



# National Bank of Kuwait

## Investor Presentation

January 2021

# Disclaimer

**THE INFORMATION SET OUT IN THIS PRESENTATION AND PROVIDED IN THE DISCUSSION SUBSEQUENT THERETO DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. This presentation has been prepared by (and is the sole responsibility of) National Bank of Kuwait S.A.K.P. (the “Bank”).**

The information herein may be amended and supplemented and may not as such be relied upon for the purposes of entering into any transaction. This presentation may not be reproduced (in whole or in part), distributed or transmitted to any other person without the Bank's prior written consent.

The information in this presentation and the views reflected therein are those of the Bank and are subject to change without notice. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of the matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and, to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance. These materials are not intended to provide the basis for any recommendation that any investor should subscribe for or purchase any securities.

This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction.

Past performance is not indicative of future results. National Bank of Kuwait is under no obligation to update or keep current the information contained herein. No person shall have any right of action against the Bank or any other person in relation to the accuracy or completeness of the information contained in this presentation. No person is authorised to give any information or to make any representation not contained in and not consistent with this presentation, and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Bank.

This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including for the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed.

Certain statements in this presentation may constitute forward-looking statements. These statements reflect the Bank's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements. The Bank does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

# Contents

**Section 1**

**Overview of NBK**

**Section 2**

Strategy and Business Overview

**Section 3**

Operating Environment

**Section 4**

Financial Performance Highlights

**Section 5**




Appendix

# NBK is Kuwait's Leading Banking Group

## Snapshot

<b>Background</b>	<ul style="list-style-type: none"> <li>Established in 1952 as the first local and home-grown GCC bank, and first shareholding company in Kuwait</li> <li>The leading banking group in Kuwait in terms of assets, customer deposits and customer loans and advances</li> <li>More than 30% market share of assets in Kuwait</li> <li>Ranked amongst the 50 safest banks in the world by Global Finance, named the most valuable banking brand in Kuwait, and top 10 bank in the region by Brand Finance</li> </ul>
<b>Ownership</b>	<ul style="list-style-type: none"> <li>Established by a group of leading Kuwaiti merchants, NBK has retained the same core shareholder base since its inception</li> <li>NBK's shares are listed on the Kuwait Stock Exchange since 1984 with only one shareholder holding owning more than 5% of the Bank's share capital (PIFSS owns 5.60% as of December 2020)</li> <li>NBK's market capitalisation at 31 December 2020 was USD 19.0 bn.</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>The Bank's core businesses are (i) consumer and private banking, (ii) corporate banking, (iii) Islamic banking and (iv) investment banking and asset management</li> <li>The Bank operates across 15 countries with a predominant focus on the MENA region.</li> </ul>

## Credit Ratings

Rating Agency	Long Term Rating	Standalone Rating	Outlook
	A1	a3	Stable
	A	a-	Stable
	AA-	a-	Stable

## Financial snapshot

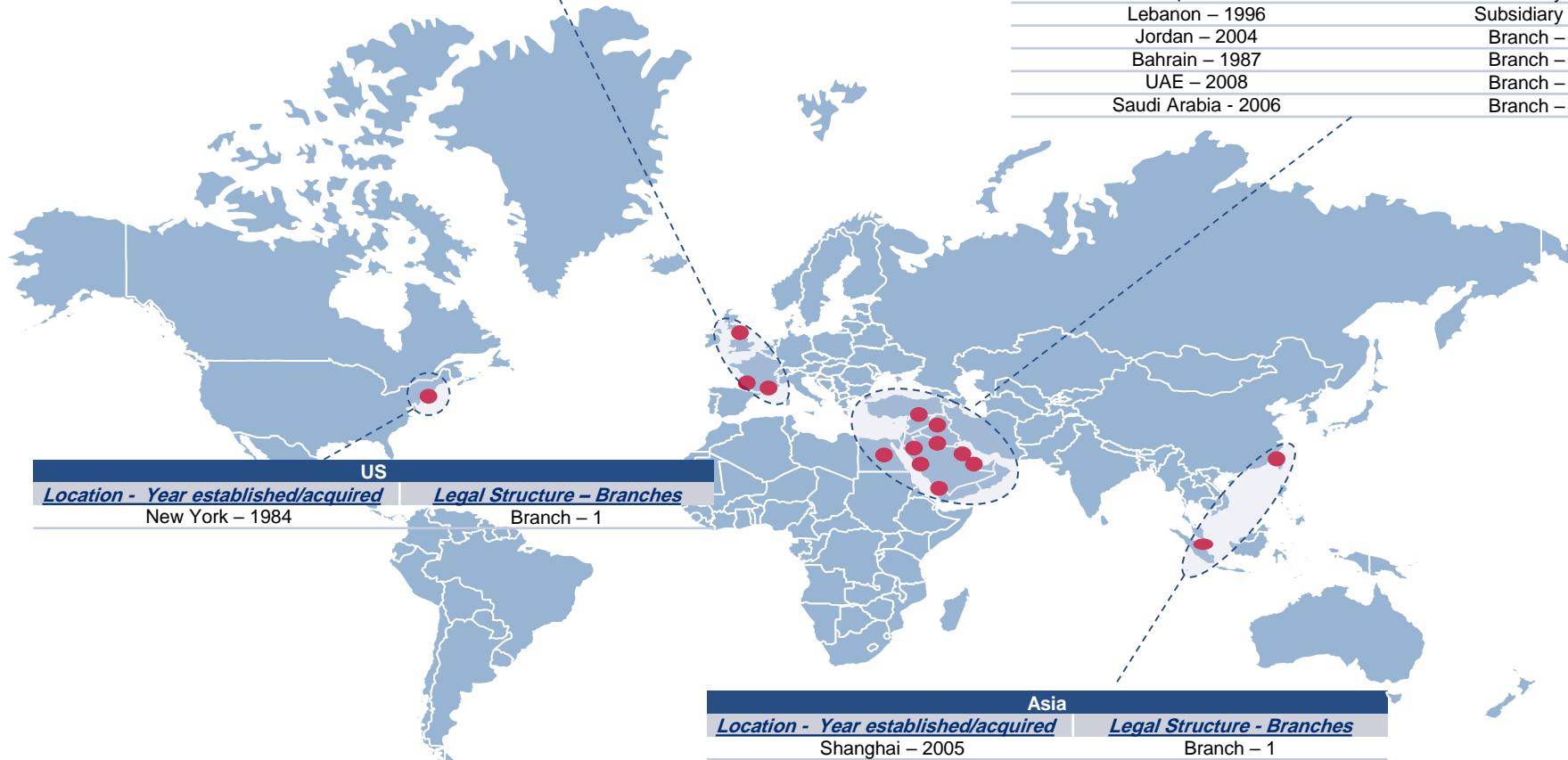
USD million	2018	2019	2020
Total Assets	90,447	96,524	97,996
Loans, advances & Islamic financing	51,124	54,584	57,722
Customer Deposits	47,449	52,533	56,403
Total Equity	12,205	14,045	13,656
Net Operating Income	2,913	2,953	2,778
Net Profit attributable	1,222	1,323	812
Cost to Income (%)	31.3%	34.0%	37.0%
Net Interest Margin (%)	2.69%	2.56%	2.21%
NPL Ratio (%)	1.38%	1.10%	1.72%
Loan Loss Coverage Ratio (%)	228.1%	272.2%	220.0%
Return on Average Equity (%)	12.0%	12.3%	7.0%
Tier 1 Ratio (%)	15.3%	15.9%	16.0%
Capital Adequacy Ratio (%)	17.2%	17.8%	18.4%



# Regional and International Geographic Presence

Europe	
<i>Location - Year established/acquired</i>	<i>Legal Structure - Branches</i>
London – 1983	Subsidiary – 2
Geneva – 1984	Subsidiary – 1
Paris – 1987	Subsidiary – 1

Middle East	
<i>Location - Year established/acquired</i>	<i>Legal Structure - Branches</i>
Kuwait – 1952	Parent – 68
Turkey – 2007	Associate – 10
Egypt – 2007	Subsidiary – 53
Iraq – 2005	Subsidiary – 5
Lebanon – 1996	Subsidiary – 2
Jordan – 2004	Branch – 1
Bahrain – 1987	Branch – 2
UAE – 2008	Branch – 2
Saudi Arabia - 2006	Branch – 3



US	
<i>Location - Year established/acquired</i>	<i>Legal Structure - Branches</i>
New York – 1984	Branch – 1

Asia	
<i>Location - Year established/acquired</i>	<i>Legal Structure - Branches</i>
Shanghai – 2005	Branch – 1
Singapore - 1984	Branch – 1

# Key Strengths

## High credit ratings and among the top brand values regionally

- NBK has one of the highest credit ratings in the MENA region
- Ranked amongst the 50 safest banks in the world by Global Finance, named most valuable banking brand in Kuwait and among the top 10 in the Middle East by Brand Finance

## Largest banking group in Kuwait with dominant market position

- As at 31 December 2020, the Bank was the largest bank in Kuwait in terms of total assets, loans and customer deposits. In addition, the Bank enjoys a dominant market share across its business segments
- NBK also has one of the largest and most diversified distribution networks

## Sound and consistent financial performance

- Long history of profitability, even throughout the global financial crisis
- Excellent asset quality with an NPL ratio standing at 1.72% at end-2020
- Strong liquidity serving as a buffer in times of need

## Stable shareholder base and strong management team

- Established in 1952 by a group of leading Kuwaiti merchants and has retained the same core shareholder base since
- NBK's stable shareholder base is complemented by a strong and stable Board of Directors and a long-serving executive team with in-depth experience



