



National Bank of Kuwait

Investor Presentation

3Q/9M 2024 Earnings Call

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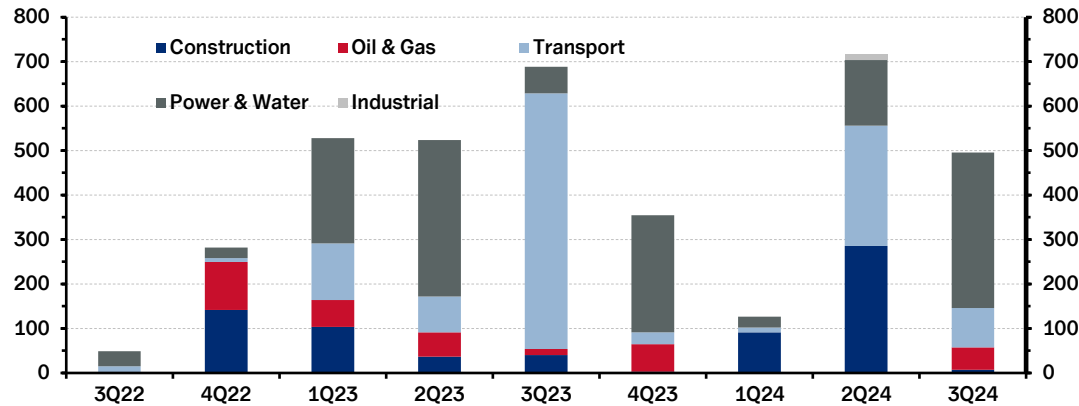
Key Economic Highlights

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



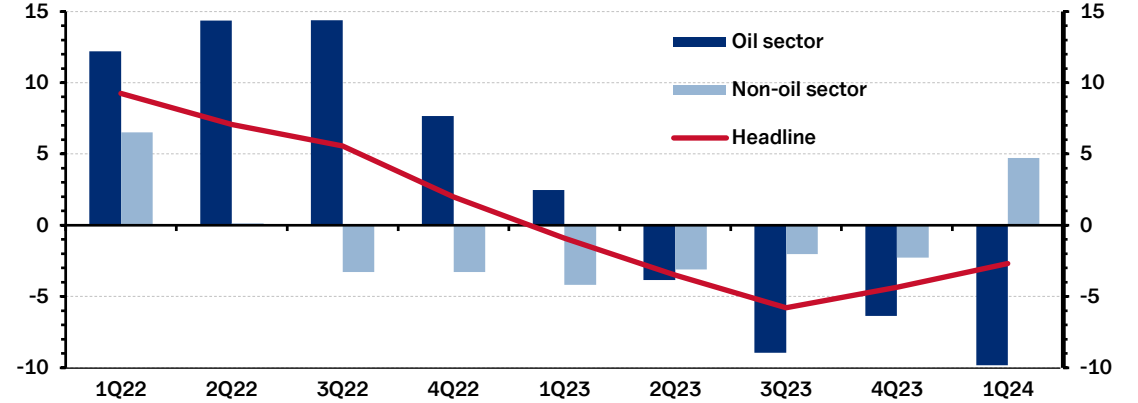
Oil market volatility persisted in Q3 2024. ICE Brent closed Q3 2024 down 17% q/q at \$71.8/bbl. Weighing on prices were lingering oil demand concerns, stemming especially from China – which influenced OPEC’s decision to delay output hikes until December 2024 – and easing geopolitical risk, which has since risen amid the escalating Israel-Iran conflict. Brent was ranging around \$74 as of mid-October.

Project Awards² (KD million)



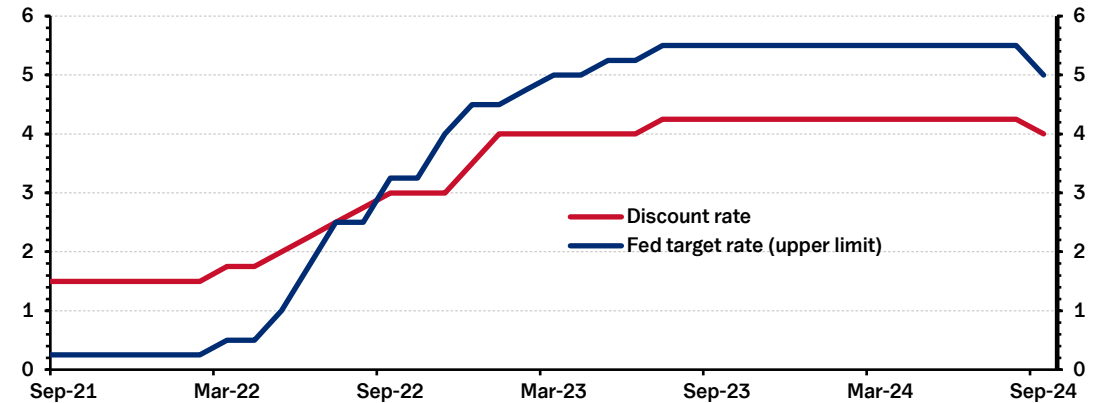
Project awards (value) momentum slowed in Q3 2024, totaling KD580mn (-19% q/q; -17% y/y), mainly supported by power & water sector-related projects and infrastructure works on new cities.

Real GDP Growth¹ (% y/y)



Non-oil GDP growth registered a sharp improvement in Q1 2024, rebounding by 4.7% y/y (+2.5% q/q) on the back of solid growth in manufacturing (including oil refining), retail and ‘other services’ (real estate). Also helping were favorable base effects. Oil sector and headline growth came in at -9.8% y/y and -2.7% y/y, respectively.

Kuwait Discount Rate³ (%)



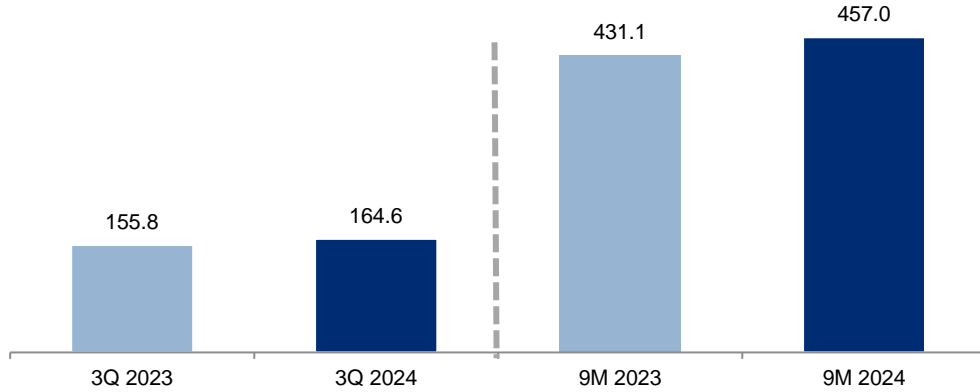
The CBK lowered its key policy rate by 25 bps to 4% in September, taking its cue from the US Fed. This marks the first interest rate move since July 2023. The CBK, having raised rates half as aggressively as the US Fed, will likely cut at a slower pace as the monetary easing cycle progresses.

