



# National Bank of Kuwait

## Investor Presentation

3Q/9M 2023 Earnings Call

# 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



<b>Section 1</b>	<b>Vice Chairman and Group CEO Opening Remarks</b>
<b>Section 2</b>	Financial Performance
<b>Section 3</b>	Appendix
<b>Section 4</b>	Questions



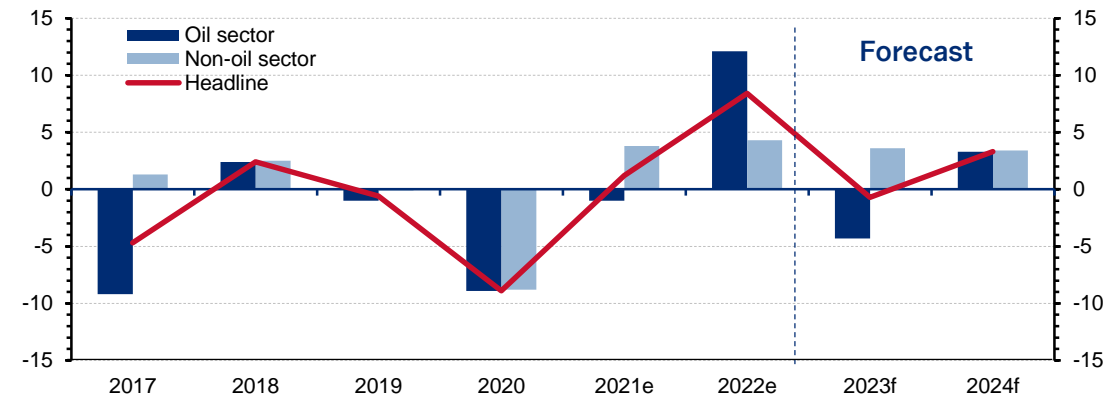
# Key Economic Highlights

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



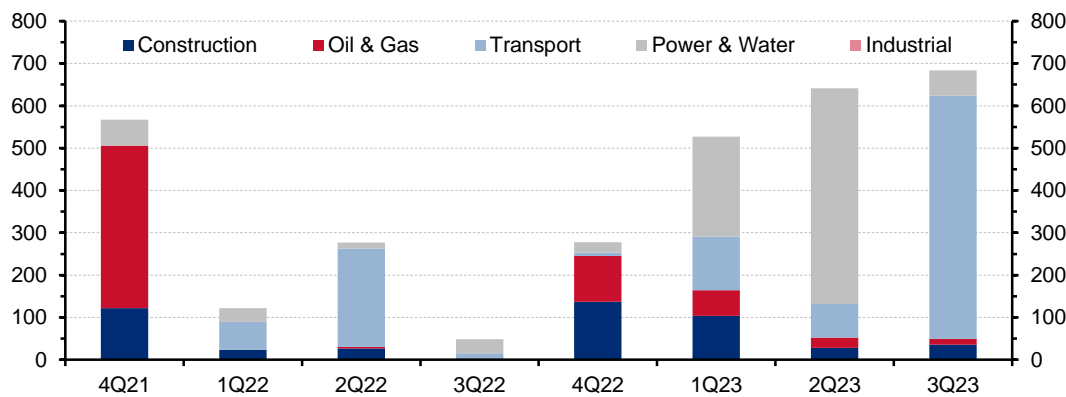
Oil prices continue to increase, driven by tightening oil market fundamentals amid still resilient economic activity and with oil's geopolitical risk premium resurface.

Real GDP Growth<sup>1</sup> (% y/y)



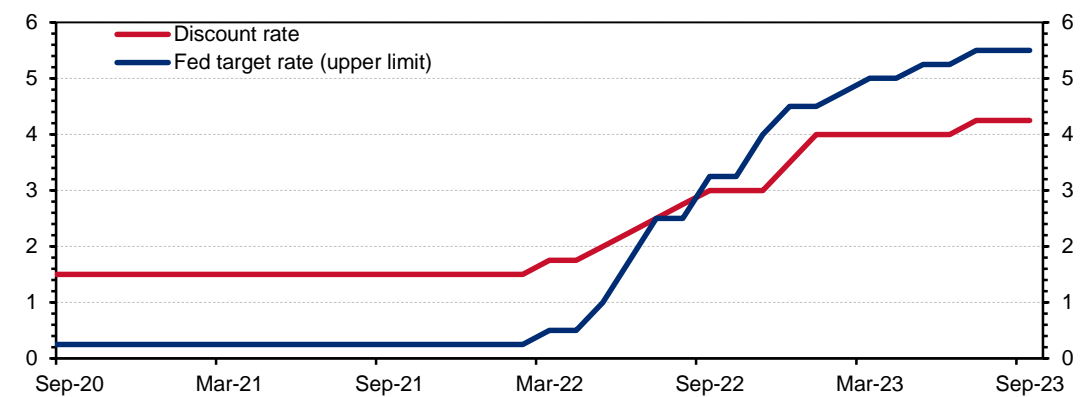
With oil production capped by OPEC+ policy obligations, non-oil GDP gains of 3.5% y/y (including refining) on average are driving economic growth in 2023.

Project Awards<sup>2</sup> (KD million)



Projects activity strengthened in Q3 2023 as the value of awarded projects, largely transport-related, rose to a 7-year high of KD683m. With a cumulative KD1.86 bn to end-Sep, awards this year have far exceeded 2022 levels.

Kuwait Discount Rate<sup>3</sup> (%)



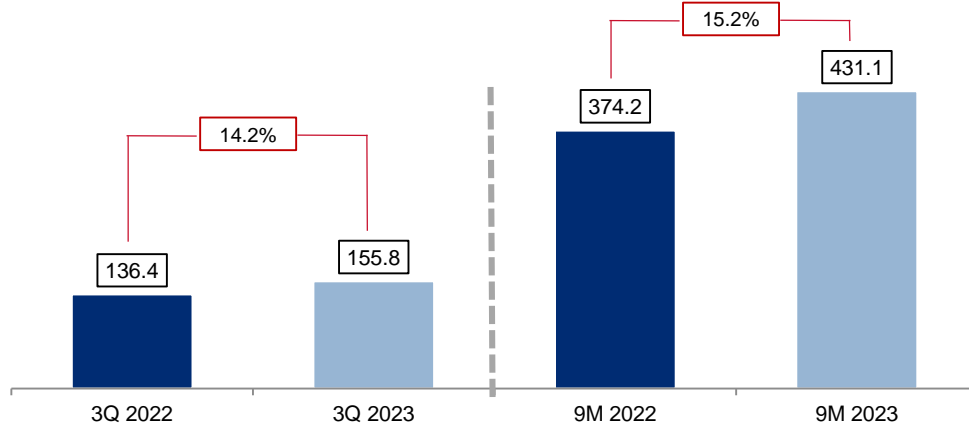
Policy rates have risen in line with US rates, but the extent and timing has differed, with the CBK raising its discount rate by a cumulative 275 bps to 4.25% as of September (vs. +525 bps to 5.5% at the upper limit for the US Fed).

