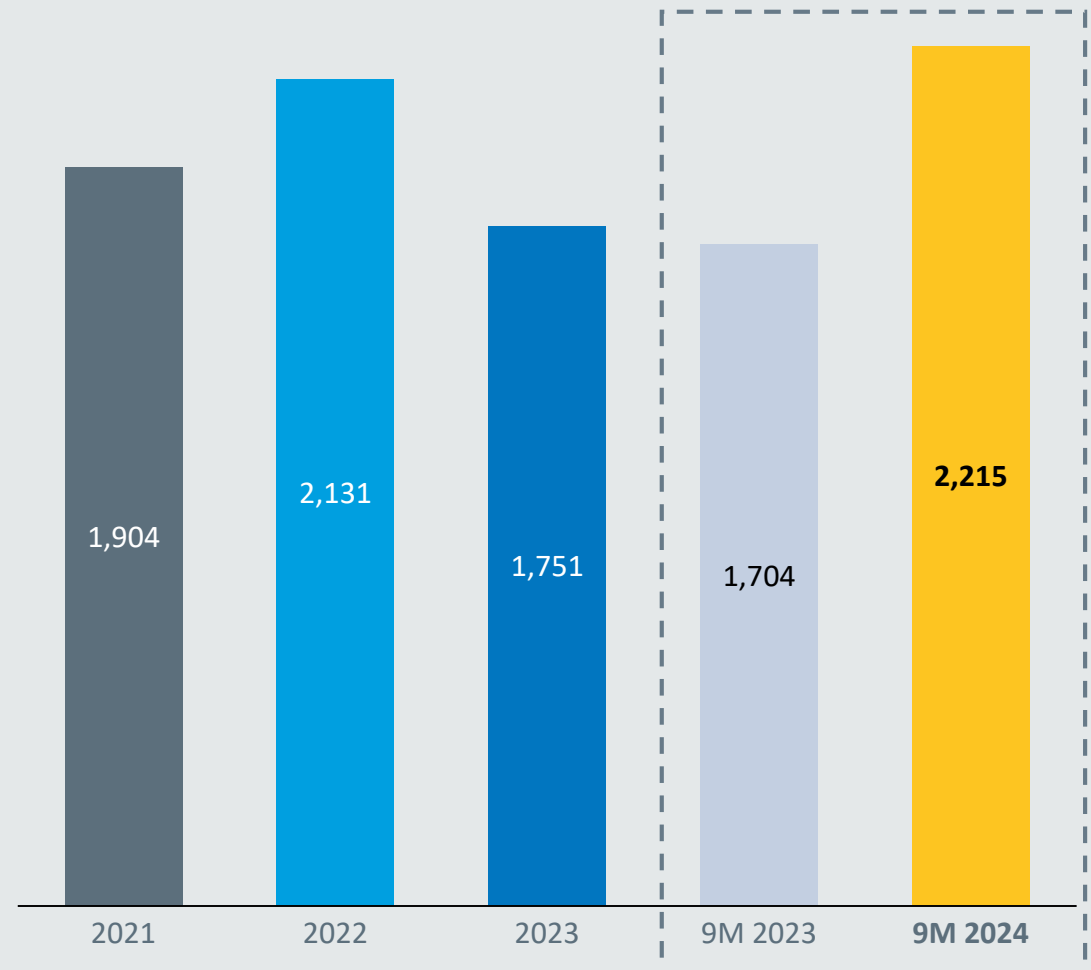
TREASURY & INVESTMENTS



Treasury & Investment

- The Group's Treasury manages the Group's assets and liabilities and liquidity requirements under the supervision of the Asset and Liabilities Committee (ALCO)
- Manages the money market books and money market funding positions for the Group's own account to fund its domestic and international foreign-currency assets
- Undertakes a range of foreign exchange business, across both spot and forward markets, largely on behalf of the Group's customer base, and conducts a limited amount of proprietary foreign exchange trading within the constraints of what the Group considers to be prudent risk guidelines
- Maintains a portfolio of government treasury bills and bonds to meet relevant regulatory requirements and to manage surplus domestic currency liquidity
- The Group's investment unit is responsible for managing the Group's fixed income portfolio with the objective of realizing income while minimizing the risk of default

Segment Assets (KD'Mn)



INTERNATIONAL OPERATIONS

The Group's International operations encompass the operations of its UAE branches & its ABK Egypt subsidiary contributing around 45% of operating income & 34% of assets



