



National Bank of Kuwait

Investor Presentation

FY 2020 Earnings Call

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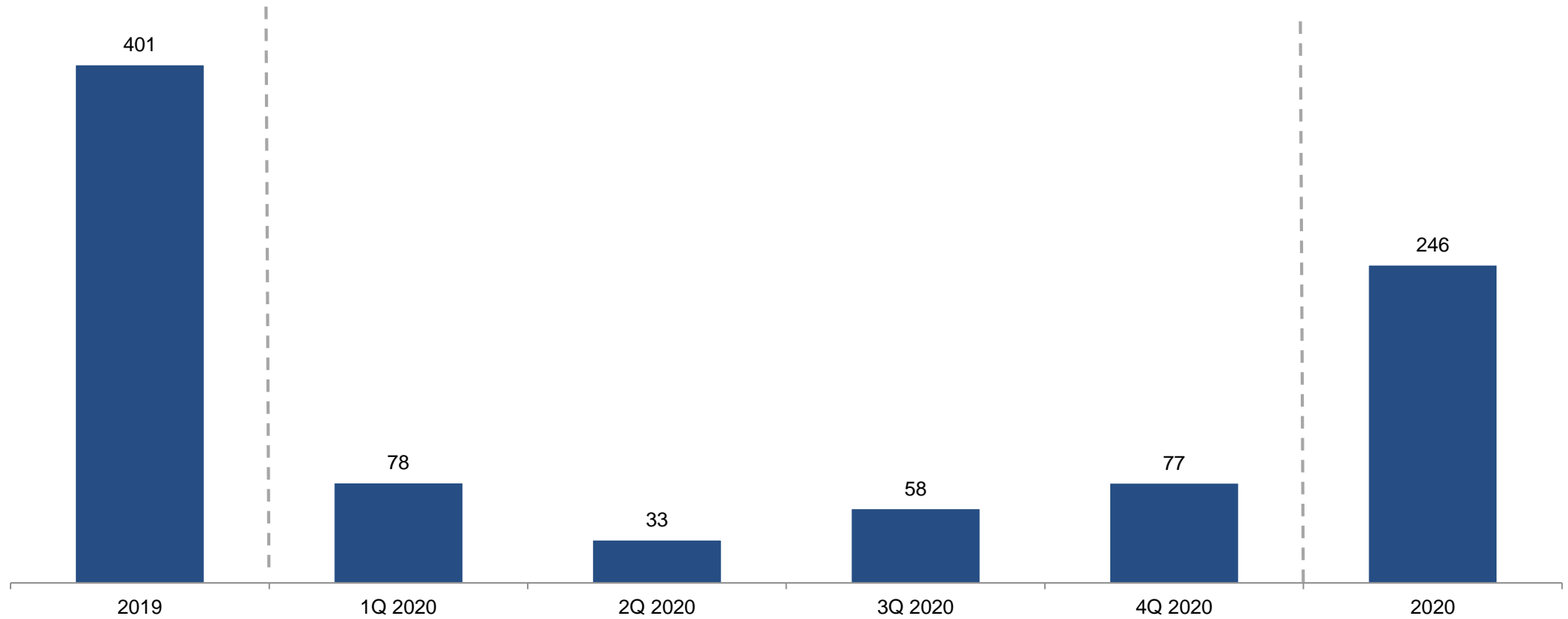
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NBK Profitability (KDm)