Sources: <sup>1</sup> CSB, NBK estimates; <sup>2</sup> MEED Projects; <sup>3</sup> As per latest Central Bank of Kuwait (CBK) rate hike on 26/07/2023;

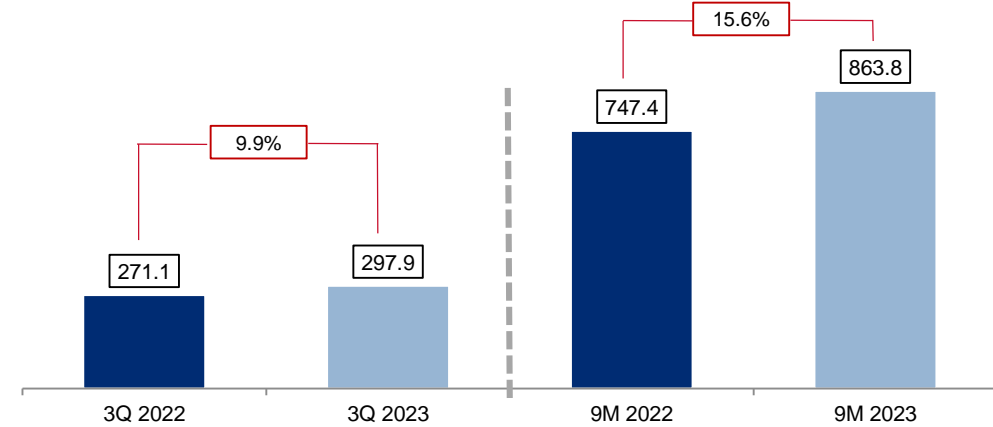


# Operating Performance & Profitability

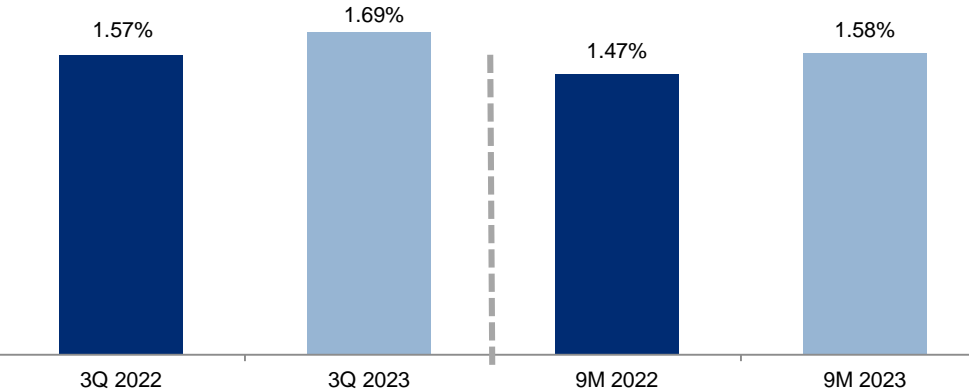
Net Profit Attributable (KDm)



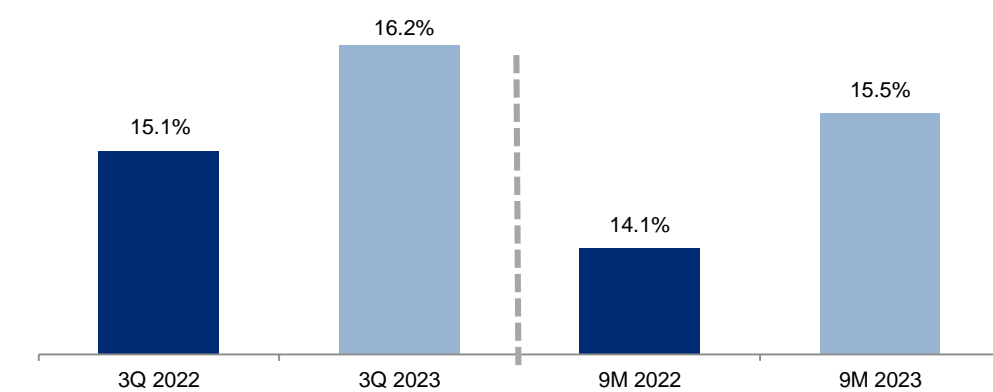
Operating Income (KDm)



Return on Average Assets

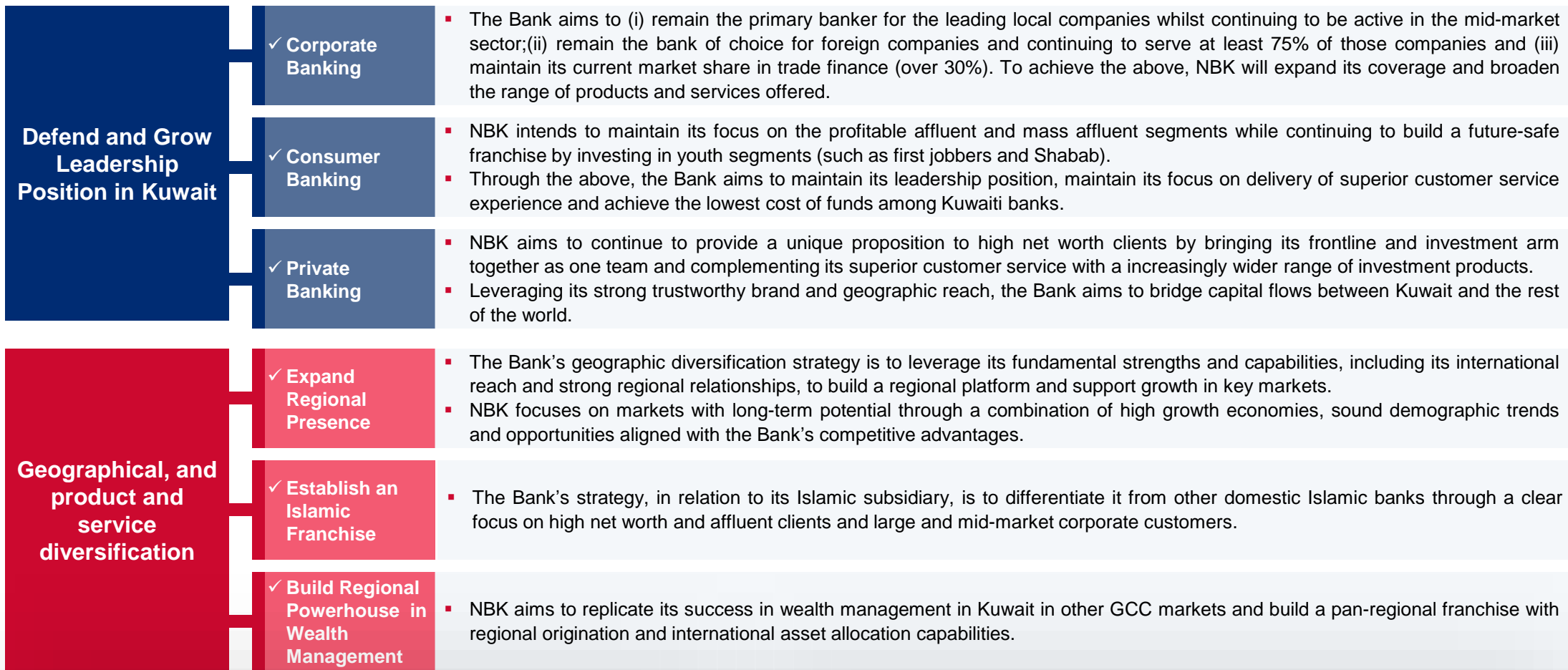


Return on Average Equity





# 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.



# Building A Leading Journey In ESG

## ESG Ratings



NBK is at 27.5 – Medium Risk



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



Listed on Refinitiv AFE Low Carbon Select Index MENA



FTSE4Good

Constituent of the FTSE4Good Index Series



"C" score for 2022 for both the Climate Change and Forests Categories



NBK Headquarters awarded the Gold LEED Certification

## ESG Awards

### Global Finance

- Best SME Bank Award - Kuwait 2023
- Best Private Bank for Sustainable Investing- Middle East 2023
- Best Financial Innovation Labs 2023 – NBK Group Digital Office
- Best Consumer Digital Bank - Kuwait 2023
- Best Innovation and Transformation - Kuwait 2023
- Best Innovation and Transformation – Middle East 2023
- Best Bank for Sustainable Finance - Kuwait 2022