Sources: ¹ CSB, NBK estimates; ² MEED Projects; ³ As per latest Central Bank of Kuwait (CBK) rate hike on 18/09/2024;

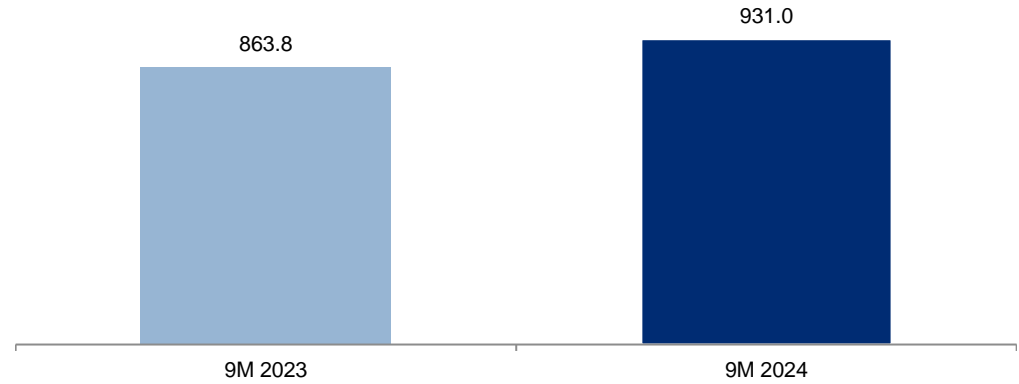


Operating Performance & Profitability

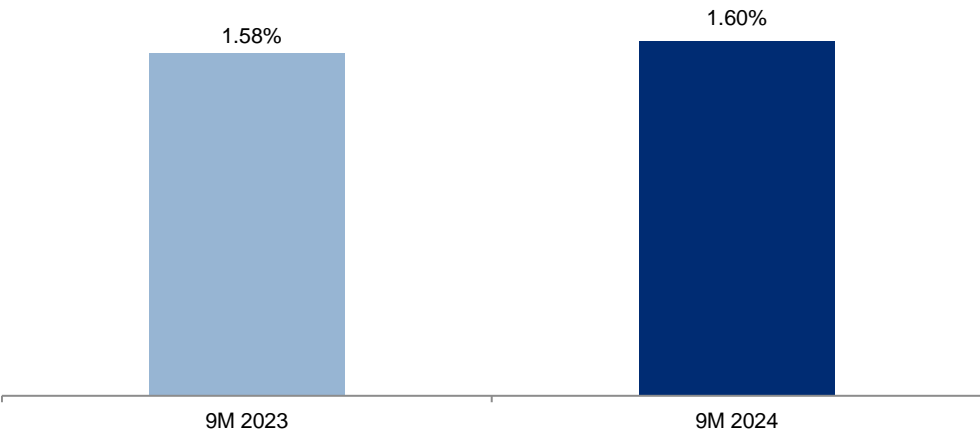
Net Profit (KDm)



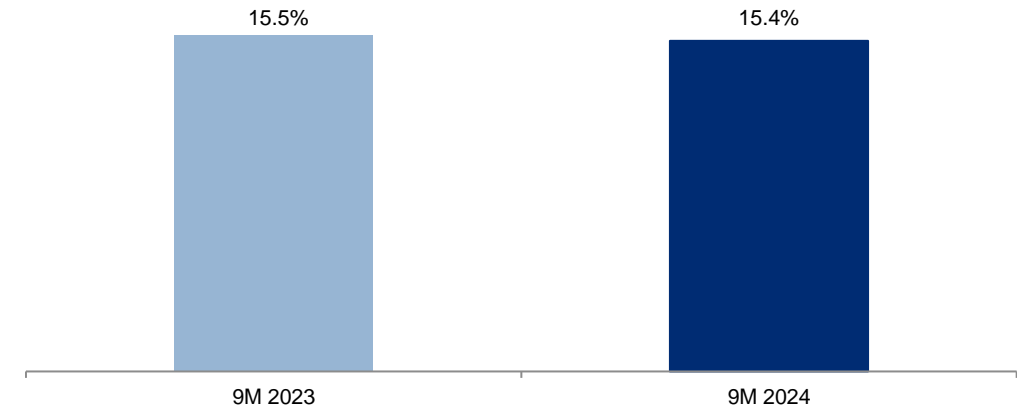
Net Operating Income (KDm)



Return on Average Assets

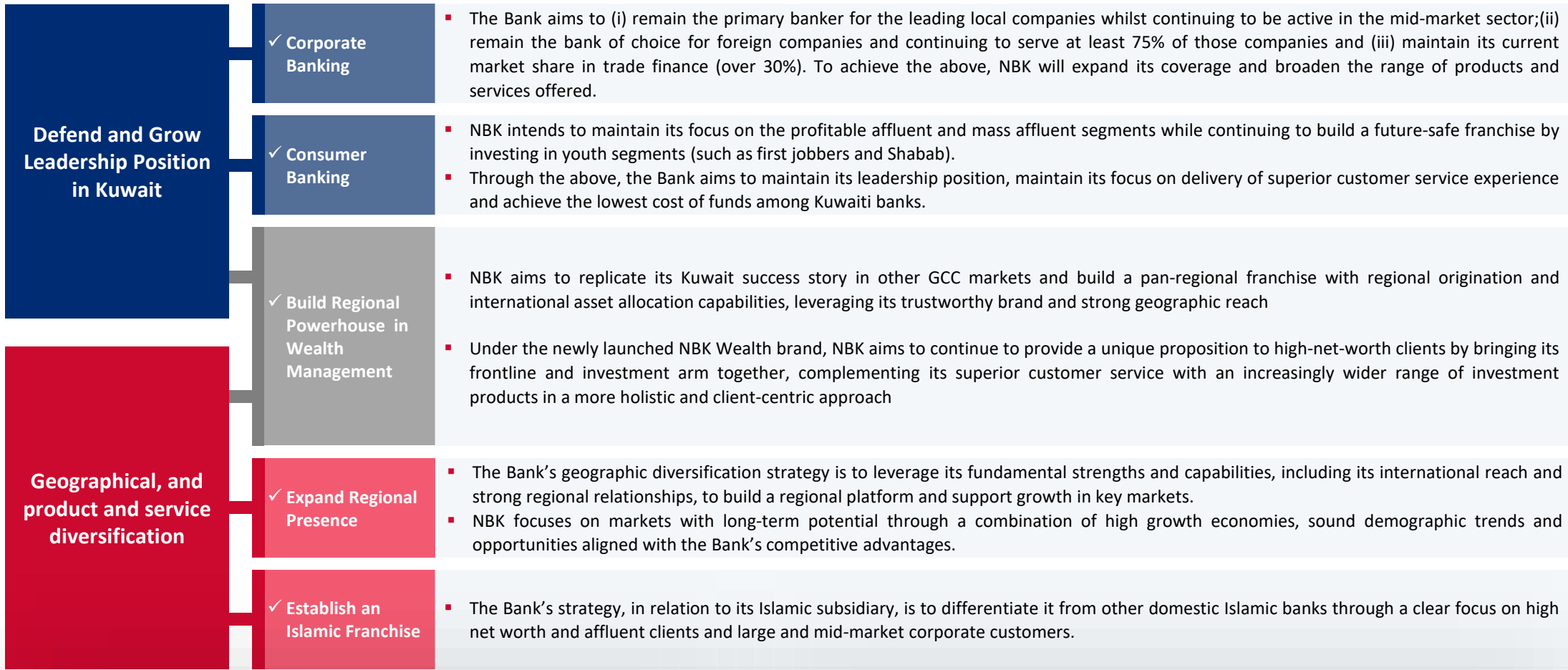


Return on Average Equity





NBK's Strategy



Digital Transformation

ESG Transition

NBK ESG Strategy Framework

Ambition

To support the transition to a sustainable economy and become a role model in our own transformation.