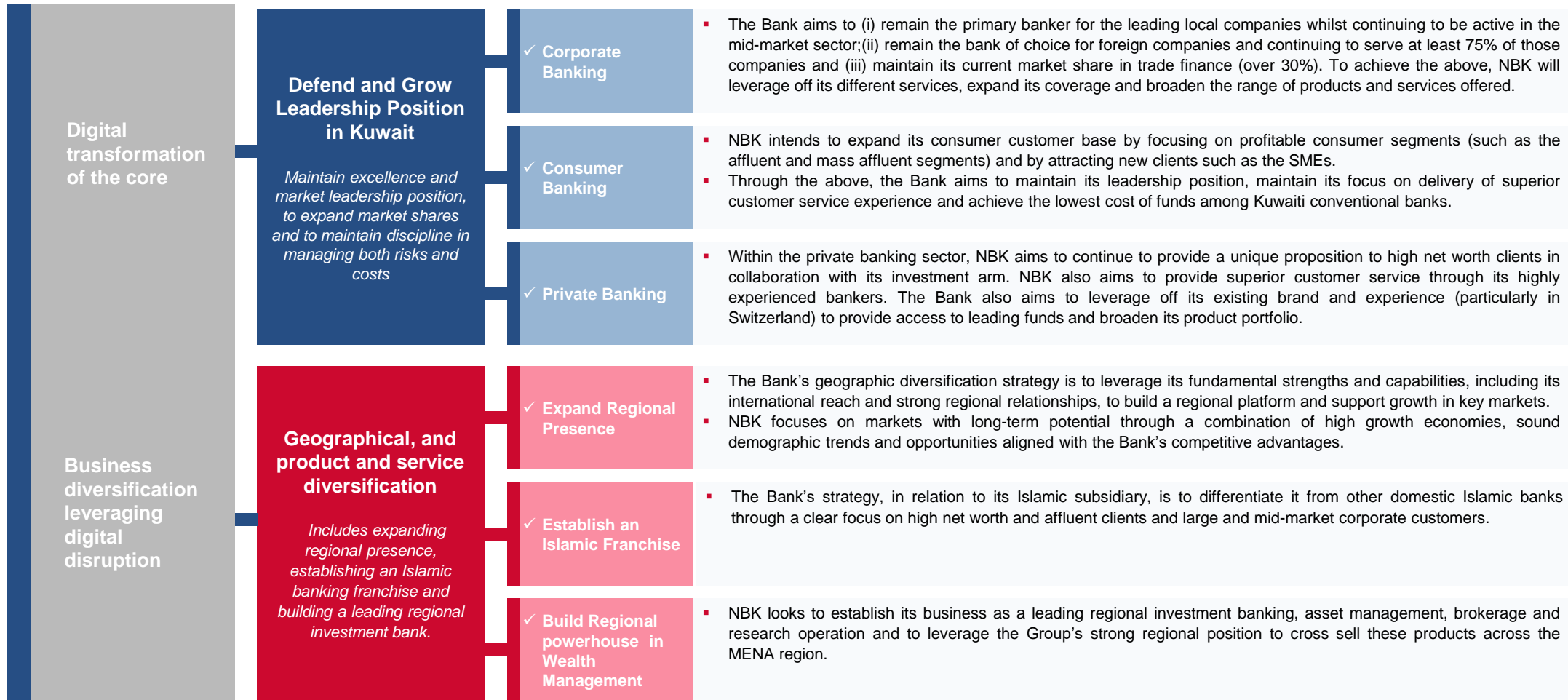
■ Net Profit Attributable





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



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

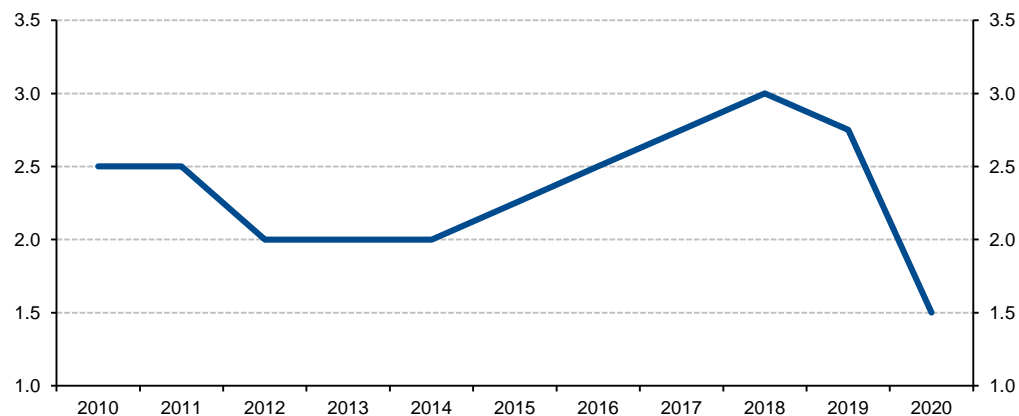
- Operations in 15 countries, 9 of which are in the MENA region.
- The Bank continues to explore opportunities to expand geographically with a primary focus on further strengthening operations in MENA region

Strong investment banking capability

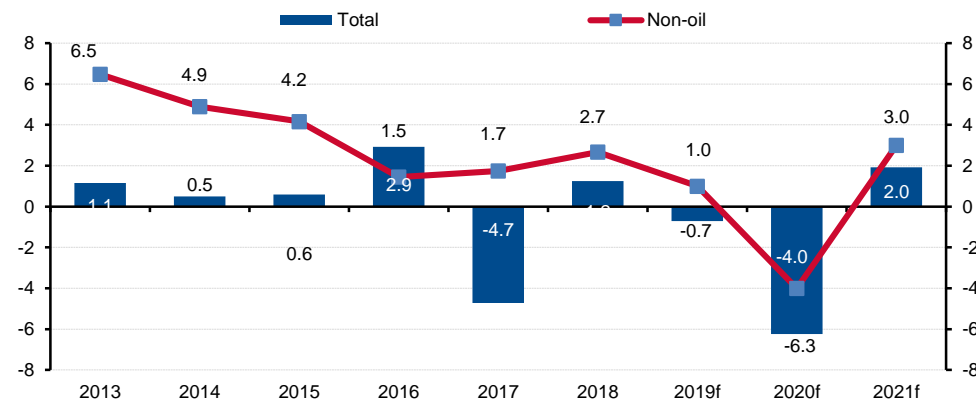
- NBK conducts its investment banking and asset management business through its subsidiary, Watani Investment Company K.S.C.C. (Known as NBK Capital)

Key Econ and Financial Highlights

Development of the Discount Rate (%)



Real GDP (% y/y)



NBK Credit Ratings

Rating Agency	Long Term Rating	Standalone Rating	Outlook
MOODY'S	A1	a3	Stable
STANDARD & POOR'S	A	a-	Stable
FitchRatings	AA-	a-	Stable

Financial snapshot

KWD million	2019	2020
Net Operating Income	896	843
Net Profit attributable	401	246
NPL Ratio (%)	1.10%	1.72%
Loan Loss Coverage Ratio (%)	272.2%	220.0%
Return on Average Equity (%)	12.3%	7.0%
Tier 1 Ratio (%)	15.9%	16.0%
Capital Adequacy Ratio (%)	17.8%	18.4%

