



National Bank of Kuwait

Investor Presentation

FY 2022 Earnings Call

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Contents

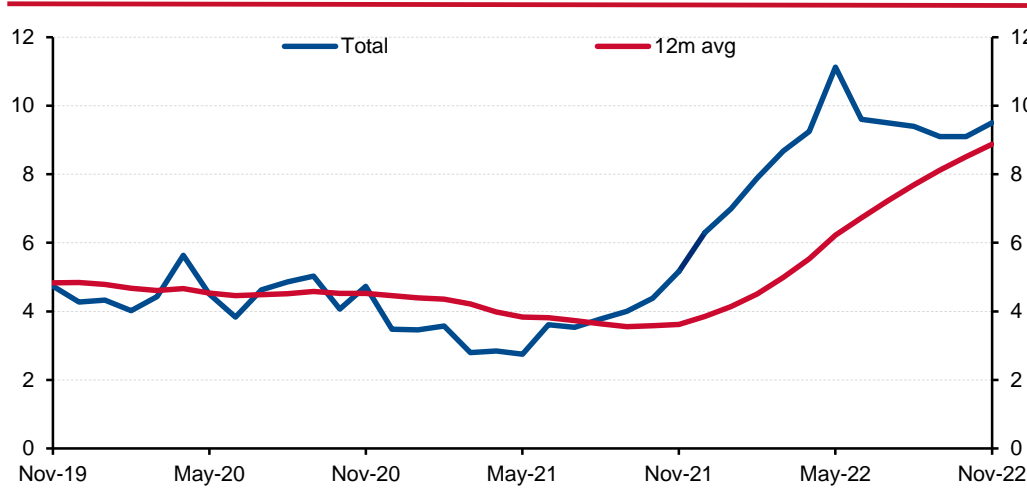


Section 1	Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions

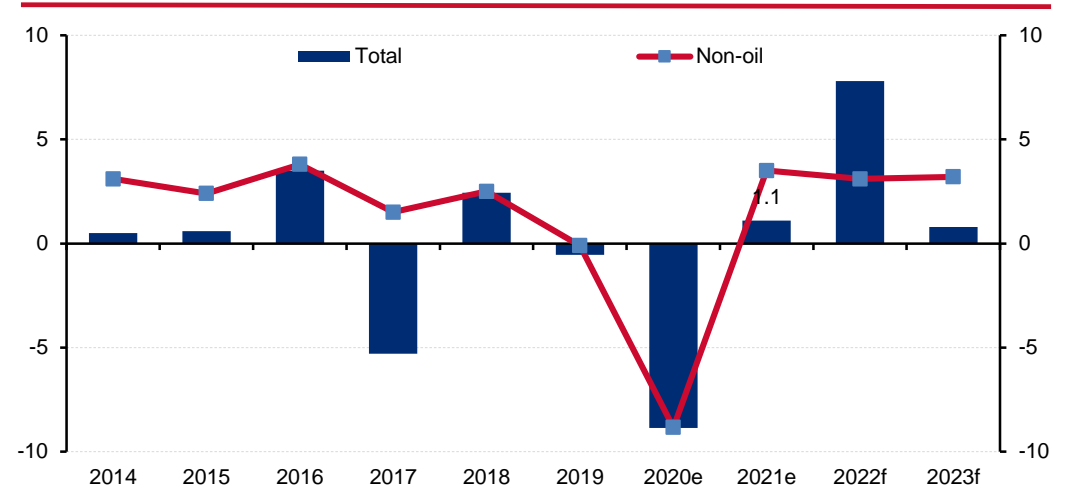


Key Economic Highlights

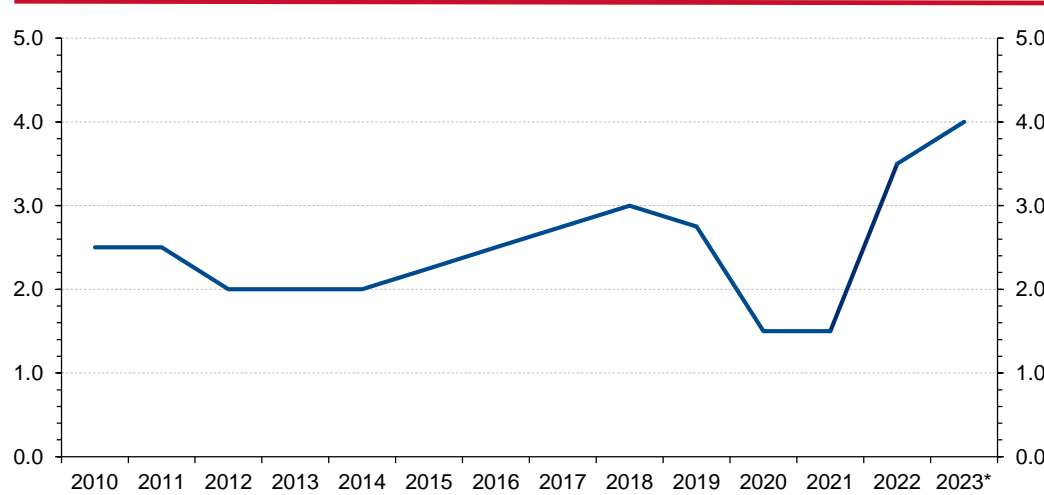
Kuwait Private credit (change, % y/y)



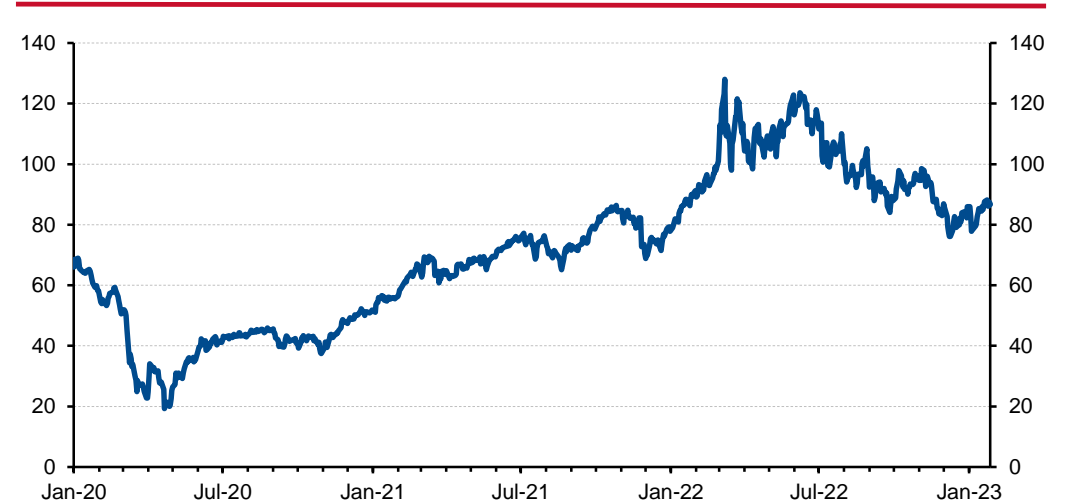
Real GDP (% y/y)



Development of the Discount Rate (%)



