



# National Bank of Kuwait

## Investor Presentation

March 2023

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# 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>Named the most valuable banking brand in Kuwait, and among the top 10 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 5.74% as of December 2022)</li> <li>NBK's market capitalization at 31 December 2022 was USD 26.6 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 13 countries with a predominant focus on the MENA region.</li> </ul>

## Credit Ratings

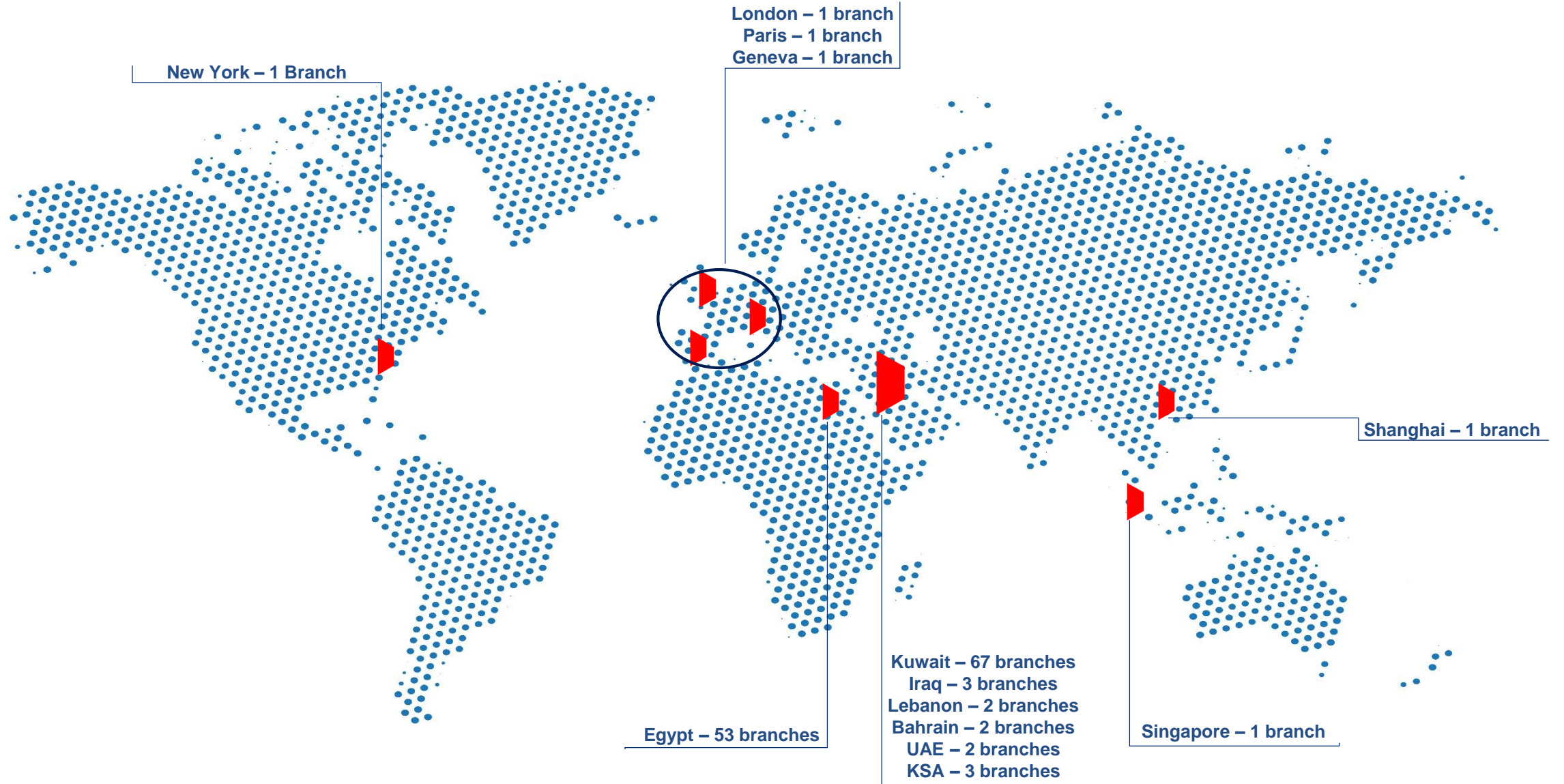
Rating Agency	Long Term Rating	Standalone Rating	Outlook
<b>MOODY'S</b>	A1	a3	Stable
<b>STANDARD &amp; POOR'S</b>	A	a-	Stable
<b>FitchRatings</b>	A+	a-	Stable

## Financial snapshot

USD million	2020	2021	2022
Total Assets	97,021	108,575	118,637
Loans, advances & Islamic financing	57,148	64,389	68,555
Customer Deposits	55,841	59,683	65,877
Total Equity	13,520	14,584	15,132
Net Operating Income	2,739	2,938	3,297
Net Profit attributable	804	1,183	1,662
Cost to Income (%)	36.7%	39.2%	38.2%
Net Interest Margin (%)	2.21%	2.21%	2.30%
NPL Ratio (%)	1.72%	1.04%	1.42%
Loan Loss Coverage Ratio (%)	220%	300%	267%
Return on Average Equity (%)	7.0%	10.2%	14.3%
Tier 1 Ratio (%)	16.0%	15.7%	15.0%
Capital Adequacy Ratio (%)	18.4%	18.1%	17.4%



# Regional and International Geographic Presence





# Key Strengths

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

- NBK has one of the highest credit ratings in the MENA region
- Named the most valuable banking brand in Kuwait and among the top 10 in the Middle East by Brand Finance

## A Leading market position in Kuwait

- NBK enjoys a dominant market share across various business segments in Kuwait
- The Bank has one of the largest and most diversified distribution networks, including its digital channels

## Sound and consistent financial performance

- Long history of profitability, even throughout the global financial crisis
- Excellent asset quality with an NPL ratio standing at 1.42% at end-2022
- Strong liquidity serving as a buffer in times of need

## 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

## 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



## A strong regional and international network

- Operations in 13 countries, 7 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 wealth management capability

- NBK has established a strong global wealth management platform that builds on client accessibility in the region, offering best-in-class product and services and a seamless client experience throughout our global network

## A well-defined sustainability strategy

- NBK's leadership is deeply committed to the bank's sustainability journey and views sustainability as integral to business performance