### Euromoney

- Best Bank for Corporate Responsibility in the Middle East 2023
- Best Bank for ESG in Kuwait 2022
- Best Bank for Diversity & Inclusion in Kuwait 2022
- Best Bank for Digital Solutions in Kuwait 2022

### MEED

- Best Youth Programme Initiative – 2023
- Best Initiative for Women in Business 2023
- Best Implementation of Diversity & Inclusion Initiatives 2023

## National and Global Frameworks




WE SUPPORT





# Contents

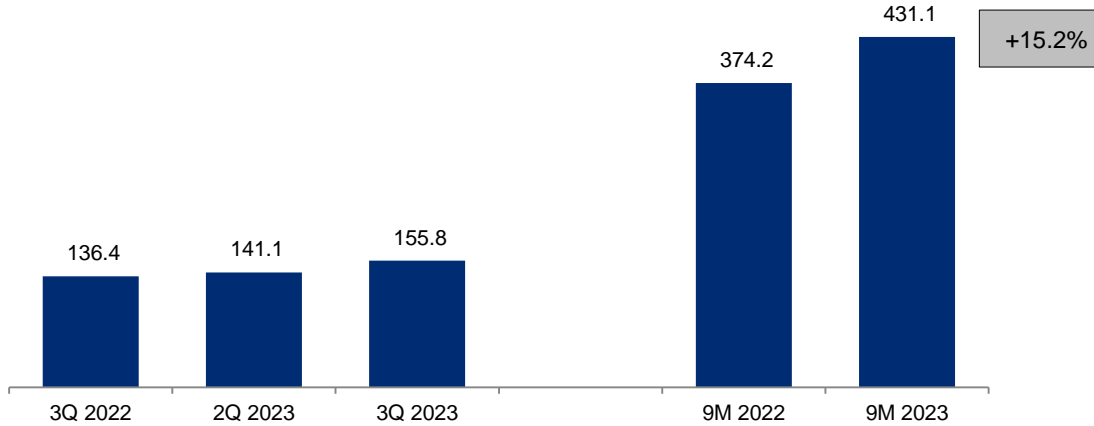


<b>Section 1</b>	Vice Chairman and Group CEO Opening Remarks
<b>Section 2</b>	<b>Financial Performance</b>
<b>Section 3</b>	Appendix
<b>Section 4</b>	Questions

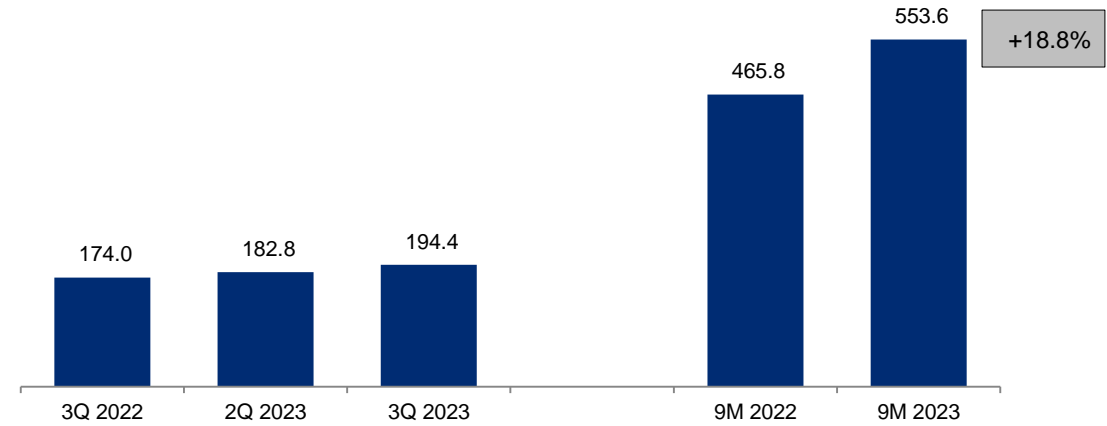


# Operating Performance 9M 2023

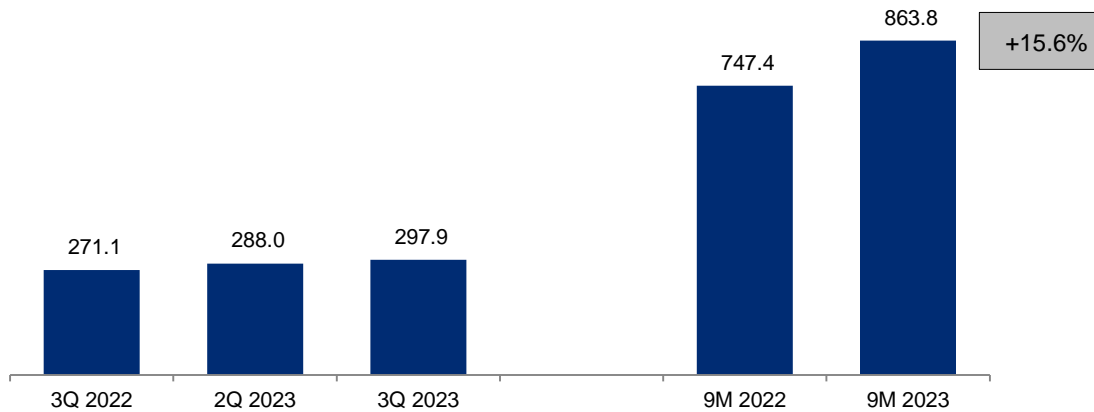
Net Profit (KDm)



