



National Bank of Kuwait

Investor Presentation

1Q 2022 Earnings Call

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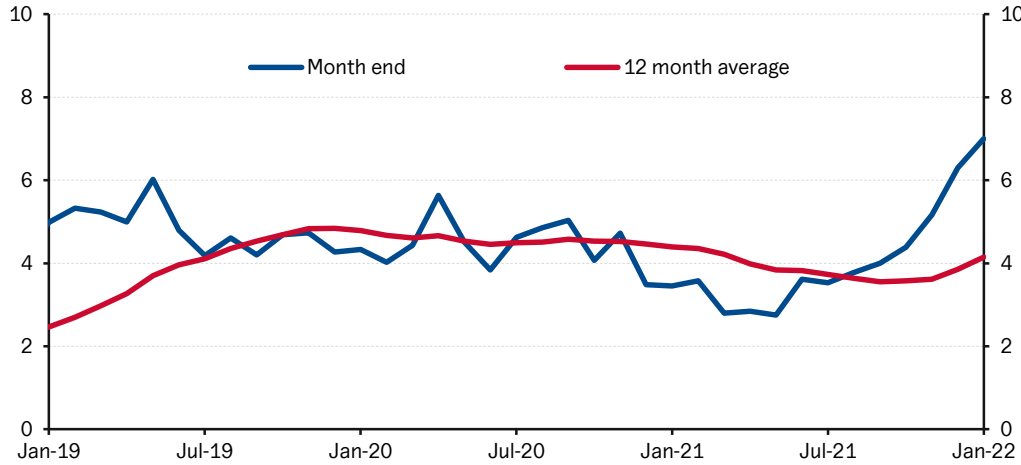
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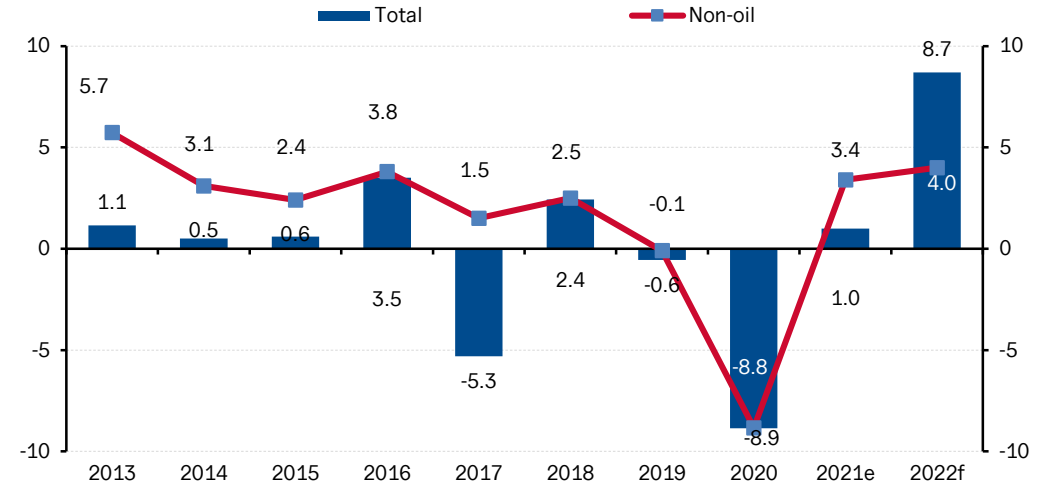


Key Economic Highlights

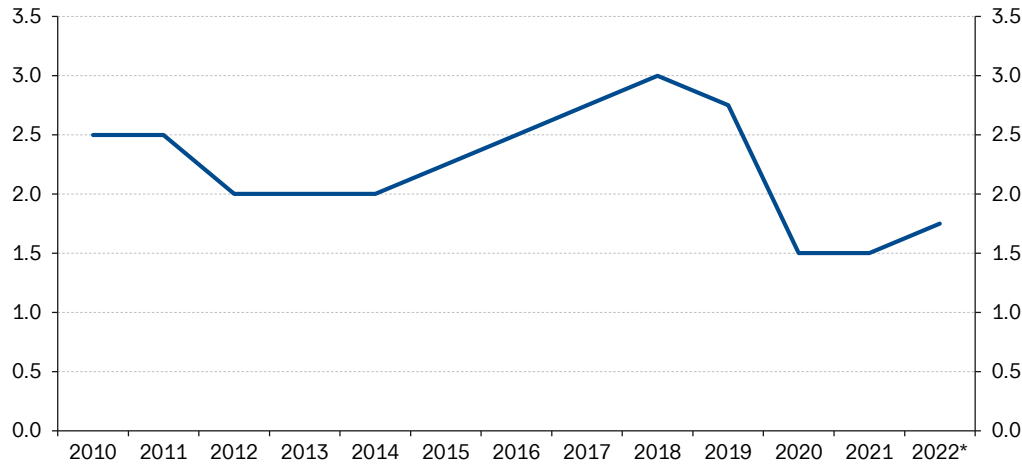
Kuwait Private credit (change, % y/y)



Real GDP (% y/y)



Development of the Discount Rate (%)