Al Ahli Bank of Kuwait – UAE

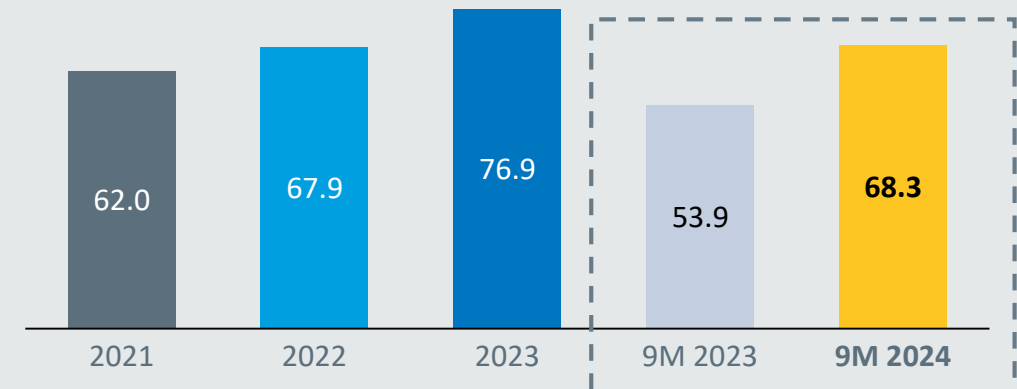
- First Kuwaiti Bank in the UAE and currently has three branches, located in Dubai, Abu Dhabi and DIFC, respectively
- Operating for over 40 years in Dubai where its Branch was originally opened to support the needs of Kuwaiti businesses in Dubai
- Abu Dhabi Branch opened in 2009, since then the Group has expanded its UAE activities to provide retail deposit taking services to customers in the UAE, as well as a range of financing and treasury solutions to corporate customers
- DIFC Branch opened in Apr-18 and was granted the Category 1 license in Jan-22



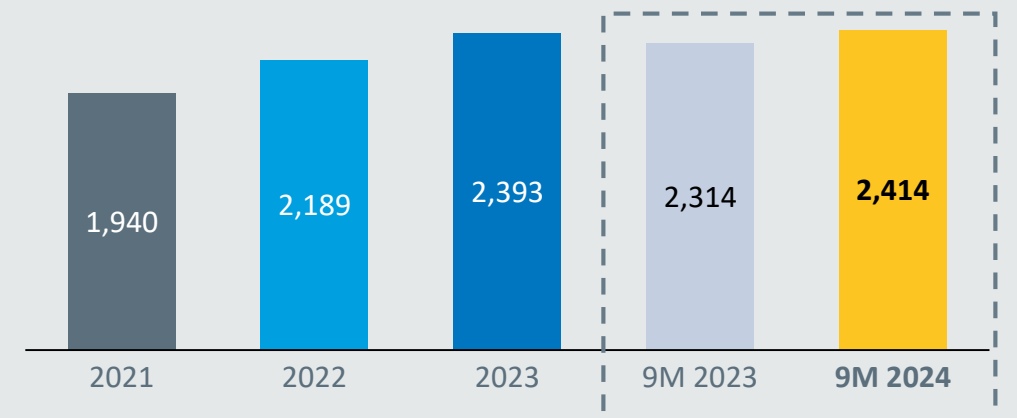
Al Ahli Bank of Kuwait – Egypt

- Acquired in Nov-15, since renamed Al Ahli Bank of Kuwait – Egypt
- Provides revenue and asset diversification and an opportunity to leverage economic links between Kuwait and Egypt
- Higher margins and growth rate potential in Egypt vis-à-vis Kuwait
- 45 branches and 119 ATMS spread across major cities in Egypt as of Sep-2024

Operating Income (KD'Mn)



Total Assets (KD'Mn)



ABK SUSTAINABILITY FRAMEWORKS



Main Reporting Framework Global Reporting Initiative

- A sustainability reporting standard widely used by various organizations around the world
- It is composed of a set of universal standards (general disclosures), as well as topic-specific standard disclosures

GHG protocol

- Is a standardized framework for organizations to measure, manage and report their greenhouse gas emissions



International Framework for Sustainability

- The United Nations Sustainable Development Goals (SDGs) consists of 17 goals which cover the following dimensions:
 - Economy
 - Environment
 - Community
 - Labor rights
 - Equality



International ESG Rating

- ESG rating agencies assess and rate organizations' ESG performance and investments based on information provided in the public domain or by the organization itself.
- Assessments are quantified into annual scores using unique frameworks and criteria.
- The scores provide investors with insights on how well an organization is managing its ESG performance and risks.



Kuwait Frameworks for Sustainability Kuwait National Development Plan (KNDP)

- Economic diversification
- Infrastructure development
- Human capital development
- Environmental sustainability
- Governance & institutional reform
- Social development

ABK SUSTAINABILITY

2022 REPORT HIGHLIGHTS



Customers at Our Zenith

- 87.5% Customer Satisfaction Index (CSI)
- 12 branches with special needs support
- 50% Net Promoter Score (NPS)



Invested in Our People

- 131,395 total training hours provided
- 30.7% YOY increase in fresh graduate hires



Committed to Gender Diversity

- 38% female employees (13.8% YOY)
- 31% females in management positions (18% YOY)



Invested in Local Procurement

- 80.6% of total procurement expenditure allocated to local supplier
- Cut procurement expenditure by 35.4% YOY