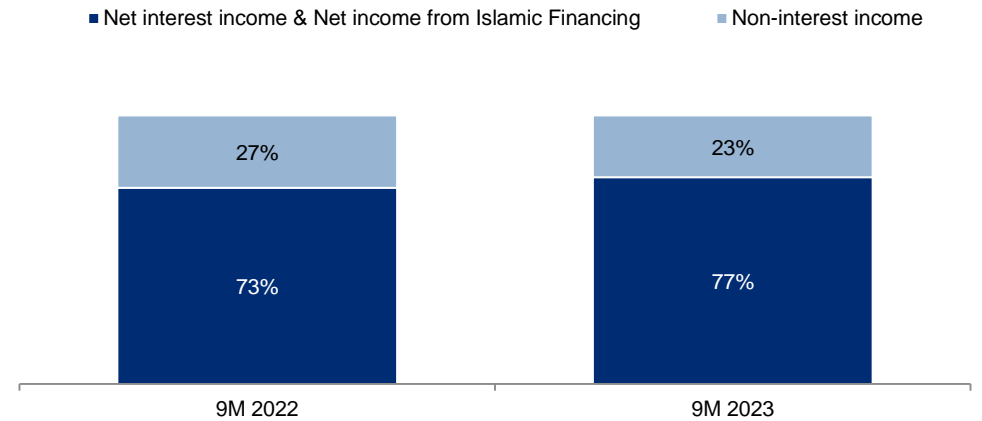
Operating Surplus (KDm)



Net Operating Income (KDm)



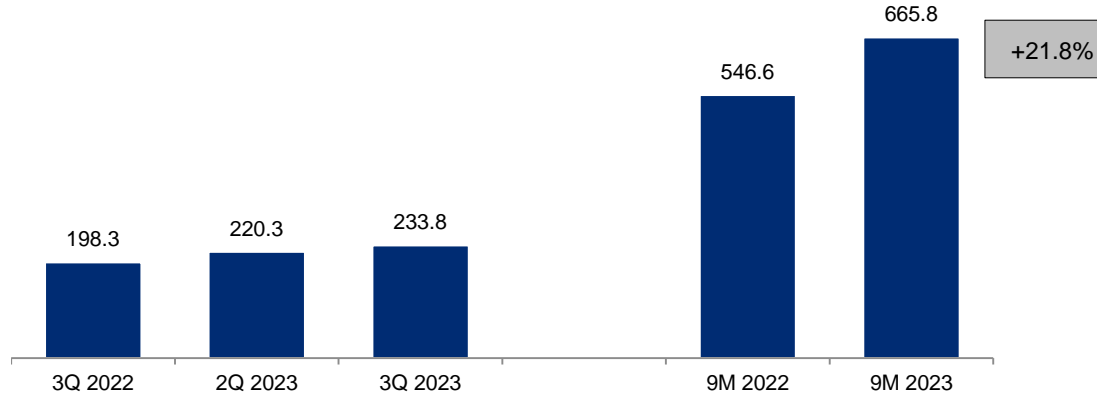
Net Operating Income Mix



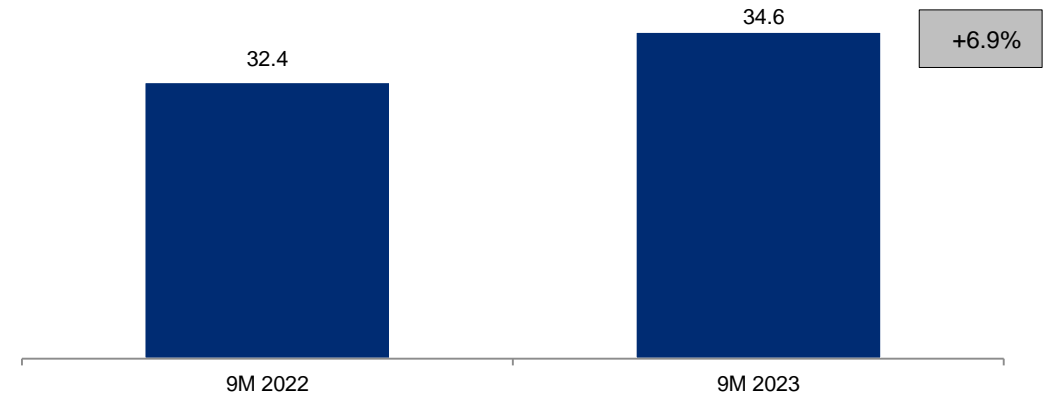


# Operating Performance 9M 2023

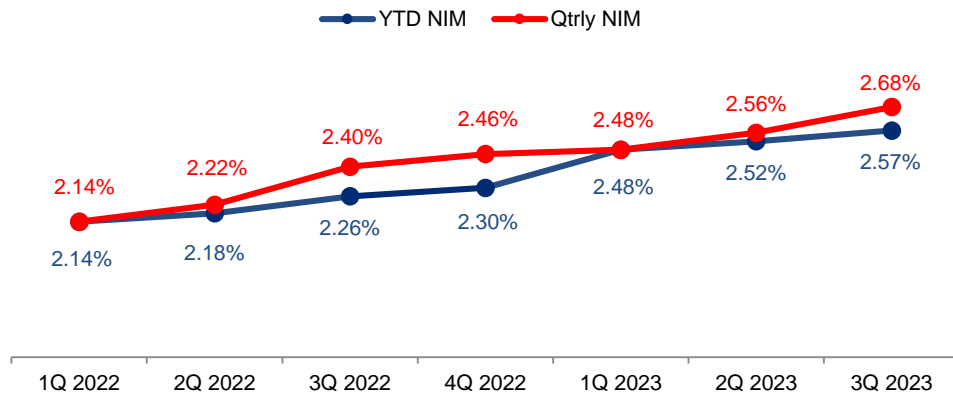
Net Interest Income\* (KDm)



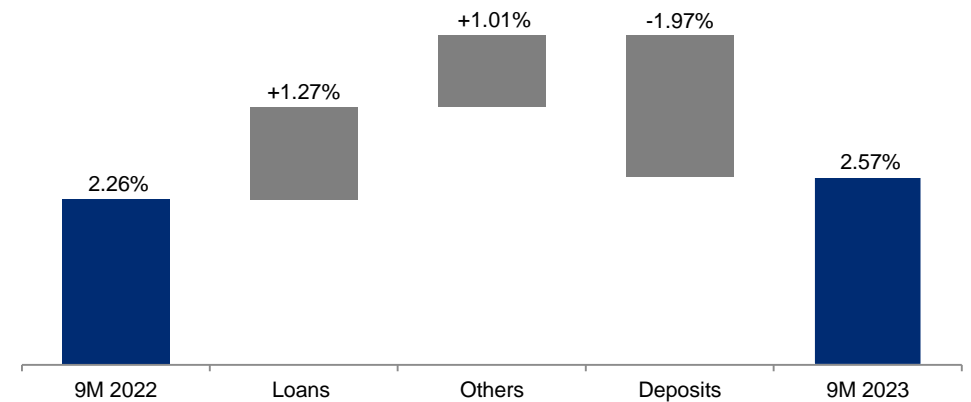
Average Interest Earning Assets (KDbn)