Strategic Initiatives

- Support the transition to a low carbon economy by delivering on our net zero ambitions.
- Capitalize on sustainable business opportunities and develop a best-in-class Sustainable Finance proposition.
- Engage with our clients to accelerate their transition plans and support them in achieving their net zero ambitions.
- Embed ESG across our supply chain.



Ambition

To drive sustainable business growth achieved through organizational resilience.

Strategic Initiatives

- Promote diversity, equity, and inclusion in the workplace.
- Promote group-wide ESG transformation through enhanced employee engagement and development programs.
- Cultivate and retain local talent by providing rewarding career development opportunities.
- Establish a digital and agile work environment.



STRATEGY PILLARS



Ambition

To commit to the highest standards of governance by embedding ESG across the Group.

Strategic Initiatives

- Build and implement the highest standards of ESG governance and accountability.
- Enhance stakeholder engagement, emphasizing our ESG narrative and commitments.
- Develop economic, environmental, and social risk resilience.



Ambition

To deliver a positive impact on the communities we serve.

Strategic Initiatives

- Empower communities to achieve financial independence, confidence, and security.
- Continued and enhanced focus to providing optimal customer experience and service excellence.
- Support national development plans to promote and nurture local talent.
- Expand our community investment efforts for optimal impact.
- Support equitable community and economic development.



The Fundamental Guiding Forces of NBK's ESG Journey

ESG Ratings*



SUSTAINALYTICS

NBK's score improved to 27.1 – Medium Risk, up from 27.4

MSCI
ESG RATINGS



MSCI upgraded NBK ESG ratings to 'BBB' in August 2023



"C" score for 2023 for both the Climate Change and Forests Categories



Listed on FTSE Arab Federation of Capital Markets Low Carbon Select Index



FTSE4Good

Constituent of the FTSE4Good Index Series

S&P Global

NBK scored 39/100 in S&P Global rating



NBK Headquarters awarded the Gold LEED Certification

ESG Governance

- A Board approved ESG Governance Structure and Framework that assigns ESG responsibility across members of the Executive Management.
- A Sustainability and Climate Change (S&CC) Committee, chaired by the Vice Chairman and Group CEO and with direct Board oversight.
- Under the jurisdiction of the S&CC Committee, five sub-committees are established which comprise of members of the Executive Management, assigning them with ESG roles within their relevant areas.
- ESG-specific KPIs have been developed and formalized for the members of the Executive Management.
- The sub-committees are responsible for monitoring the progress of NBK's net zero emission pathways, establishing ESG governance and risk management controls across operations and portfolios, cultivating an ESG culture across the Group, maximizing social impact and community engagement, as well as evaluating and endorsing all new proposed use of proceeds of green bonds and other sustainable finance transactions.

National and Global Frameworks



*Note: ESG ratings are updated to date.



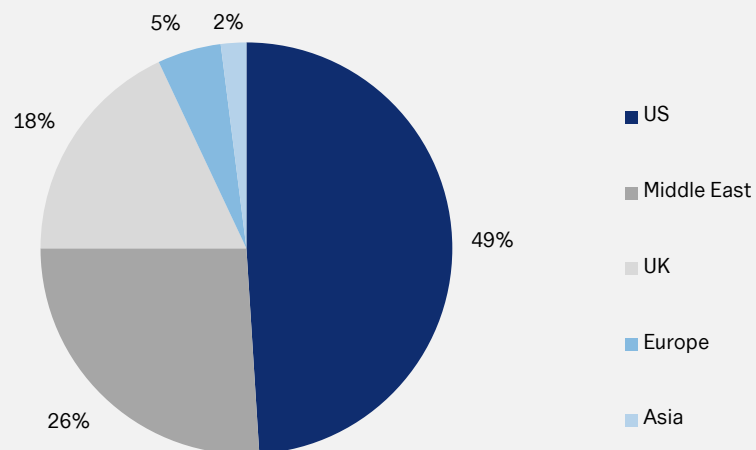
NBK's Debut Green Bond

In June 2024, NBK successfully issued its debut 6NC5 green bond under its Sustainable Financing Framework, raising USD 500 million to support the financing of low-carbon initiatives. By issuing this green bond, NBK strengthens its dedication to environmental stewardship and climate action, aiming to channel and mobilize capital towards a low-carbon economy by focusing on *green projects*. The issuance further supports NBK's ESG ambitions; including achieving carbon neutrality in line with Kuwait's national commitment by 2060.

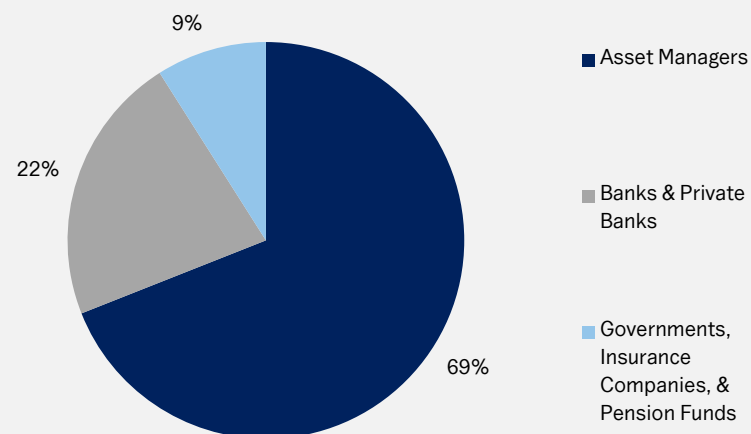
Strong Investor Interest

NBK's issuance saw strong reception from a diverse array of global investors and financial institutions:

Geographic Distribution of Investors (%)



Interest by Investors' Type (%)



Key Highlights

USD 500 million Green Bond


5.5% Coupon Rate

+95 bps over US Treasuries

3x Oversubscribed

First green issuance out of Kuwait

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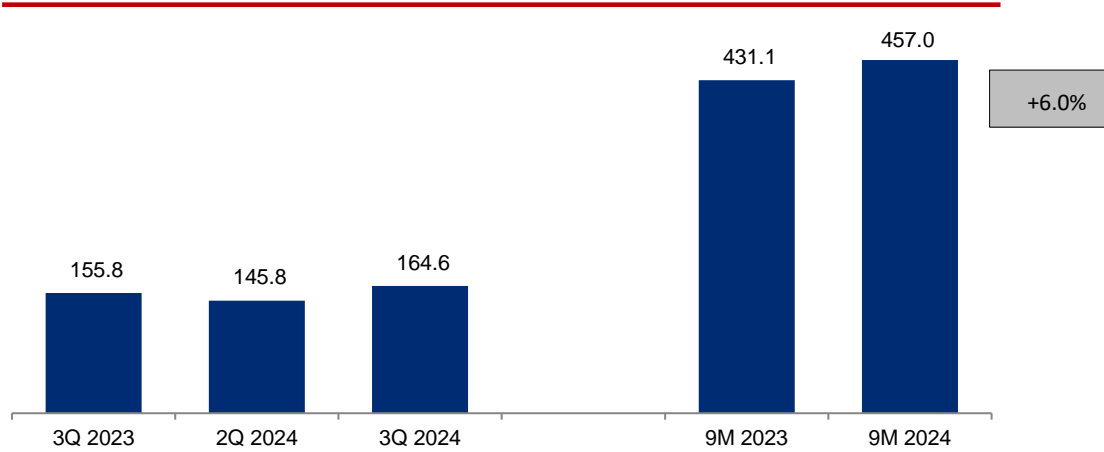