Dedicated to Our Community

- A total of KD 218,974.12 invested



Supported Community Economic Development

- 24.9% YOY increase in SME loans
- 14.9% YOY increase in workforce



Monitored Electricity Consumption

- 8,585.0 kWh electricity intensity/employee



Invested in Digital Transformation

- 70% of total online transfers were made through the mobile banking application in 2022



Diverted Waste from Landfills

- 91.7% of paper waste recycled at ABK-Kuwait
- 100% of paper waste recycled at ABK-Egypt



Monitored Water Consumption

- 114,641,392.4 liters
- 49,223.4 liters/employee

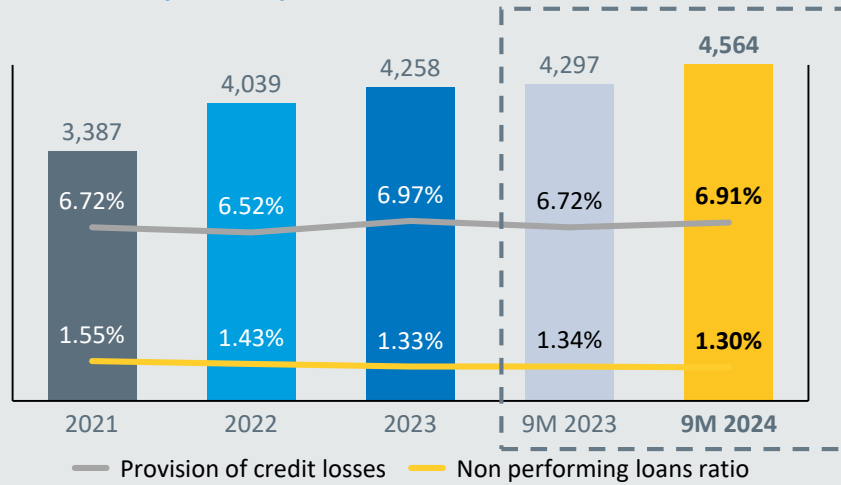


Measured our GHG Emissions

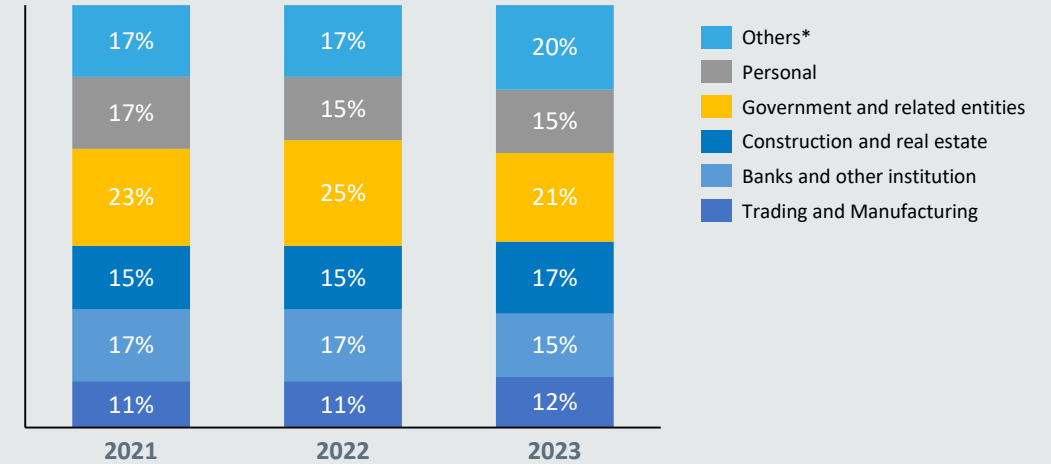
- Total: 13,709,977.6 kgCO₂e
- Scope 1: 592,483.0 kgCO₂e
- Scope 2: 12,119,331.2 kgCO₂e
- Scope 3: 998,163.4 kgCO₂e

LOANS, PORTFOLIO, FUNDING AND LIQUIDITY

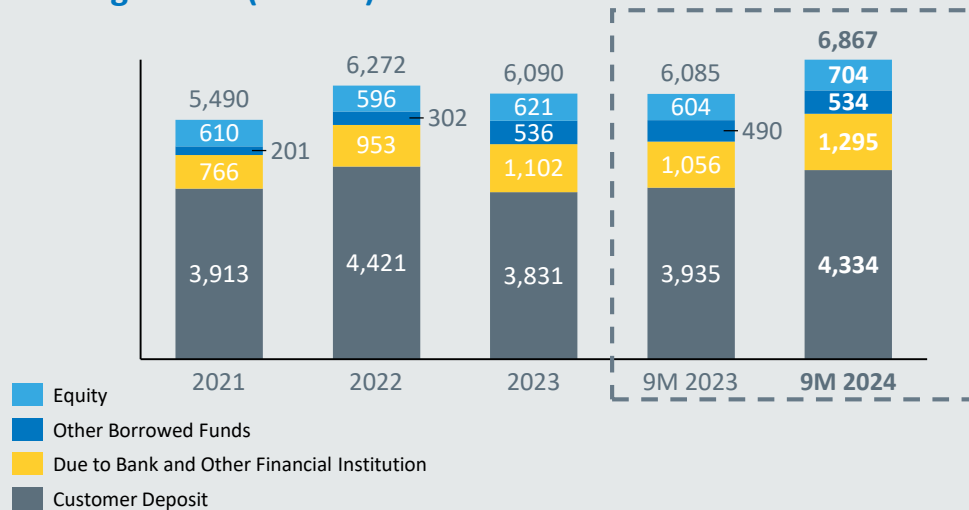
Loan Portfolio (KD'Mn)