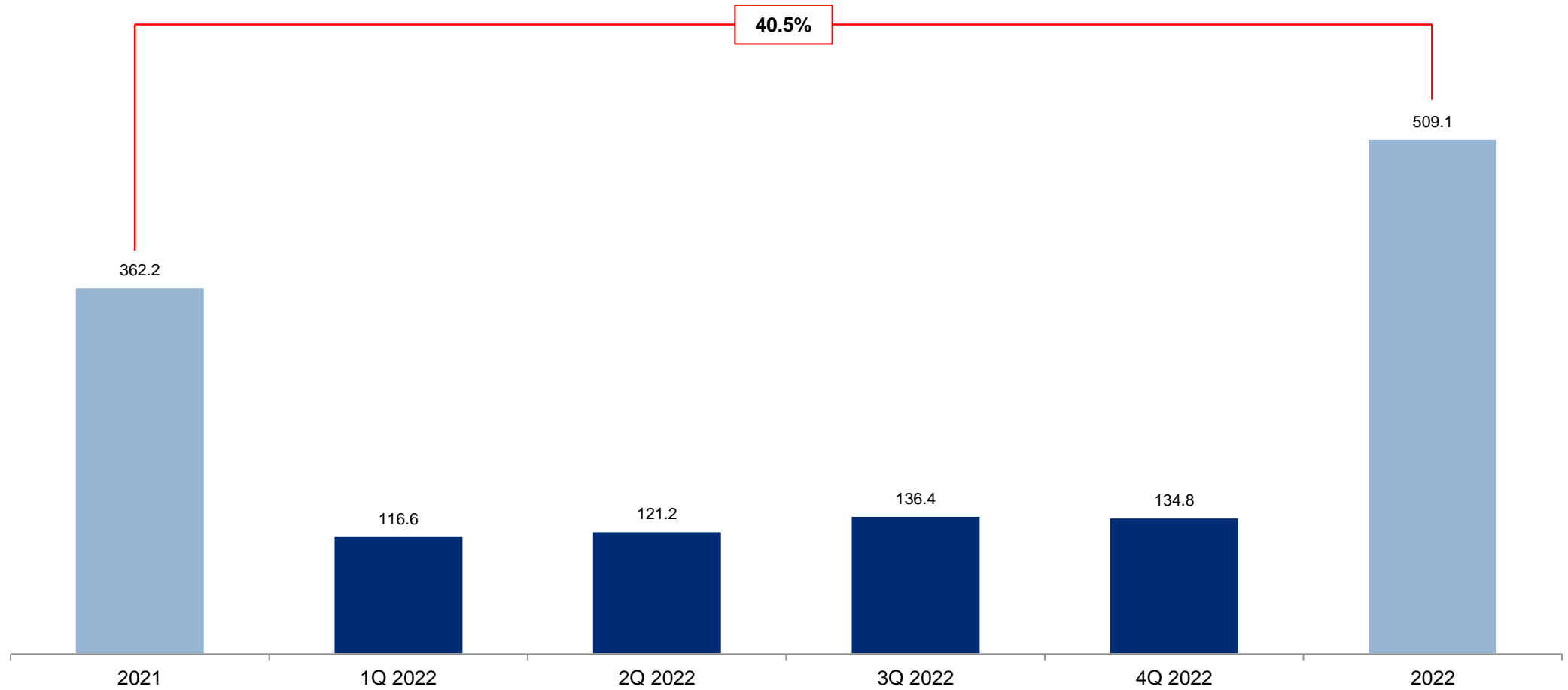
Daily ICE Brent Crude Oil Prices (\$/bbl)





NBK Profitability (KDm)

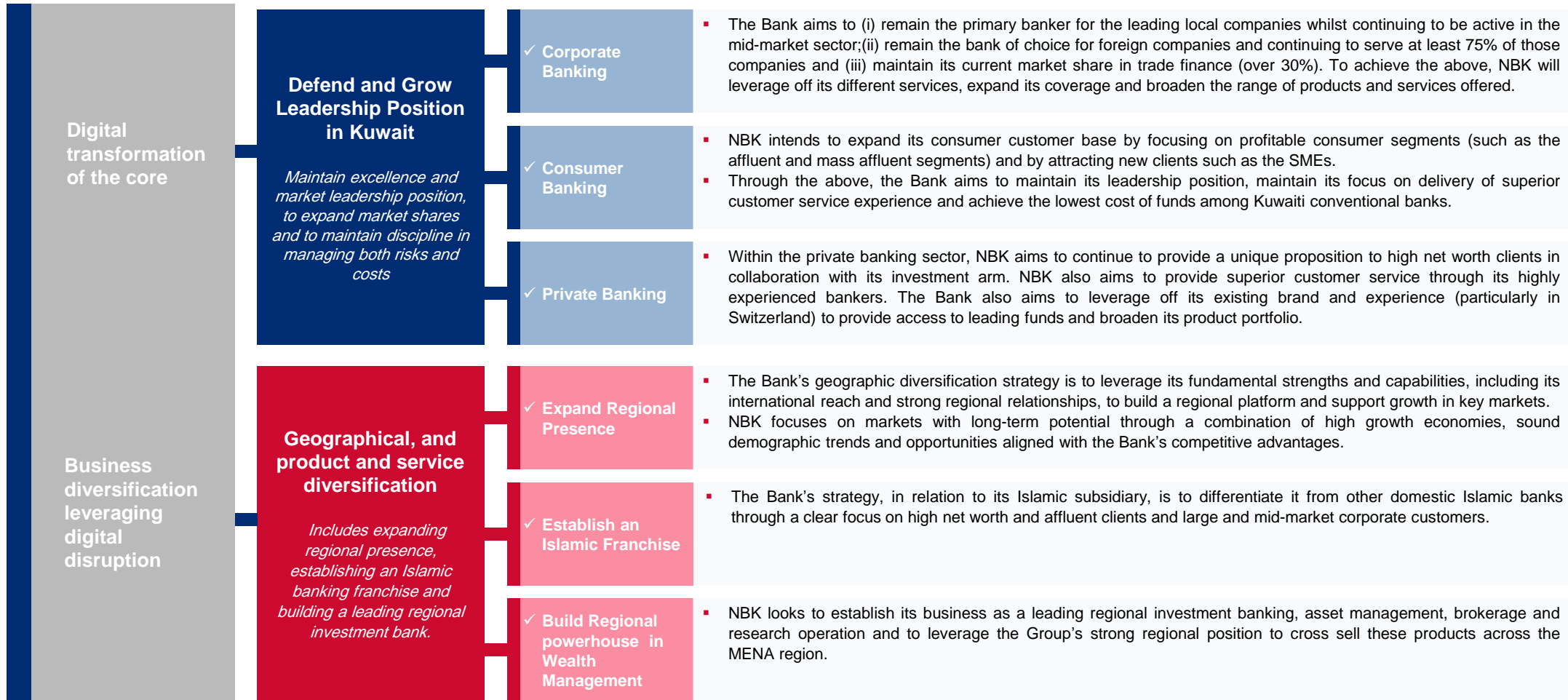
Net Profit Attributable





NBK's Strategy

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





NBK Group ESG Strategy Framework

Strategy Pillars
Ambition
Strategic Initiatives

Responsible Banking

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

- 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**.

Capitalizing on our Capabilities

To drive sustainable business growth achieved through organizational resilience.

- 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**.

Investing in our Communities

To deliver a positive impact on the communities we serve.

- 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**.

Governance for Resilience

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

- 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**.

SDGs
Enablers





Building A Leading Journey In ESG

ESG Awards and Ratings



Carbon Disclosure Project (CDP) Score 2022



Aligned with National and Global Frameworks





2022 Key ESG Achievements

We measure our progress against well-defined metrics and targets to achieve the greatest impact.