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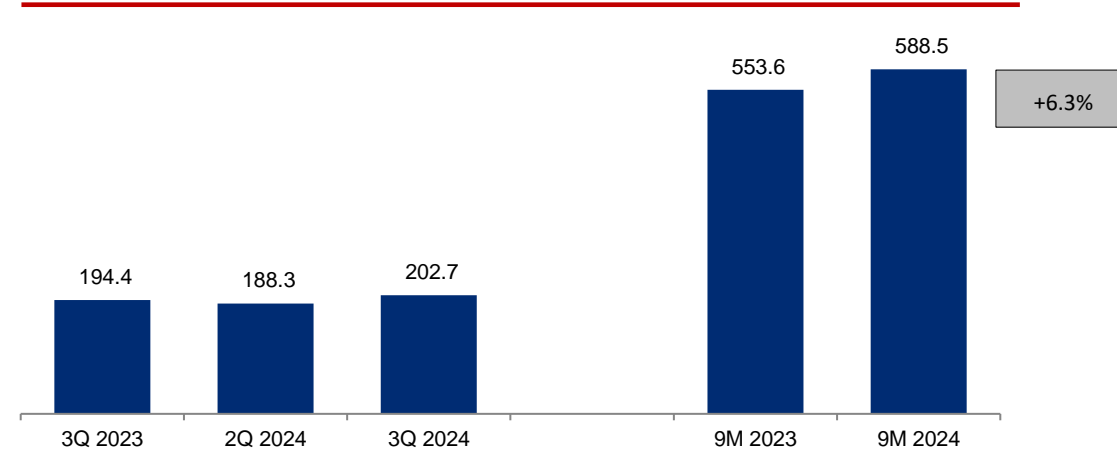


Operating Performance 9M 2024

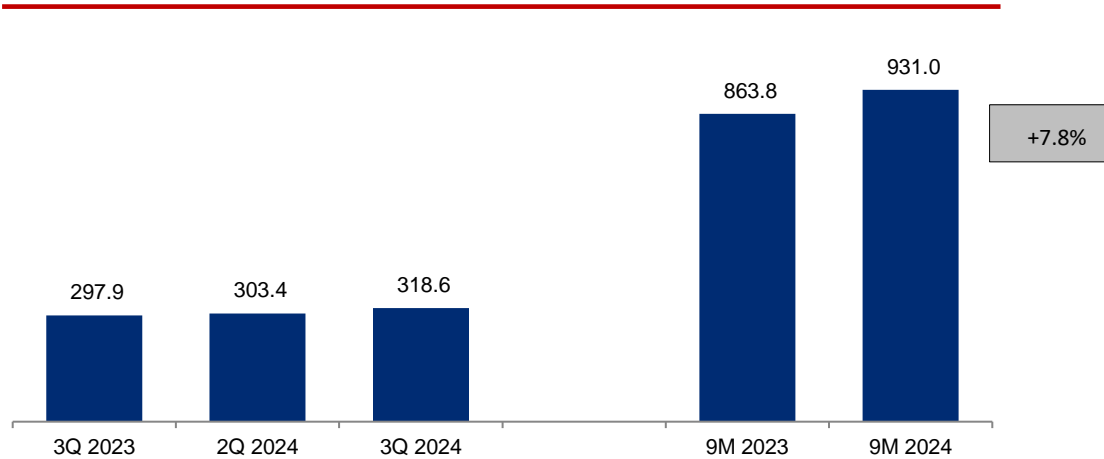
Net Profit (KDm)



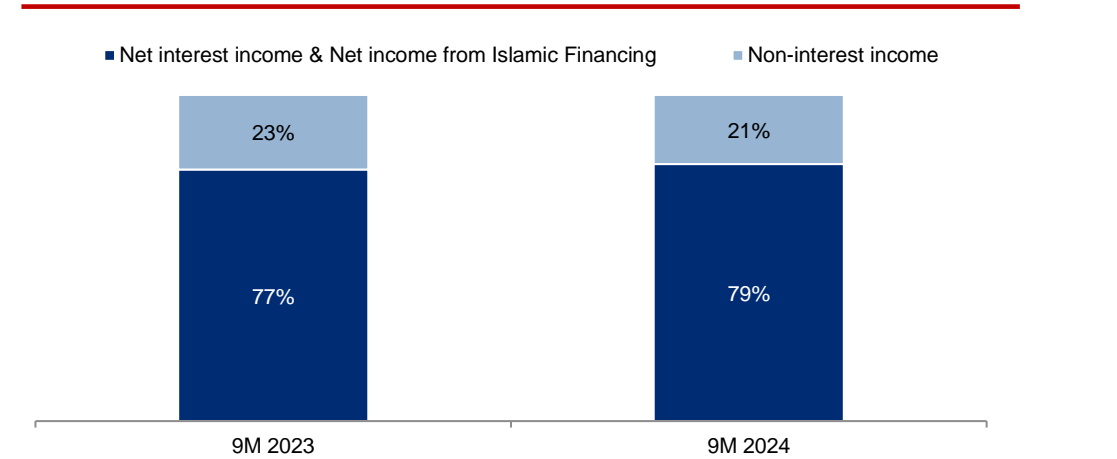
Operating Surplus (KDm)



Net Operating Income (KDm)