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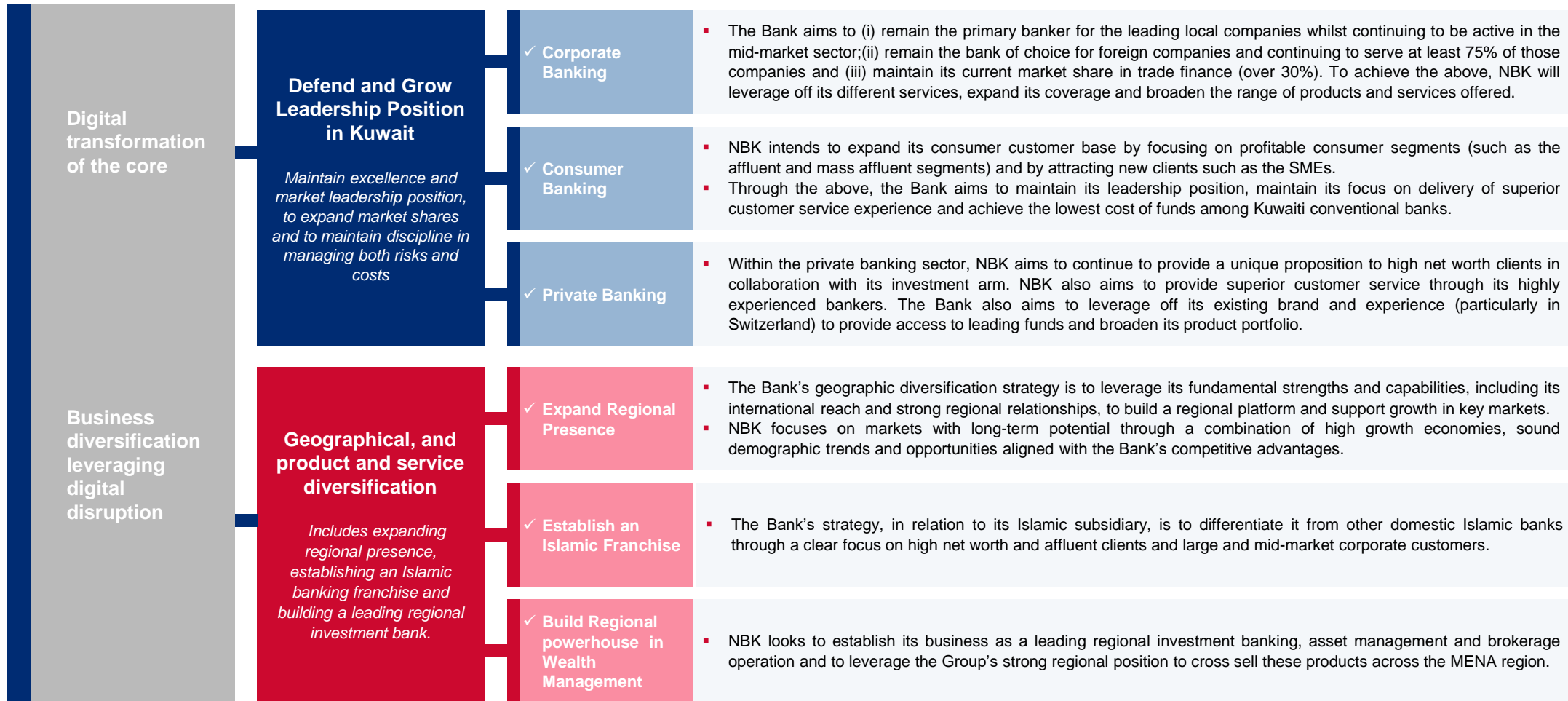


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# NBK's Strategy

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



### Corporate Banking



### Consumer Banking



### Private Banking

- Remain the primary banker for local blue-chip companies
- Remain bank of choice among foreign corporations; serving 75% of them active in the Kuwaiti market
- Maintain current market share in excess of 30% in trade finance
- Increase market share in medium corporate segment
- Focus on project finance benefiting from NBK's large capital base
- Maintain asset quality

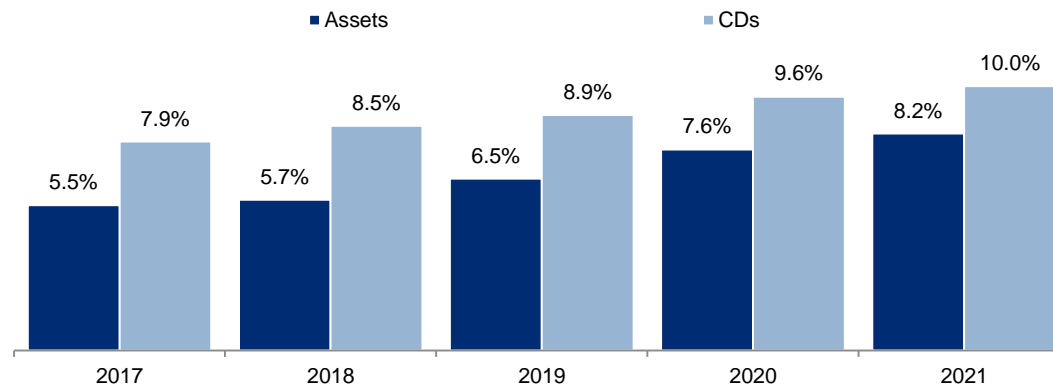
- Maintain leadership with largest market share and highest customer penetration
- Maintain focus on customer service
- Aim to attract new bankable clients such as SMEs
- Pioneer innovative products and services utilizing the latest tools and technologies
- Proactive attrition management
- Meet evolving banking demands

- Continue to provide a unique proposition to HNW
- Provide access to best of breed international funds leveraging NBK's wealth management expertise
- Leverage NBK's strong brand to acquire new clients and retain onshore relationships
- Broaden the product portfolio to accommodate growing needs