Net Interest Margin\*



Net Interest Margin Drivers

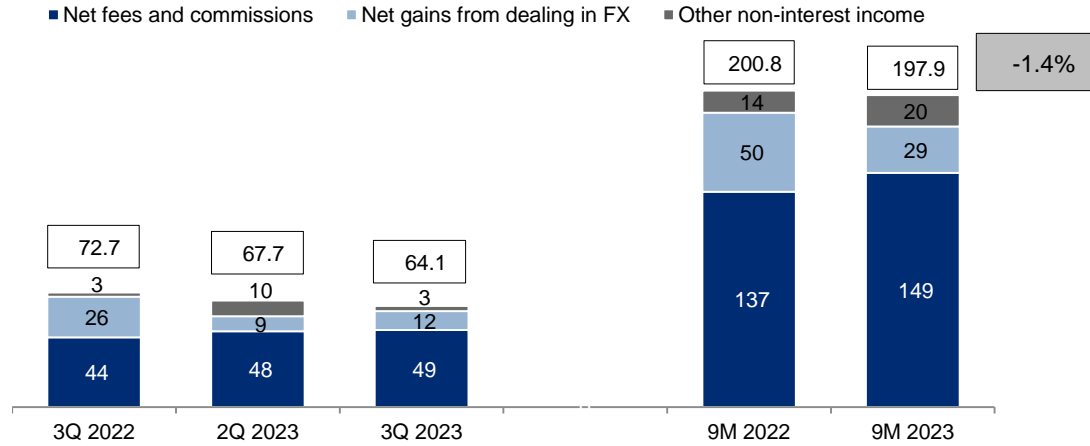


\*Includes net interest income and net income from Islamic Financing

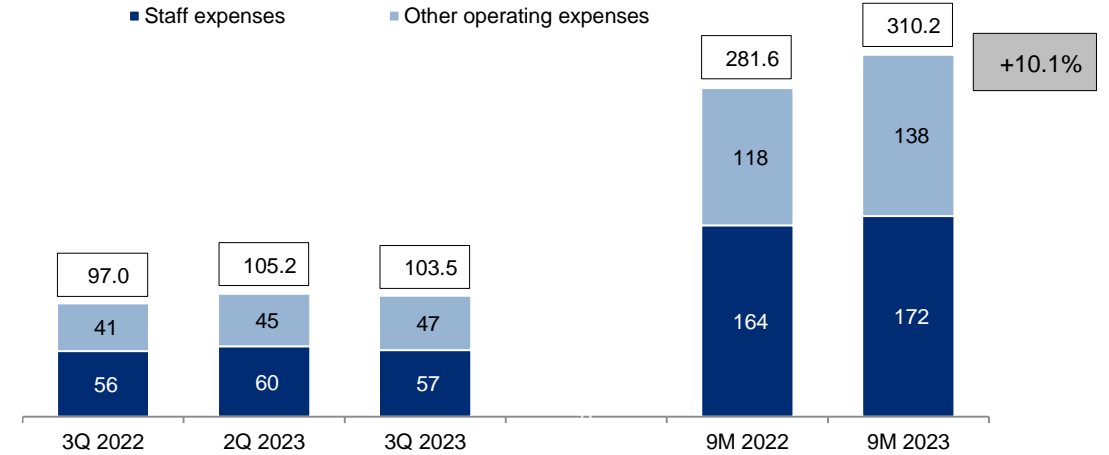


# Operating Performance 9M 2023

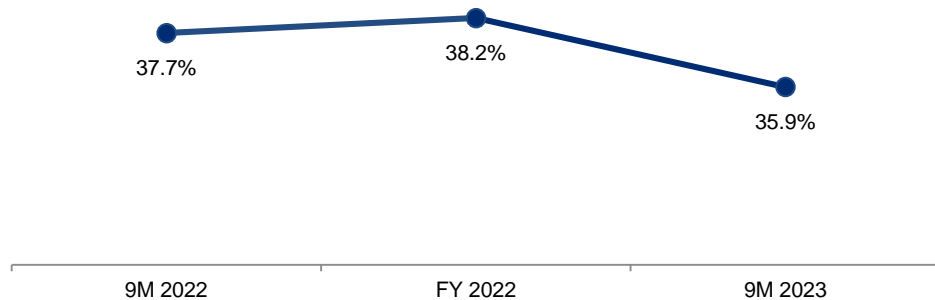
## Non-Interest Income (KDm)



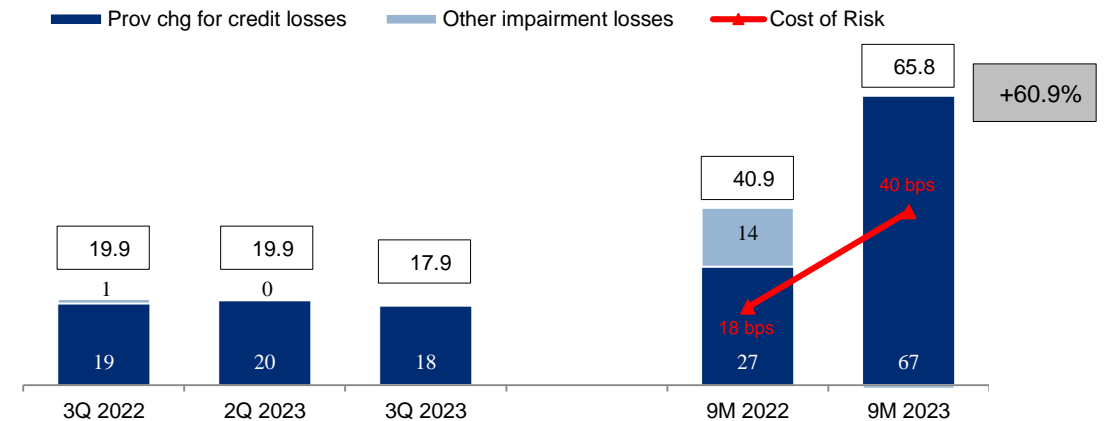
## Operating Expenses (KDm)



## Cost to Income Ratio



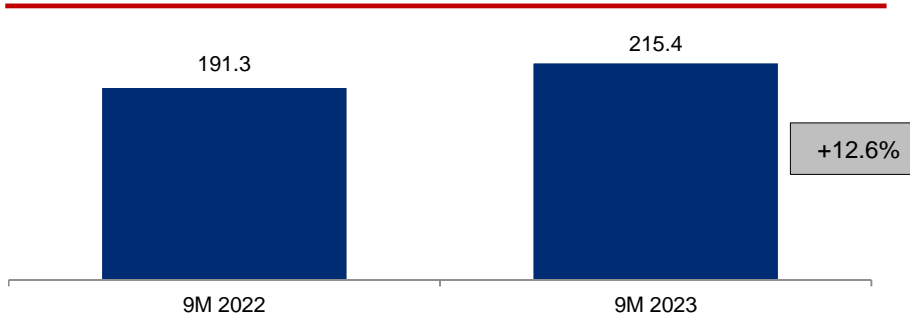
## Provisions and Impairments (KDm)