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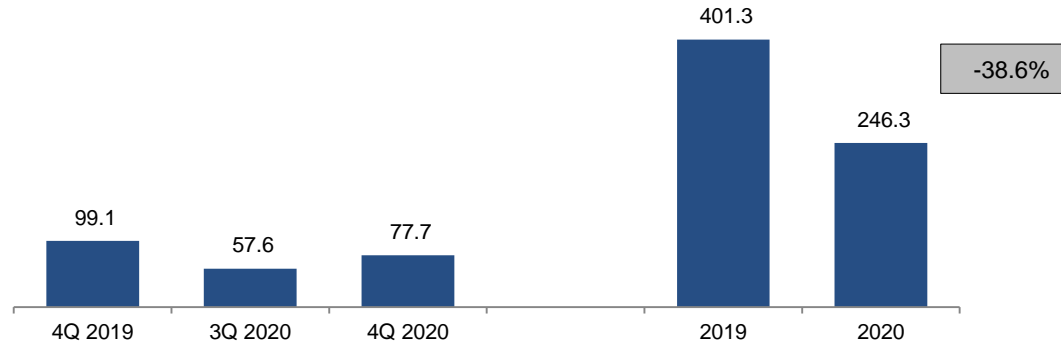
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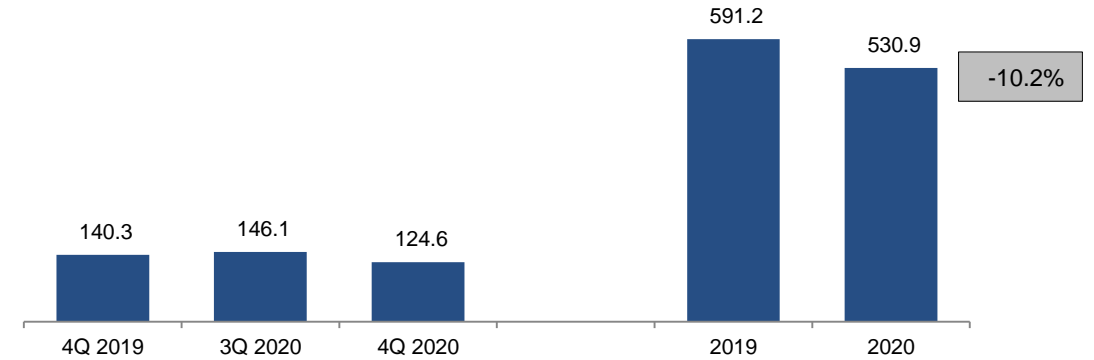


Operating Performance 2020

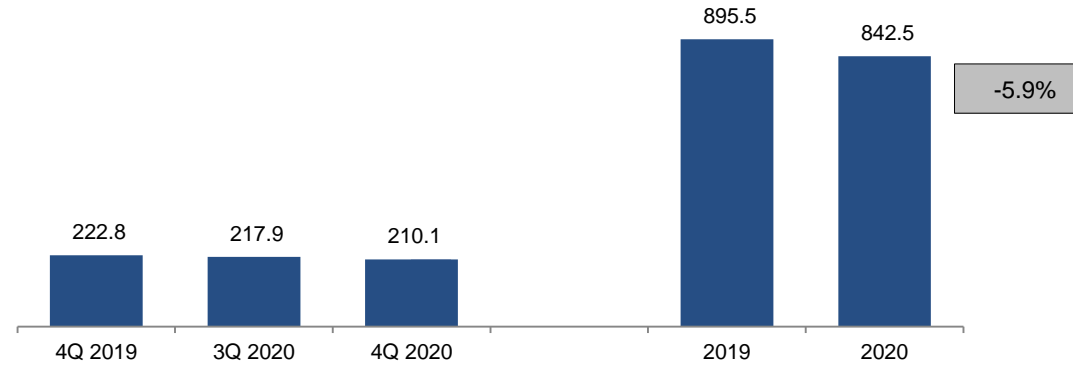
Net Profit (KDm)



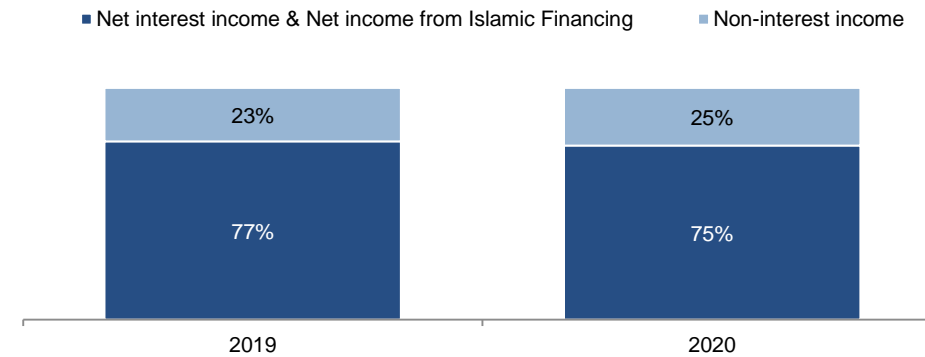
Operating Surplus (KDm)



Operating Income (KDm)