> Strategy Pillars

> Key Highlights

Responsible Banking

- Launched **NBK Sustainable Financing Framework** and received **SPO by S&P Global**.
- Developed a **roll-out plan for sustainable products** for 2023.
- Achieved the **LEED Gold Certification** for NBK Kuwait new Headquarters.
- **Committed to become carbon neutral by 2060** in line with the State of Kuwait's pledge to achieve carbon neutrality by 2060.
- **Established interim goals to reduce its gross operational emissions by 25% by 2025** through increasing dependency on renewable and clean energy solutions.
- Installed **12 EV charging stations** at different levels of the multi-story car park attached to NBK's green Headquarters.

Governance for Resilience

- Approved the **new Group ESG Strategy**.
- Elected **eleven board members** for a three year term; including two additional Independent members – totaling **four independent members**, one **with extensive ESG experience**.
- Elected **first female Board Member**.
- Integrated **ESG metrics** into the **Board of Directors'** and **Executive Management responsibilities, charters, oversight, and affairs**.
- Received our **first CDP Score of 'C'** for both the Climate Change and Forest categories for the Financial Services sector.
- Aligned our operational environmental footprint with **GHG Protocol** global framework.
- Constituent in **Refinitiv AFE Low Carbon Select Index MENA**.


Investing in our Communities

- Launched **new designs for all our cards** with **customer-tailored features**, including design themes **especially for the visually impaired**.
- Launched the **"Bankee" financial literacy program** in public and private schools.
- **NBK Academy** named **"Best Youth Programme Initiative" by MEED** (MENA Banking Excellence Awards) international magazine.
- Received the **"Job Replacement and Nationalization Award"** on the GCC level. **Nationalization** rate currently stands at **75.1%**.
- Committed **KD 13 million** for the expansion of **NBK Children's Hospital** specialized in stem cell transplant, project to start 2023.
- **Community Investments** totaled **KD 23 million in 2022, a 45% increase from 2021**.

Capitalizing on our Capabilities

- Awarded **"Best Bank for Diversity and Inclusion in Kuwait" from Euromoney**.
- **Women in workforce 43.6%**, women in **management 29.2%**.
- Launched **NBK RISE**, a global leadership initiative designed to **elevate women** to more significant leadership roles.
- Launched a new **training and development** approach titled **"Ready for the Future"** aimed at accelerating the Group's digital strategy.
- In 2022, **each employee** received an average of **5.7 hours of training**.
- Named **"Best Financial Innovation Lab in Kuwait 2022" by Global Finance** for pioneering innovation in the country and the region.
- Fostering **employee well-being**, NBK partnered with Wara Hospital to provide specialized on-site medical advice to staff.

Contents

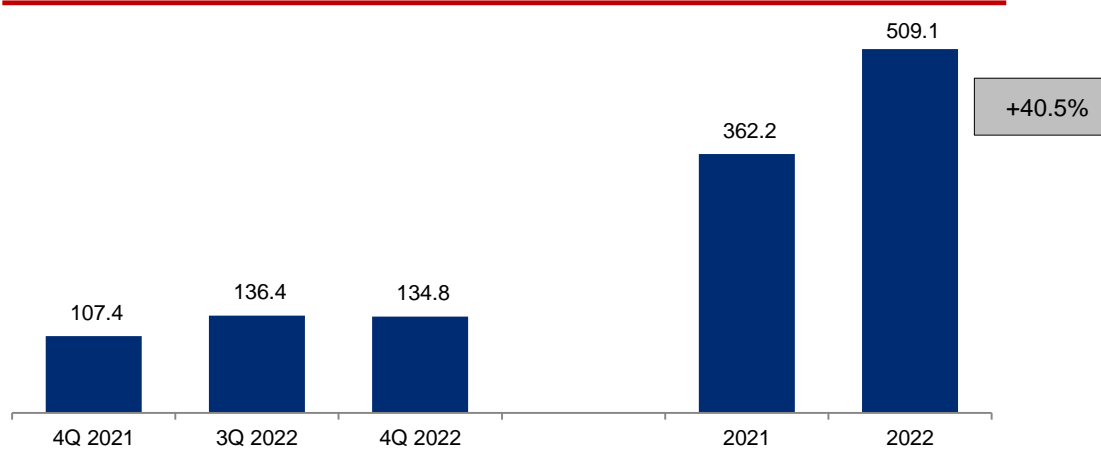


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Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions

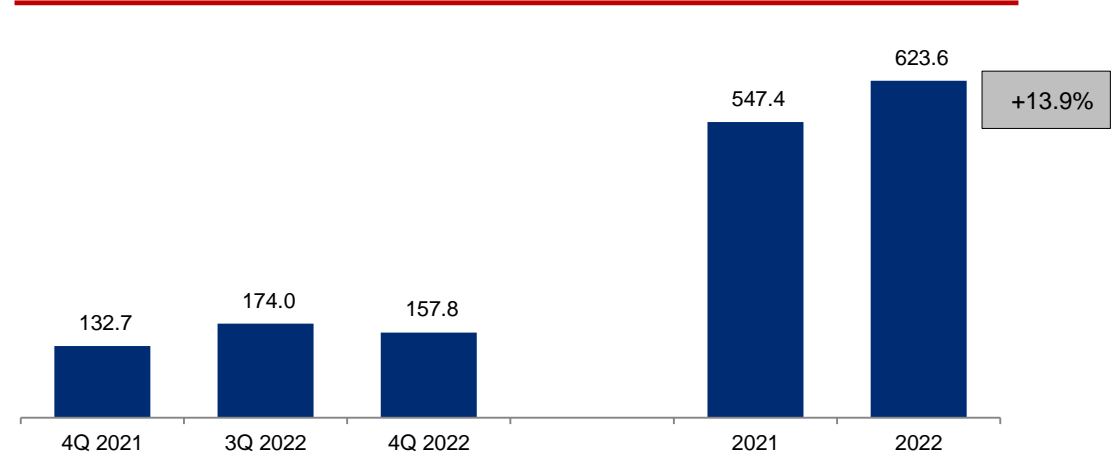


Operating Performance 2022

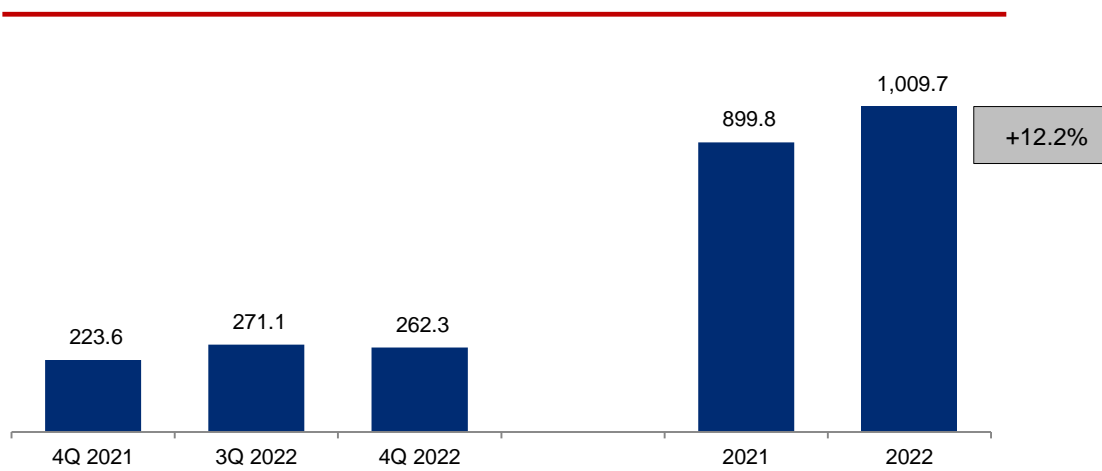
Net Profit (KDm)