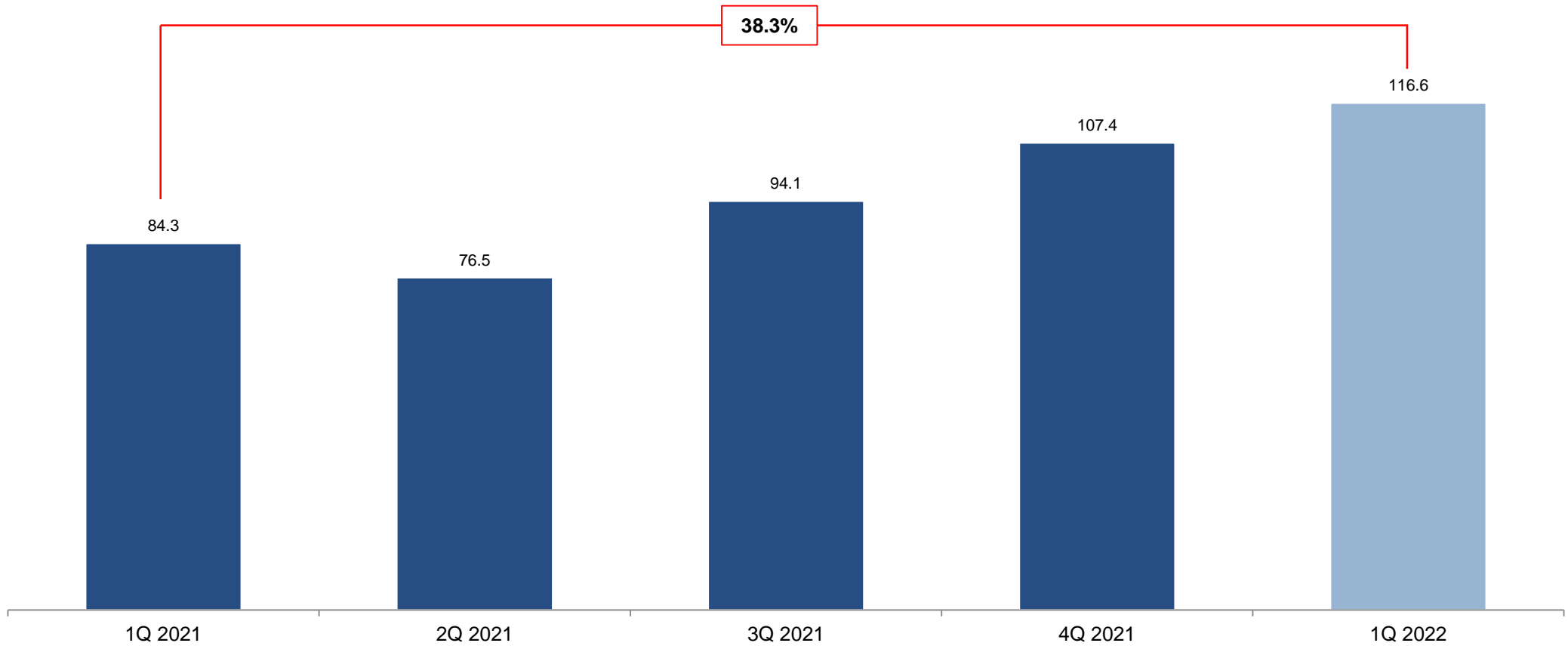
Daily ICE Brent Crude Oil Prices (\$/bbl)





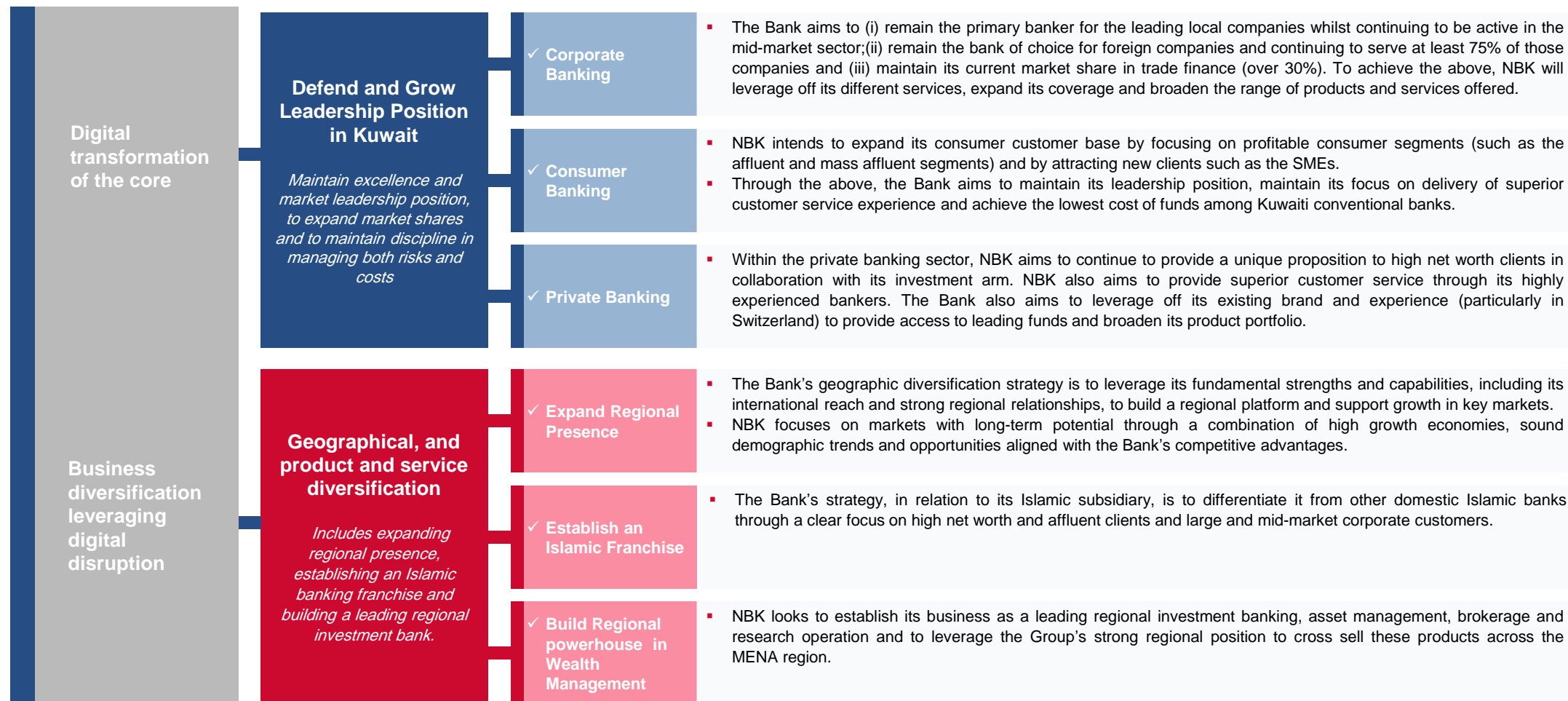
NBK Profitability (KDm)

Net Profit Attributable



NBK's Strategy

The Group's strategy, which is based on two main pillars, focuses on defending and growing its leadership position in Kuwait whilst also diversifying its business





Sustainability is Embedded in NBK's DNA and Strategy...