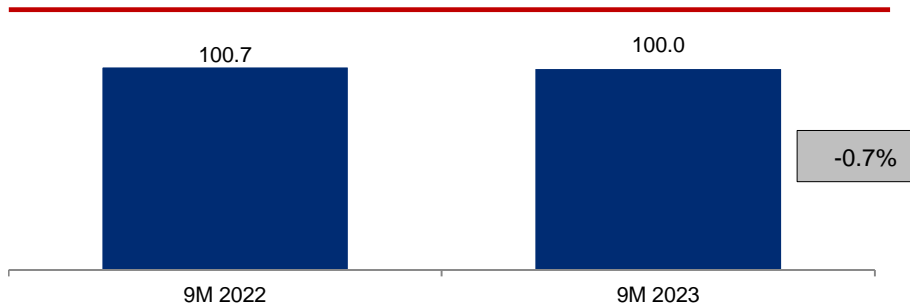


# Operating Performance 9M 2023

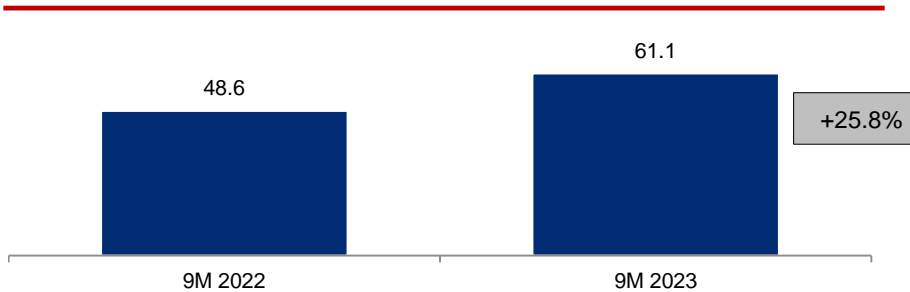
Net Operating Income (KDm) - International



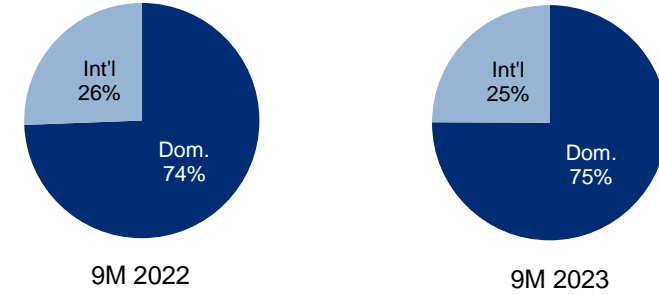
Net Profit (KDm) - International



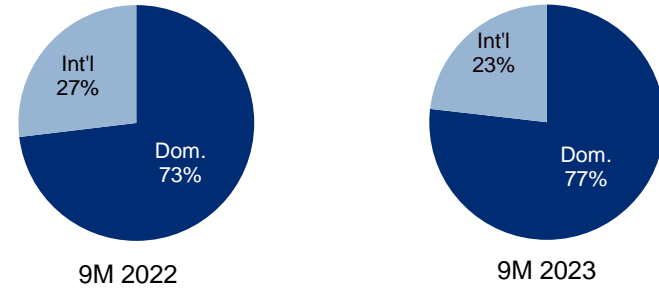
Net Profit (KDm) - Boubyan Bank



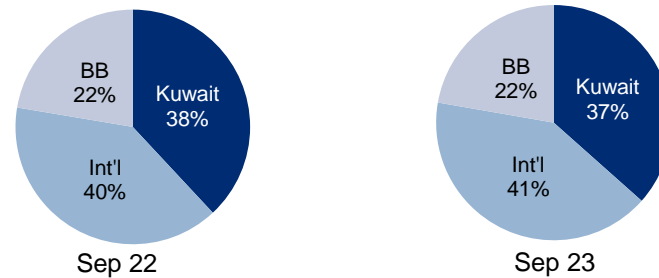
Net Operating Income



Net Profit



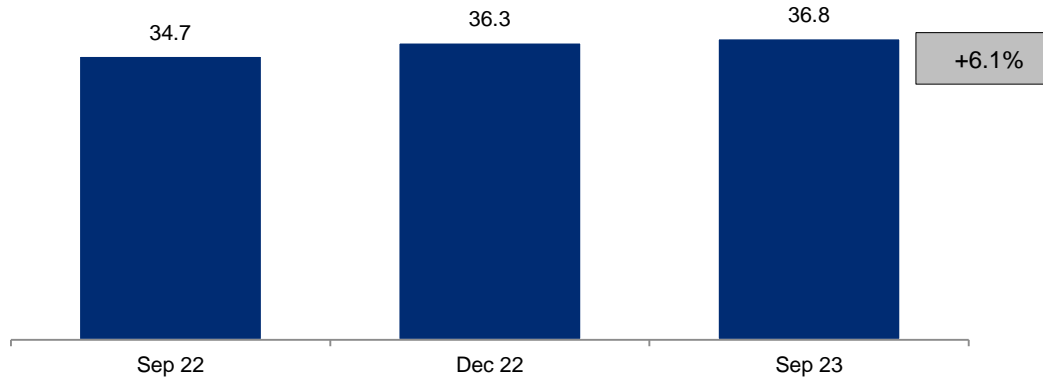
Total Assets



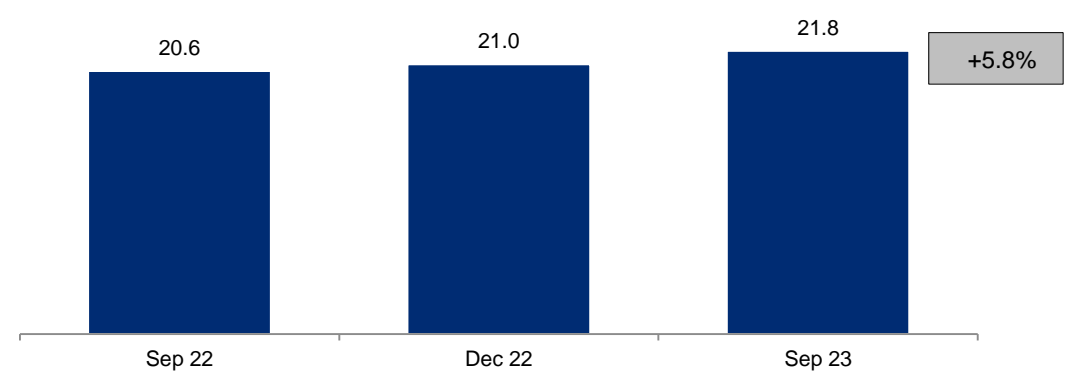


# Operating Performance 9M 2023

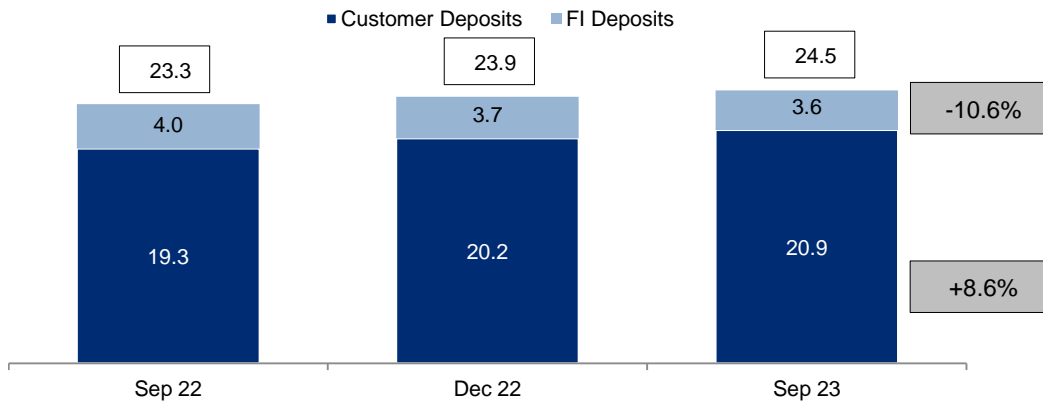
Total Assets (KDbn)