## Islamic Banking (Boubyan Bank 60.1% owned subsidiary)

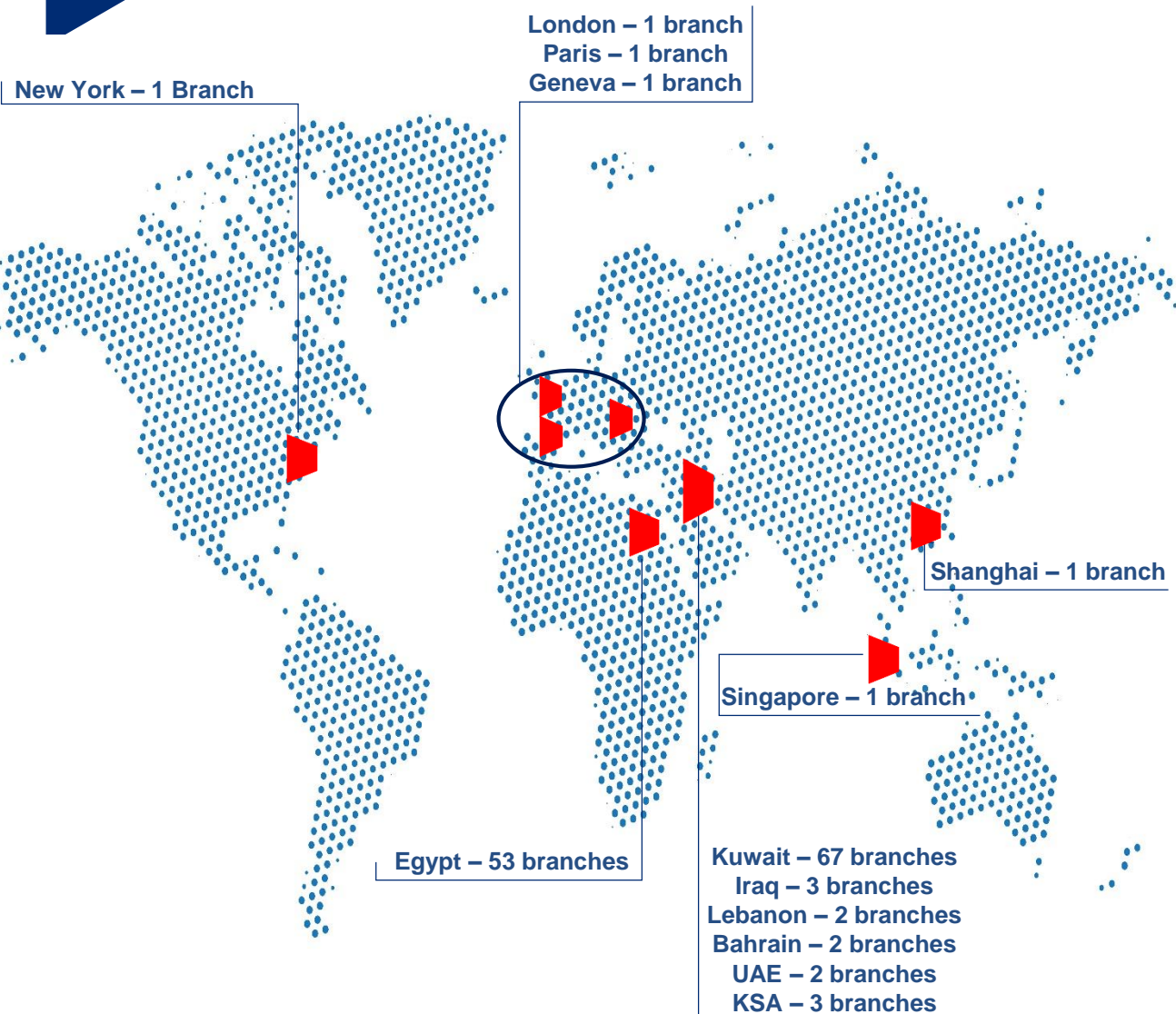
- After a series of gradual share acquisitions since 2009, NBK's stake in Boubyan bank reached 58.4% in 2012. Through Boubyan, NBK aims at diversifying its income stream, complementing its product offering as well as targeting a new segment of clients.
- The size and market share development of Boubyan relative to other Islamic banks leaves significant room for repositioning the bank and acquiring market share.
- NBK is committed to the future growth and transformation of Boubyan Bank and establishing a strong presence in the growing Islamic banking segment.
- 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.

### Market share of Assets and Customer Deposits

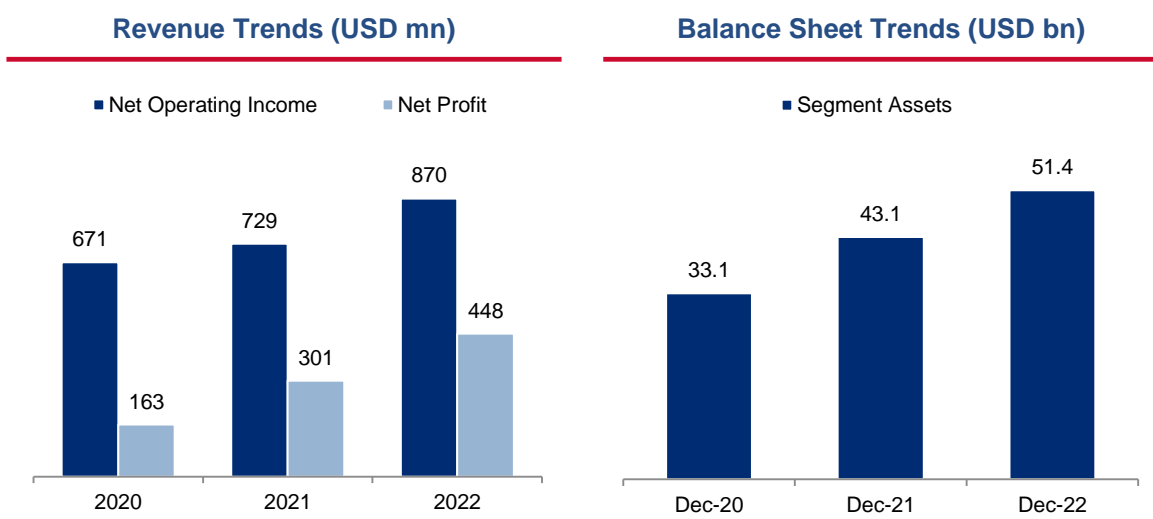




# International Operations



- NBK’s international operations have been traditionally contributing 25% of the Group’s bottom line.
- NBK’s international presence is a differentiating factor for the Group, enabling better service and strengthening client relationships.
- The Bank is focused on growing its business in existing and new markets; meanwhile, across the international locations, the Bank’s focus is on:
  - increasing its market share in Egypt
  - building a regional powerhouse in wealth management
  - servicing its corporate and private customers who are active internationally and growing its business with international corporates 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.








# Digital Transformation Strategy

With a solid digital transformation strategy, we are committed to our strong ambitions to be relevant to our customers' needs in the era of new normal, to enhance efficiency and to increase stakeholders' value through our two-pronged approach

1. Digital transformation of the core (comprehensive program to transform our business in Kuwait)
2. Business diversification leveraging digital disruption (our key markets outside Kuwait)

## We developed our digital agenda with strong ambitions

 <p>Being and perceived as the digital leader and trendsetter in Kuwait</p>	 <p>Building "next generation digital banking" to deliver the best experience to our customers</p>	 <p>Establishing a digital working environment – Building digital skillsets - Digital tools to work efficiently</p>
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Digital Transformation programs across all segments  
(Consumer, Private, Corporate)

### Leveraging the change through six main pillars

Enhancing Existing Channels Experience	Developing New Channels	Building New Digital Capabilities
Fully Digital Value Proposition	New Way of Working	Trendsetting Innovation

# 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**.

## UN SDGs



## Enablers

Digitalization & Innovation

Governance

Risk Management

Collaboration

Transparency & Communication

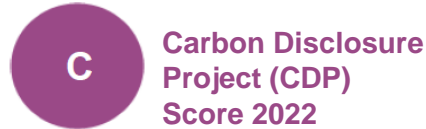
Capacity Building

Monitoring & Reporting



# Building A Leading Journey In ESG

## ESG Awards and Ratings



## 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**.
- Joined the **United Nations Global Compact (UNGC)**.
- 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.



# NBK Sustainable Financing Framework

*Expanding our sustainable financing activities in line with industry leading practices and standards.*

NBK established a Sustainable Financing Framework to support and advance NBK's goal to integrate critical ESG issues into the business, culture and operations, thereby advancing the transition to a sustainable and low carbon economy and contributing to achieve New Kuwait 2035 vision.