NBK is deeply committed to our sustainability journey. We view our efforts at improving our sustainability as integral to improving our business performance and enhancing our positive impact in the world

Sustainability Pillars

Contributing to Economic Development

Serving Customers

Leading in Governance

Respecting and Developing People

Giving Back to Our Community

Caring for Our Environment

Key Highlights

74.6%
Kuwaitization Rate

94%
Customer Satisfaction Score

45%
Female Employees

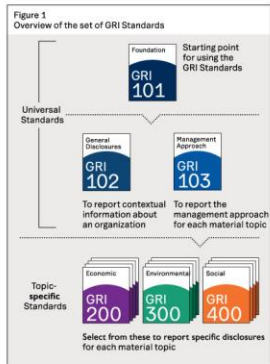
41K
Employee Training Hours

4.3%
Community Investments to Pre Tax Profits

LEED
Gold Certification for New Headquarters Building



Close Alignment With International Frameworks and ESG Raters



Global Reporting Initiative (GRI)

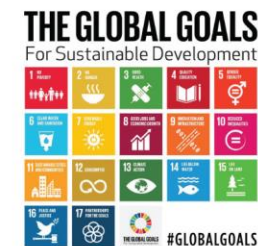
- A sustainability reporting standard widely used by various organizations around the world
- It is composed of a set of universal standards (general disclosures), as well as topic-specific standard disclosures
- # of GRI reports: over 38,000 reports in database



United Nations Sustainable Development Goals (SDGs)

17 goals which cover the following dimensions:

- Economy
- Environment
- Community
- Labour rights
- Equality



International ESG Raters

- ESG ratings are evaluations of a company based on a comparative assessment of their performance related to environmental, social and governance (ESG) issues
- Examples of ESG raters include: MSCI ESG Ratings, Dow Jones, FTSE Russell and Thomson Reuters



Kuwait National Development Plan (KNDP)

- Global positioning
- High quality healthcare
- Creative human capital
- Sustainable living environment
- Developed infrastructure
- Sustainable diversified economy
- Effective government administration




Bursa Kuwait Sustainability Indicators

- Includes 26 sustainability indicators, which are aligned to KNDP and cover the sustainability dimensions of Economy, Environment, Social and Governance.



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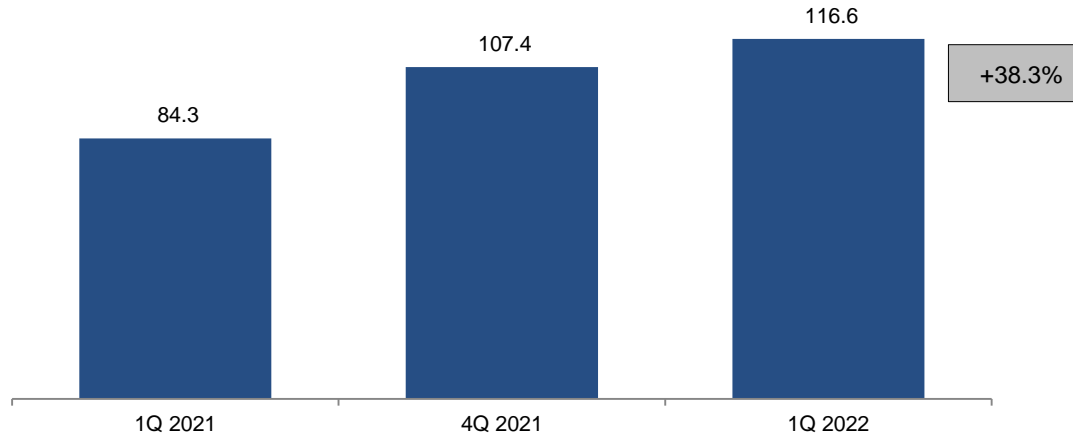


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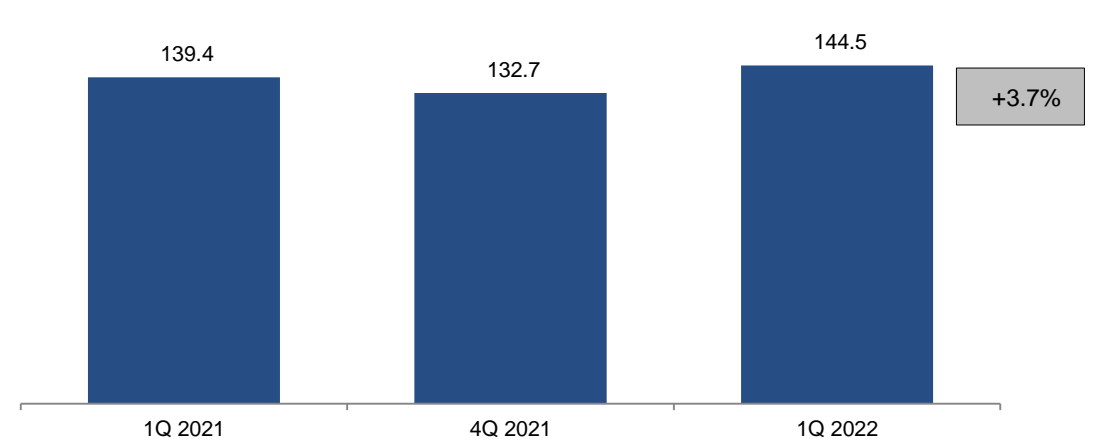


Operating Performance 1Q 2022

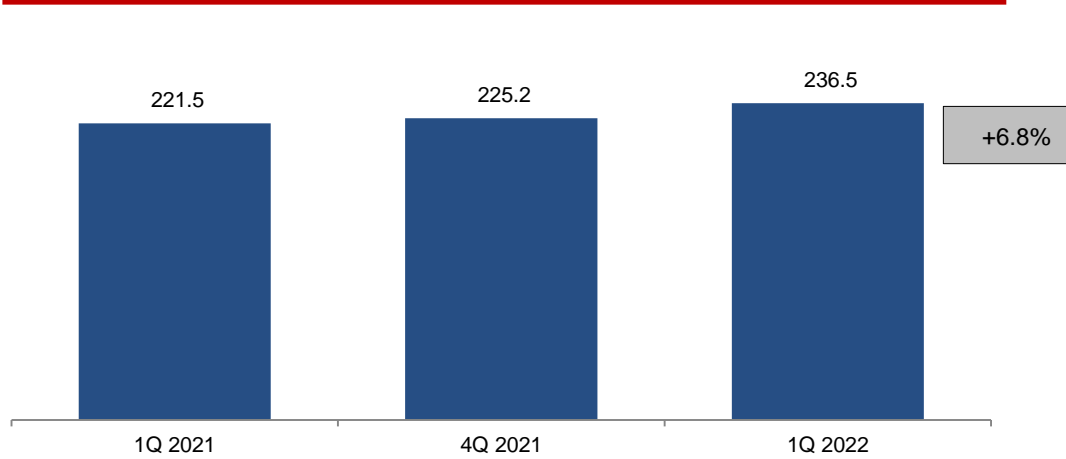
Net Profit (KDm)