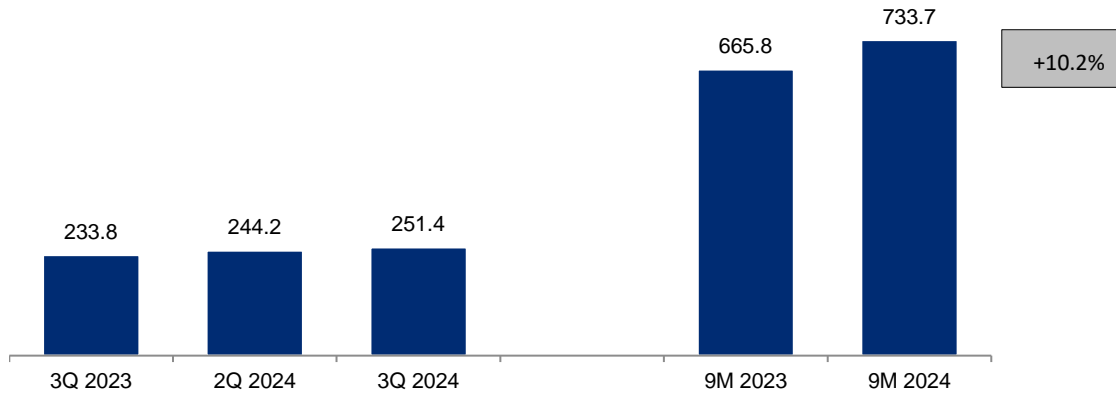
Net Operating Income Mix



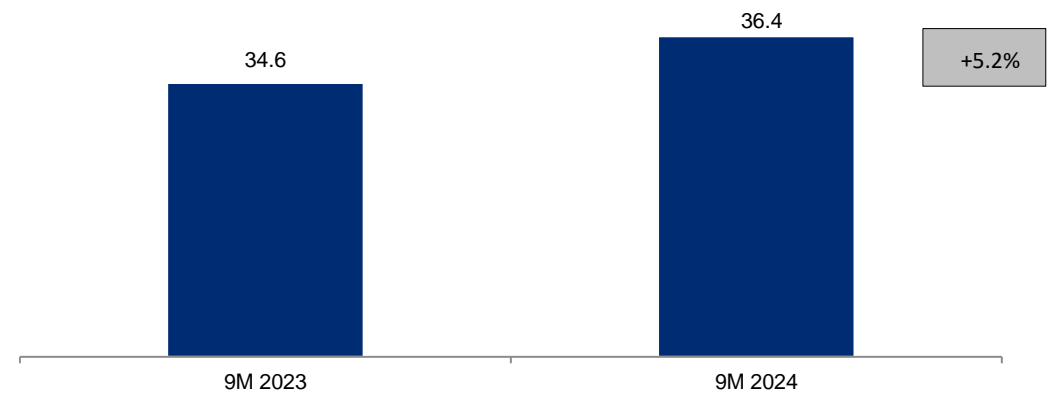


Operating Performance 9M 2024

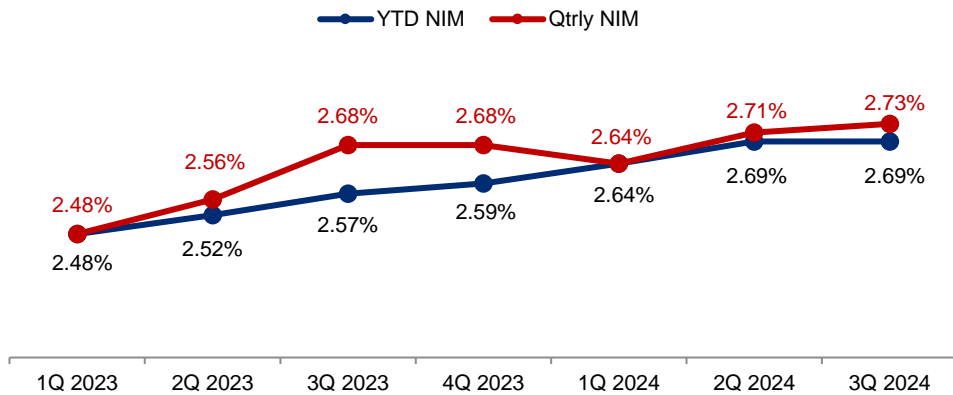
Net Interest Income* (KDm)



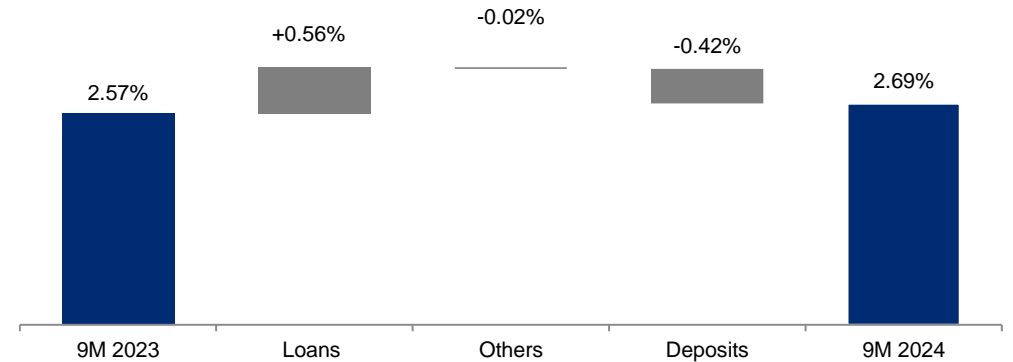
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin Drivers

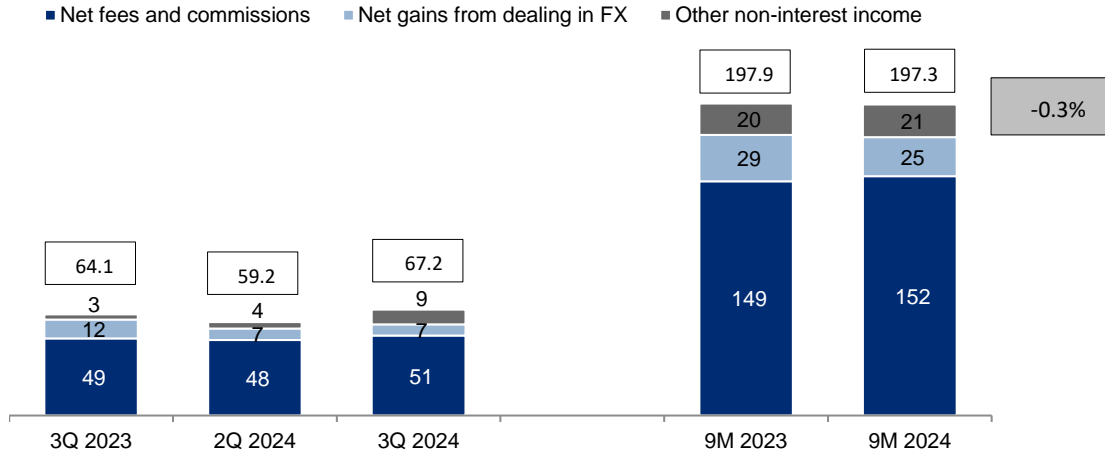


*Includes net interest income and net income from Islamic Financing

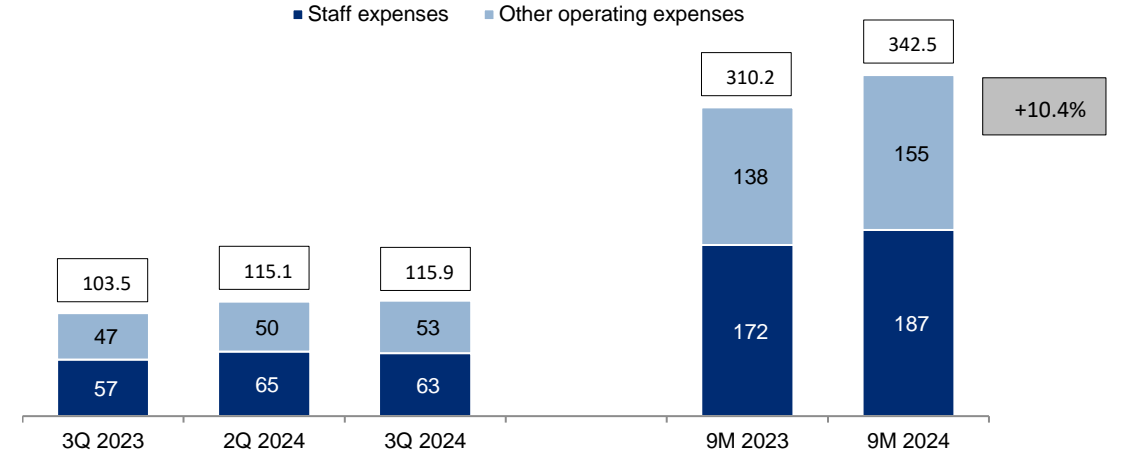


Operating Performance 9M 2024

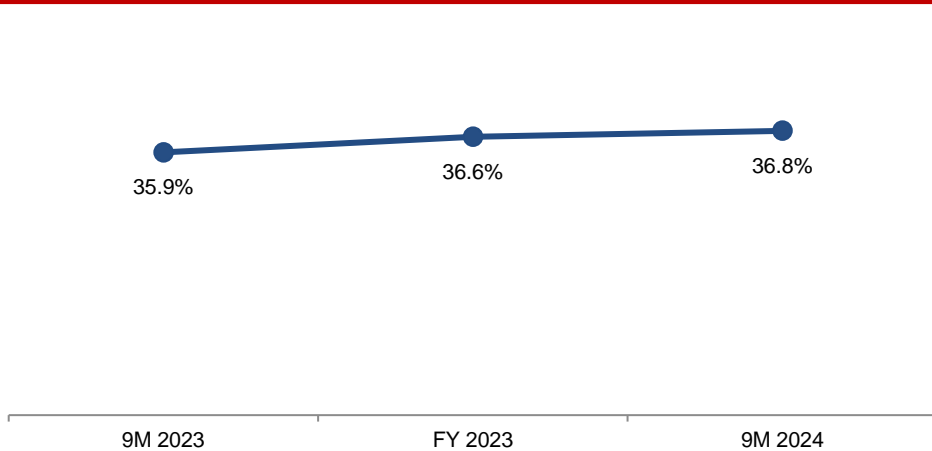
Non-interest income (KDM)