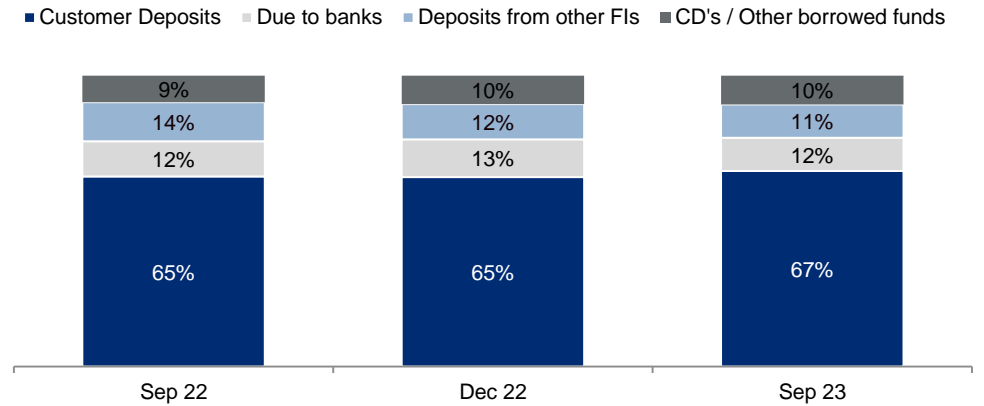
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits\* (KDbn)



Funding Mix

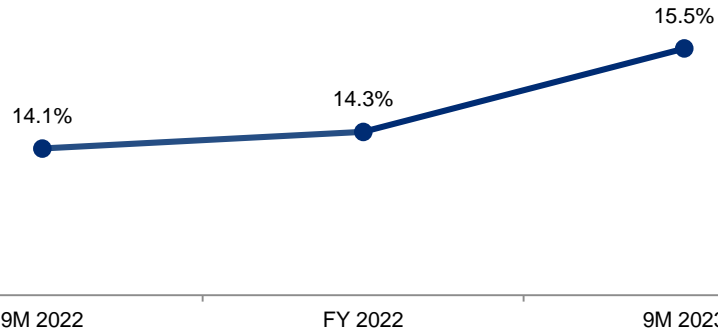


\*excludes due to banks

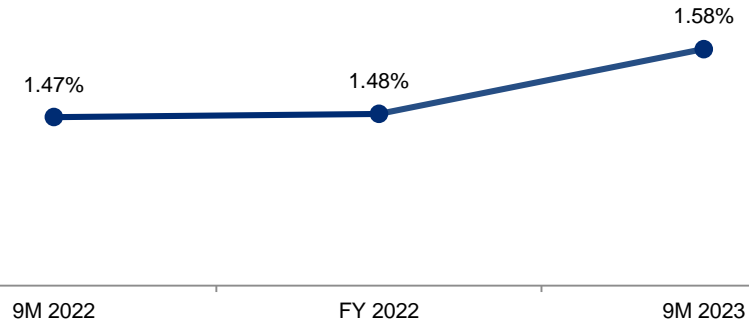


# Performance and Asset Quality Ratios 9M 2023

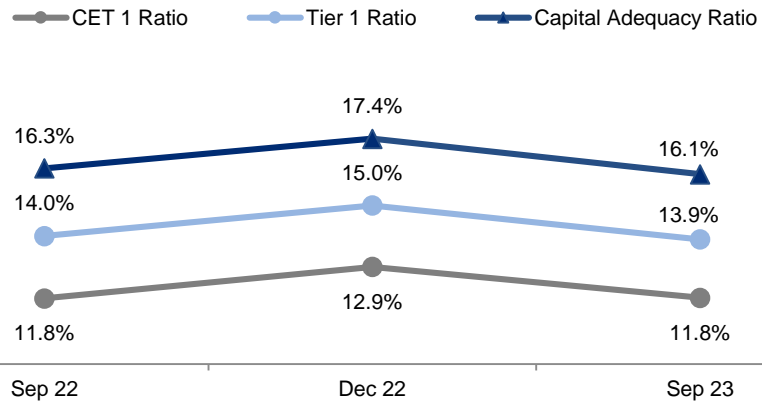
Return on Average Equity



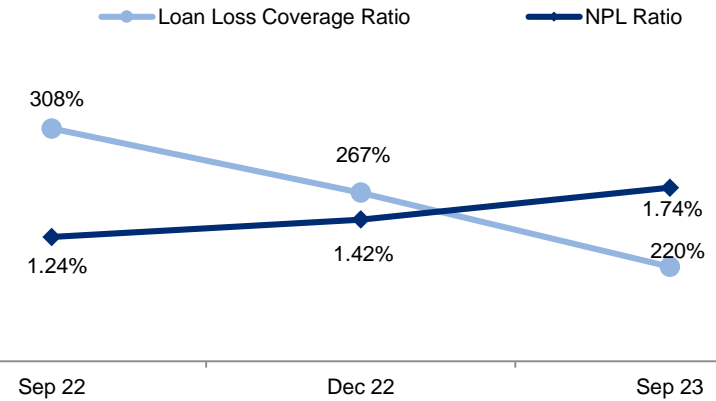
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



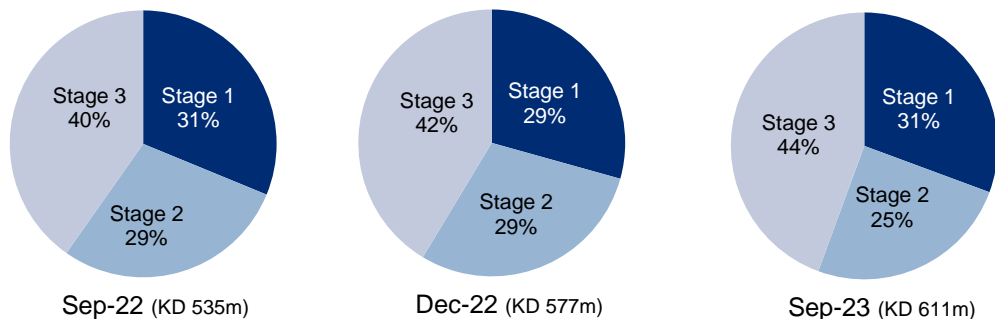


# Expected Credit Losses (ECL) 9M 2023

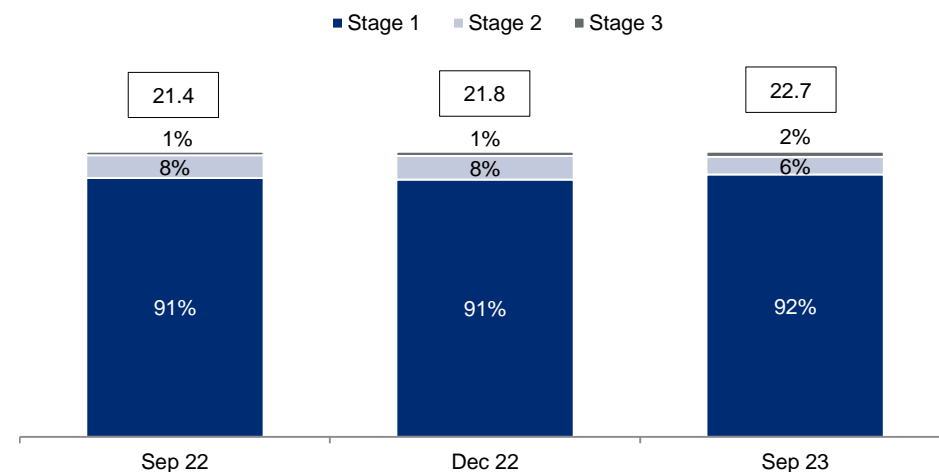
## Financial Statements ECL Disclosure (KDm)