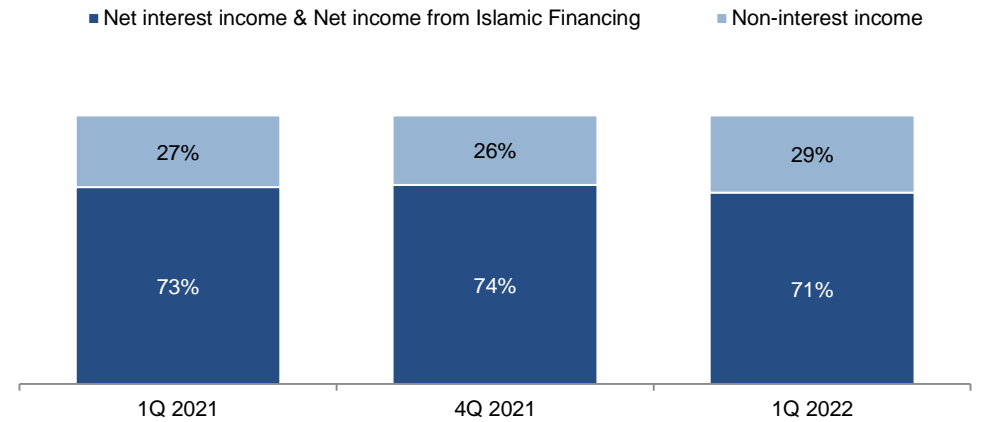
Operating Surplus (KDm)



Operating Income (KDm)



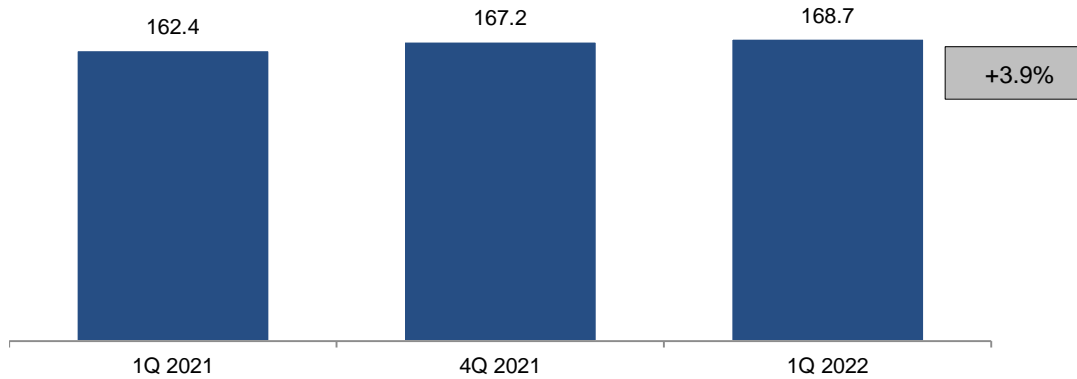
Operating Income



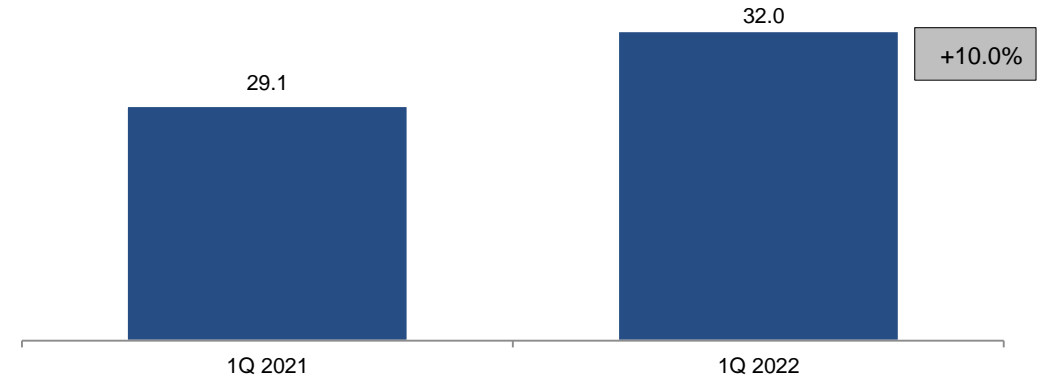


Operating Performance 1Q 2022

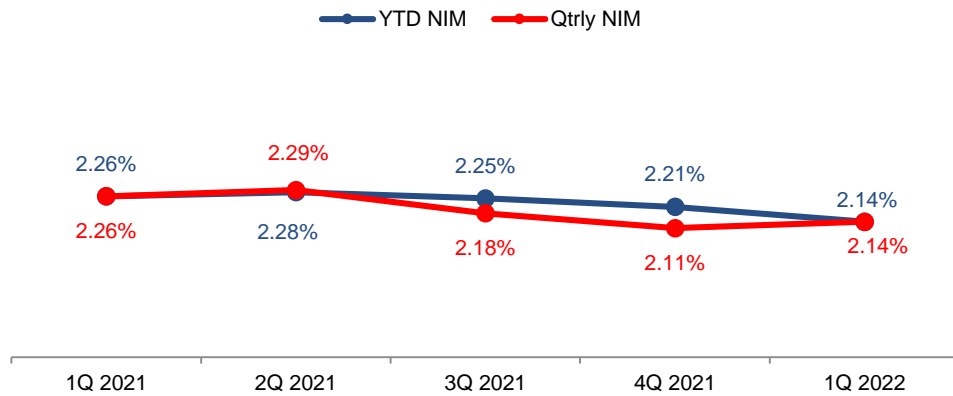
Net Interest Income* (KDm)



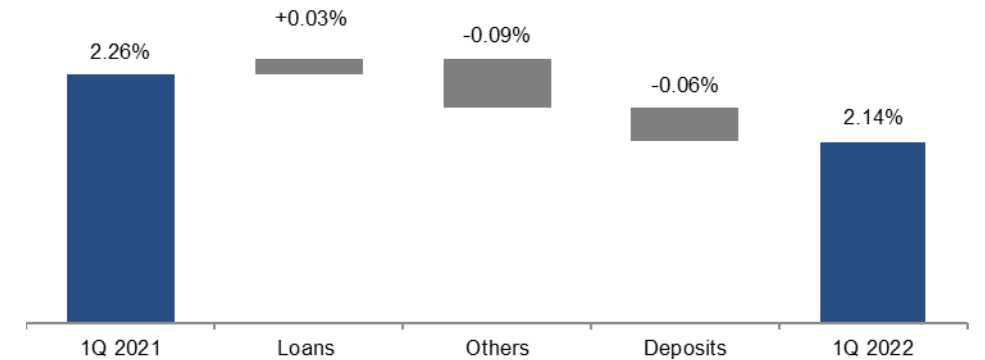
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin drivers