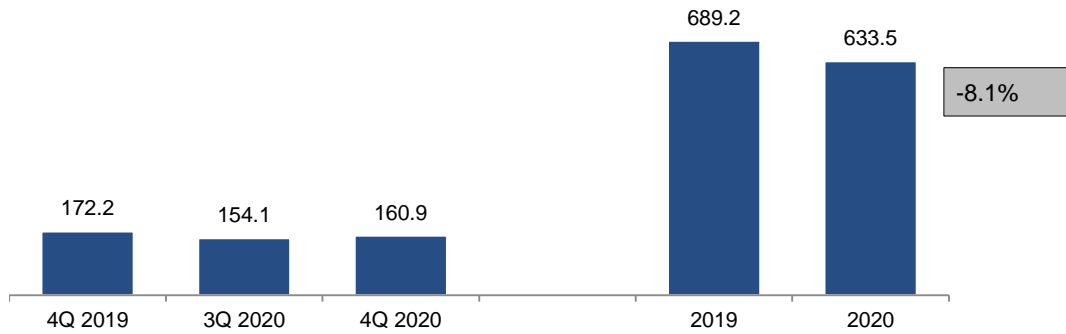
Operating Income



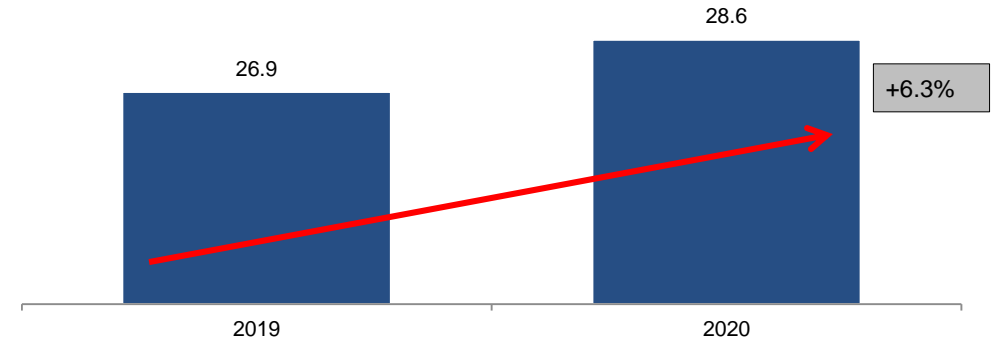


Operating Performance 2020

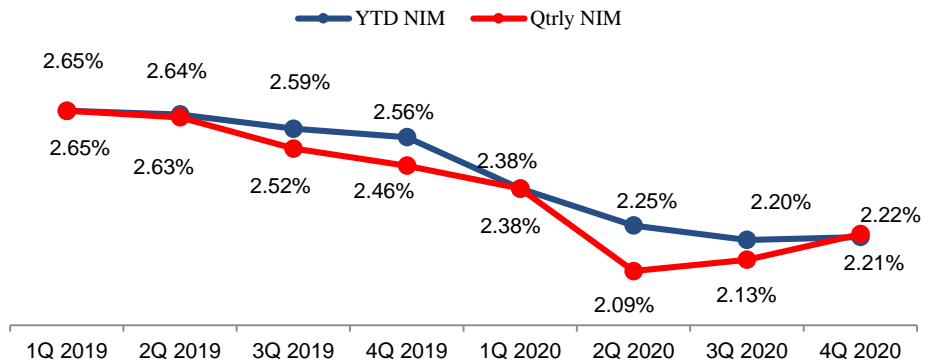
Net Interest Income* (KDm)



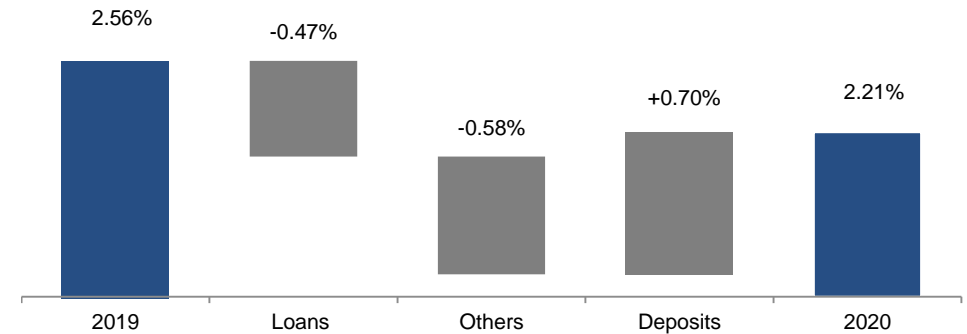
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin drivers