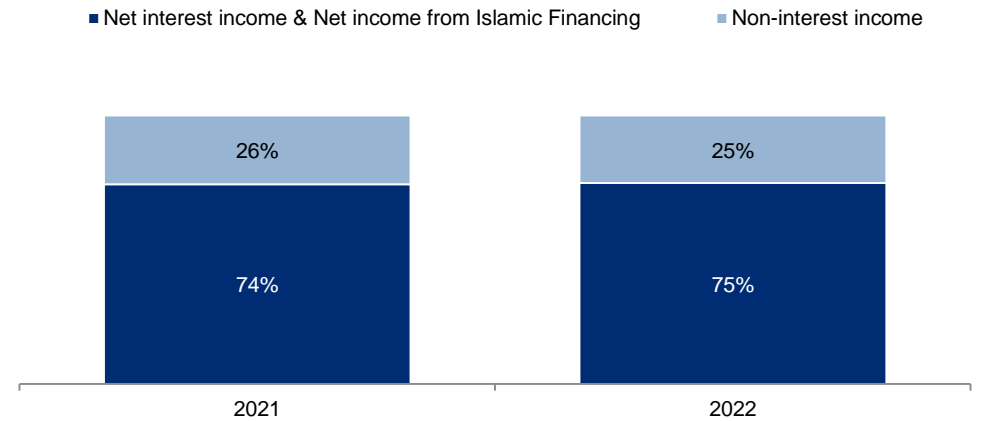
Operating Surplus (KDm)



Operating Income (KDm)



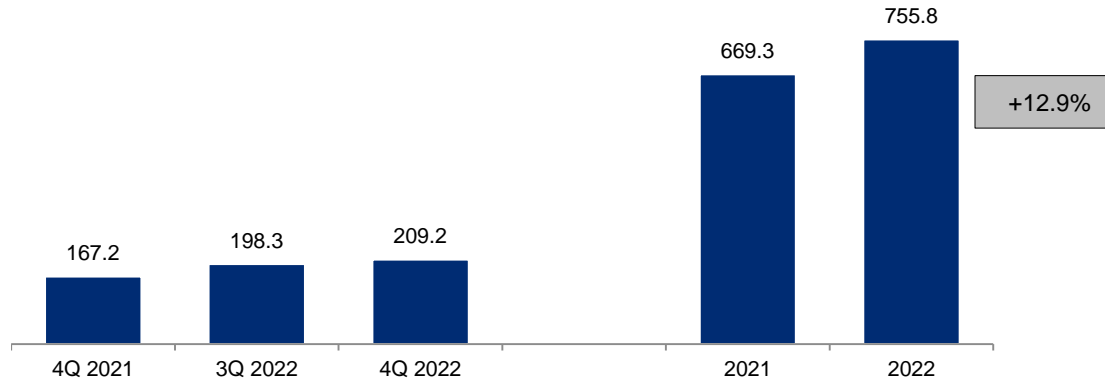
Operating Income



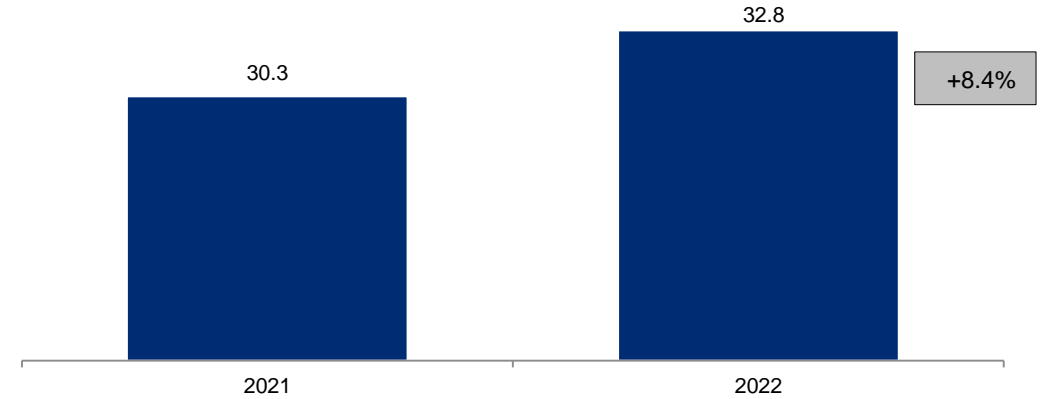


Operating Performance 2022

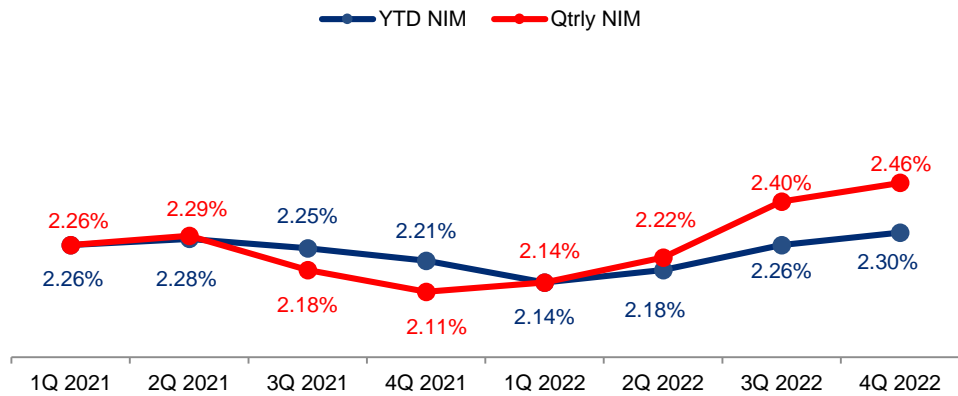
Net Interest Income* (KDm)



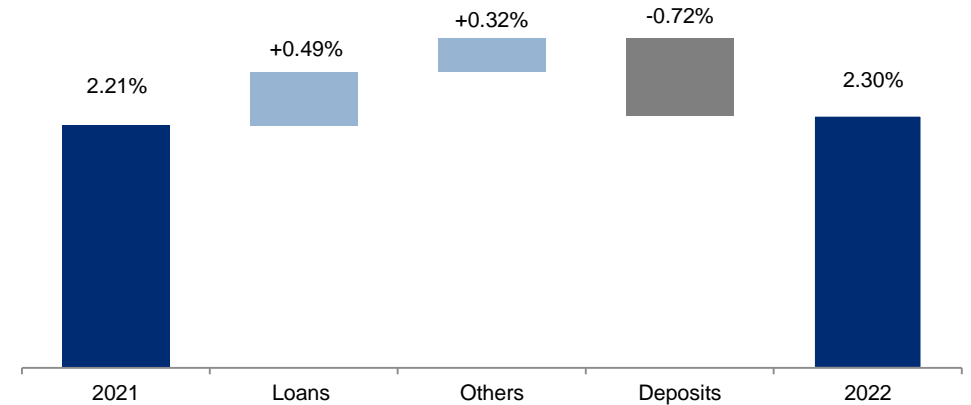
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin drivers