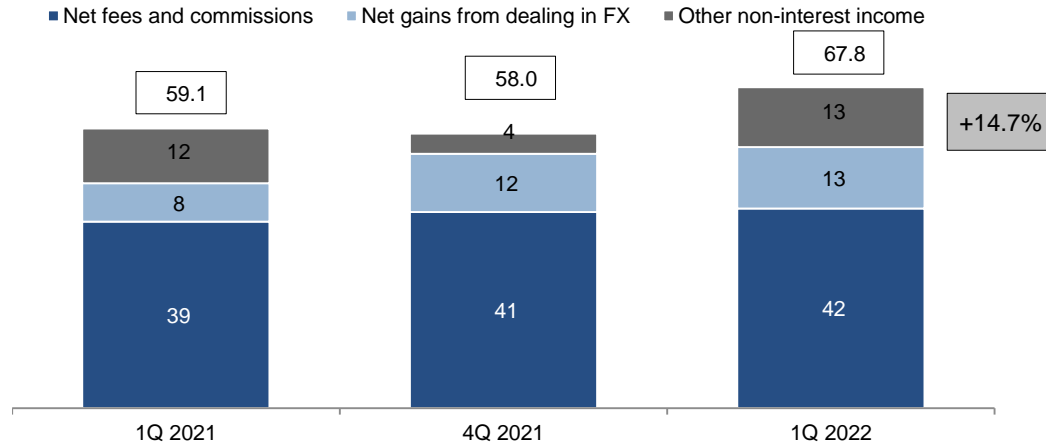


*Includes net interest income and net income from Islamic Financing

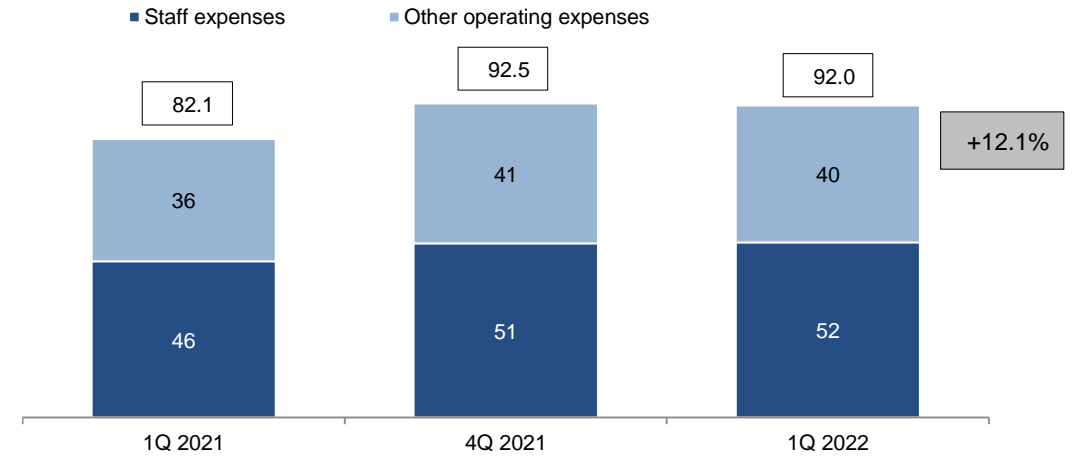


Operating Performance 1Q 2022

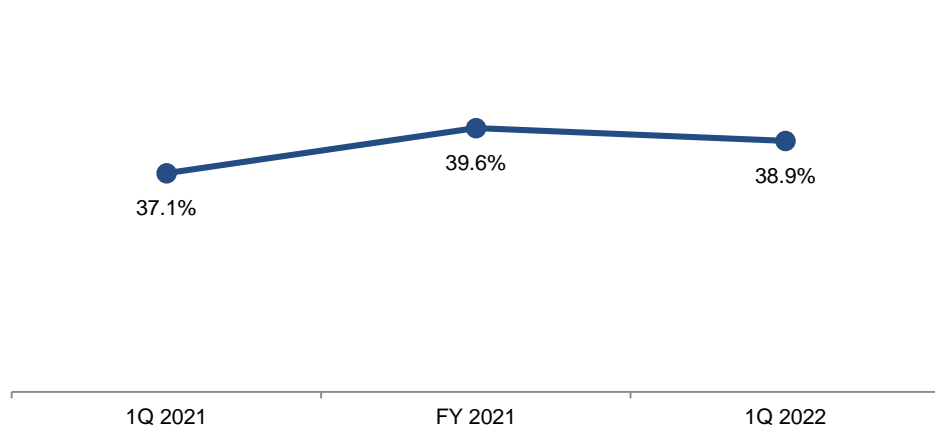
Non-interest income (KDm)



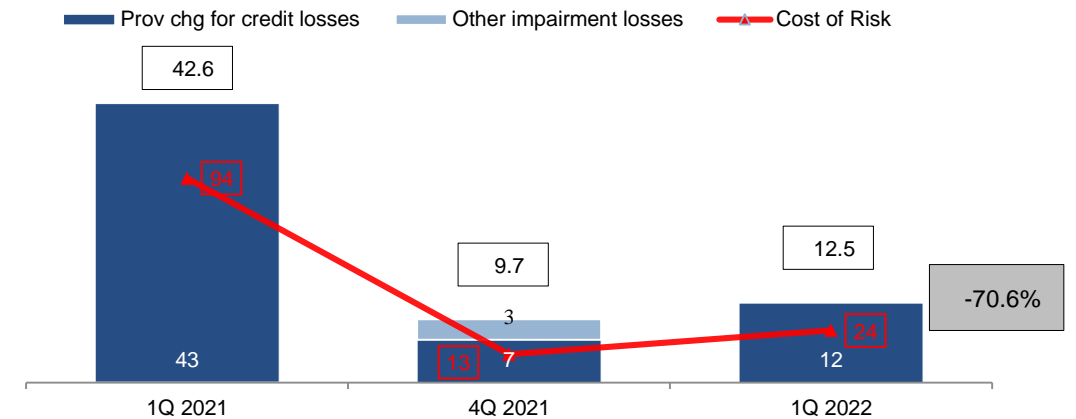
Operating Expenses (KDm)



Cost to Income ratio



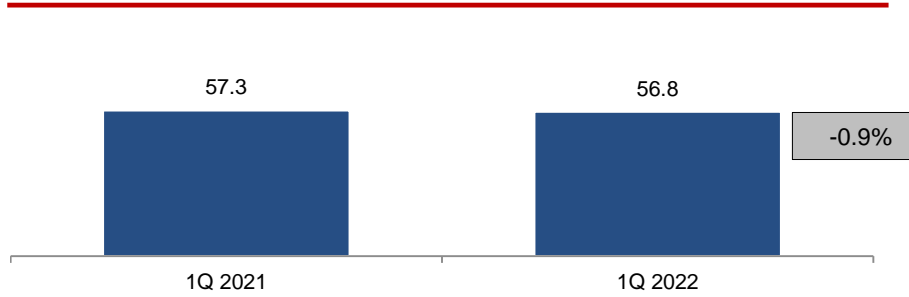
Provisions and Impairments (KDm)