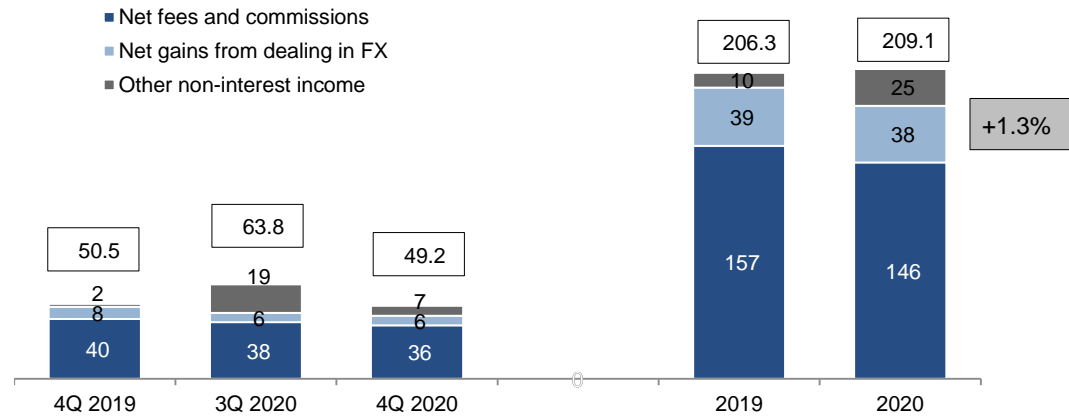


*Includes net interest income and net income from Islamic Financing

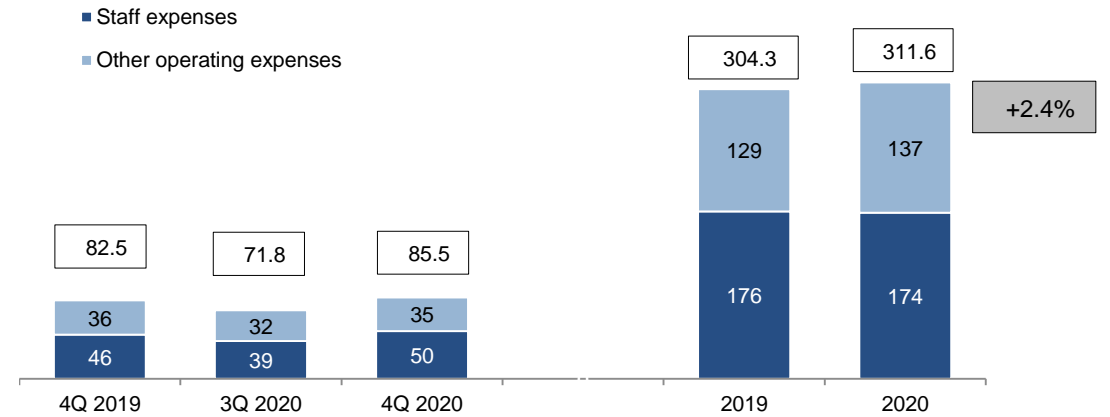


Operating Performance 2020

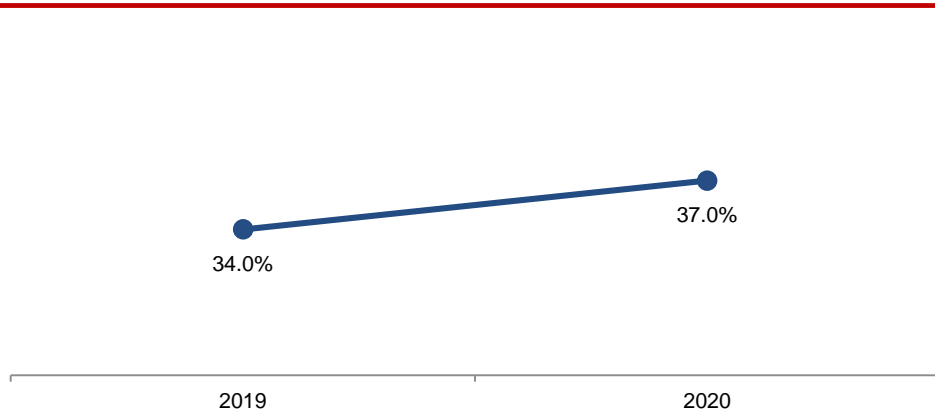
Non-interest income (KDM)



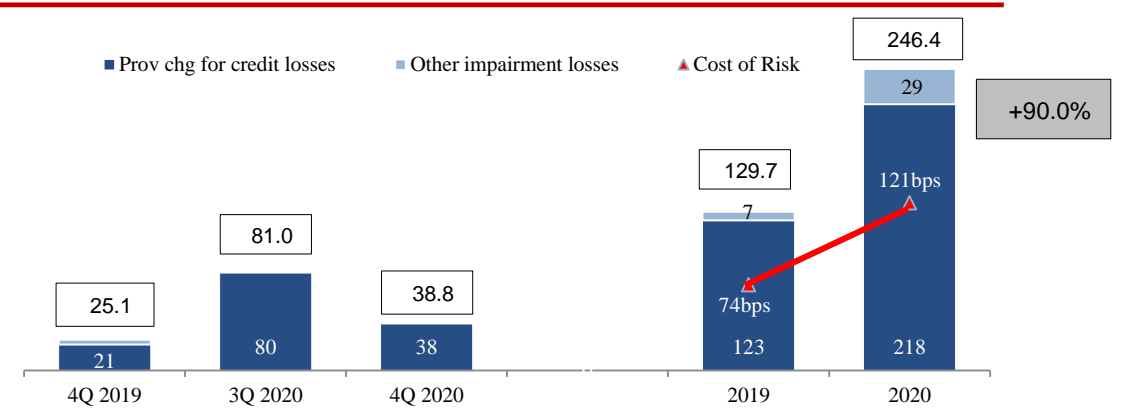
Operating Expenses (KDM)



Cost to Income ratio



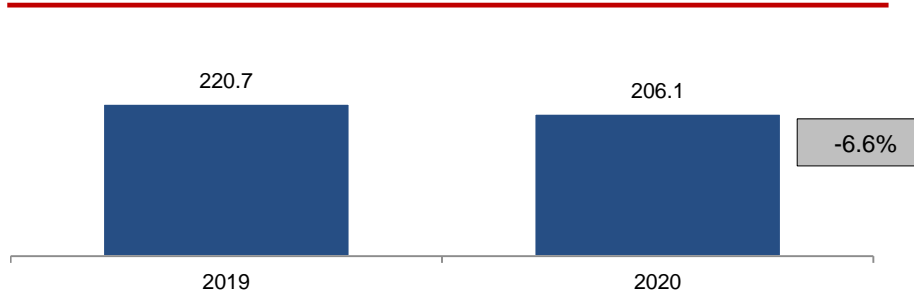
Provisions and Impairments (KDM)