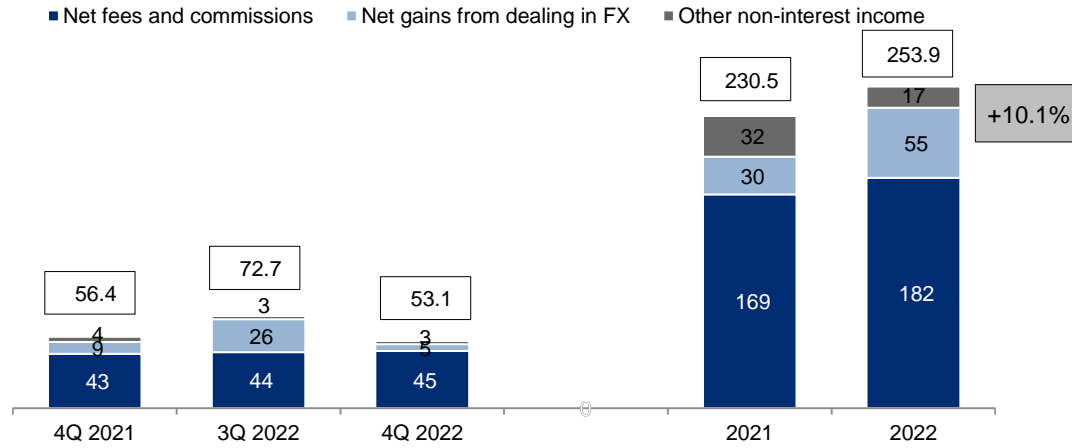


*Includes net interest income and net income from Islamic Financing

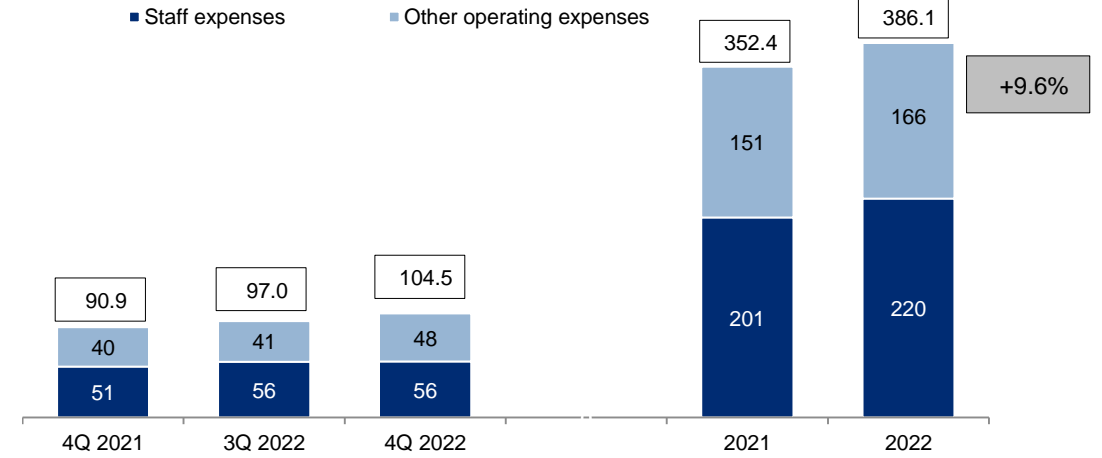


Operating Performance 2022

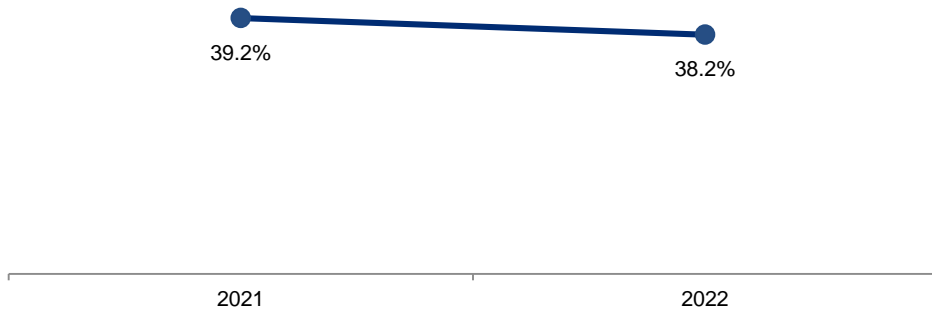
Non-interest income (KDM)



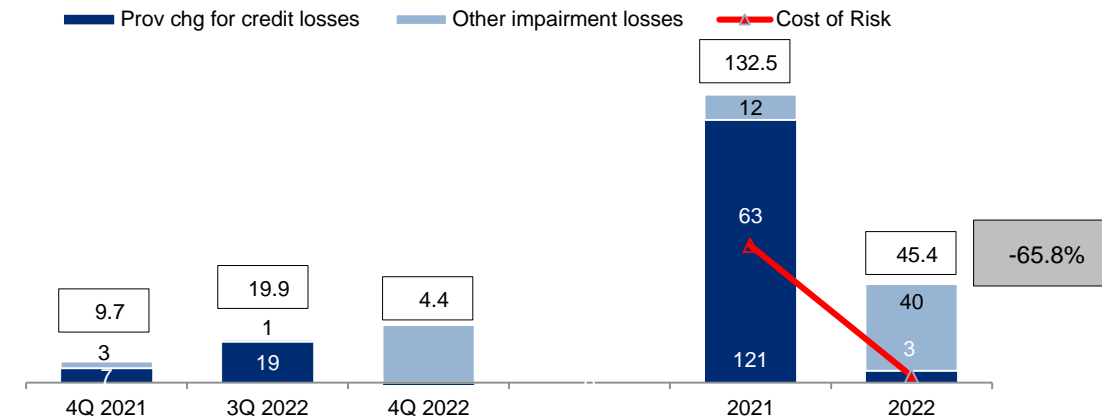
Operating Expenses (KDM)



Cost to Income ratio



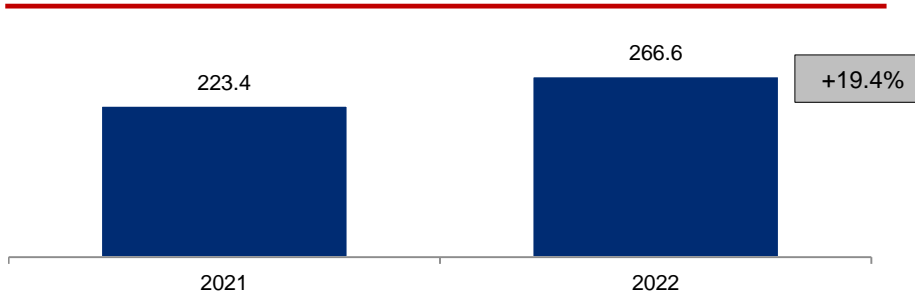
Provisions and Impairments (KDM)