## Use of Proceeds

- Under this framework, an amount equivalent to the net proceeds from NBK's sustainable financing instruments will be used to finance or re-finance, in part or in full, Eligible Assets with social or environmental benefits:
  - Green Assets**, including but not limited to: Renewable Energy, Energy Efficiency, Sustainable Water, Green Buildings.
  - Social Assets**, including but not limited to: Healthcare & Education, Access to Essential Services, Affordable Housing.

## Management of Proceeds

- NBK's Finance and Treasury teams will manage the allocation of an amount equivalent to the net proceeds of its Sustainable Financing Instruments to Eligible Assets using a portfolio approach.
- NBK will follow the process described in the Sustainable Financing Framework along with its professional judgement, discretion, and sustainability expertise when identifying the Eligible Assets.

## Project Evaluation & Selection

- NBK has established a Sustainable Financing Working Group to govern the selection and monitoring of the Eligible Assets in accordance with the eligibility criteria defined by the Sustainable Financing Framework.
- The Sustainable Financing Working Group will be chaired by a member of Senior Management and consist of senior members from Finance, Treasury, Risk Management, Sustainability, and Investor Relations.

## Reporting

- NBK commits to publish an allocation and impact report annually, and until full allocation of the proceeds, and in the event of any material changes until the relevant maturity date.
- NBK will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of the Sustainable Financing Instrument proceeds to eligible assets, provided by its external auditor.

NBK Sustainable Financing Framework has been externally verified with a Second Party Opinion (SPO) by S&P Global to confirm alignment with the ICMA 2021 Green Bond Principles, ICMA 2021 Social Bond Principles, ICMA 2021 Sustainability Bond Guidelines, LMA 2021 Green Loan Principles and LMA 2021 Social Loan Principles.

Use of Proceeds

**Strong**

Project Evaluation & Selection

Aligned


Management of Proceeds

Aligned

Reporting

Aligned

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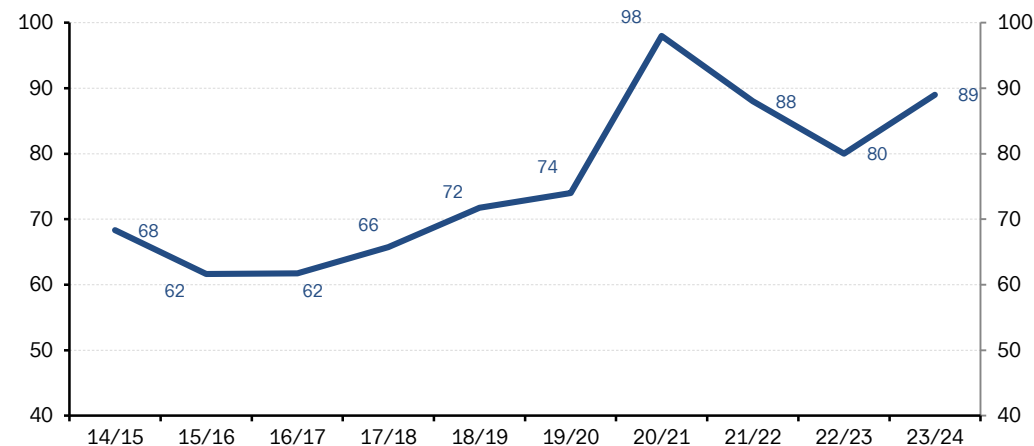


# Overview of Kuwait

## Overview

- The State of Kuwait is a sovereign state on the coast of the Arabian Gulf with a population of 4.6 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 in the world and a fiscal breakeven lower than some other GCC countries, making it more resilient to low oil prices. It has one of the world's largest sovereign wealth funds and very low debt, which underpins its investment grade sovereign credit rating
- 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	2022f	2023f
Sovereign Ratings	A1 / A+ / AA (M / S / F)	
Current Account	\$58.9bn	\$47.5bn
Government Revenues* (% GDP)	52%	49%
Public Debt* (% GDP)	5.4%	3.2%

\* Excludes investment income and on a fiscal year basis



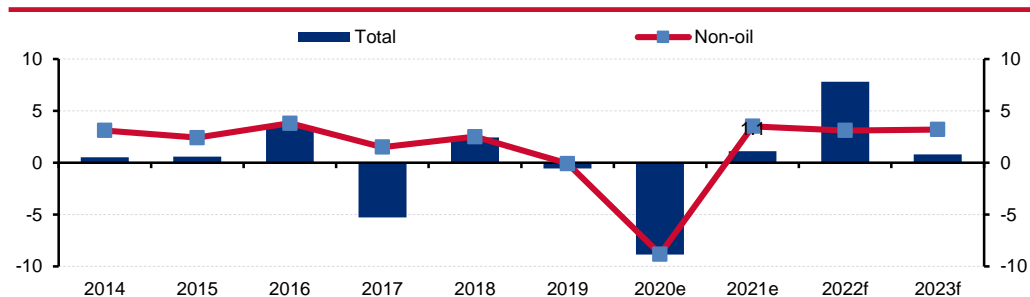
# Kuwait's Economy

## Recent Developments

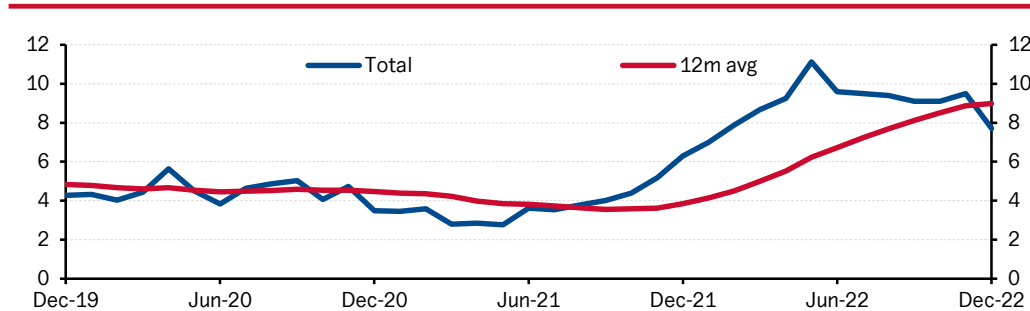
<b>GDP Growth</b>	<ul style="list-style-type: none"> <li>Oil sector output gains in 2022 (+7.8% y/y), coupled with consumer-led gains in the non-oil sector (+3.1%), are expected to have propelled headline GDP growth to a more than ten year high of 7.8%.</li> <li>Looking ahead to 2023, headline growth could slow to 0.8%, largely on the back of OPEC-mandated oil production cuts, which will push Kuwait's oil sector GDP growth down to -1.1%. Non-oil activity is projected to return to trend growth of around 3.2%, and should increasingly see incremental manufacturing gains following the full commissioning of the Al-Zour refinery in that sector.</li> </ul>
<b>Public Finance and Inflation</b>	<ul style="list-style-type: none"> <li>The government could register a fiscal surplus of 9.6% of GDP in FY22/23, boosted by the rise in oil prices to an average of \$100/bbl, but expenditures are likely to rise to cover higher welfare spending and new capex projects.</li> <li>Inflation averaged 3.9% in 2022, up from 3.4% in 2021 on a combination of stronger demand and continued supply chain disruptions. Price growth, should, however, ease to 2.7% in 2023 on fading pent-up demand and supply pressures and amid tighter monetary policy.</li> </ul>
<b>Consumer Sector</b>	<ul style="list-style-type: none"> <li>Consumer spending continued to range at elevated levels in 4Q22 (+16% y/y), bringing the cumulative 2022 figure to almost KD42 billion, a 22% y/y increase, on robust demand supported by strong consumer confidence, employment gains and decent wage growth.</li> </ul>
<b>Credit Growth</b>	<ul style="list-style-type: none"> <li>Domestic credit growth slowed to a still solid 7.7% y/y in December 2022, the fastest yearly increase since 2015. Household and business credit increased by 9.1% y/y and 6.8% y/y, respectively. In 2022 the CBK hiked the discount rate by a cumulative of 200 bps to 3.5%, and followed this up in January 2023 with another 50 bps increase to 4.0%. Further moves by the CBK are expected, in line with anticipated US Fed rate hikes of possibly 75 bps in total in 1H23.</li> <li>Deposits rose by 5.3% y/y in December, with private sector deposits (around 78% of total deposits) increasing by 6.6% y/y in the same period, while government deposits rose by 18.2% y/y to KD3.3 bn.</li> </ul>
<b>Real Estate Activity</b>	<ul style="list-style-type: none"> <li>Real estate sales activity fell in December to KD210mn (-37.4% m/m; -6.8% y/y) as pandemic-linked pent-up demand continued to fade and amid high residential valuations. Sales totaled KD3.63bn in 2022, only slightly down on 2021's figure of KD3.68bn. The outlook in 2023 should be reasonable, supported by government efforts to provide financing, though tighter financial conditions and continued high valuations could weigh on demand.</li> </ul>