## Only banking group in Kuwait to provide both conventional and Islamic banking

- Following its consolidation of Boubyan Bank in 2012, NBK became the only banking group in Kuwait to offer both conventional and Islamic banking services
- This has allowed the Bank to leverage off the opportunities across both markets, particularly given the growing importance of Islamic Finance in Kuwait

## A strong regional and international network

- Operations in 15 countries, 9 of which are in the MENA region.
- The Bank continues to explore opportunities to expand geographically with a primary focus on further strengthening operations in MENA region

## Strong investment banking capability

- NBK conducts its investment banking and asset management business through its subsidiary, Watani Investment Company K.S.C.C. (Known as NBK Capital)

# Contents

Section 1

Overview of NBK

Section 2

**Strategy and Business Overview**

Section 3

Operating Environment

Section 4

Financial Performance Highlights

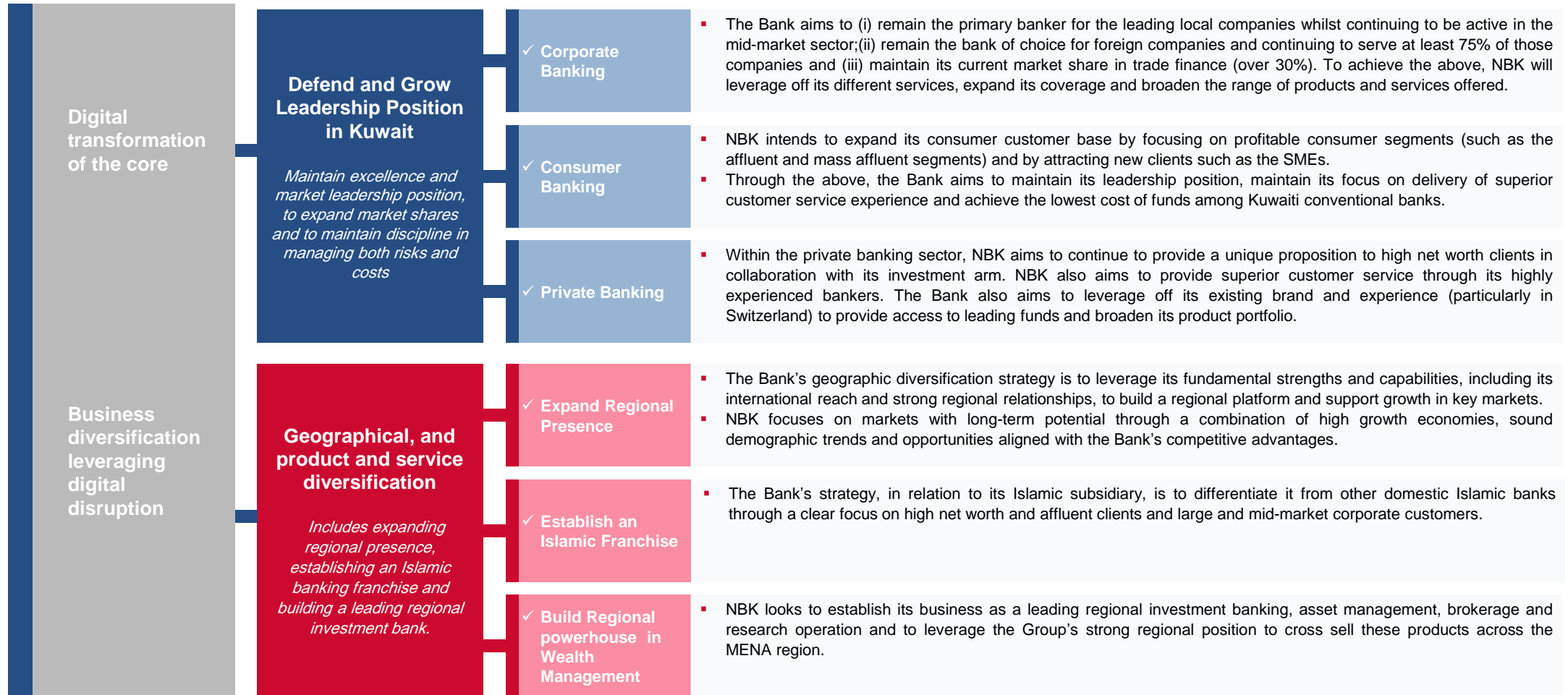
Section 5

Appendix



# 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







# Kuwait Operations

**NBK is a universal bank and the industry leader in all key business segments in Kuwait with an average market share of 30%**

## Overview and strategy

### Corporate Banking

- Remain the primary banker for most of the local blue-chip companies, and an active player in the mid-market
- Remain bank of choice among foreign corporations and continue serving 75% of them active in the Kuwaiti market
- Maintain current market share in excess of 30% in trade finance in Kuwait
- Offer differentiated services to large corporate clients leveraging other NBK units
- Increase market share in medium corporate segment through focused teams and relationship management
- Focus on Government mega projects benefiting from NBK's large capital base
- Maintain asset quality with emphasis on credit control and risk management

### Consumer Banking

- Maintain undisputed leadership in retail banking with leading market share and the highest customer penetration among conventional banks
- Maintain focus on customer service
- Expand client base with focus on profitable consumer segments such as affluent and mass affluent, and aim to attract new bankable clients such as SMEs
- Achieve lowest cost of funds among Kuwaiti commercial banks
- Pioneer innovative multi-channel solutions including state of the art internet, mobile banking and call center services
- Focus on the evolution to segment of one by providing tailor-made propositions aiming at better cross-sell, increased product penetration, proactive attrition management utilizing the latest tools and technologies

### Private Banking

- Continue to provide a unique proposition to HNW clientele in collaboration with NBK Capital and the bank's international network
- Provide access to best of breed international funds leveraging NBK Banque Privee's wealth management expertise
- Provide the best service with a dedicated team of over 30 well qualified and experienced private bankers
- Leverage NBK's strong brand to acquire new clients and retain onshore relationships
- Broaden the product portfolio to accommodate growing needs

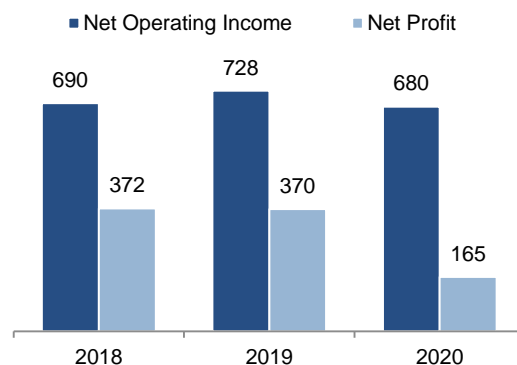
**NBK is a full-service bank that offers a broad suite of financial services and products to clients, meeting their ever growing and evolving demands**

# International Operations

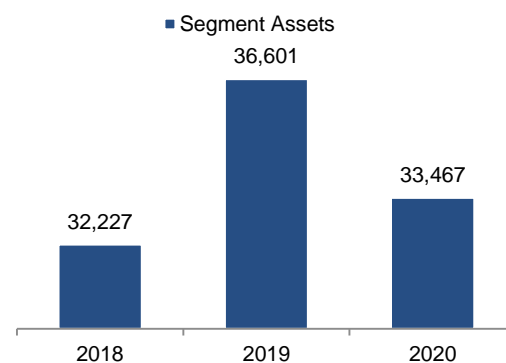
- NBK's international operations has been traditionally contributing up to circa 30% of the Group's bottom line with the Bank aspiring to increase this contribution.
- The Bank generally aims to maintain a majority stake in its subsidiaries or at least maintain a decision making role.
- NBK's international presence is a differentiating factor for the Bank and an extension of the MENA franchise enabling better service and strengthening client relationships.
- Specifically within the MENA region, the Bank is focused on growing its business in existing and new markets through attracting increased corporate and private customers.
- Meanwhile, across the international locations, the Bank's focus is on servicing its private and corporate customers who are active internationally and growing its business with international companies that are active in the MENA region.
- Within its international network, NBK is focused on managing risks and costs to improve efficiency and achieve long-term cost savings and productivity gains.