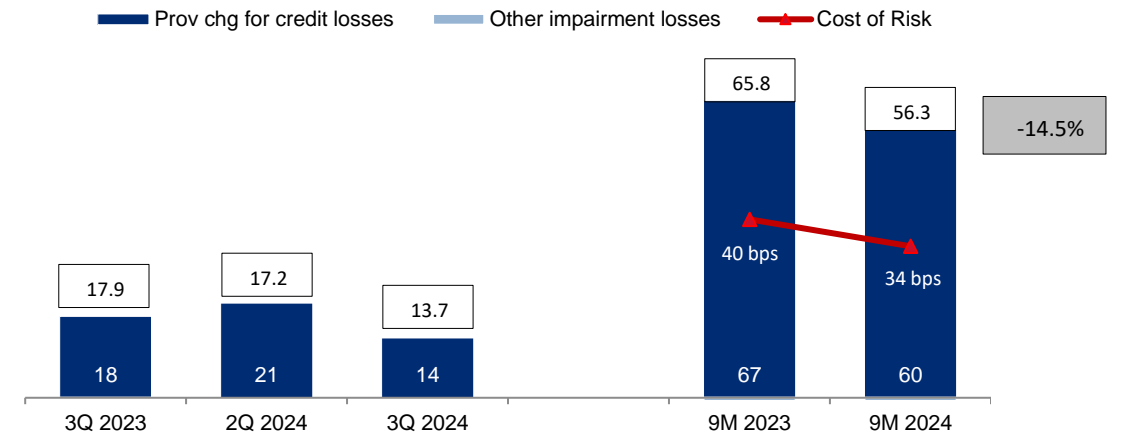
Operating Expenses (KDM)



Cost to Income ratio



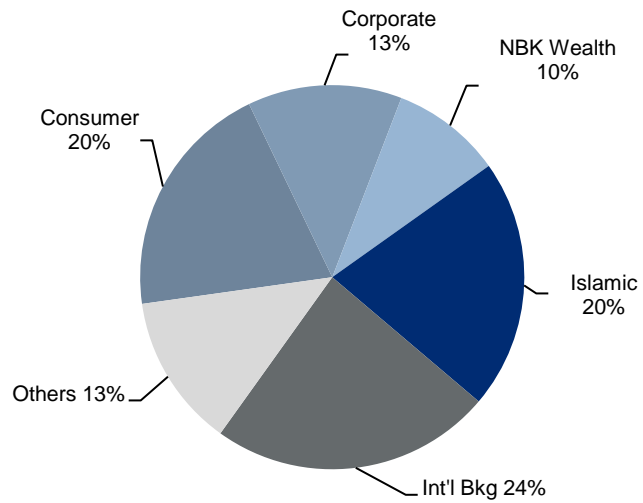
Provisions and Impairments (KDM)



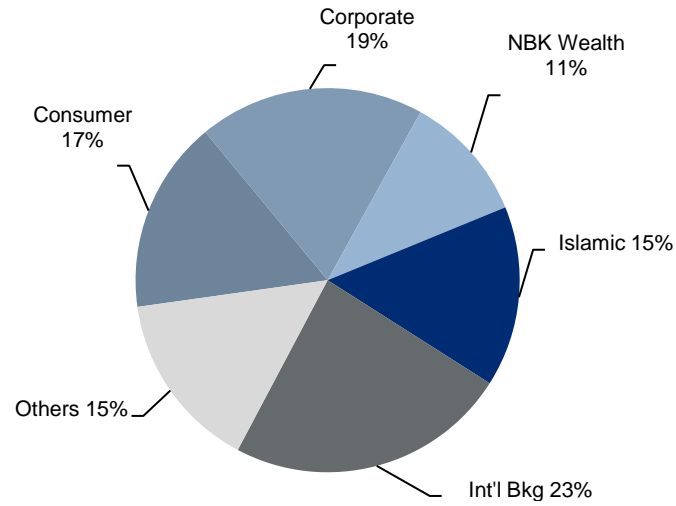


Group Diversification

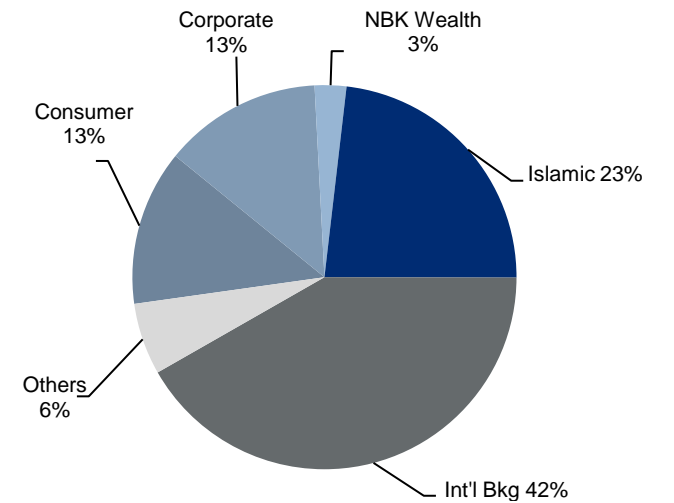
9M24 Op. Income by Business Line (%)



9M24 Net Profit by Business Line (%)



9M24 Total Assets by Business Line (%)