Sources: Central Bank of Kuwait, Central Statistical Bureau, Ministry of Finance, Refinitiv, NBK estimates

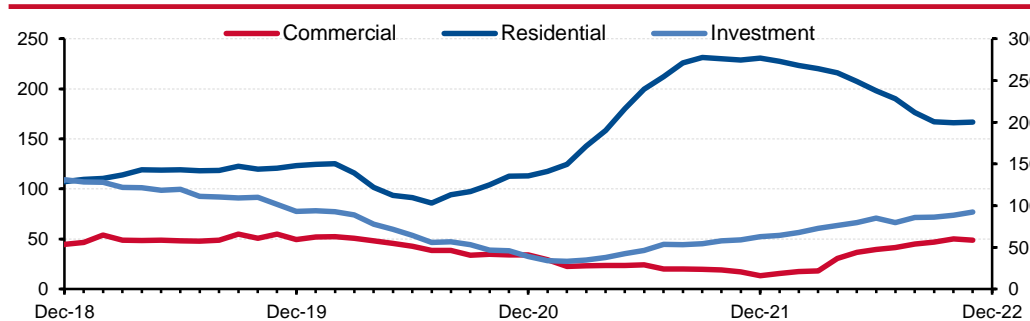
Real GDP (% y/y)



Private credit (change, % y/y)



Real estate sales 12m average (KD mn)



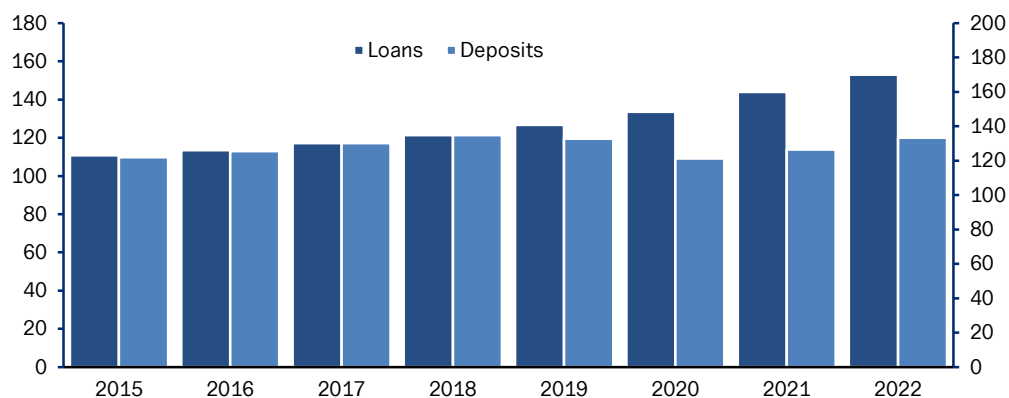


# Kuwait's Banking Sector

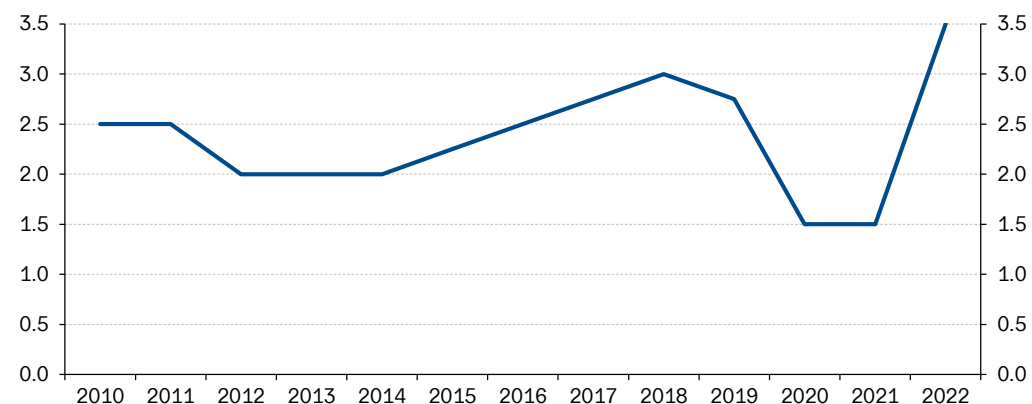
## Snapshot

- **The Kuwaiti banking sector comprises 22 banks**, including 11 domestic banks (five conventional, five Shariah-compliant and one specialized), and branches of 11 international banks (10 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 18% in 3Q22, 7.5% higher than the required minimum of 10.5%. Non-performing loans to total loans stood at 1.5% during the same period with the coverage ratio (all provisions to gross non-performing loans) of 287.9%.