30 September 2023	Stage 1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	20,865	1,405	394	22,664
Contingent liabilities	3,945	722	13	4,679
Commitments (revocable and irrevocable) to extend credit	7,827	1,018	0	8,845
ECL allowance for credit facilities	187	152	271	611

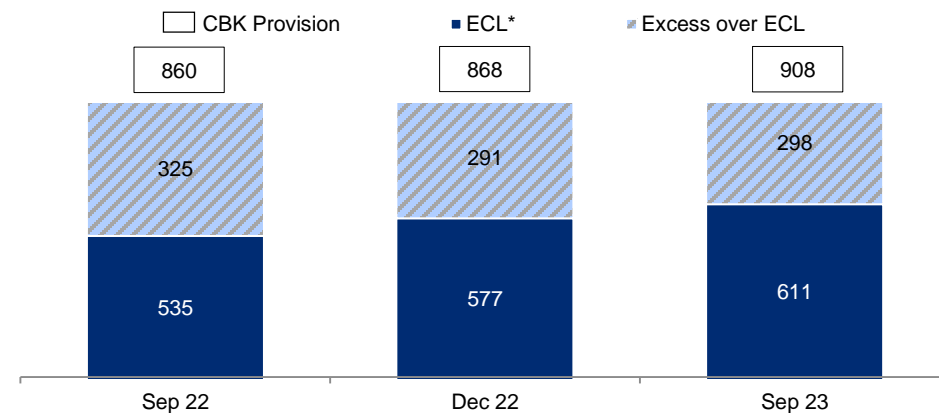
## ECL Allowance for Credit Facilities



## Total Gross Loans (KDbn)



## CBK Credit Provisions vs IFRS 9 ECL (KDm)



\* ECLs as per CBK guidelines






## 2023 Guidance

	9M 2023	2023 Guidance (v/s 2022)
Loan Growth (ytd)	+3.8%	Mid Single Digit
NIM	2.57%	Expanding
Cost to Income ratio	35.9%	Mid – High 30s
Cost of Risk	<i>40bps</i>	<i>40 – 50 bps</i>
Earnings ( <i>yoy</i> )	<i>+15.2%</i>	
Capital Adequacy	<i>16.1%</i>	

# Contents



<b>Section 1</b>	Vice Chairman and Group CEO Opening Remarks
<b>Section 2</b>	Financial Performance
<b>Section 3</b>	<b>Appendix</b>
<b>Section 4</b>	Questions



# Consolidated Statement Of Income *(KDM)*

<i>KDm</i>	9M 2022	9M 2023	YoY Growth (%)
Interest Income	628	1,185	89%
Interest Expense	213	652	NM
<b>Net Interest Income</b>	<b>416</b>	<b>533</b>	<b>28%</b>
Murabaha and other Islamic financing income	203	295	45%
Finance cost and Distribution to depositors	72	162	NM
<b>Net Income from Islamic financing</b>	<b>131</b>	<b>133</b>	<b>2%</b>
<b>Net interest income and net income from Islamic financing</b>	<b>547</b>	<b>666</b>	<b>22%</b>
Net fees and commissions	137	149	9%
Net investment income	13	19	47%
Net gains from dealing in foreign currencies	50	29	(41%)
Other operating income	1	1	(23%)
<b>Non-interest income</b>	<b>201</b>	<b>198</b>	<b>(1%)</b>
<b>Net Operating Income</b>	<b>747</b>	<b>864</b>	<b>16%</b>
Staff expenses	164	172	5%
Other administrative expenses	87	104	19%
Depreciation of premises and equipment	29	33	14%
Amortisation of intangible assets	1	1	0%
<b>Operating Expenses</b>	<b>282</b>	<b>310</b>	<b>10%</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>466</b>	<b>554</b>	<b>19%</b>
Provision charge for credit losses	27	67	NM
Impairment losses	14	(1)	<b>NM</b>
<b>Operating profit before taxation</b>	<b>425</b>	<b>488</b>	<b>15%</b>
Taxation	35	37	7%
Non-controlling interest	16	20	23%
<b>Profit attributable to shareholders of the Bank</b>	<b>374</b>	<b>431</b>	<b>15%</b>



# Consolidated Statement Of Financial Position *(KDM)*


<i>KDM</i>	September 2022	September 2023	YoY Growth %
Cash and short term funds	3,826	3,639	(5%)
Central Bank of Kuwait bonds	1,038	862	(17%)
Kuwait Government treasury bonds	213	191	(10%)
Deposits with banks	1,749	2,080	19%
Loans, advances and Islamic financing to customers	20,604	21,797	6%
Investment securities	5,433	6,314	16%
Land, premises and equipment	466	497	7%
Goodwill and other intangible assets	570	529	(7%)
Other assets	807	926	15%
<b>Total Assets</b>	<b>34,705</b>	<b>36,835</b>	<b>6%</b>
Due to banks	3,545	3,571	1%
Deposits from other financial institutions	3,980	3,559	(11%)
Customer deposits	19,278	20,934	9%
Certificates of deposit issued	1,413	1,750	24%
Other borrowed funds	1,272	1,336	5%
Other liabilities	717	920	28%
<b>Total Liabilities</b>	<b>30,206</b>	<b>32,070</b>	<b>6%</b>
Share capital	755	793	5%
Proposed bonus shares	-	-	NA
Statutory reserve	360	378	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,539	1,742	13%
<b>Equity attributable to shareholders of the bank</b>	<b>3,492</b>	<b>3,751</b>	<b>7%</b>
Perpetual Tier 1 Capital Securities	439	439	0%
Non-controlling interests	568	576	1%
<b>Total equity</b>	<b>4,499</b>	<b>4,765</b>	<b>6%</b>
<b>Total liabilities and equity</b>	<b>34,705</b>	<b>36,835</b>	<b>6%</b>



## Performance Measures 9M 2023

	September 2022	September 2023
Return on Average Assets	1.47%	1.58%
Return on Average Equity	14.1%	15.5%
Net Interest Margin	2.26%	2.57%
Cost to Income	37.7%	35.9%
NPLs to Gross Loans	1.24%	1.74%
Loan Loss Reserves to NPLs	308%	220%
CET 1 Ratio	11.8%	11.8%
Tier 1 Ratio	14.0%	13.9%
Total Capital Adequacy Ratio	16.3%	16.1%

# Contents



<b>Section 1</b>	Vice Chairman and Group CEO Opening Remarks
<b>Section 2</b>	Financial Performance
<b>Section 3</b>	Appendix
<b>Section 4</b>	<b>Questions</b>



**Questions?**



**Thank You**





# National Bank of Kuwait

## Investor Presentation

3Q/9M 2023 Earnings Call