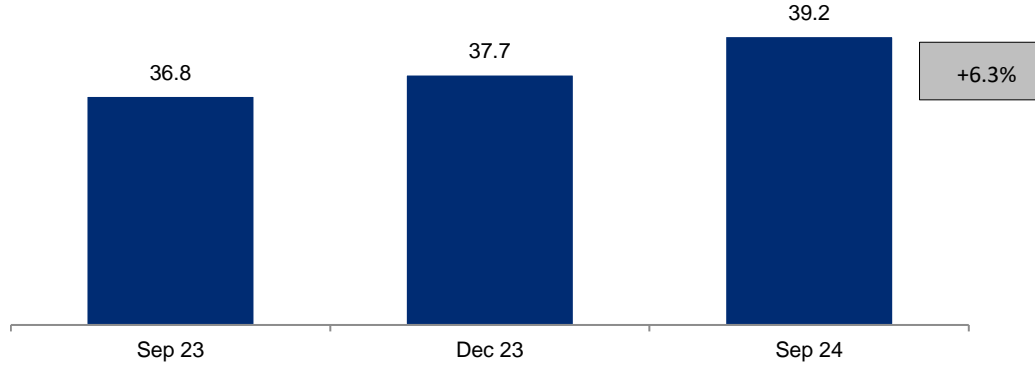


Source: Segment analysis note of 9M24 FS

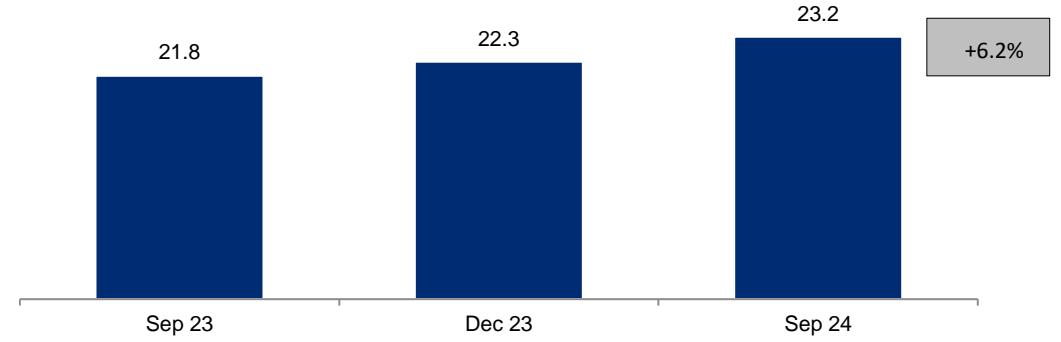


Operating Performance 9M 2024

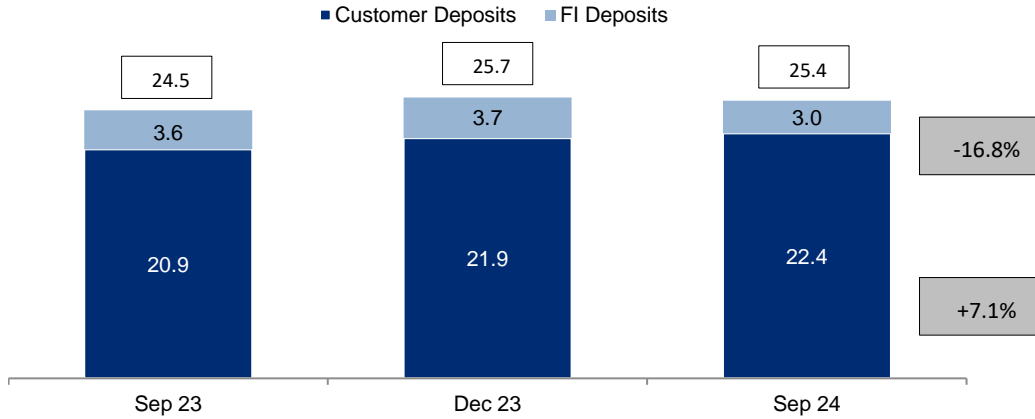
Total Assets (KDbn)



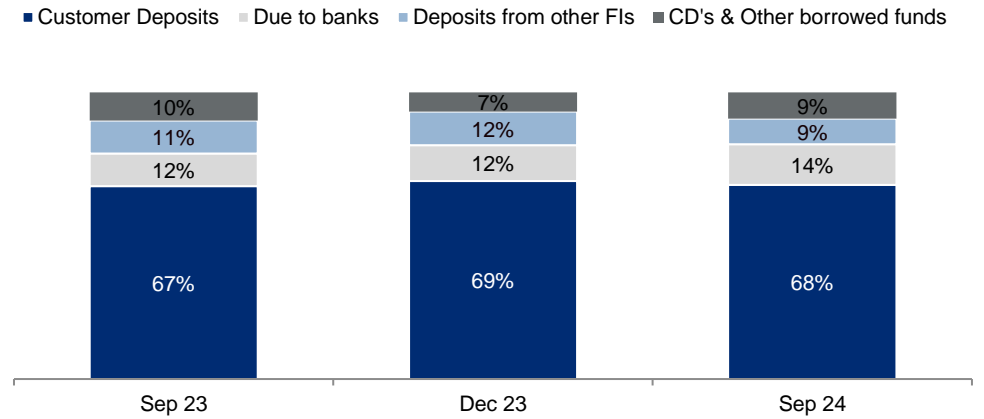
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits* (KDbn)



Funding Mix

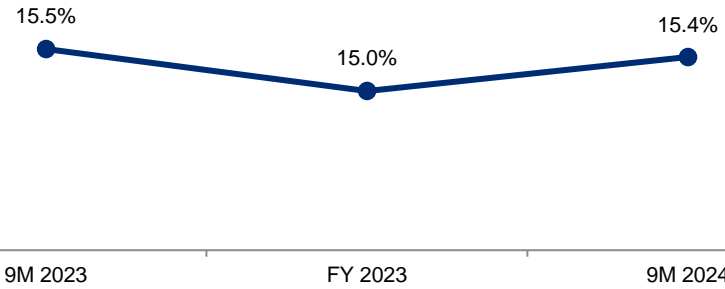


*excludes due to banks

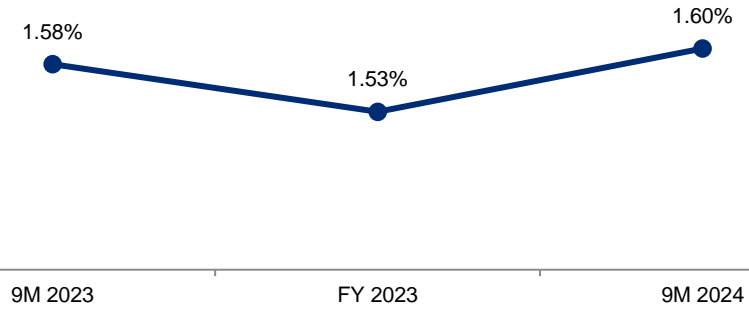


Performance and Asset Quality Ratios 9M 2024

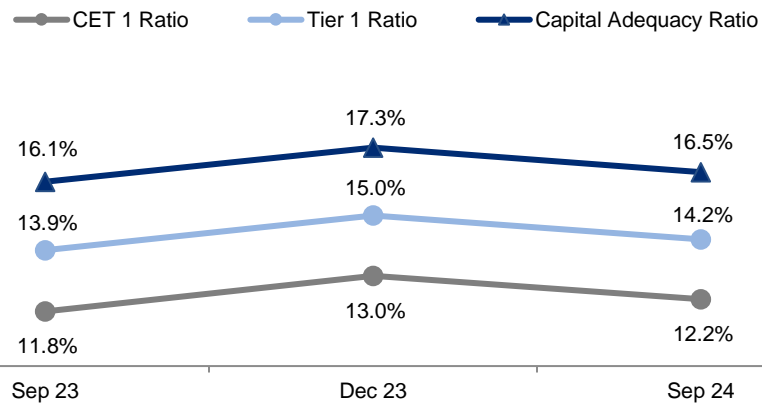
Return on Average Equity



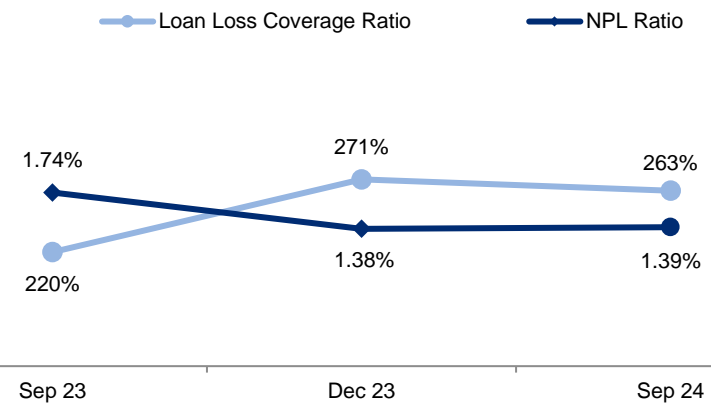
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