## Overview of Performance

### Revenue Trends (USD mn)



### Balance Sheet Trends (USD mn)

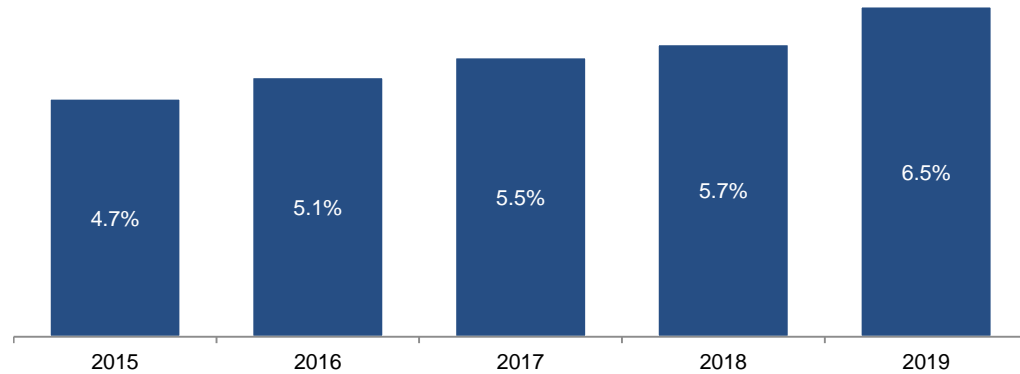


	Established or acquired	Branches	Legal structure
<b>International</b>			
London	1983	2	Subsidiary
New York	1984	1	Branch
Geneva	1984	1	Subsidiary
Singapore	1984	1	Branch
Paris	1987	1	Subsidiary
Shanghai	2005	1	Branch
<b>MENA region</b>			
Bahrain	1987	2	Branch
Lebanon	1996	2	Subsidiary
Jordan	2004	1	Branch
Iraq	2005	5	Subsidiary
Saudi Arabia	2006	3	Branch
Egypt	2007	53	Subsidiary
Turkey	2007	10	Associate
UAE	2008	2	Branch

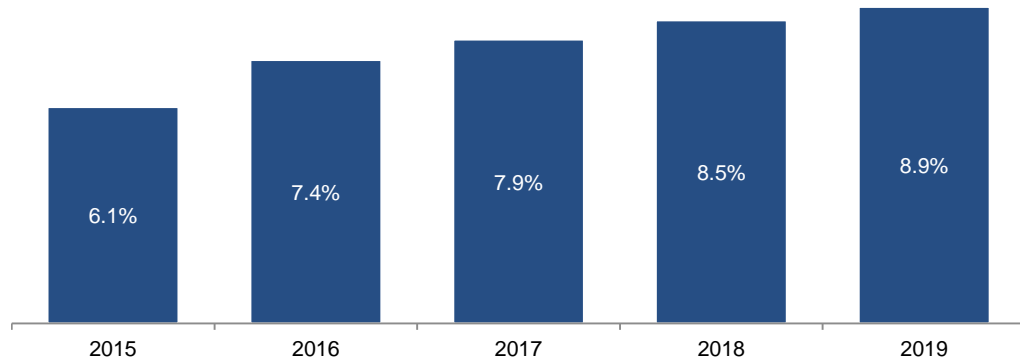


# Boubyan Bank (59.9% owned subsidiary)

Market share of Total Assets(%)



Market share of Total Deposits (%)



Highlights

- Islamic banking has been gaining ground in the Kuwaiti market, representing close to 40% of assets and deposits at year-end 2019.
- After a series of gradual share acquisitions since 2009, NBK's stake in Boubyan bank reached 58.4% in 2012. Through Boubyan, NBK aims at diversifying its income stream, complementing its product offering as well as targeting a new segment of clients.
- The size and market share development of Boubyan relative to other Islamic banks leaves significant room for repositioning the bank and acquiring market share.
- As the largest single shareholder, NBK is committed to the future growth and transformation of Boubyan Bank and establishing a strong presence in the growing Islamic banking segment.
- Leading international consulting firms have assisted Boubyan in developing a new strategy aiming to differentiate the bank from other players with a clear focus on HNWI, affluent and mid/large companies.
- The Bank's transformation and strategy implementation is led by a highly proficient management team with extensive regional banking experience, with key positions filled by NBK veterans aligned with the NBK culture.

# Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

**Operating Environment**

Section 4

Financial Performance Highlights

Section 5

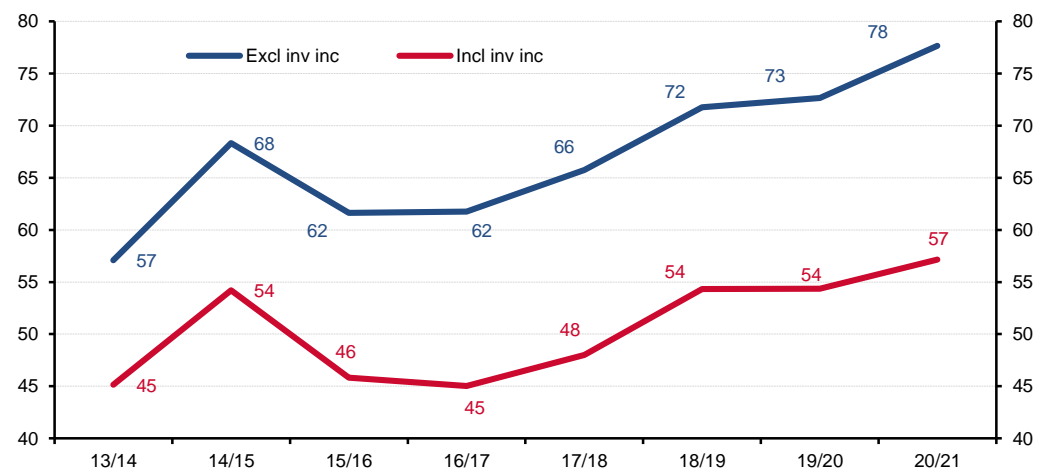
Appendix

# Overview of Kuwait

## Overview

- The State of Kuwait is a sovereign state on the coast of the Arabian Gulf with a population of 4.8 million
- Kuwait is a constitutional monarchy, headed by His Highness the Emir, Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
- Kuwait enjoys an open economy, dominated by the government sector. Its economy is primarily dependent on the oil industry, but has witnessed growing contribution from non-oil sectors
- Kuwait has one of the lowest industry breakeven oil prices globally and a fiscal breakeven lower than some other GCC countries, making it more resilient to low oil prices. It has accumulated substantial fiscal and external surpluses, which serve as a buffer against volatile market conditions
- Kuwait has a long-term policy vision under the banner of “**Kuwait Vision 2035**”. It encompasses six strategic aims: increasing GDP growth, encouraging the private sector, supporting human and social development, promoting demographic policies, enhancing and improving the effectiveness of government administration, and consolidating the country’s Islamic and Arab identity

## Fiscal breakeven oil price



## Key economic indicators

Key Indicators	2020F	2021F
Sovereign Ratings	A1 / AA- / AA (M / S / F)	
Current Account	-\$2.1 bn	\$3.5 bn
Gov Revenues* (% GDP)	30%	34%
Public Debt* (% GDP)	11%	19%

\* Financial year. Assumes no debt issued in FY20/21

# Kuwait's Economy

## Recent Developments

### GDP Growth

- GDP is estimated to have declined 6.3% in 2020 due to sharply lower oil production as Kuwait adhered to OPEC+ cuts. Growth could rebound to 2.0% in 2021 as these cuts are partially reversed.
- Non-oil growth is seen at -4.0 in 2020 on pandemic fallout, rebounding to 3.0% in 2021 as private spending recovers

### Public Finance and Inflation

- The government has looked to cut spending to address the fiscal deficit. The FY20/21 budget projected a 4% drop in outlays, though the draft FY21/22 budget pencils in a rebound of 7%.
- Currently at 2.8% (November), inflation will remain moderate, supporting real purchasing power. There is some downside risk from potential softness in residential real estate rents.

### Consumer Sector

- Consumer spending took a major hit during the lockdown months, but has bounced back rapidly. POS/ATM spending was up 26% y/y in December, with online spending up sharply.
- Loan payment deferrals, the number of nationals in stable public sector jobs and reduced overseas travel have supported spending.

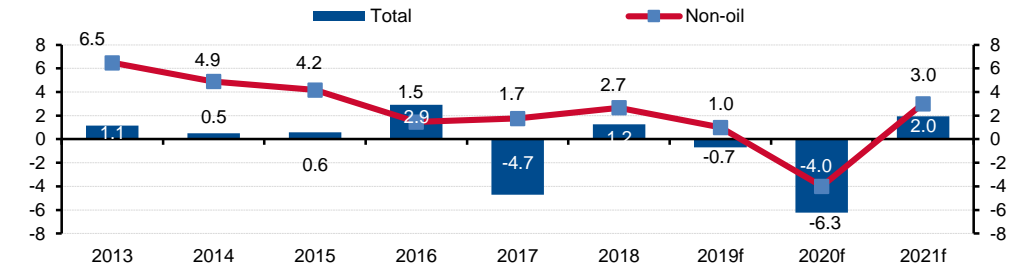
### Credit Growth

- Private credit growth held up relatively well in 2020 (4.7% y/y in November) helped by (i) loan repayment deferrals and (ii) rising loans to retail firms. The policy rate has been cut to 1.5%.
- Deposit growth picked up to 5.0% y/y in November helped by stronger private deposits; government deposits have been solid so far this year, now up 9.8% y/y.

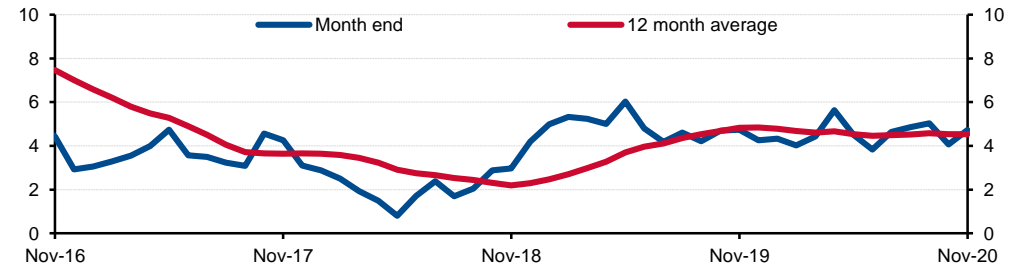
### Real Estate Activity

- Property sales were hard-hit by government and business shutdowns earlier in the year, but had returned to more solid levels by September. The residential sector could hold up well given the solid demand base.