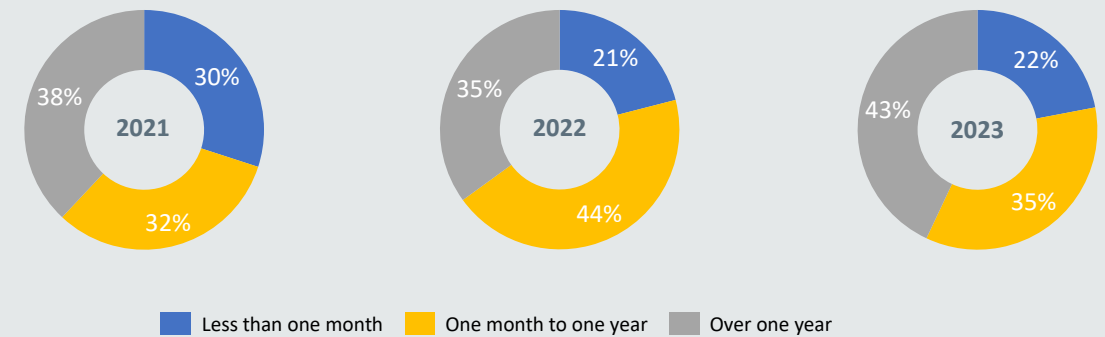
Gross Maximum Exposure by Credit Risk (%)



Funding Profile (KD'Mn)



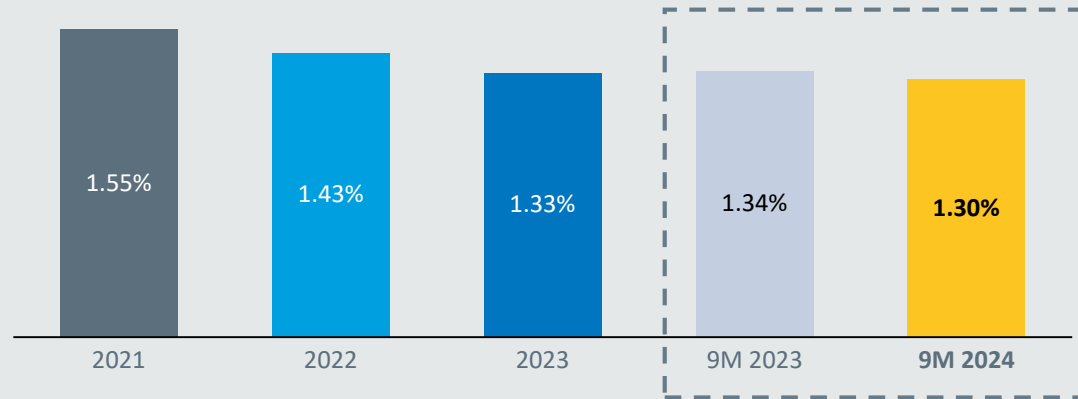
Maturity Profile for Liabilities



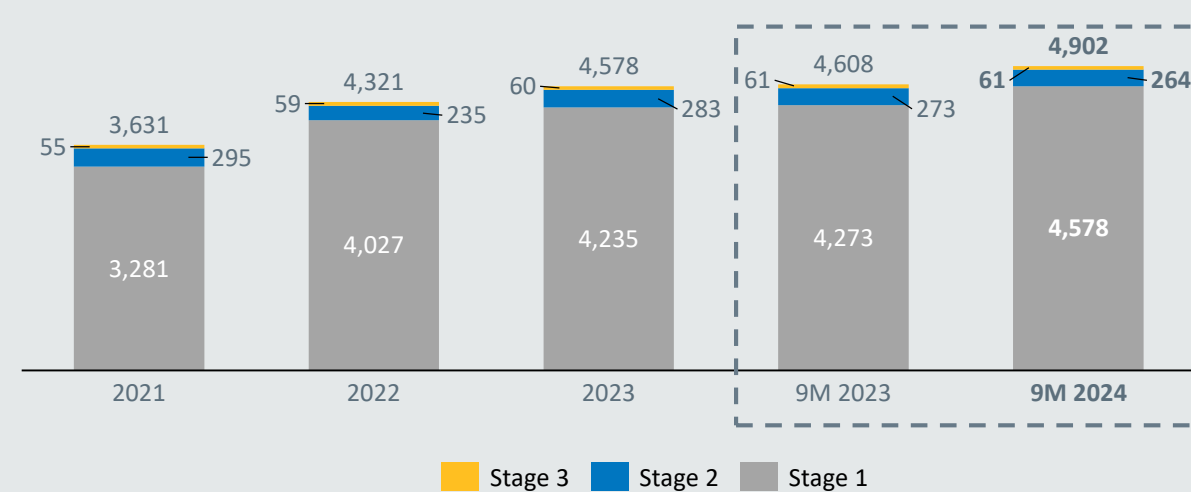
*Others: include Crude oil & gas, Agriculture, Public utilities and Other services