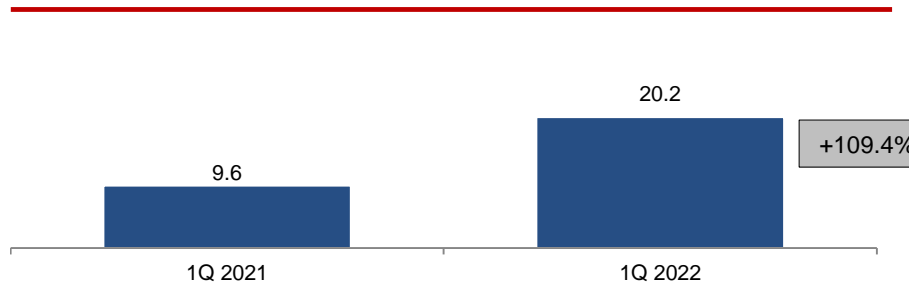


Operating Performance 1Q 2022

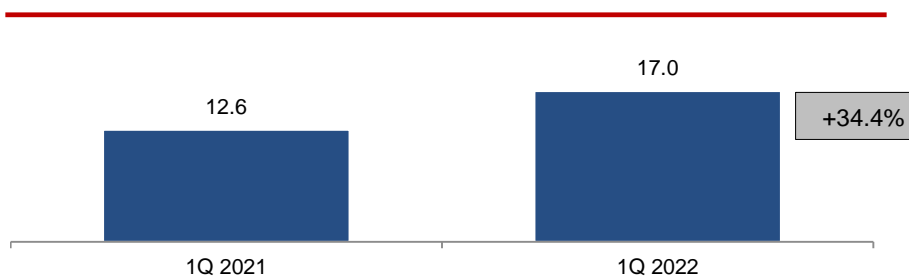
Operating Income (KDm) - International



Net profit (KDm) - International



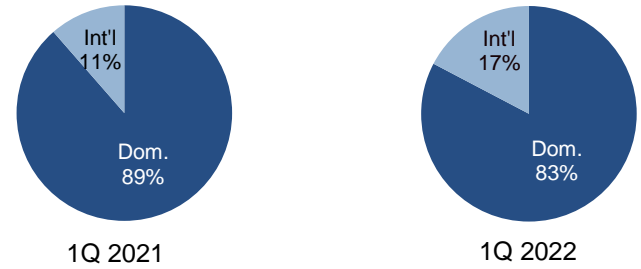
Net profit (KDm) - Boubyan Bank



Operating Income (KDm)



Net Profit (KDm)



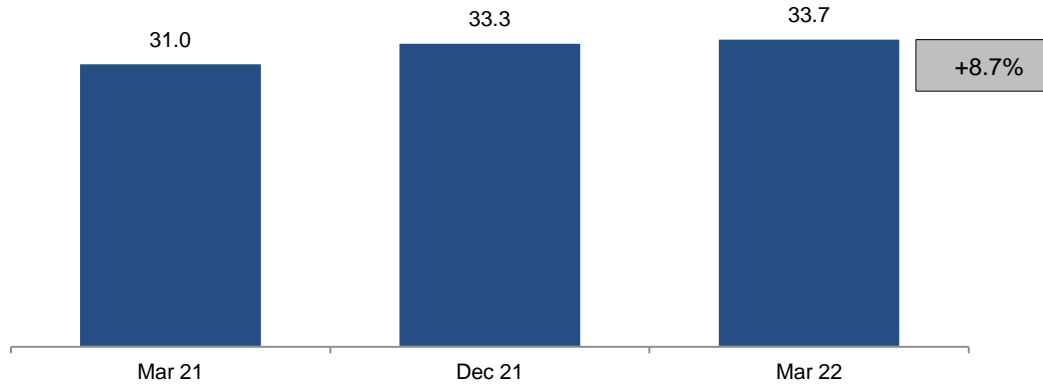
Total Assets (KD'bn)



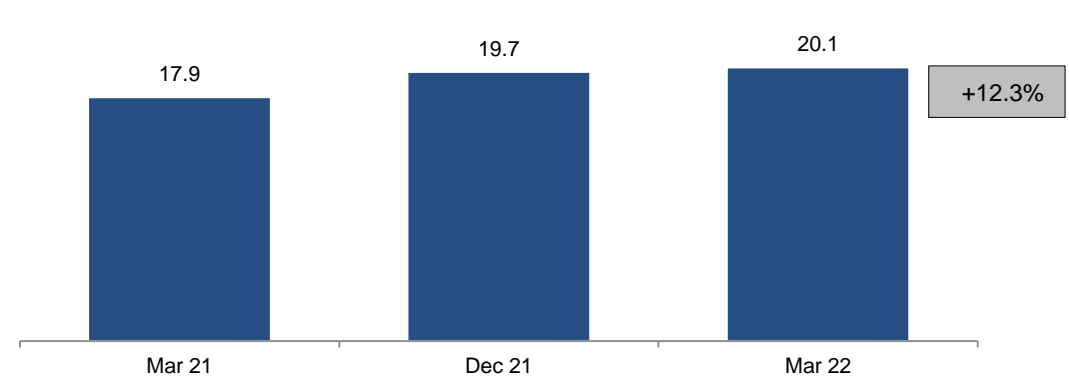


Operating Performance 1Q 2022

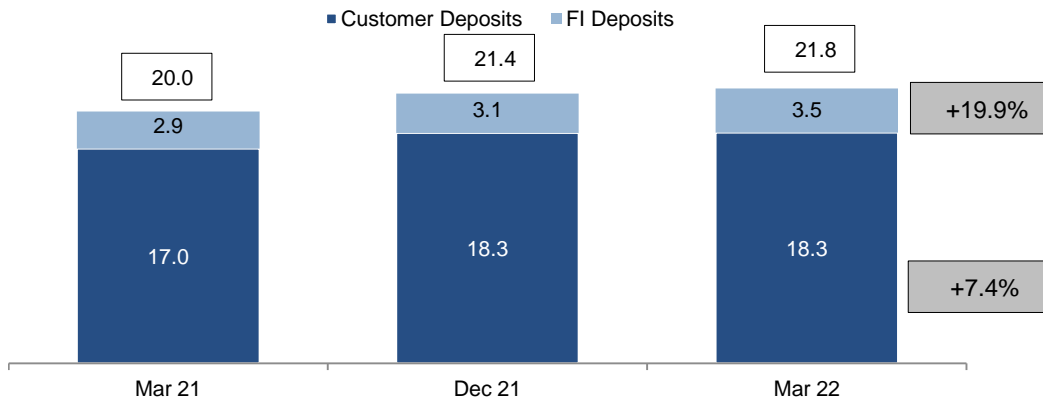
Total Assets (KDbn)