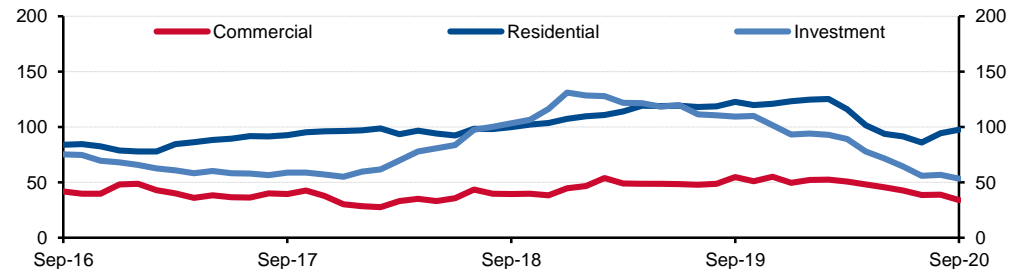
## Real GDP (% y/y)



## Private credit (change, %/y)



## Real estate sales 12m average (KD mn)



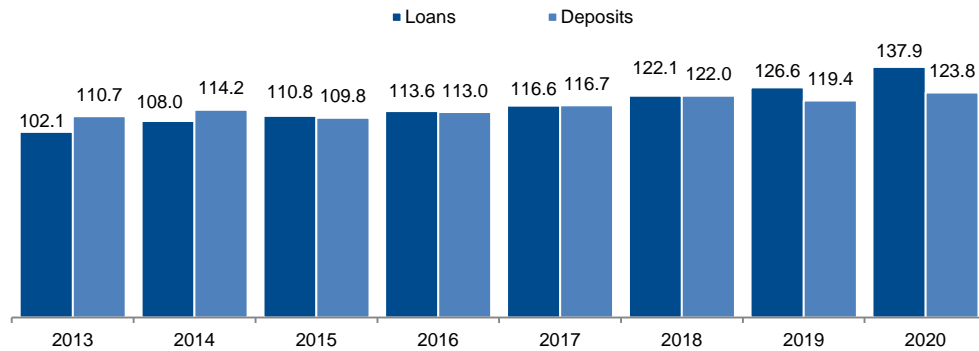


# Kuwait's Banking Sector

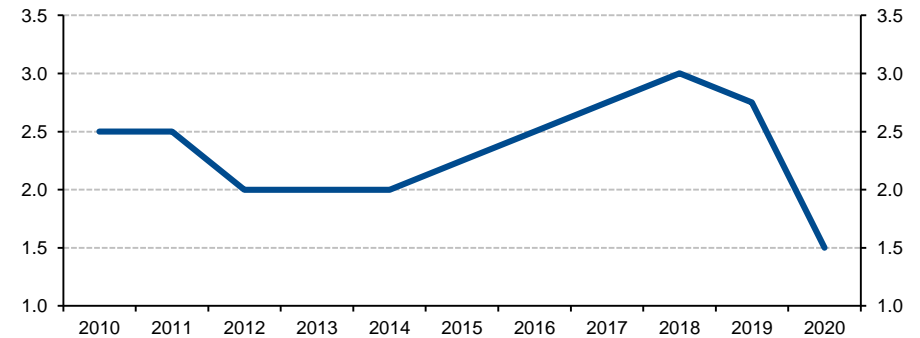
## Snapshot

- **The Kuwaiti banking sector comprises 23 banks**, including 11 domestic banks (five conventional, five Shariah-compliant and one specialized), and branches of 12 international banks (11 conventional and one Islamic).
- **The sector is well regulated by the Central Bank of Kuwait (“CBK”)** with a number of regulations and supervisory norms to ensure the safety of the banking sector including through strict supervision and imposition of prudential ratios, such as lending limits and concentrations, investment limits, liquidity and capital adequacy.
- **The banking sector has demonstrated strong resilience and elevated levels of financial soundness over the past 10 years.** In fact, the sector is very well capitalized, with an average Capital Adequacy Ratio of 17.6% in 2Q20, 7.1% higher than the required minimum of 10.5%. Non-performing loans to total loans stood at 2.6% in 2Q20.

### Key indicators (USD bn, end year) <sup>1</sup>



### Development of the Discount rate (% , end year)



Sources: Central Bank of Kuwait / Refinitiv

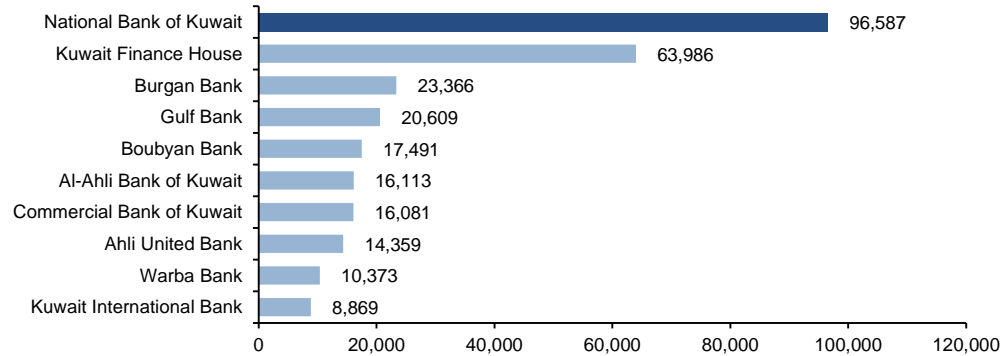
<sup>1</sup>Loans refers to total credit facilities to residents and deposits refer to private resident deposits, all as reported by the Central Bank of Kuwait. Latest data is for November 2020.



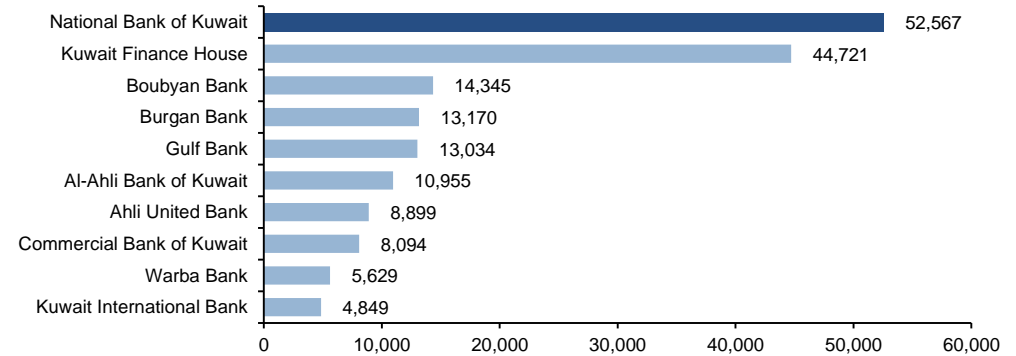
# Dominant Kuwaiti Franchise

**NBK is the leading banking group in Kuwait with a market leading position across its business segments**

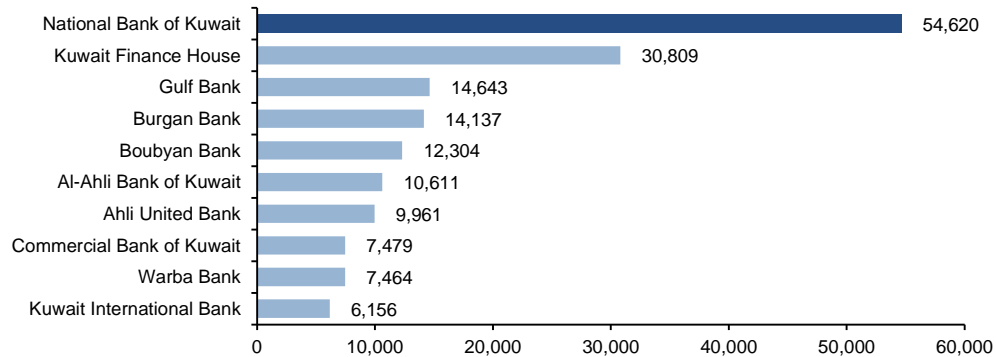
**Total Assets (USD million)**



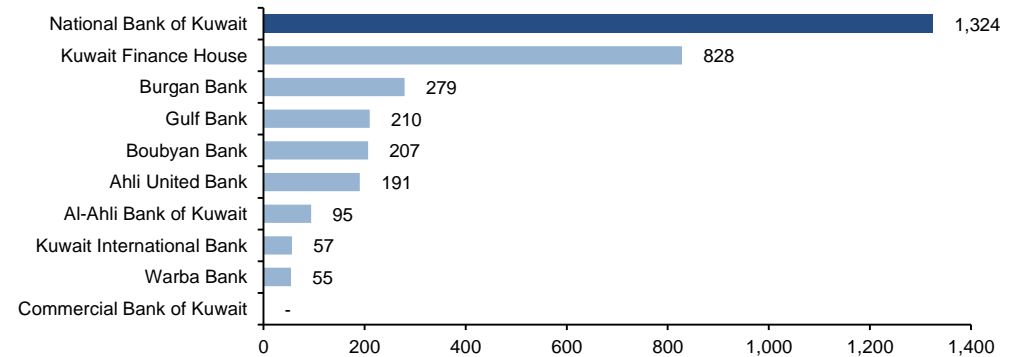
**Customer Deposits (USD million)**



**Customer Loans & Advances (USD million)**



**Net Profit attributable (USD million)**



Sources: Bank's annual reports. All data as of 31 December 2019 for Balance Sheet items and Income Statement Items.

Note: Kuwait Finance House, Boubyan Bank, AUB, KIB and Warba Bank are Islamic banks while Burgan Bank, CBK, Gulf Bank, Al-Ahli Bank of Kuwait are conventional banks.

The USD/KD exchange rate used is .30305. The rate is based on the Central Bank of Kuwait's closing exchange rates as of 31/12/2019.



# Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

Operating Environment

Section 4

**Financial Performance Highlights**

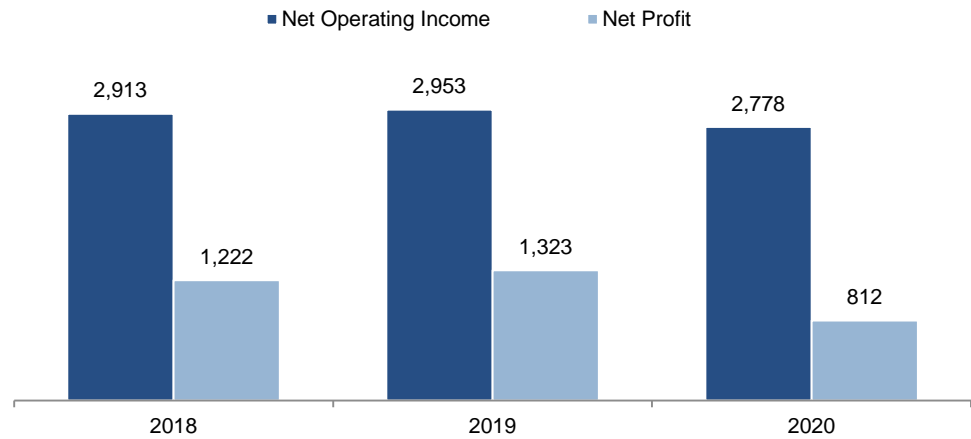
Section 5

Appendix

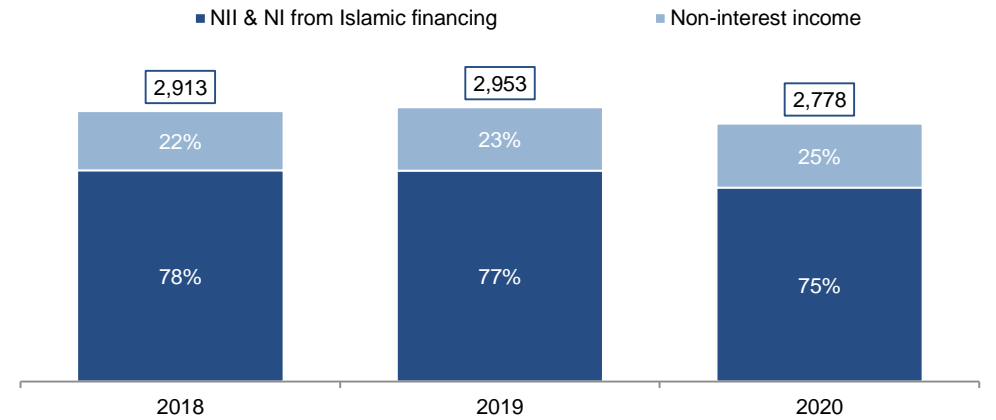


# Operating Performance & Profitability

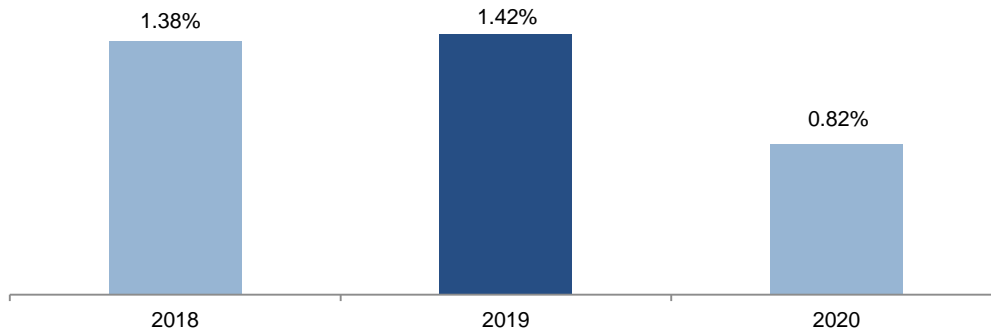
### Profitability (USD mn)



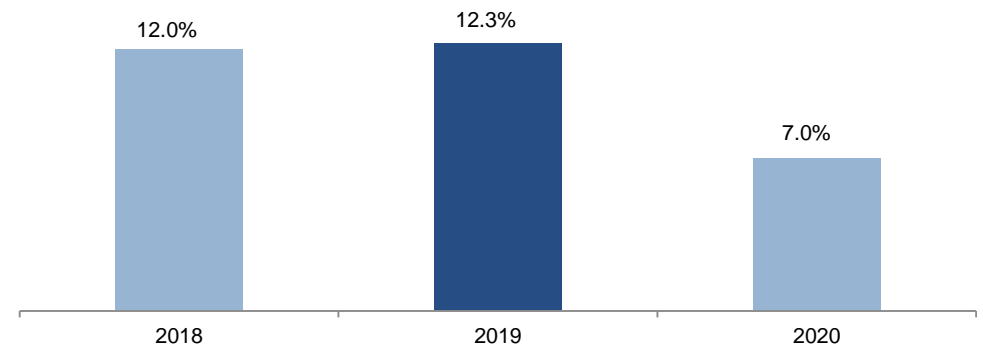
### Operating Income Composition (USD mn)



### Return on average assets (%)



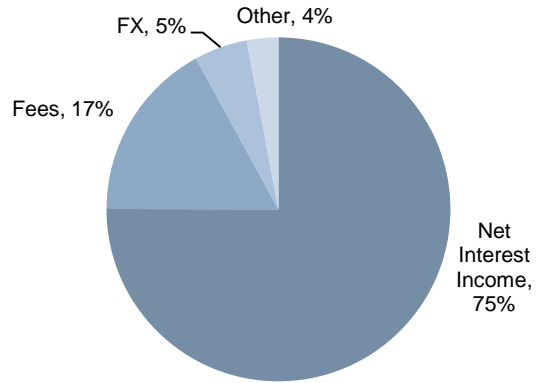
### Return on average equity (%)



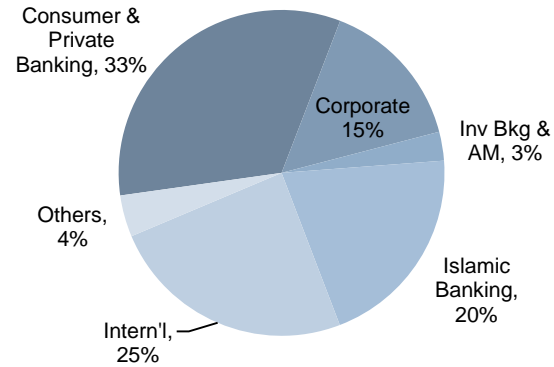


# Operating Performance & Profitability (cont'd)

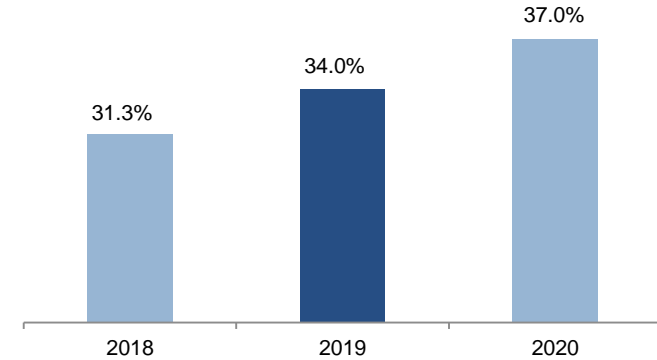
### 2020 Op. income by type (%)



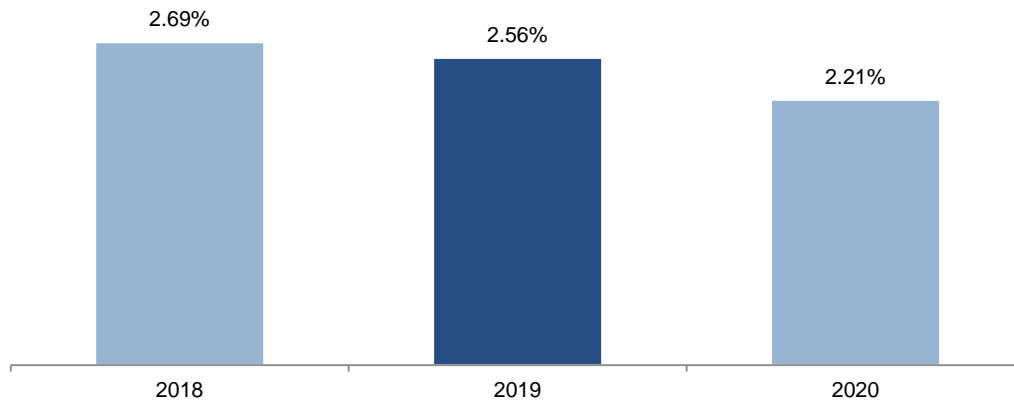
### 2020 Op. income by business line (%)