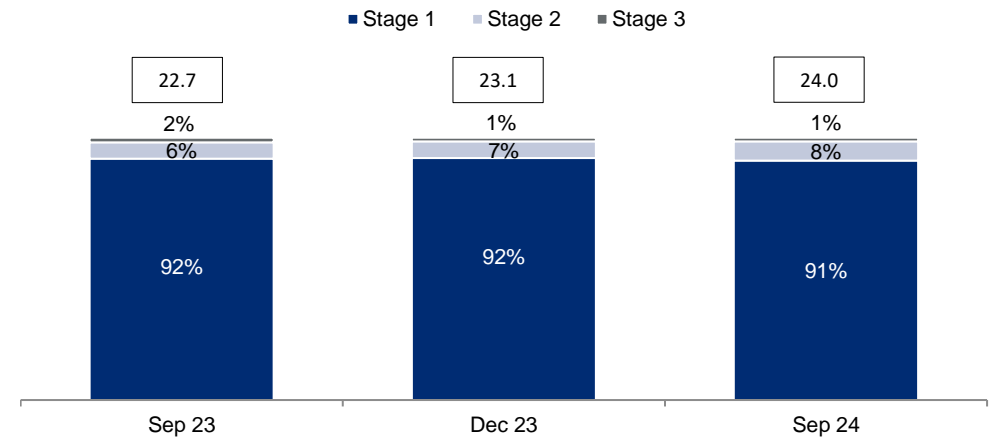


Expected Credit Losses (ECL) 9M 2024

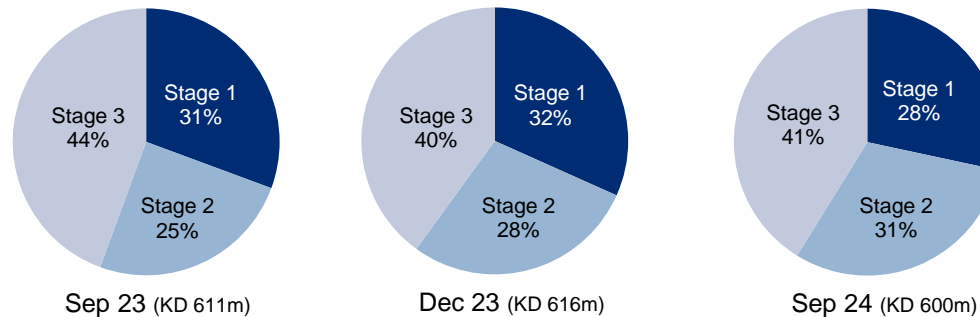
Financial Statements ECL Disclosure (KDm)

30 September 2024	Stage 1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	21,954	1,746	335	24,035
Contingent liabilities	4,473	734	16	5,223
Commitments (revocable and irrevocable) to extend credit	9,294	869	7	10,171
ECL allowance for credit facilities	170	183	247	600

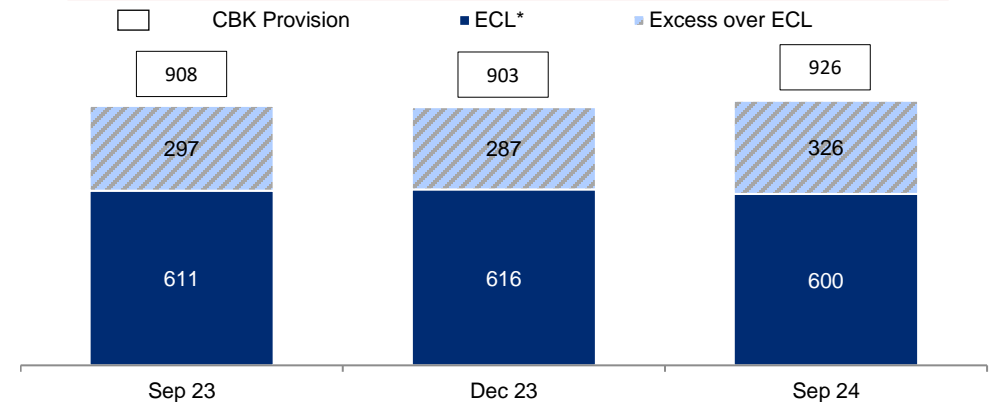
Total Gross Loans (KDbn)



ECL Allowance for Credit Facilities



CBK Credit Provisions vs IFRS 9 ECL (KDm)



* ECLs as per CBK guidelines



2024 Guidance

	FY 2023	9M 2024	2024 Guidance
Loan Growth (ytd)	+6.1%	+3.9%	Mid Single Digit Growth
NIM	2.59%	2.69%	Similar to 9M 2024
Cost to Income ratio	36.6%	36.8%	High 30s
Cost of Risk	<i>36bps</i>	<i>34 bps</i>	<i>35 – 40 bps</i>
Earnings (yoy)	<i>+10.1%</i>	<i>+6.0%</i>	
Capital Adequacy	<i>17.3%</i>	<i>16.5%</i>	

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Consolidated Statement Of Income *(KDm)*

<i>KDm</i>	9M 2023	9M 2024	YoY Growth (%)
Interest Income	1,185	1,354	14%
Interest Expense	652	774	19%
Net Interest Income	533	580	9%
Murabaha and other Islamic financing income	295	344	17%
Finance cost and Distribution to depositors	162	190	18%
Net Income from Islamic financing	133	153	15%
Net interest income and net income from Islamic financing	666	734	10%
Net fees and commissions	149	152	2%
Net investment income	19	19	1%
Net gains from dealing in foreign currencies	29	25	(16%)
Other operating income	1	2	76%
Non-interest income	198	197	0%
Net Operating Income	864	931	8%
Staff expenses	172	187	9%
Other administrative expenses	104	119	15%
Depreciation of premises and equipment	33	35	6%
Amortisation of intangible assets	1	1	0%
Operating Expenses	310	342	10%
Op. profit before provision for credit losses and impairment losses	554	589	6%
Provision charge for credit losses and impairment losses	66	56	(14%)
Operating profit before taxation and directors' remuneration	488	532	9%
Taxation	37	46	26%
Non-controlling interests	20	29	44%
Profit attributable to shareholders of the Bank	431	457	6%



Consolidated Statement Of Financial Position *(KDm)*

<i>KDm</i>	September-2023	September-2024	YoY Growth %
Cash and short term funds	3,639	4,347	19%
Central Bank of Kuwait bonds	862	638	(26%)
Kuwait Government treasury bonds	191	149	(22%)
Deposits with banks	2,080	1,705	(18%)
Loans, advances and Islamic financing to customers	21,797	23,154	6%
Investment securities	6,314	7,405	17%
Land, premises and equipment	497	509	2%
Goodwill and other intangible assets	529	507	(4%)
Other assets	926	744	(20%)
Total Assets	36,835	39,157	6%
Due to banks	3,571	4,688	31%
Deposits from other financial institutions	3,559	2,962	(17%)
Customer deposits	20,934	22,413	7%
Certificates of deposit issued	1,750	1,624	(7%)
Other borrowed funds	1,336	1,421	6%
Other liabilities	920	1,029	12%
Total Liabilities	32,070	34,138	6%
Share capital	793	833	5%
Proposed bonus shares	-	-	NM
Statutory reserve	378	396	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,742	1,917	10%
Equity attributable to shareholders of the bank	3,751	3,984	6%
Perpetual Tier 1 Capital Securities	439	439	0%
Non-controlling interests	576	596	4%
Total equity	4,765	5,019	5%
Total liabilities and equity	36,835	39,157	6%



Performance Measures 9M 2024

	September-2023	September-2024
Return on Average Assets	1.58%	1.60%
Return on Average Equity	15.5%	15.4%
Net Interest Margin	2.57%	2.69%
Cost to Income	35.9%	36.8%
NPLs to Gross Loans	1.74%	1.39%
Loan Loss Reserves to NPLs	220%	263%
CET 1 Ratio	11.8%	12.2%
Tier 1 Ratio	13.9%	14.2%
Total Capital Adequacy Ratio	16.1%	16.5%

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Questions?



Thank You



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