ASSET QUALITY OVERVIEW

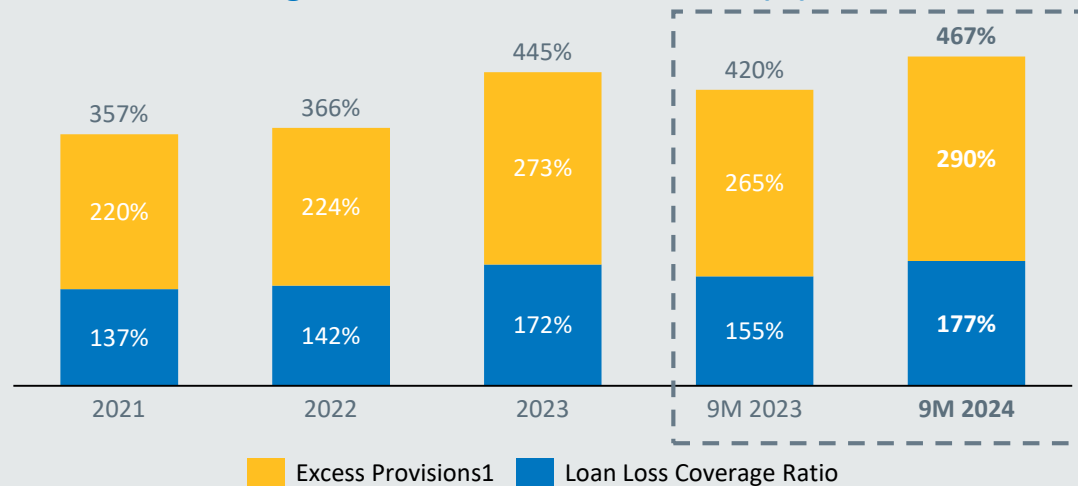
Non-Performing Loan Ratio (%)



Stage-wise Breakdown of Gross Loans (KD'Mn)



Loan Loss Coverage Ratio and Excess Provisions (%)



- Expected credit losses on credit facilities determined under IFRS 9 according to the CBK guidelines amounted to KD 138Mn, which is KD 226Mn lower than the provision of KD 364Mn for credit losses under CBK Instructions
- Impairment of credit facilities are recognized at higher of ECL on credit facilities under IFRS9 according to CBK guidelines or the provisions required by CBK instructions relating to classification of credit facilities and calculation of provisions