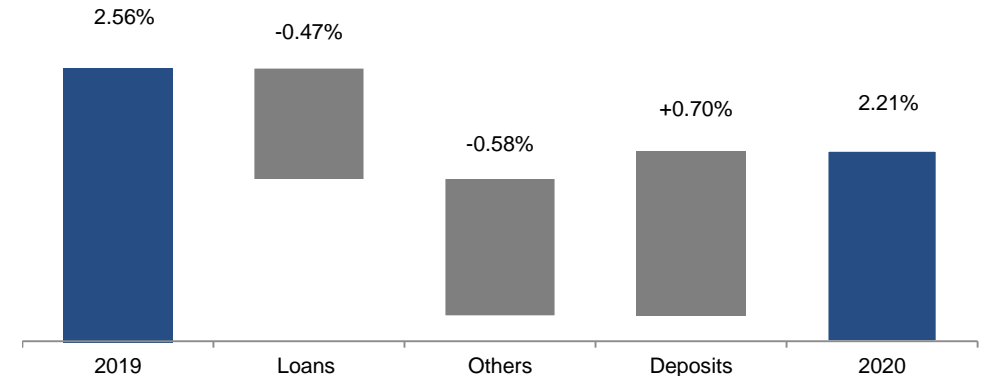
### Cost to income (%)



### Net Interest Margin (%)



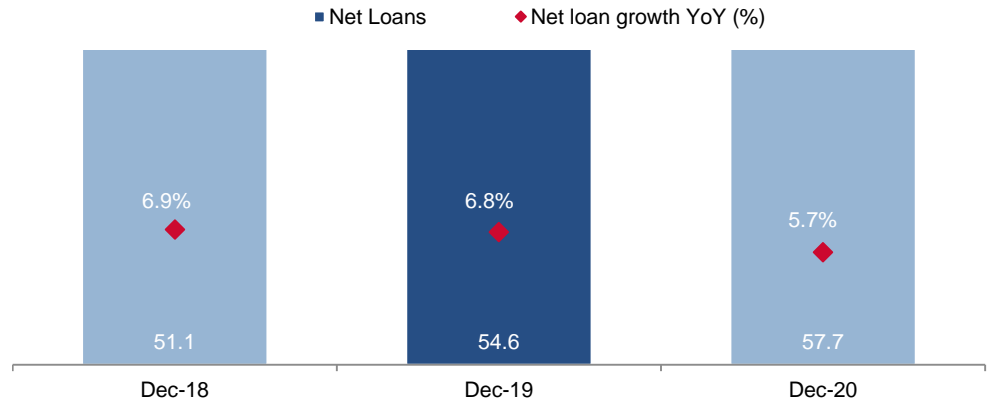
### Net Interest Margin Drivers



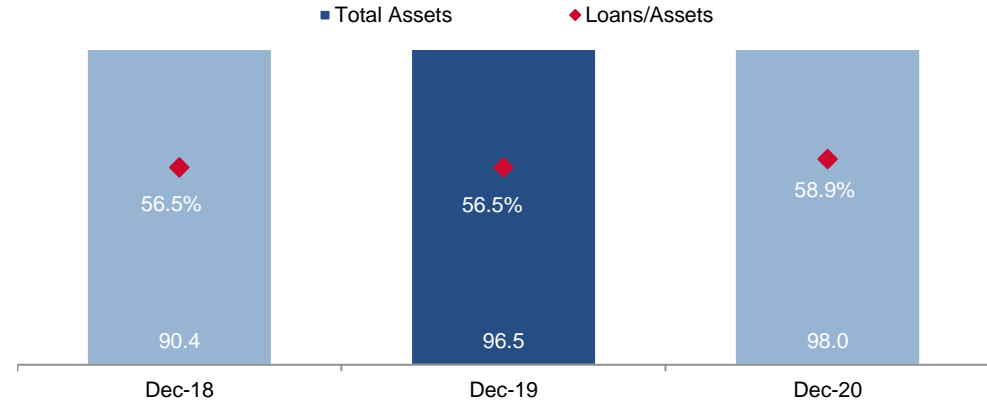


# Balance Sheet Parameters

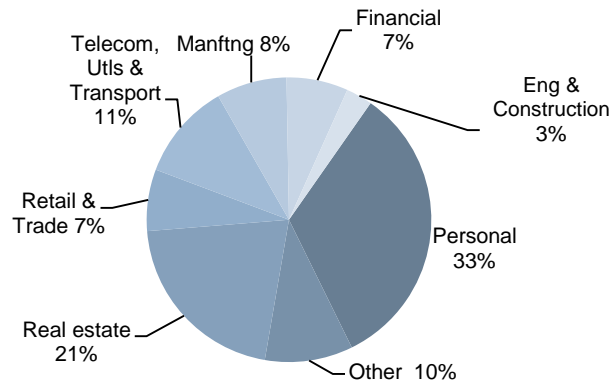
### Net loan portfolio (USD bn)



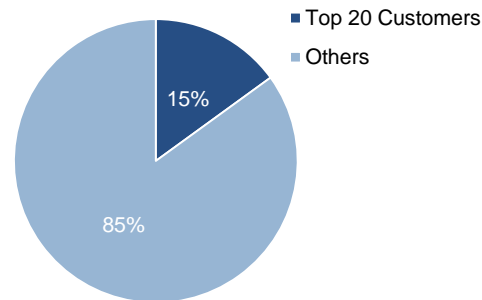
### Loans to assets (USD bn)



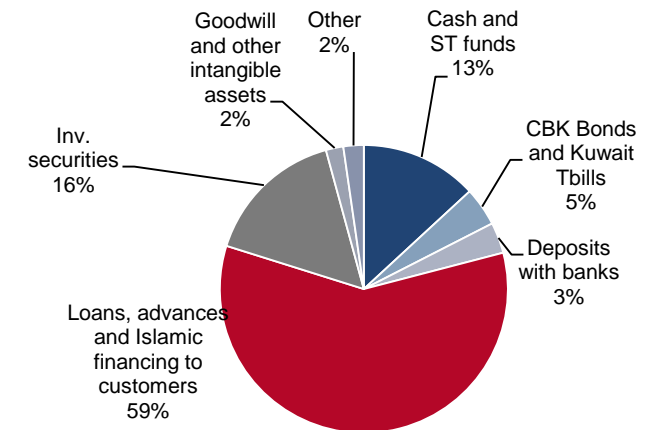
### Loan exposure by sector (%) (as at 31 Dec. 2020)



### Low loan concentrations (as at 31 Dec. 2020)



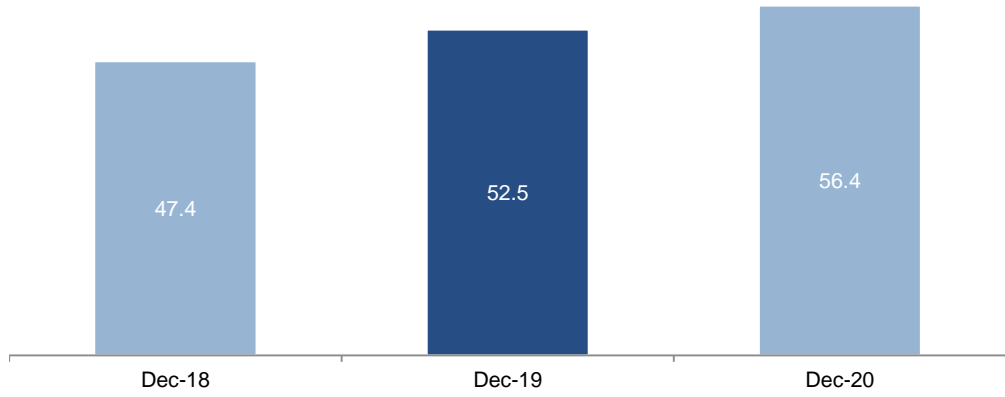
### Assets by Type (as at 31 Dec. 2020)



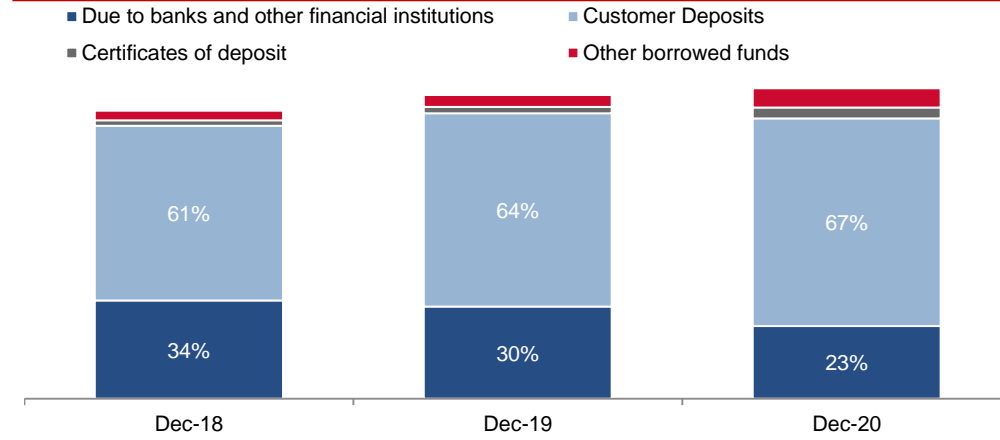


# Funding and Liquidity Positions

Customer Deposits (USD bn)