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



Development of the Discount rate (% , end year)

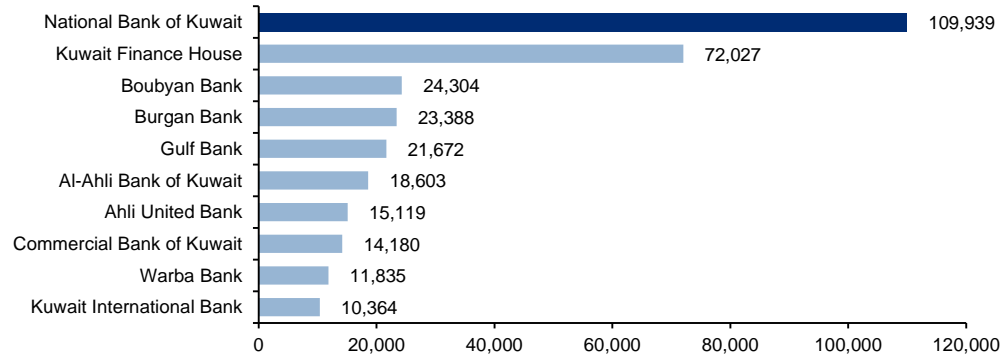




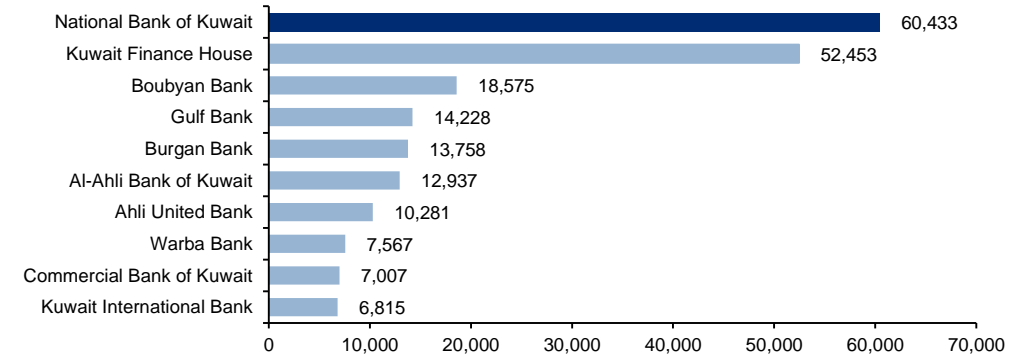
# Dominant Kuwaiti Franchise

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

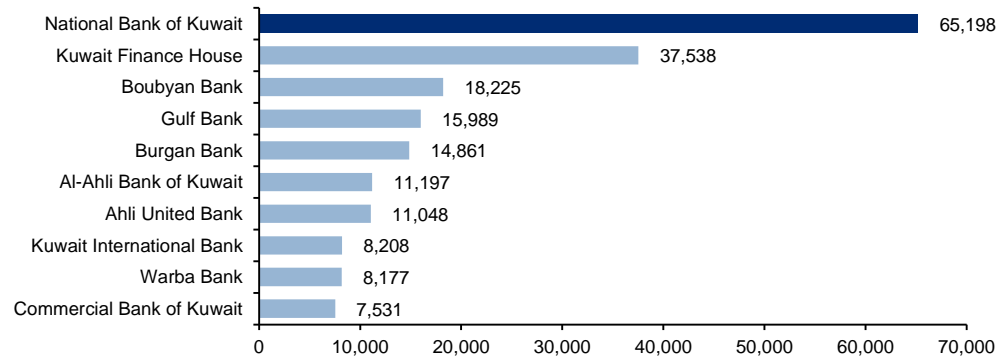
### Total Assets (USD million)



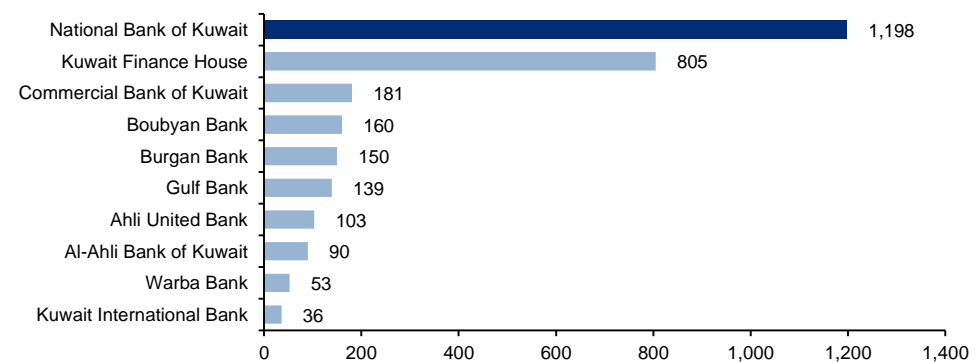
### Customer Deposits (USD million)



### Customer Loans & Advances (USD million)



### Net Profit attributable (USD million)




Sources: Bank's annual reports. All data as of 31 December 2021 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, Gulf Bank, Commercial Bank of Kuwait and Al-Ahli Bank of Kuwait are conventional banks.

The USD/KD exchange rate used is .30250. The rates are based on the Central Bank of Kuwait's closing exchange rates as of 31/12/2021.

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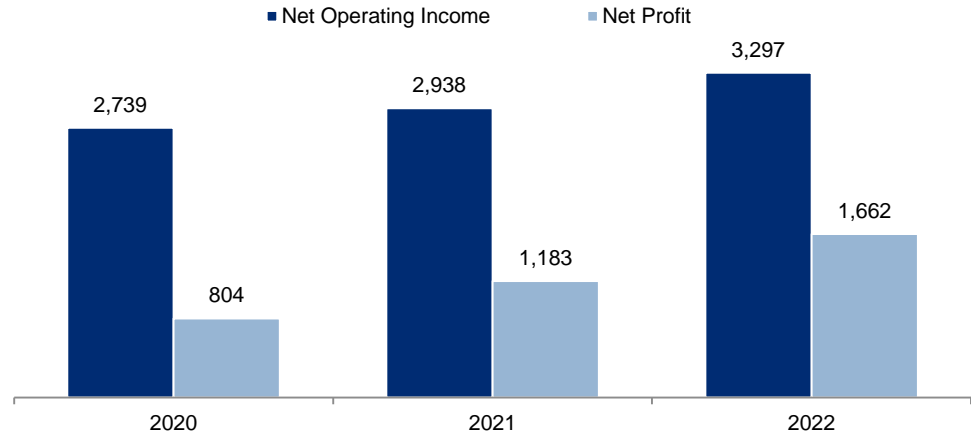


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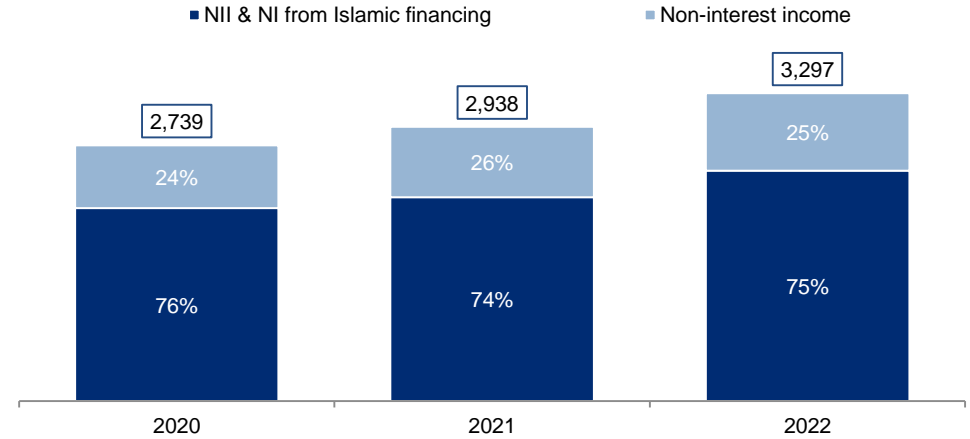