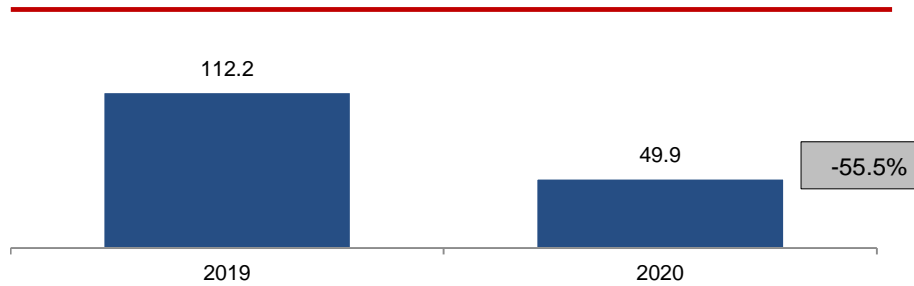


Operating Performance 2020

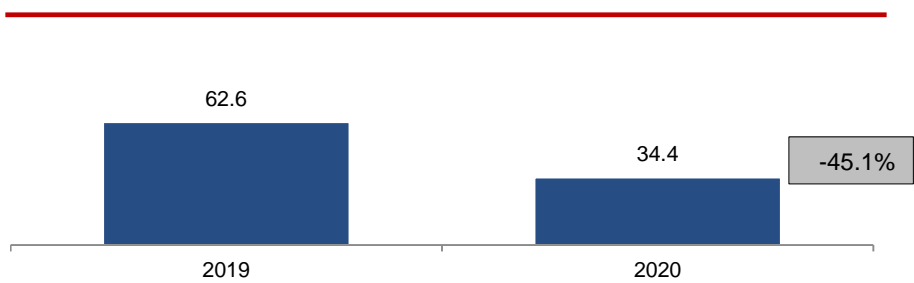
Operating Income (KDm) - International



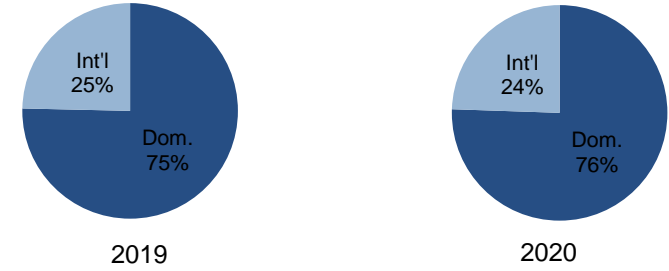
Net profit (KDm) - International



Net profit (KDm) - Boubyan Bank



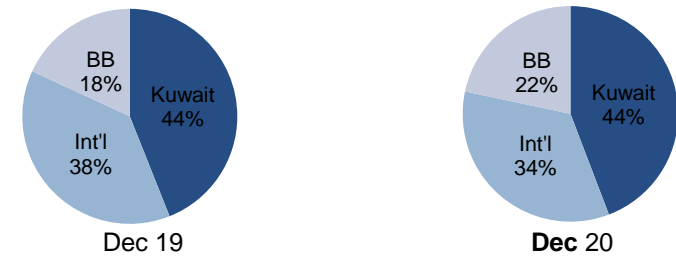
Operating Income (KDm)



Net Profit (KDm)



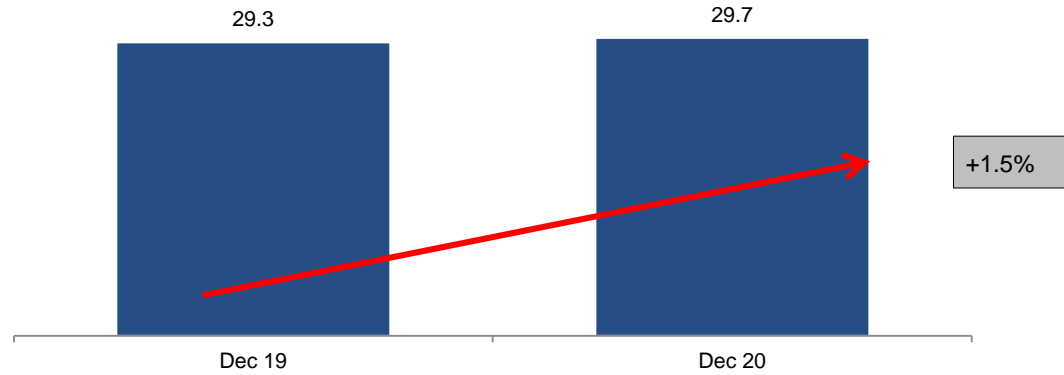
Total Assets (KD'bn)



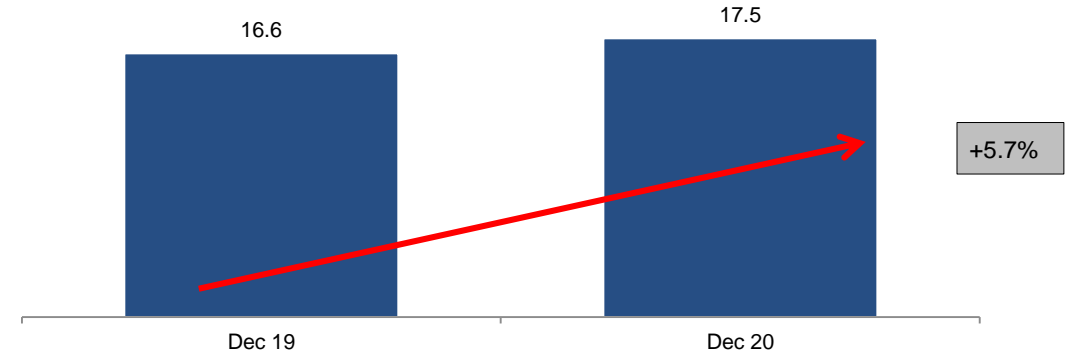


Operating Performance 2020

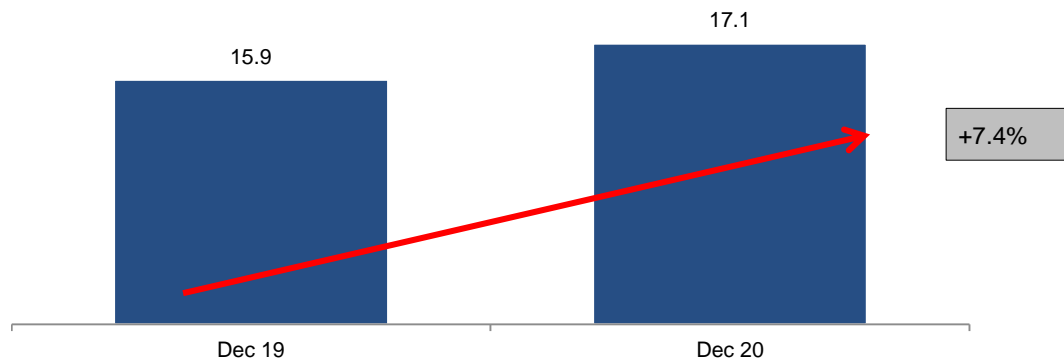
Total Assets (KDbn)