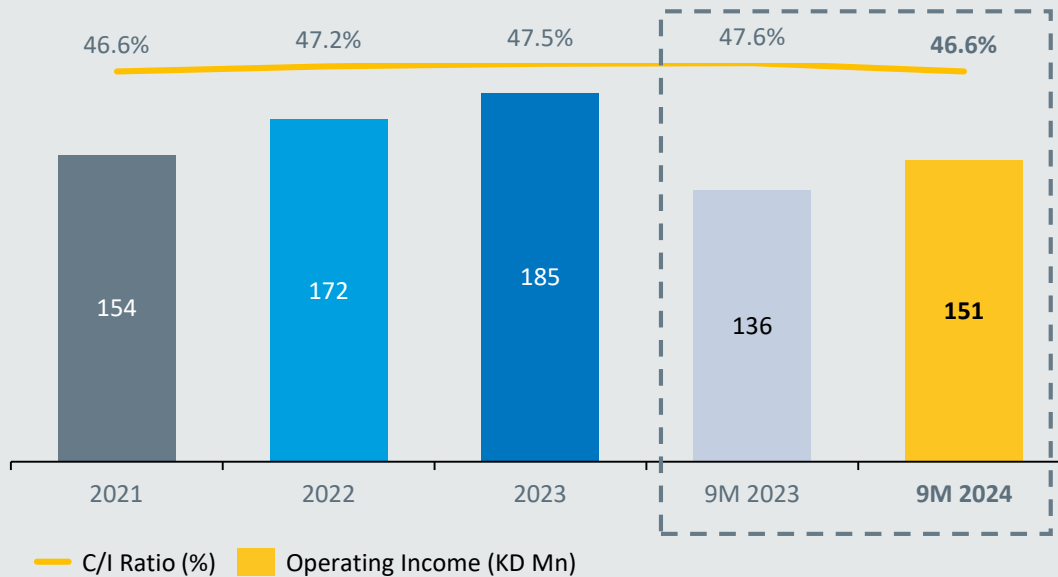
SECTION 4

FINANCIAL PERFORMANCE HIGHLIGHTS

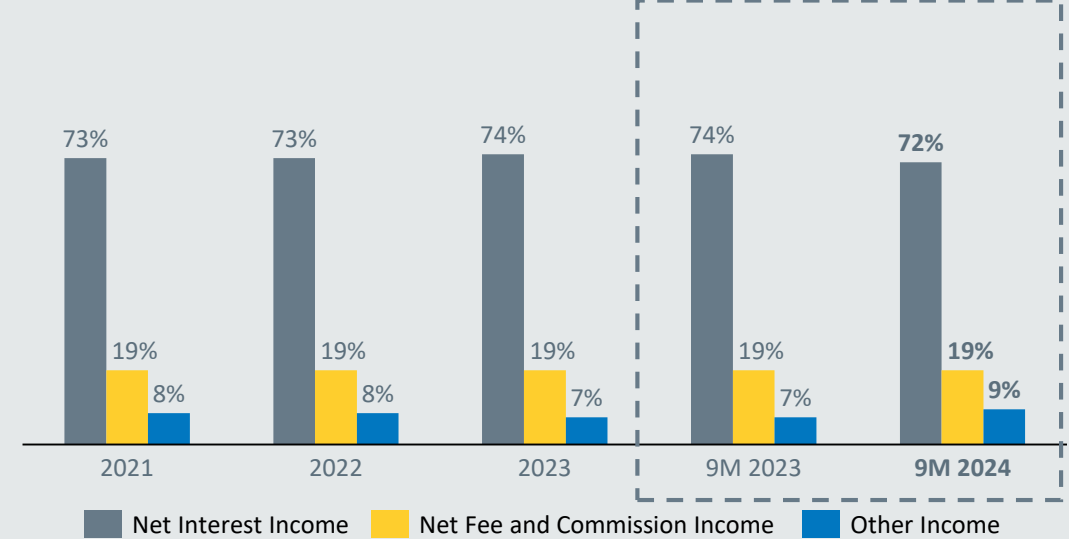


OPERATING PERFORMANCE

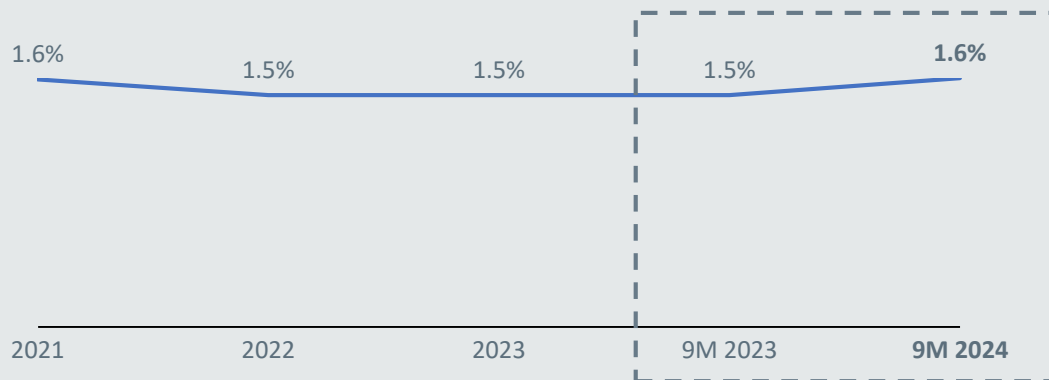
Operating Income (KD'Mn) & Cost to Income (%)



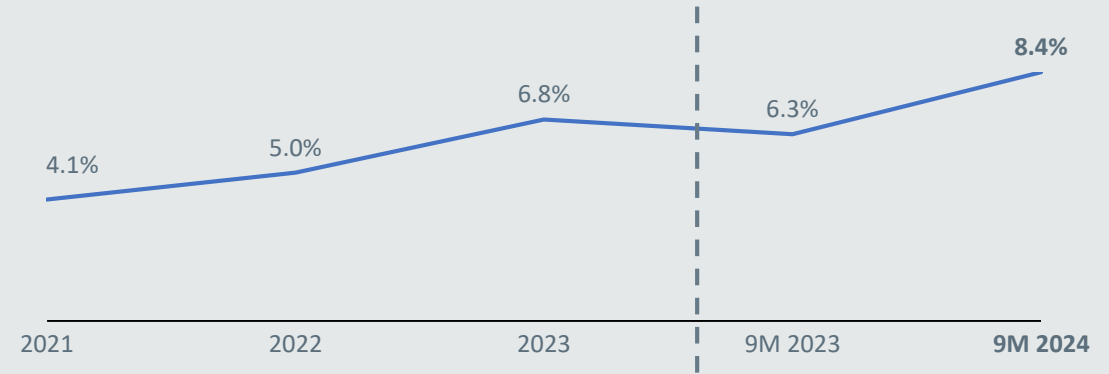
Breakdown of Operating Income (%)