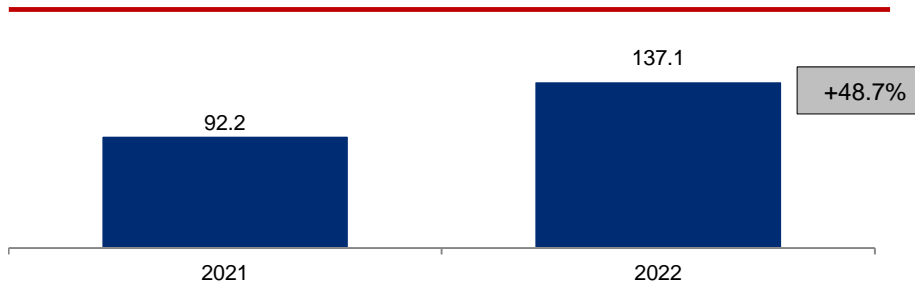


Operating Performance 2022

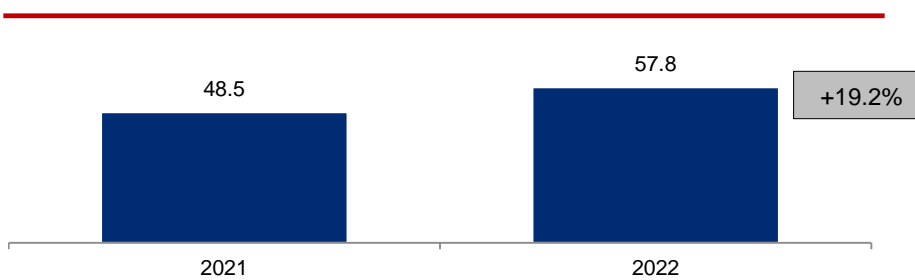
Operating Income (KDm) - International



Net profit (KDm) - International



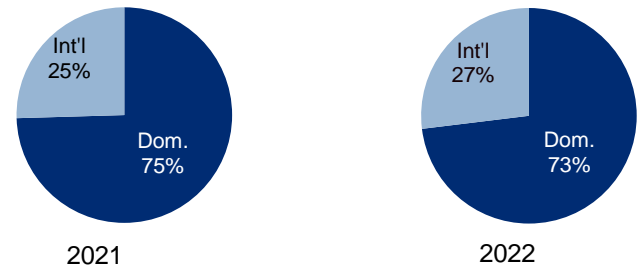
Net profit (KDm) - Boubyan Bank



Operating Income (KDm)



Net Profit (KDm)



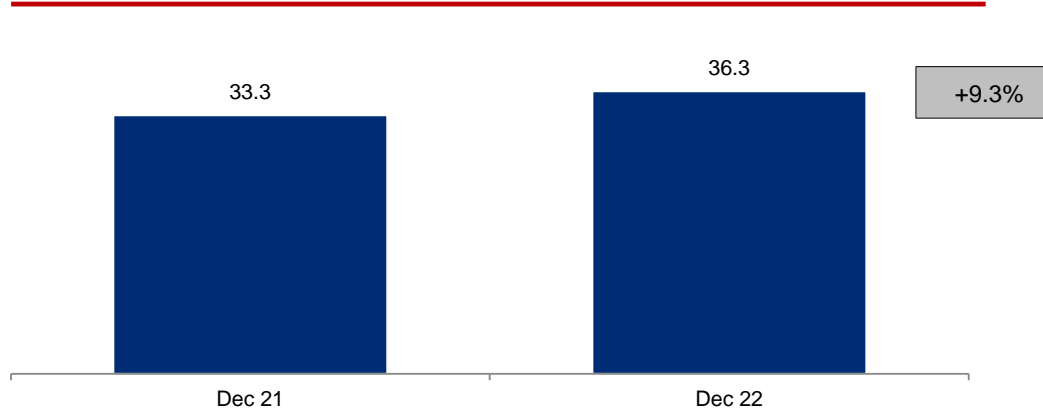
Total Assets (KD'bn)



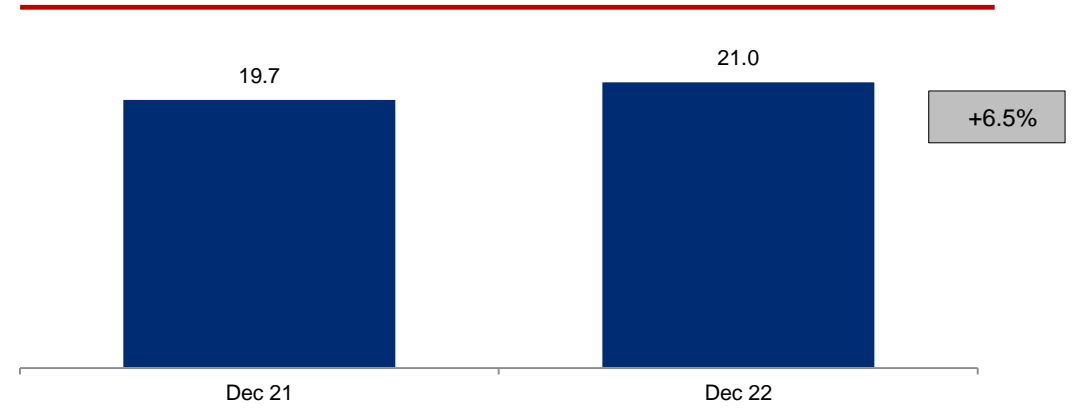


Operating Performance 2022

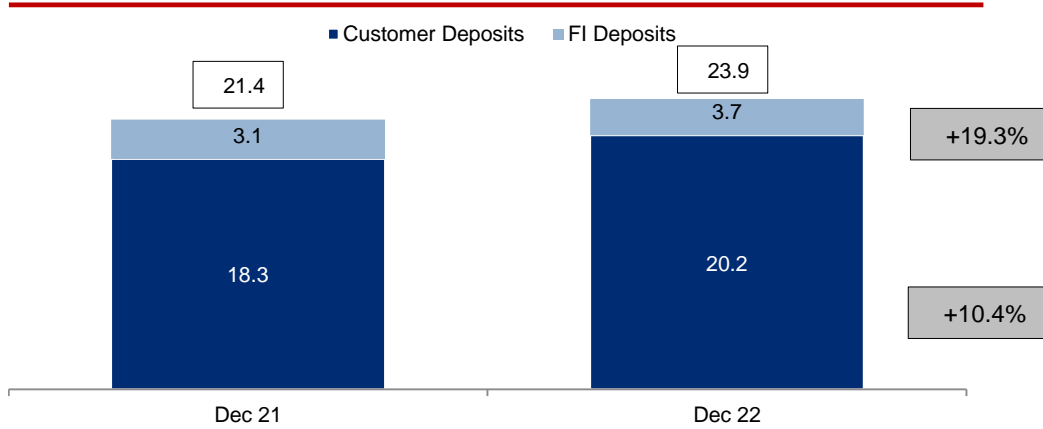
Total Assets (KDbn)