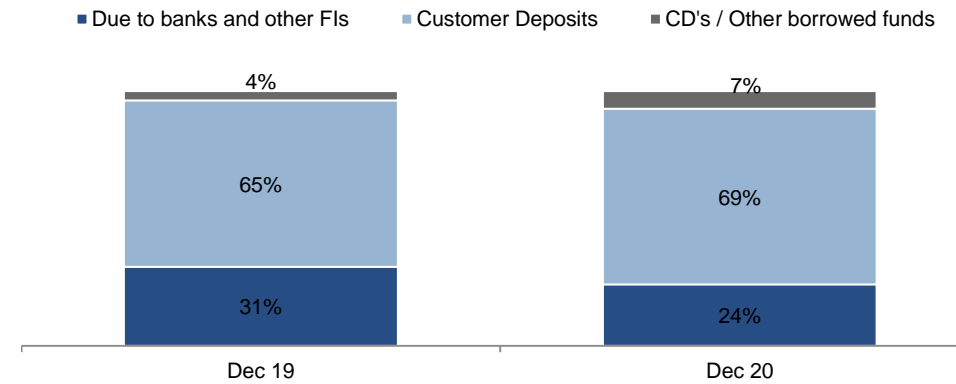
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits (KDbn)



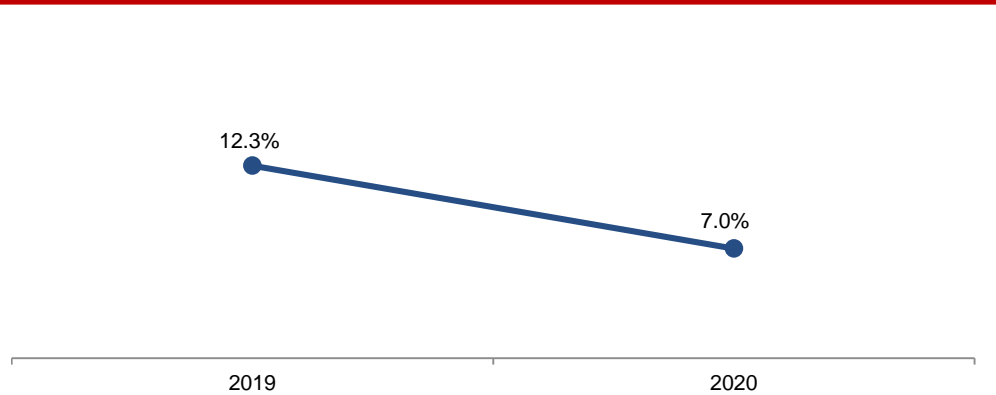
Funding Mix



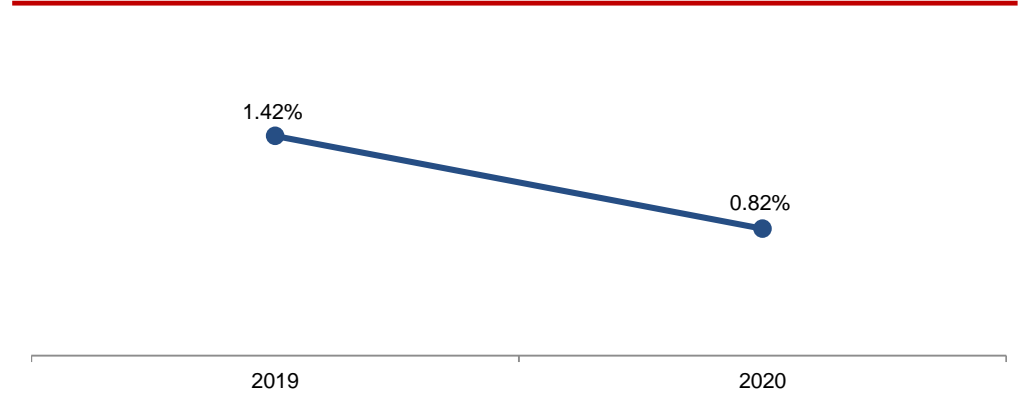


Performance and Asset Quality Ratios 2020

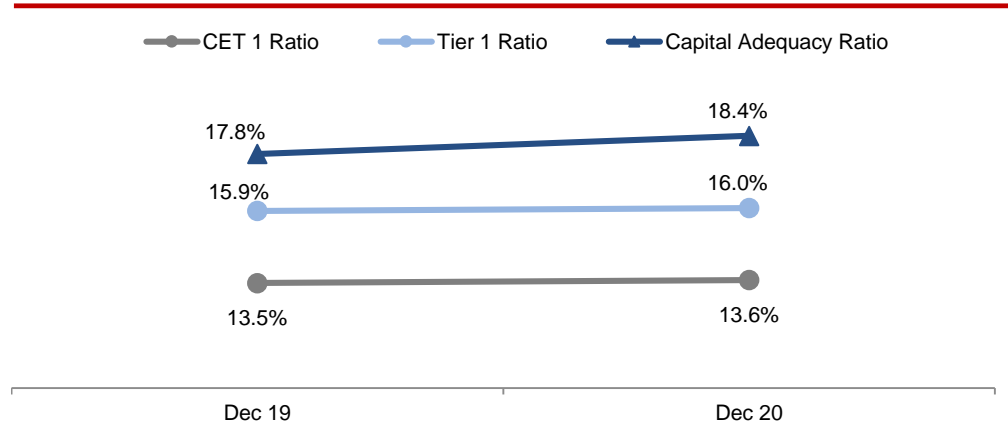
Return on Average Equity



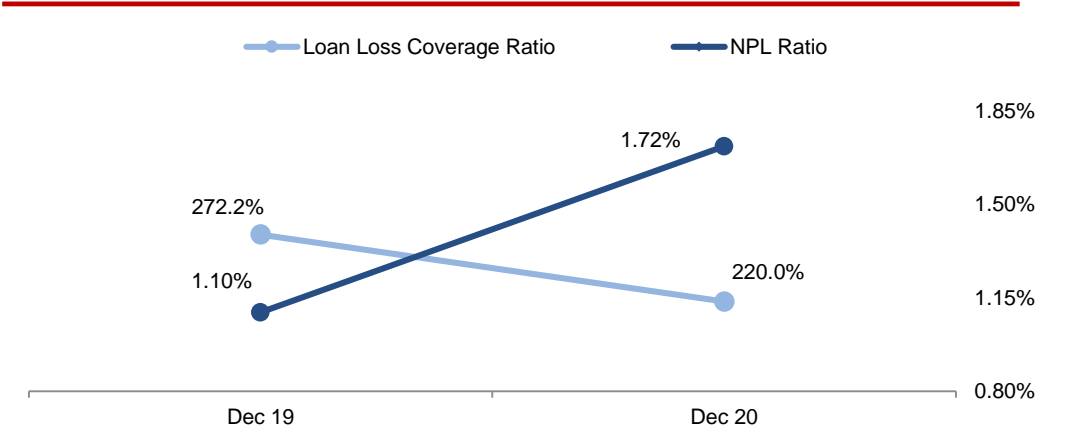
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios





2021 Guidance

	2020	2021 Guidance
Loan Growth	+5.7%	Mid To High Single Digit
NIM	2.21%	Broadly Stable
Cost to Income ratio	37.0%	High 30s
Cost of Risk	121bps	
Earnings	-38.6% yoy	
Capital Adequacy	18.4%	

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Consolidated Statement Of Income (KDm)

KDm	2019	2020	YoY Growth (%)
Interest Income	987	757	(23%)
Interest Expense	422	267	(37%)
Net Interest Income	565	490	(13%)
Murabaha and other Islamic financing income	211	225	7%
Finance cost and Distribution to depositors	87	82	(6%)
Net Income from Islamic financing	124	143	15%
Net interest income and net income from Islamic financing	689	633	(8%)
Net fees and commissions	157	146	(7%)
Net investment income	8	2	(76%)
Net gains from dealing in foreign currencies	39	38	(3%)
Other operating income	1	23	NM
Non-interest income	206	209	1%
Net Operating Income	896	843	(6%)
Staff expenses	176	174	(1%)
Other administrative expenses	99	102	3%
Depreciation of premises and equipment	26	33	26%
Amortisation of intangible assets	3	2	(48%)
Operating Expenses	304	312	2%
Op. profit before provision for credit losses and impairment losses	591	531	(10%)
Provision charge for credit losses	123	218	78%
Impairment losses	7	29	NM
Operating profit before taxation	462	285	(38%)
Taxation	36	26	(27%)
Non-controlling interest	25	12	(50%)