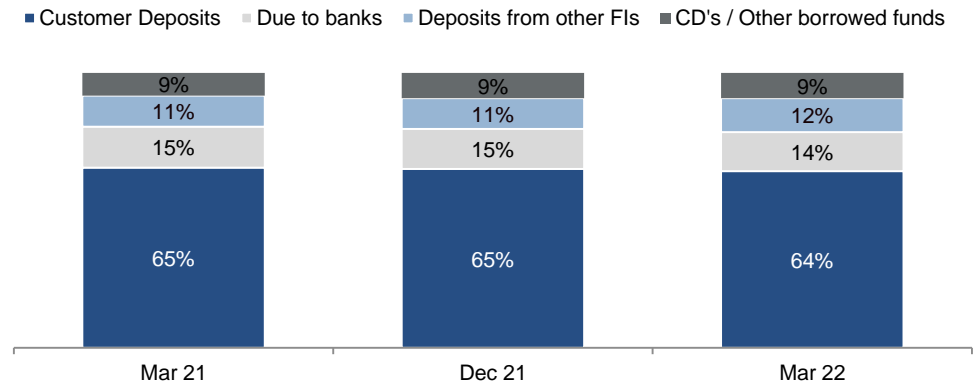
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits* (KDbn)



Funding Mix

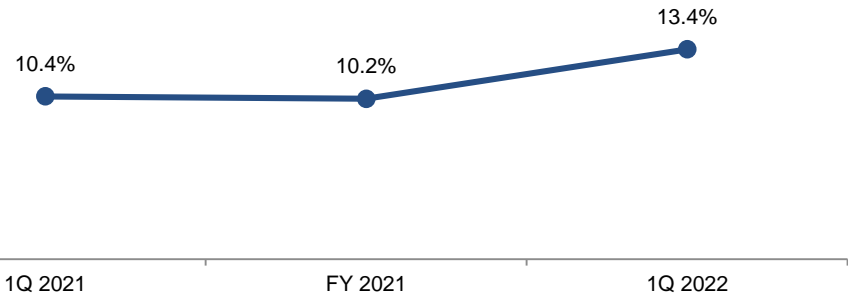


*excludes due to banks

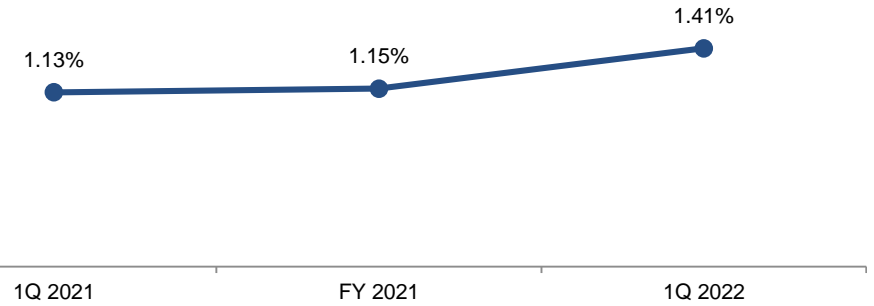


Performance and Asset Quality Ratios 1Q 2022

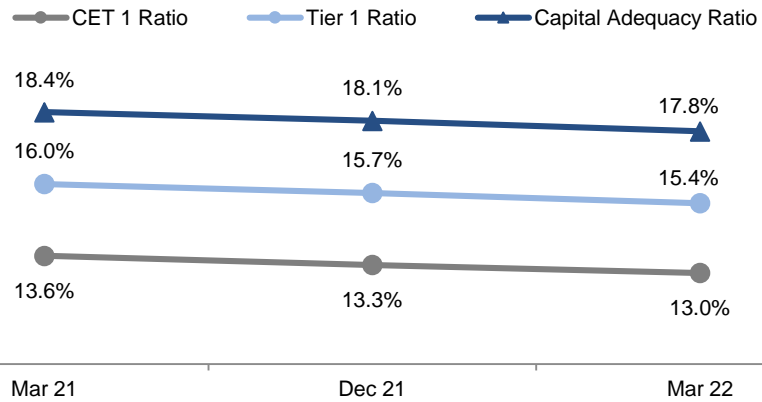
Return on Average Equity



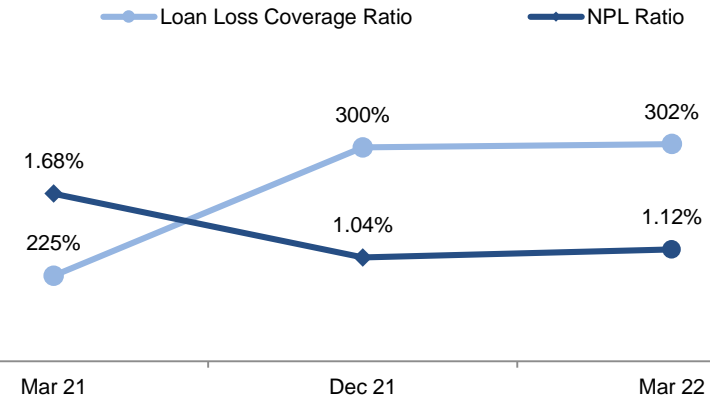
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