# Operating Performance & Profitability

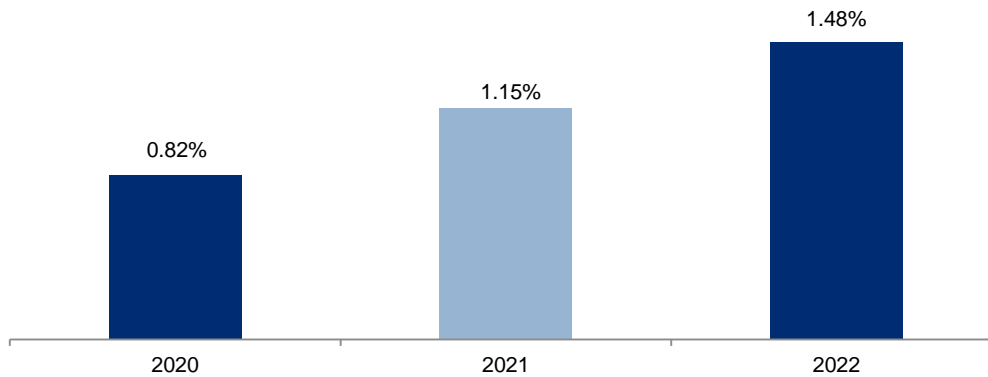
Profitability (USD mn)



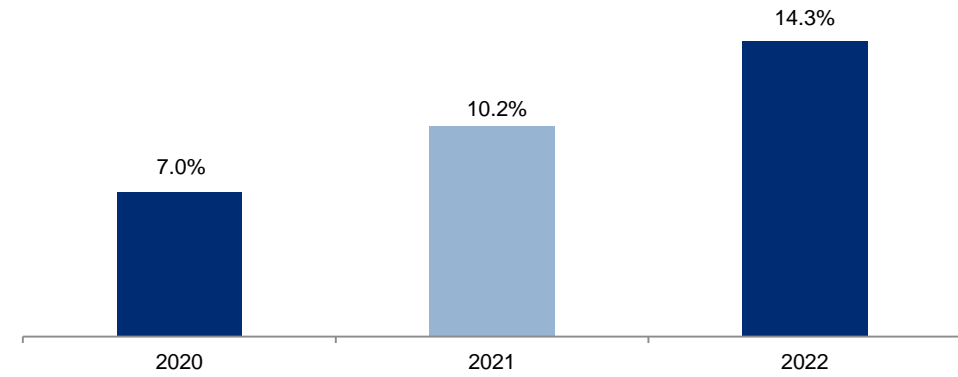
Operating Income Composition (USD mn)



Return on average assets (%)



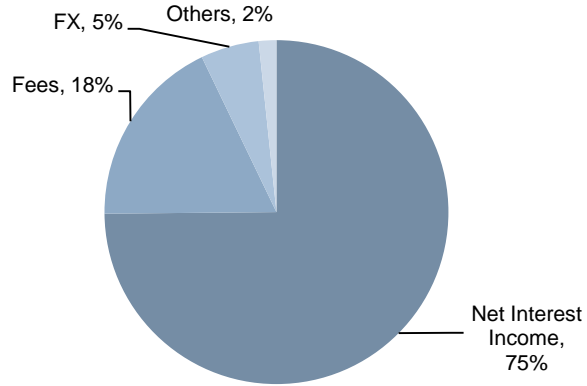
Return on average equity (%)



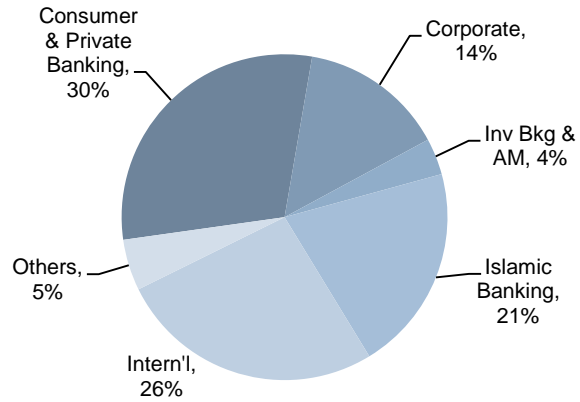


# Operating Performance & Profitability (cont'd)

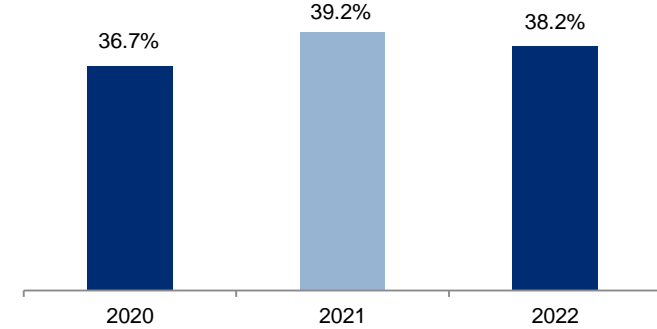
2022 Op. income by type (%)



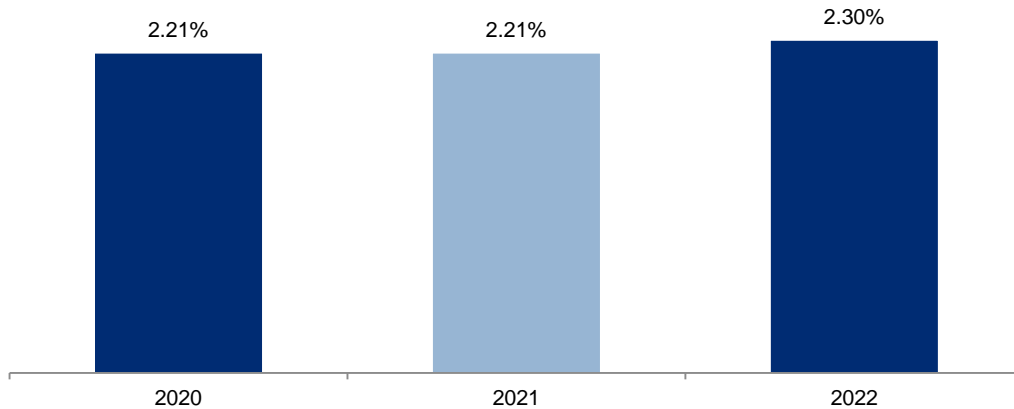
2022 Op. income by business line (%)