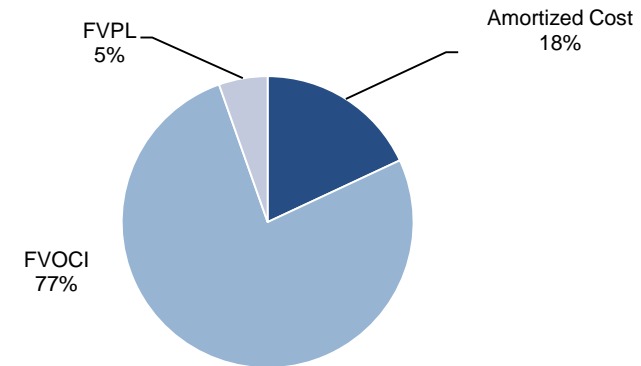
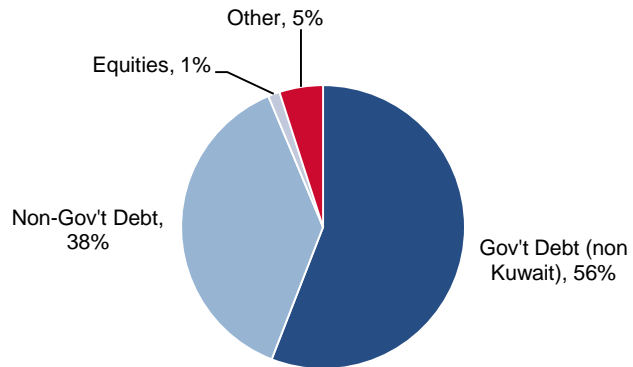


(Total Liabilities) Funding Mix (USD mn)



## Overview of Investment Securities<sup>1</sup> – USD 15.6 bn

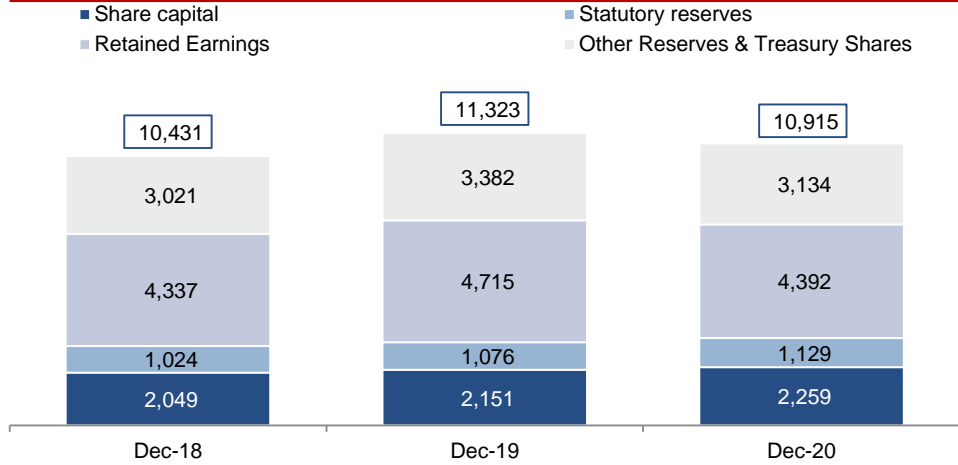
As at 31 December 2020



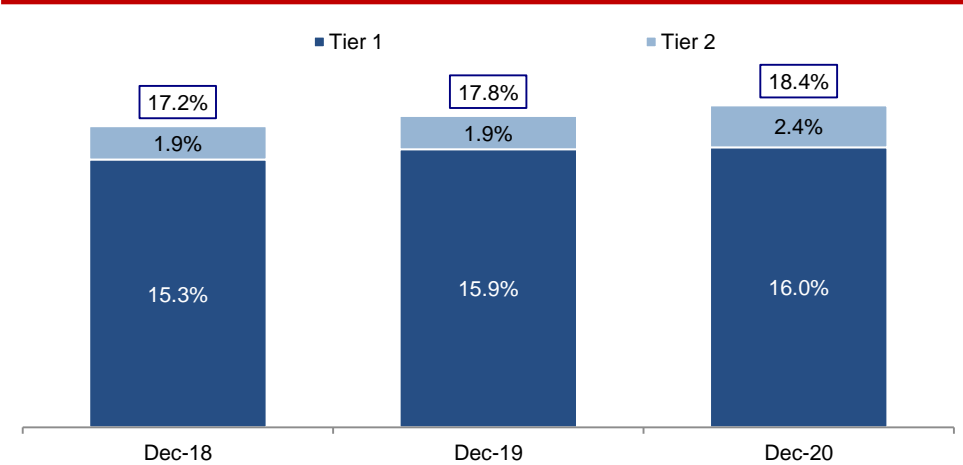
Notes:<sup>1</sup>Excludes investments in Central Bank of Kuwait Bonds and Kuwait Government Treasury Bonds

# Capitalization and Asset Quality

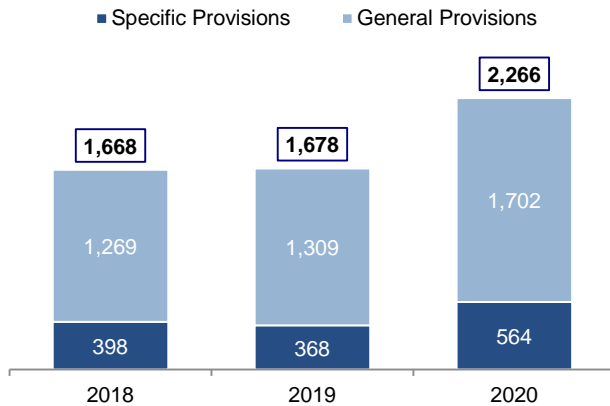
### Total Equity<sup>1</sup> Breakdown (USD mn)



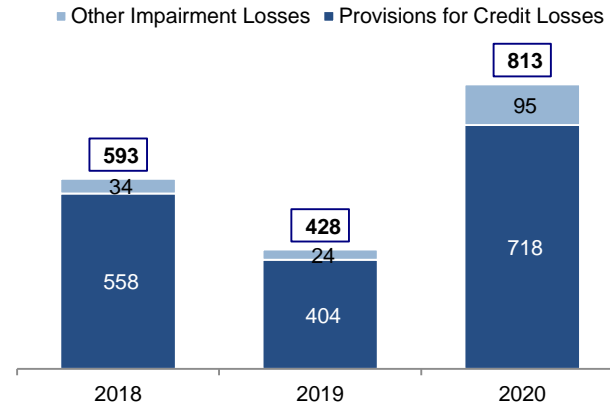
### Prudent capitalization (%)



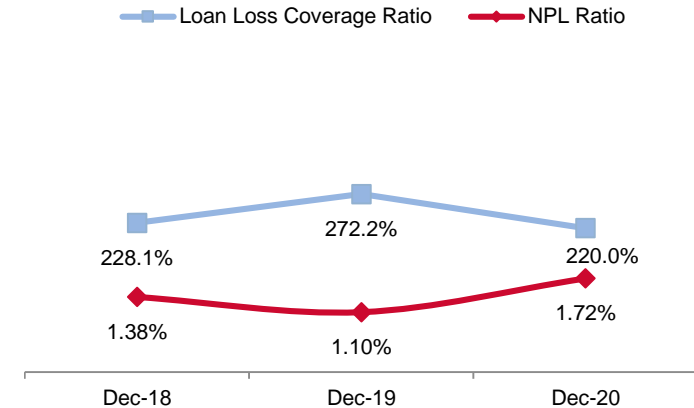
### Prudent Provisioning (USD mn)



### Provisions and Impairments (USD mn)



### Asset Quality Ratios (%)



# Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

Operating Environment

Section 4

Financial Performance Highlights

Section 5

Appendix

# Kuwait Selected Mega Projects

Project	Sector	Value (KD bn)	Scope	Status
South Al Mutlaa City	Housing	2.33	30,000 residential units, schools and other facilities	<b>Underway:</b> The infrastructure works have progressed up to 93% on Plots N2 & N3 and up to 67% on Plots N1 & N4. Construction works have commenced on water distribution network.
Jahra & Sulaibiya Low Cost Housing City	Housing	0.6	Low cost housing project north of Kuwait City; 824 Hectares	<b>Underway:</b> Progress at 11%. Infrastructure works contract awarded and expected to complete in May 2021. Project is scheduled to complete in 2030. Project was in the execution stage as per latest update in May 2020.
New Refinery Project (NRP)	Oil & gas	3.90	New 615,000 bpd refinery by KNPC	<b>Underway:</b> Progress at 99%. Technology provider appointed. Construction works are complete on P-1 to P-5. The project is to operate by end-2021 from June-2021. Final consultancy contract yet to be awarded.
Clean Fuels Project (CFP)	Oil & gas	3.70	Specification upgrade and expansion of 2 existing refineries to produce 800,000 b/d.	<b>Complete:</b> Overall progress 100%. Construction works completed. Lowest bid for shutdown mechanical maintenance contract submitted for \$312.7 million; yet to be awarded.
Jurassic Non Associated Oil & Gas Reserves Expansion: Phase 2	Oil & gas	1.22	Production of 120,000 b/d of wet crude and more than 300 million cubic feet a day (cf/d) of sour gas	<b>Underway:</b> Progress at 57%. Construction activities completed on West and East Raudhatain field, Sabriyah and Umm Niqa and commissioning is underway. JPF-4 & 5 bid submission deadline extended to 1Q2021 due to travel restrictions in the region. The invitation to bid for JPF-6 and 7 are not yet issued.
Petrochemical Facility at Al-Zour	Oil & gas	2.0	Petrochemical plant to be integrated with Al-Zour refinery.	<b>Planning:</b> FEED works completed. Qualified companies are yet to be shortlisted for all 3 phases. ITB expected by 4Q2021.
LNG Import and Regasification Terminal	Oil & gas	0.80	4 full containment LNG tanks each with a working capacity of 225,500 m <sup>3</sup> and a regasification plant with capacity of 1500 BBTU/day	<b>Underway:</b> Progress at 97%. Dredging works have been completed and undertaken while construction works are still progressing.
Al-Zour North (IWPP) – P2 to P5	Power & water	0.5	1800 MW of power generation capacity and 464,100m <sup>3</sup> /day of desalination capacity	<b>Complete/Planning:</b> Overall progress 55%. P-1 is complete. KAPP shortlisted teams for Transaction Advisory Services contract for P-2 & P-3. P-4 & P-5 are under study.
Al-Khairan Power & Desalination Plant (IWPP)	Power & water	0.51	Net capacity of a min 1,500 MW of power and a min 125 MIGD of desalinated water	<b>Bidding/Planning:</b> KAPP shortlisted teams for Transaction Advisory Services contract . P-2 & P-3 are still in the study phase.
Umm Al Hayman Waste Water (PPP)	Power & water	0.47	Initial treatment capacity of 500,000 m <sup>3</sup> /d. Plant may replace Riqqa WWTP in future	<b>Underway:</b> KAPP signed the award letter and final agreements. Construction works commenced and set to be completed by January 2024.
Kabd Municipal Solid Waste Project	Power & water	0.3	Waste to energy facility; 50% of all the municipal solid waste produced in Kuwait will be processed at the facility	<b>On Hold:</b> The project has been put on hold and the client is likely to cancel the project.
Kuwait Metropolitan Rapid Transit	Transport	5.4	165 km transit line running across Kuwait.	<b>Planning:</b> Feasibility study for the project has been completed and awaits final approval from government to tender.
Airport Expansion (New Passenger Building)	Transport	1.90	To increase the annual handling capacity of the airport to 20 million passengers and new runways and infrastructure expansion	<b>Underway/Planning:</b> Overall progress at 36%. Construction works ongoing on Terminal. P-2 contract for landside works is yet to be awarded. Crossroads contract bid submission deadline extended to 5-May 2020. The main contract tender is yet to be issued on P-1 of Package 1. The Cargo City (Package 4B) is still in its initial stage of development.