Operating Profit / Average Assets (%)

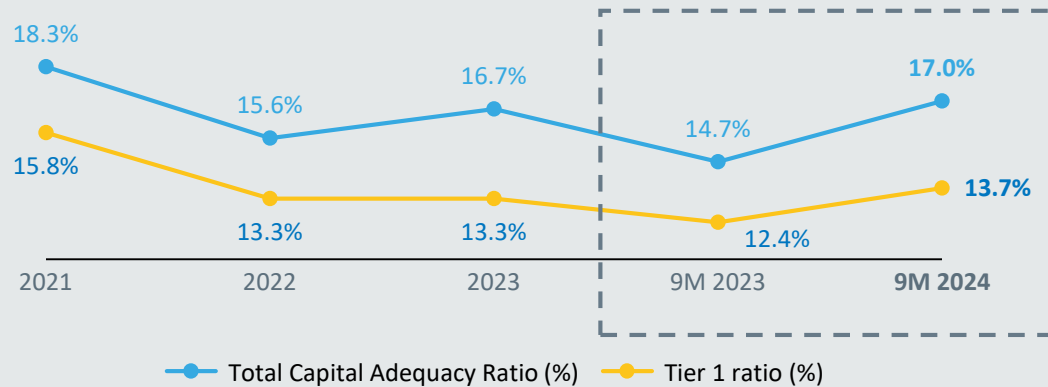


Return on Average Equity (%)

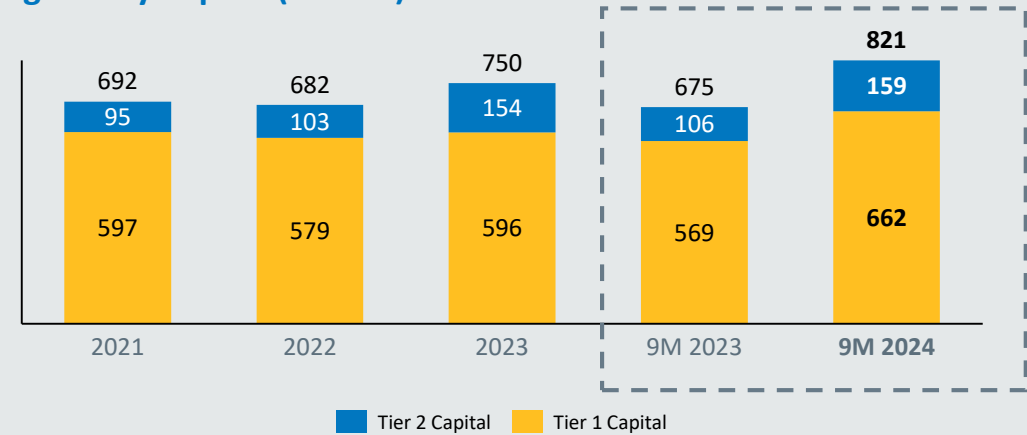


CAPITALISATION OVERVIEW

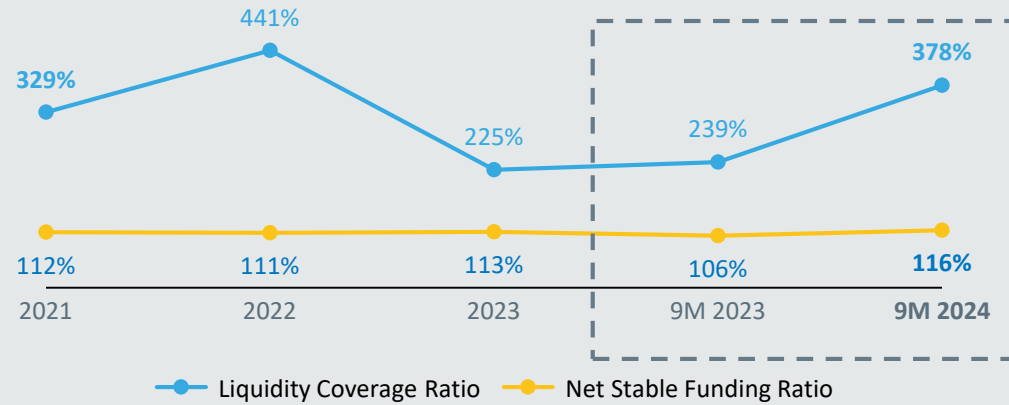
Tier 1 Ratio and Capital Adequacy Ratio (%)



Regulatory Capital (KD'Mn)