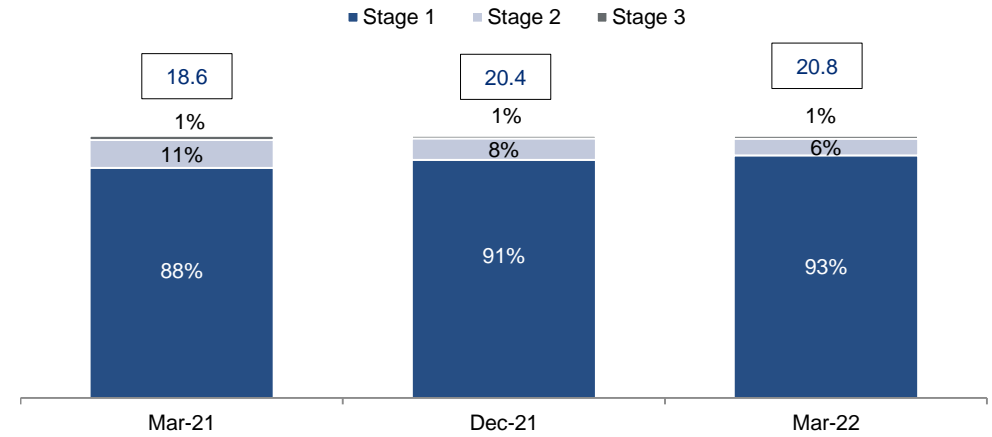


Expected Credit Losses (ECL) 1Q 2022

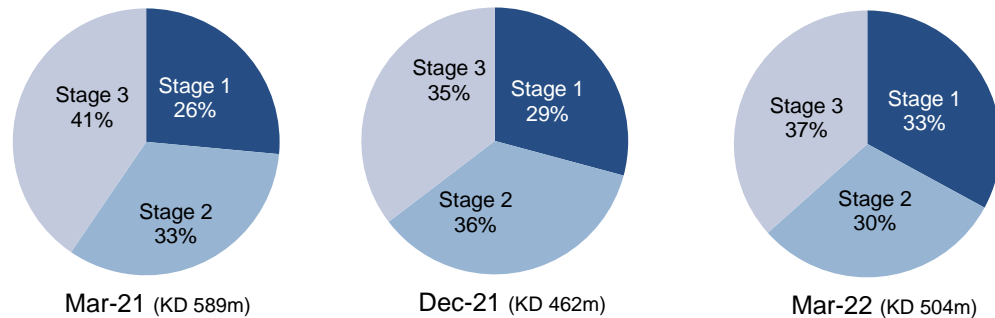
Financial Statements ECL Disclosure (KDm)

31 March 2022	Stage 1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	19,205	1,317	232	20,754
Contingent liabilities	3,740	581	29	4,350
ECL allowance for credit facilities	166	154	185	504

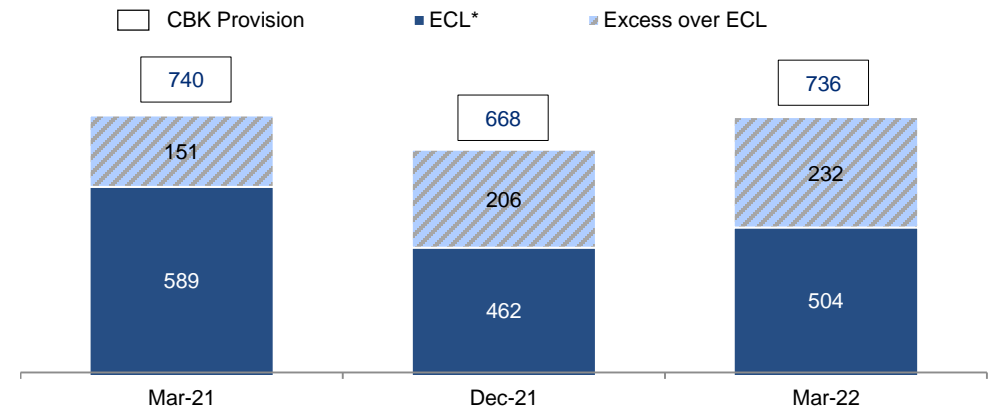
Total Gross Loans (KDbn)



ECL Allowance for Credit Facilities



CBK Credit Provisions vs IFRS 9 ECL (KDm)




* ECLs as per CBK guidelines



2022 Guidance

	1Q 2022	2022 Guidance
Loan Growth	+1.7%	High Single Digit
NIM	2.14%	Broadly Stable ↓
Cost to Income ratio	38.9%	Broadly Stable
Cost of Risk	<i>24bps</i>	
Earnings	<i>+38.3%</i>	
Capital Adequacy	<i>17.8%</i>	

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Consolidated Statement Of Income *(KDM)*

<i>KDm</i>	1Q 2021	1Q 2022	YoY Growth (%)
Interest Income	160	172	8%
Interest Expense	38	47	24%
Net Interest Income	122	125	3%
Murabaha and other Islamic financing income	56	61	9%
Finance cost and Distribution to depositors	16	18	11%
Net Income from Islamic financing	40	43	8%
Net interest income and net income from Islamic financing	162	169	4%
Net fees and commissions	39	42	7%
Net investment income	8	12	47%
Net gains from dealing in foreign currencies	8	13	60%
Other operating income	3	0	(85%)
Non-interest income	59	68	15%
Net Operating Income	222	237	7%
Staff expenses	46	52	12%
Other administrative expenses	27	31	12%
Depreciation of premises and equipment	8	9	12%
Amortisation of intangible assets	0	0	0%
Operating Expenses	82	92	12%
Op. profit before provision for credit losses and impairment losses	139	145	4%
Provision charge for credit losses	43	12	(71%)
Impairment losses	(0)	0	NM
Operating profit before taxation	97	132	36%
Taxation	8	9	11%
Non-controlling interest	5	7	45%
Profit attributable to shareholders of the Bank	84	117	38%



Consolidated Statement Of Financial Position *(KDm)*


<i>KDm</i>	March 2021	March 2022	YoY Growth %
Cash and short term funds	4,705	4,918	5%
Central Bank of Kuwait bonds	831	831	0%
Kuwait Government treasury bonds	456	269	(41%)
Deposits with banks	1,171	1,062	(9%)
Loans, advances and Islamic financing to customers	17,851	20,052	12%
Investment securities	4,730	5,029	6%
Investment in associates	5	4	(25%)
Land, premises and equipment	429	460	7%
Goodwill and other intangible assets	581	572	(2%)
Other assets	243	447	84%
Assets held for sale	-	53	NM
Total Assets	31,001	33,697	9%
Due to banks	3,869	4,083	6%
Deposits from other financial institutions	2,938	3,522	20%
Customer deposits	17,043	18,311	7%
Certificates of deposit issued	1,378	1,192	(13%)
Other borrowed funds	792	1,422	80%
Other liabilities	713	821	15%
Liabilities directly associated with assets held for sale	-	28	NM
Total Liabilities	26,735	29,380	10%
Share capital	719	755	5%
Proposed bonus shares	-	-	0%
Statutory reserve	343	360	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,376	1,438	5%
Equity attributable to shareholders of the bank	3,275	3,391	4%
Perpetual Tier 1 Capital Securities	592	439	(26%)
Non-controlling interests	399	488	22%
Total equity	4,266	4,318	1%
Total liabilities and equity	31,001	33,697	9%



Performance Measures 1Q 2022

	March 2021	March 2022
Return on average assets	1.13%	1.41%
Return on average equity	10.4%	13.4%
Net interest margin	2.26%	2.14%
Cost to income	37.1%	38.9%
NPLs to gross loans	1.68%	1.12%
Loan loss reserves to NPLs	225%	302%
Tier 1 capital	16.0%	15.4%
Tier 2 capital	2.4%	2.4%
Capital adequacy ratio	18.4%	17.8%

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Questions?



Thank You



National Bank of Kuwait

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