Profit attributable to shareholders of the Bank	401	246	(39%)

Consolidated Statement Of Financial Position (KDm)

KDm	Dec-2019	Dec-2020	YoY Growth %
Cash and short term funds	3,787	3,903	3%
Central Bank of Kuwait bonds	823	830	1%
Kuwait Government treasury bonds	662	463	(30%)
Deposits with banks	1,909	1,027	(46%)
Loans, advances and Islamic financing to customers	16,553	17,504	6%
Investment securities	4,215	4,729	12%
Investment in associates	35	5	(85%)
Land, premises and equipment	434	427	(2%)
Goodwill and other intangible assets	583	582	0%
Other assets	270	246	(9%)
Total Assets	29,271	29,717	2%
Due to banks and other financial institutions	7,582	5,982	(21%)
Customer deposits	15,931	17,104	7%
Certificates of deposit issued	539	919	71%
Other borrowed funds	352	809	NM
Other liabilities	609	763	25%
Total Liabilities	25,012	25,576	2%
Share capital	652	685	5%
Proposed bonus shares	33	34	5%
Statutory reserve	326	343	5%
Share premium account	803	803	0%
Treasury shares	(39)	-	NM
Treasury share reserve	25	35	39%
Other reserves	1,634	1,410	(14%)
Equity attributable to shareholders of the bank	3,434	3,310	(4%)
Perpetual Tier 1 Capital Securities	438	438	0%
Non-controlling interests	387	393	1%
Total equity	4,259	4,141	(3%)
Total liabilities and equity	29,271	29,717	(2%)



Performance Measures 2020

%	2019	2020
Return on average assets	1.42%	0.82%
Return on average equity	12.3%	7.0%
Net interest margin	2.56%	2.21%
Cost to income	34.0%	37.0%
NPLs to gross loans	1.10%	1.72%
Loan loss reserves to NPLs	272.2%	220.0%
Tier 1 capital	15.9%	16.0%
Tier 2 capital	1.9%	2.4%
Capital adequacy ratio	17.8%	18.4%

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Questions?



Thank You



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