Net Stable Funding Ratio and Liquidity Coverage Ratio



Key Central Bank of Kuwait Regulations & Requirements

Common Equity Tier 1	9.50%
Tier 1 Capital Ratio	11%
Capital Adequacy Ratio	13%
D-SIB surcharge	0.50%
Net Stable Funding Ratio	Equal to at least 100% on an ongoing basis effective from 1st January 2018
Liquidity Coverage Ratio	Minimum of 100%
Loan to Deposit Ratio	Capped at 90%
Investment Limits	Total ratio of securities portfolio excluding fixed income securities shouldn't exceed 50% of bank's capital base

SECTION 5

APPENDIX



BALANCE SHEET

BASED ON CONSOLIDATED IFRS FINANCIALS

KD'000	2021	2022	2023	9M 2023	9M 2024
Assets					
Cash and balances with banks	1,147,795	1,138,750	691,432	689,507	1,058,028
Kuwait Government Treasury bonds	54,500	20,500	17,500	17,500	5,000
Central Bank of Kuwait bonds	139,101	167,884	163,712	164,520	131,799
Loans and advances	3,387,000	4,038,940	4,257,708	4,297,244	4,563,597
Investment Securities	653,482	797,363	900,812	834,369	1,042,033
Investment in Associate	26,952	29,376	31,228	30,524	32,480
Premises and equipment	60,275	56,706	107,065	55,726	104,626
Intangible Assets	17,960	11,406	8,855	8,912	5,475
Other assets	140,273	161,175	110,933	166,515	138,443
Total Assets	5,627,338	6,422,100	6,289,245	6,264,817	7,081,481
Liabilities and Equity					
Liabilities					
Due to banks and other financial institutions	765,617	952,959	1,101,754	1,056,422	1,294,688
Customer's deposits	3,913,337	4,421,247	3,830,891	3,934,916	4,333,858
Other Borrowed Funds	200,636	302,218	536,401	489,921	533,655
Other liabilities	137,463	149,685	199,347	179,504	215,214
Total liabilities	5,017,053	5,826,109	5,668,393	5,660,763	6,377,415
Shareholders' equity					
Share Capital	170,012	178,513	237,439	237,439	249,311
Share premium	108,897	108,897	158,897	158,897	158,897
Treasury shares	(5,135)	(5,135)	(5,135)	(5,135)	(5,135)
Reserves	244,286	221,827	228,351	211,651	208,191
Equity attributable to shareholders of the Bank	518,060	504,102	619,552	602,852	611,264
Perpetual Tier 1 Capital Securities	90,750	90,750	-	-	91,560
Non-controlling interests	1,475	1,139	1,300	1,202	1,242
Total equity	610,285	595,991	620,852	604,054	704,066
Total liabilities and Equity	5,627,338	6,422,100	6,289,245	6,264,817	7,081,481

INCOME STATEMENT

BASED ON CONSOLIDATED IFRS FINANCIALS

KD'000	2021	2022	2023	9M 2023	9M 2024
Interest income	202,033	269,327	413,538	301,969	349,700
Interest expense	(89,538)	(143,950)	(276,146)	(200,673)	(241,733)
Net Interest Income	112,495	125,377	137,392	101,296	107,967
Net Fees and commissions income	28,742	32,519	34,861	25,378	29,112
Net foreign exchange gain	4,343	4,289	4,481	2,649	4,605
Net gain on investment securities	2,049	1,907	1,222	1,026	1,412
Dividend income	1,072	1,638	1,638	1,245	1,649
Share of results from an associate	2,427	3,382	3,053	2,349	2,692
Other operating income	2,735	2,455	2,376	1,827	3,376
Operating Income	153,863	171,567	185,023	135,770	150,813
Staff expenses	(38,855)	(45,830)	(48,414)	(35,658)	(38,035)
Other operating expenses	(26,140)	(28,121)	(33,669)	(24,545)	(28,091)
Depreciation and amortisation	(6,738)	(7,110)	(5,844)	(4,392)	(4,112)
Operating expenses	(71,733)	(81,061)	(87,927)	(65,626)	(70,238)
Operating profit for the year	82,130	90,506	97,096	71,175	80,575
Provision On					
Credit Facilities	(45,400)	(46,166)	(38,695)	(31,128)	(32,634)
Net (impairment)/release on investment securities and others	(350)	(1,262)	(814)	(336)	(284)
Profit /(loss) for the year	36,380	43,078	57,587	39,711	47,657
Directors' fee	(570)	(760)	(865)	-	-
Taxation	(8,415)	(9,940)	(11,275)	(6,845)	(8,565)
Net Profit /(loss) for the year	27,395	32,378	45,447	32,866	39,092
Attributable to:					
Shareholders of the Bank	27,212	32,291	45,185	32,643	38,831
Non controlling Interests	183	87	262	223	261
EPS (fils)	12	13	19	13	16

ANNUAL REPORT





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