# Consolidated financials 2020 (USD million)

<i>Income Statement (USD million)</i>	2019	2020	YoY Growth (%)	<i>Balance sheet (USD million)</i>	Dec-2019	Dec-2020	YoY Growth (%)
Interest Income	3,253	2,496	(23%)	Cash and short term funds	12,489	12,872	3%
Interest Expense	1,390	880	(37%)	Central Bank of Kuwait bonds	2,715	2,738	1%
<b>Net Interest Income</b>	<b>1,863</b>	<b>1,617</b>	<b>(13%)</b>	Kuwait Government Treasury bonds	2,184	1,527	(30%)
Murabaha and other Islamic financing income	697	742	7%	Deposits with banks	6,295	3,388	(46%)
Distribution to depositors and Murabaha costs	287	270	(6%)	Loans, advances and Islamic financing to customers	54,584	57,722	6%
<b>Net Income from Islamic financing</b>	<b>410</b>	<b>472</b>	<b>15%</b>	Investment securities	13,898	15,594	12%
<b>NI and NI from Islamic financing</b>	<b>2,273</b>	<b>2,089</b>	<b>(8%)</b>	Investment in associates	116	17	(85%)
Net fees and commissions	518	481	(7%)	Land, premises and equipment	1,430	1,408	(2%)
Net investment income	28	7	(76%)	Goodwill and other intangible assets	1,922	1,919	0%
Net gains from dealing in foreign currencies	130	126	(3%)	Other assets	891	812	(9%)
Other operating income	5	75	NM	<b>Total Assets</b>	<b>96,524</b>	<b>97,996</b>	<b>2%</b>
<b>Non-interest income</b>	<b>680</b>	<b>689</b>	<b>1%</b>	Due to banks and other financial institutions	25,002	19,725	(21%)
<b>Net Operating Income</b>	<b>2,953</b>	<b>2,778</b>	<b>(6%)</b>	Customer deposits	52,533	56,403	7%
Staff expenses	579	575	(1%)	Certificates of deposit issued	1,776	3,030	71%
Other administrative expenses	326	337	3%	Other borrowed funds	1,161	2,667	NM
Depreciation of premises and equipment	87	110	26%	Other liabilities	2,007	2,516	25%
Amortisation of intangible assets	11	5	(48%)	<b>Total Liabilities</b>	<b>82,478</b>	<b>84,341</b>	<b>2%</b>
<b>Operating Expenses</b>	<b>1,003</b>	<b>1,027</b>	<b>2%</b>	Share capital	2,151	2,259	5%
<b>Pre-provision profits (and impairments)</b>	<b>1,950</b>	<b>1,751</b>	<b>(10%)</b>	Proposed bonus shares	108	113	5%
Provision charge for credit losses and impairment losses	428	813	90%	Statutory reserve	1,076	1,129	5%
<b>Operating profit before taxation</b>	<b>1,522</b>	<b>938</b>	<b>(38%)</b>	Share premium account	2,648	2,648	0%
Taxation	117	85	(27%)	Treasury shares	(129)	-	NM
Non-controlling interest	81	41	(50%)	Treasury share reserve	83	115	39%
<b>Profit attributable to shareholders of the Bank</b>	<b>1,323</b>	<b>812</b>	<b>(39%)</b>	Other reserves	5,387	4,650	(14%)
				<b>Equity attributable to shareholders</b>	<b>11,323</b>	<b>10,915</b>	<b>(4%)</b>
				Perpetual Tier 1 Capital Securities	1,446	1,446	0%
				Non-controlling interests	1,276	1,295	1%
				<b>Total equity</b>	<b>14,045</b>	<b>13,656</b>	<b>(3%)</b>
				<b>Total liabilities and equity</b>	<b>96,524</b>	<b>97,996</b>	<b>2%</b>

# Consolidated Statement Of Income *(USD million)*

<i>USD million</i>	2018	2019	2020
Interest Income	2,959	3,253	2,496
Interest Expense	1,091	1,390	880
<b>Net Interest Income</b>	<b>1,868</b>	<b>1,863</b>	<b>1,617</b>
Murabaha and other Islamic financing income	614	697	742
Finance cost and Distribution to depositors	204	287	270
<b>Net Income from Islamic financing</b>	<b>409</b>	<b>410</b>	<b>472</b>
<b>Net interest income and net income from Islamic financing</b>	<b>2,277</b>	<b>2,273</b>	<b>2,089</b>
Net fees and commissions	495	518	481
Net investment income	7	28	7
Net gains from dealing in foreign currencies	129	130	126
Other operating income	5	5	75
<b>Non-interest income</b>	<b>636</b>	<b>680</b>	<b>689</b>
<b>Net Operating Income</b>	<b>2,913</b>	<b>2,953</b>	<b>2,778</b>
Staff expenses	528	579	575
Other administrative expenses	325	326	337
Depreciation of premises and equipment	48	87	110
Amortisation of intangible assets	10	11	5
<b>Operating Expenses</b>	<b>911</b>	<b>1,003</b>	<b>1,027</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>2,001</b>	<b>1,950</b>	<b>1,751</b>
Provision charge for credit losses	558	404	718
Impairment losses	34	24	95
<b>Operating profit before taxation</b>	<b>1,409</b>	<b>1,522</b>	<b>938</b>
Taxation	110	117	85
Non-controlling interest	77	81	41
<b>Profit attributable to shareholders of the Bank</b>	<b>1,222</b>	<b>1,323</b>	<b>812</b>

# Consolidated Statement Of Financial Position *(USD million)*

<i>USD million</i>	2018	2019	2020
Cash and short term funds	9,783	12,489	12,782
Central Bank of Kuwait bonds	2,671	2,715	2,738
Kuwait Government treasury bonds	2,876	2,184	1,527
Deposits with banks	7,796	6,295	3,388
Loans, advances and Islamic financing to customers	51,124	54,584	57,722
Investment securities	12,129	13,898	15,594
Investment in associates	104	116	17
Land, premises and equipment	1,196	1,430	1,408
Goodwill and other intangible assets	1,909	1,922	1,919
Other assets	859	891	812
<b>Total Assets</b>	<b>90,447</b>	<b>96,524</b>	<b>97,996</b>
Due to banks and other financial institutions	26,679	25,002	19,725
Customer deposits	47,449	52,533	56,403
Certificates of deposit issued	1,488	1,776	3,030
Other borrowed funds	1,137	1,161	2,667
Other liabilities	1,488	2,007	2,516
<b>Total Liabilities</b>	<b>78,241</b>	<b>82,478</b>	<b>84,341</b>
Share capital	2,049	2,151	2,259
Proposed bonus shares	102	108	113
Statutory reserve	1,024	1,076	1,129
Share premium account	2,648	2,648	2,648
Treasury shares	(216)	(129)	-
Treasury share reserve	46	83	115
Other reserves	4,777	5,387	4,650
<b>Equity attributable to shareholders of the bank</b>	<b>10,431</b>	<b>11,323</b>	<b>10,915</b>
Perpetual Tier 1 Capital Securities	695	1,446	1,446
Non-controlling interests	1,079	1,276	1,295
<b>Total equity</b>	<b>12,205</b>	<b>14,045</b>	<b>13,656</b>
<b>Total liabilities and equity</b>	<b>90,447</b>	<b>96,524</b>	<b>97,996</b>



## Contact

### Contact Investor Relations

E: [Investor-Relations@nbk.com](mailto:Investor-Relations@nbk.com)

National Bank of Kuwait (NBK)  
PO Box 95, 13001 Safat Kuwait  
Al Shuhada Street, Block 7, Sharq  
State of Kuwait

### Useful information

Download copies of NBK's:

- [Financial statements](#)
- [Earnings release](#)
- [Annual report](#)



# National Bank of Kuwait

## Investor Presentation

January 2021