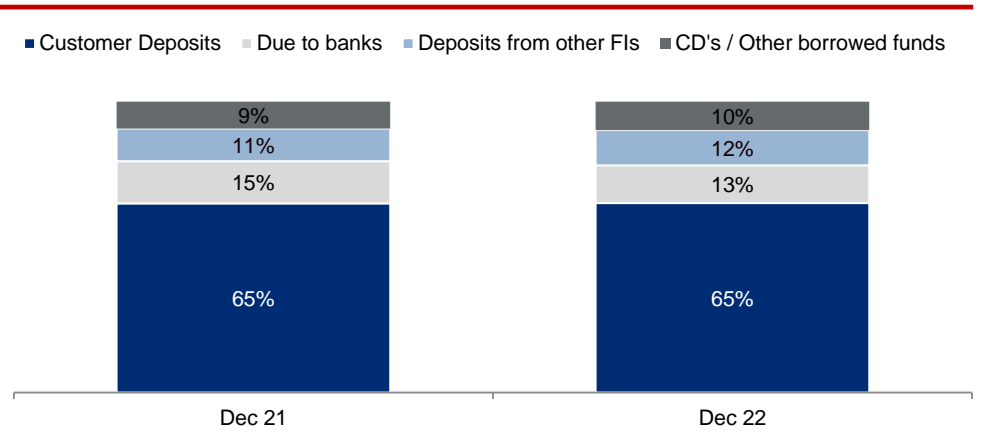
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits* (KDbn)



Funding Mix

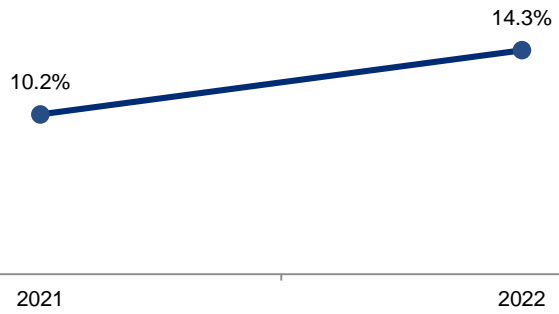


*excludes due to banks

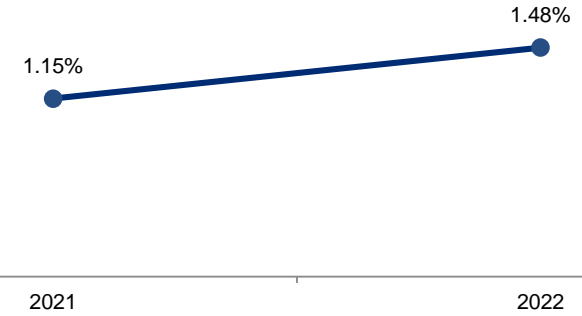


Performance and Asset Quality Ratios 2022

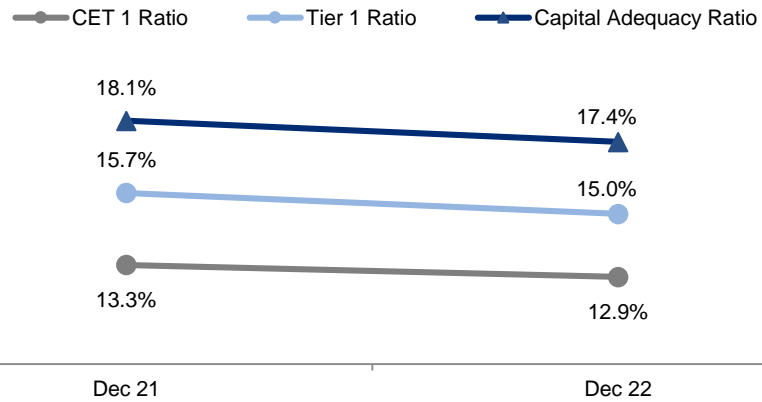
Return on Average Equity



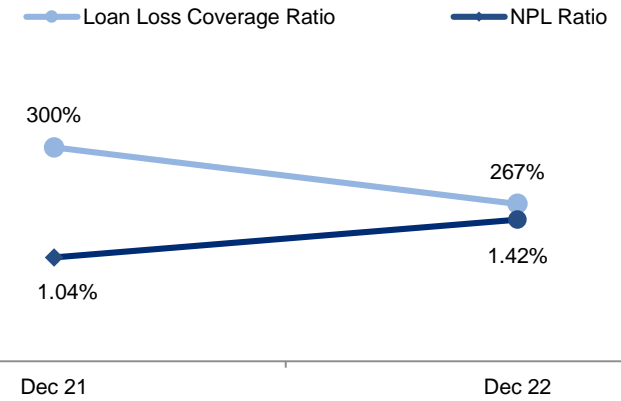
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



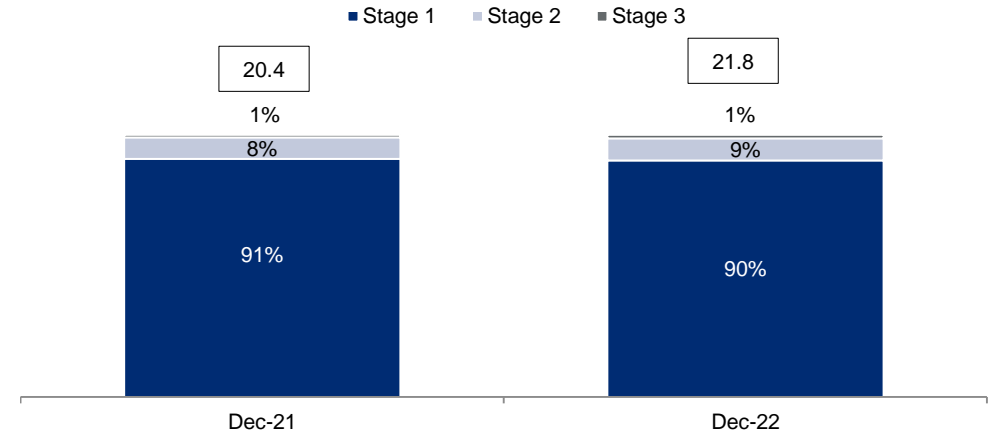


Expected Credit Losses (ECL) 2022

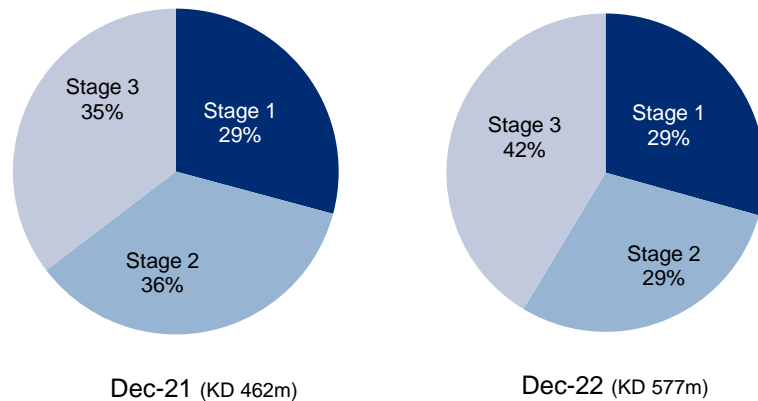
Financial Statements ECL Disclosure (KDm)

31 December 2022	Stage1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	19,696	1,820	310	21,826
Contingent liabilities	3,800	655	12	4,467
Commitments (revocable and irrevocable) to extend credit	7,506	1,165	0	8,671
ECL allowance for credit facilities	169	169	239	577

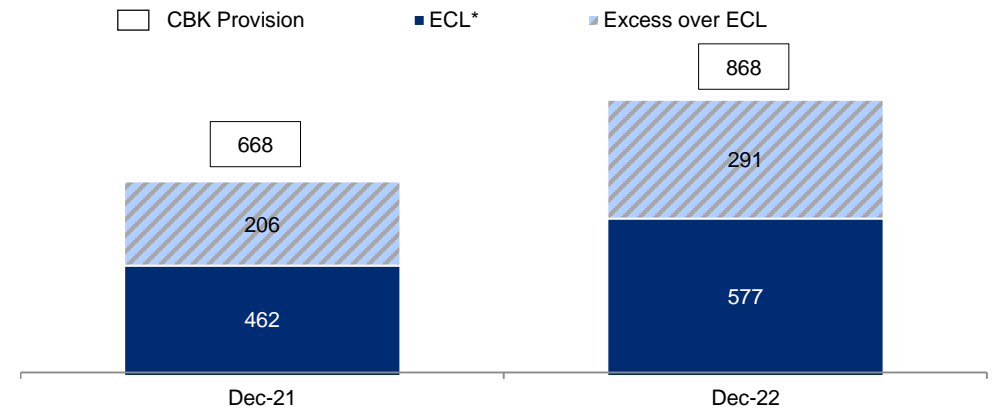
Total Gross Loans (KDbn)



ECL Allowance for Credit Facilities



CBK Credit Provisions vs IFRS 9 ECL (KDm)




* ECLs as per CBK guidelines



2023 Guidance

	2022	2023 Guidance
Loan Growth	+6.5%	Mid to High Single Digit
NIM	2.30%	Expanding
Cost to Income ratio	38.2%	Broadly Stable
Cost of Risk	<i>3bps</i>	
Earnings	+40.5%	
Capital Adequacy	17.4%	

Contents



Section 1	Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions



Consolidated Statement Of Income *(KDM)*

<i>KDM</i>	2021	2022	YoY Growth (%)
Interest Income	661	948	43%
Interest Expense	155	364	NM
Net Interest Income	506	584	15%
Murabaha and other Islamic financing income	228	288	26%
Finance cost and Distribution to depositors	65	115	78%
Net Income from Islamic financing	163	172	6%
Net interest income and net income from Islamic financing	669	756	13%
Net fees and commissions	169	182	8%
Net investment income	28	16	(44%)
Net gains from dealing in foreign currencies	30	55	86%
Other operating income	4	1	(75%)
Non-interest income	231	254	10%
Net Operating Income	900	1,010	12%
Staff expenses	201	220	9%
Other administrative expenses	116	125	8%
Depreciation of premises and equipment	34	39	14%
Amortisation of intangible assets	2	2	0%
Operating Expenses	352	386	10%
Op. profit before provision for credit losses and impairment losses	547	624	14%
Provision charge for credit losses	121	5	NM
Impairment losses	12	40	NM
Operating profit before taxation and directors' remuneration	415	578	39%
Taxation	34	47	39%
Directors' remuneration	0	1	NM
Non-controlling interests	18	21	14%
Profit attributable to shareholders of the Bank	362	509	41%

Restated Unaudited Consolidated Statement Of Income 2021* (KDM)

KDm	Q1'21	Q2'21	Q3'21	Q4'21
Interest Income	160	166	166	169
Interest Expense	38	37	39	42
Net Interest Income	122	129	127	128
Murabaha and other Islamic financing income	56	57	58	57
Finance cost and Distribution to depositors	16	15	16	18
Net Income from Islamic financing	40	42	42	39
Net interest income and net income from Islamic financing	162	171	168	167
Net fees and commissions	40	43	44	43
Net investment income	8	10	6	4
Net gains from dealing in foreign currencies	7	6	9	9
Other operating income	3	0	0	0
Non-interest income	58	58	58	56
Net Operating Income	220	230	227	224
Staff expenses	46	49	55	51
Other administrative expenses	26	29	30	31
Depreciation of premises and equipment	8	9	9	8
Amortisation of intangible assets	0	0	0	0
Operating Expenses	81	87	94	90
Op. profit before provision for credit losses and impairment losses	139	143	132	133
Provision charge for credit losses	43	52	20	7
Impairment losses	(0)	3	6	3
Operating profit before taxation and directors' remuneration	97	88	107	123
Taxation	8	9	9	9
Directors' remuneration	-	-	-	0
Non-controlling interests	5	3	4	7
Profit attributable to shareholders of the Bank	84	76	94	107

*Restated unaudited income statements for ease of reference only.



Restated Unaudited Consolidated Statement Of Income 2022* (KDM)

KDM	Q1'22	Q2'22	Q3'22	Q4'22
Interest Income	172	201	256	319
Interest Expense	47	66	100	151
Net Interest Income	125	134	156	168
Murabaha and other Islamic financing income	61	68	74	85
Finance cost and Distribution to depositors	18	22	32	44
Net Income from Islamic financing	43	45	42	41
Net interest income and net income from Islamic financing	169	180	198	209
Net fees and commissions	43	49	44	45
Net investment income	12	(2)	2	3
Net gains from dealing in foreign currencies	10	14	26	5
Other operating income	0	0	0	(0)
Non-interest income	66	62	73	53
Net Operating Income	235	242	271	262
Staff expenses	52	56	56	56
Other administrative expenses	29	28	31	38
Depreciation of premises and equipment	9	10	10	10
Amortisation of intangible assets	0	0	0	0
Operating Expenses	90	94	97	105
Op. profit before provision for credit losses and impairment losses	145	147	174	158
Provision charge for credit losses	12	(4)	19	(22)
Impairment losses	0	12	1	26
Operating profit before taxation and directors' remuneration	132	139	154	153
Taxation	9	13	13	13
Directors' remuneration	-	-	-	1
Non-controlling interests	7	4	5	5
Profit attributable to shareholders of the Bank	117	121	136	135

*Restated unaudited income statements for ease of reference only.



Consolidated Statement Of Financial Position *(KDM)*


<i>KDM</i>	December-2021	December-2022	YoY Growth %
Cash and short term funds	5,082	5,323	5%
Central Bank of Kuwait bonds	830	881	6%
Kuwait Government treasury bonds	417	212	(49%)
Deposits with banks	885	1,490	68%
Loans, advances and Islamic financing to customers	19,722	20,998	6%
Investment securities	4,911	5,635	15%
Investment in associates	4	3	(17%)
Land, premises and equipment	456	475	4%
Goodwill and other intangible assets	581	535	(8%)
Other assets	368	786	NM
Total Assets	33,257	36,338	9%
Due to banks	4,099	4,018	(2%)
Deposits from other financial institutions	3,136	3,741	19%
Customer deposits	18,281	20,178	10%
Certificates of deposit issued	1,339	1,802	35%
Other borrowed funds	1,267	1,244	(2%)
Other liabilities	668	721	8%
Total Liabilities	28,789	31,703	10%
Share capital	719	755	5%
Proposed bonus shares	36	38	5%
Statutory reserve	360	378	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,587	1,614	2%
Equity attributable to shareholders of the bank	3,540	3,623	2%
Perpetual Tier 1 Capital Securities	439	439	0%
Non-controlling interests	489	573	17%
Total equity	4,467	4,635	4%
Total liabilities and equity	33,257	36,338	9%



Performance Measures 2022

	December-2021	December-2022
Return on average assets	1.15%	1.48%
Return on average equity	10.2%	14.3%
Net interest margin	2.21%	2.30%
Cost to income	39.2%	38.2%
NPLs to gross loans	1.04%	1.42%
Loan loss reserves to NPLs	300%	267%
Tier 1 capital	15.7%	15.0%
Tier 2 capital	2.4%	2.4%
Capital adequacy ratio	18.1%	17.4%

Contents



Section 1	Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions



Questions?



Thank You



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