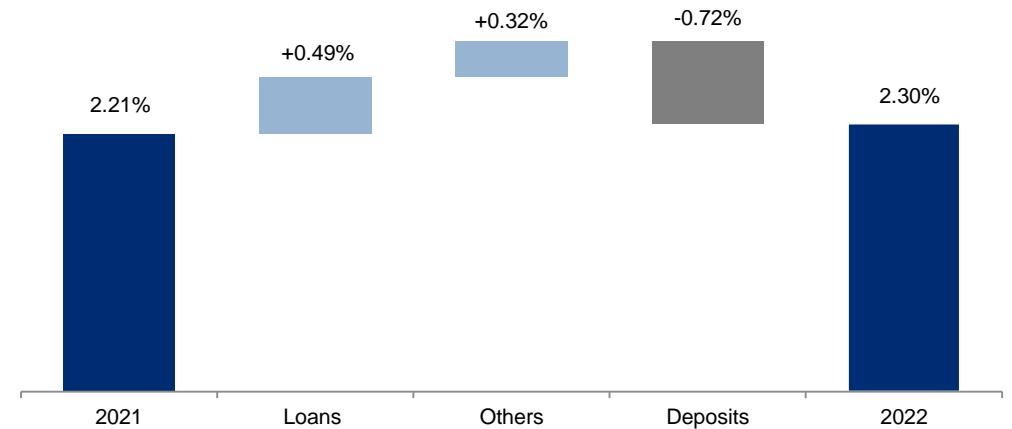
Cost to income (%)



Net Interest Margin (%)



Net Interest Margin Drivers

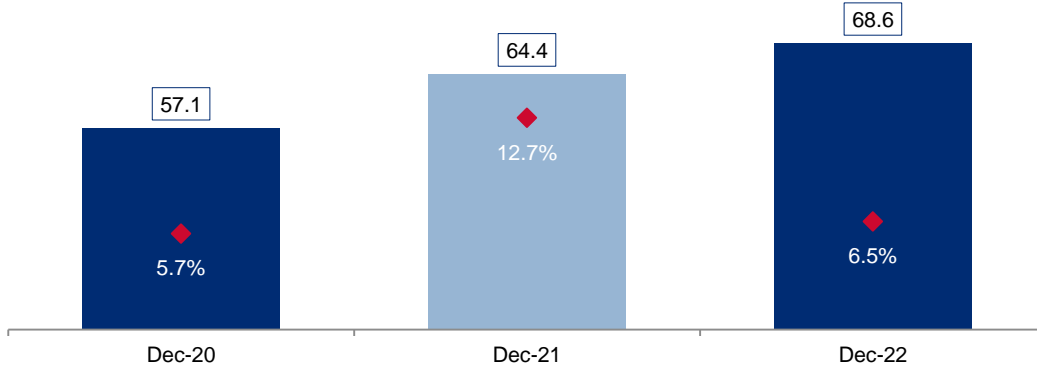




# Balance Sheet Parameters

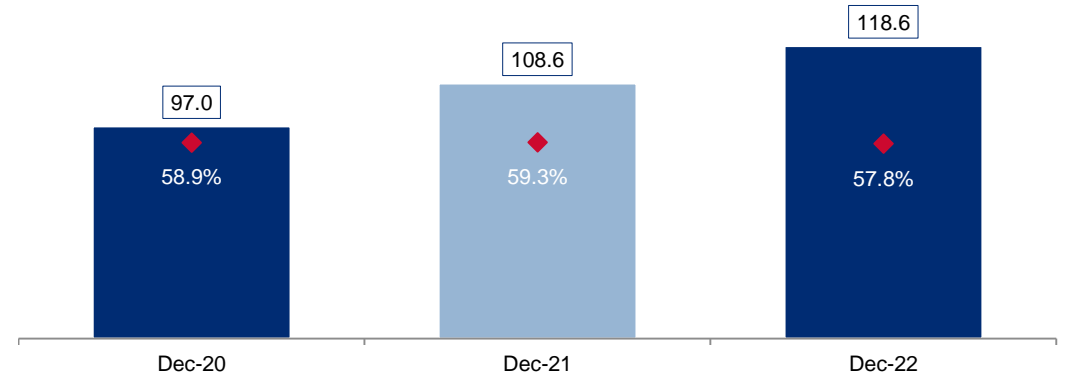
Net loan portfolio (USD bn)

■ Net Loans    ◆ Net loan growth YoY (%)

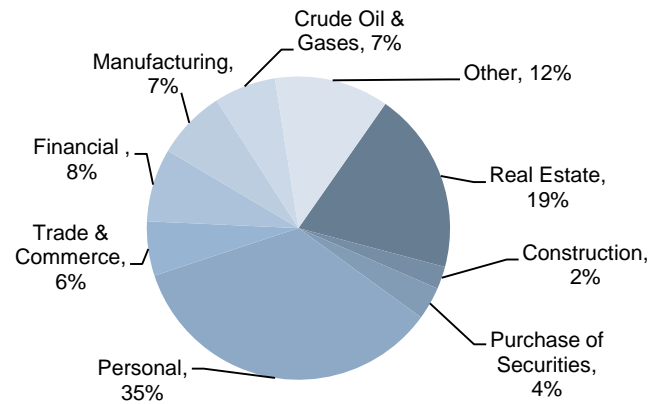


Loans to assets (USD bn)

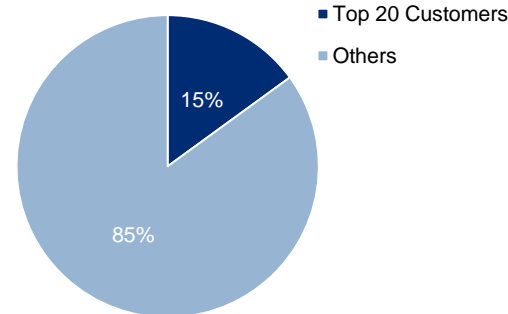
■ Total Assets    ◆ Loans/Assets



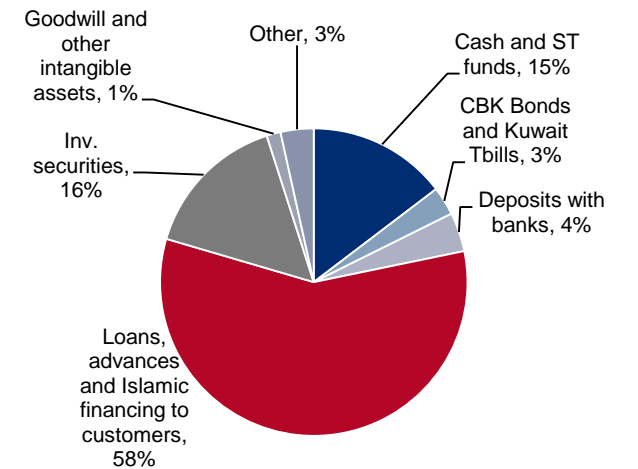
Loan exposure by sector (%) (as at 31 December 2022)



Low loan concentrations (as at 31 December 2022)



Assets by Type (as at 31 December 2022)

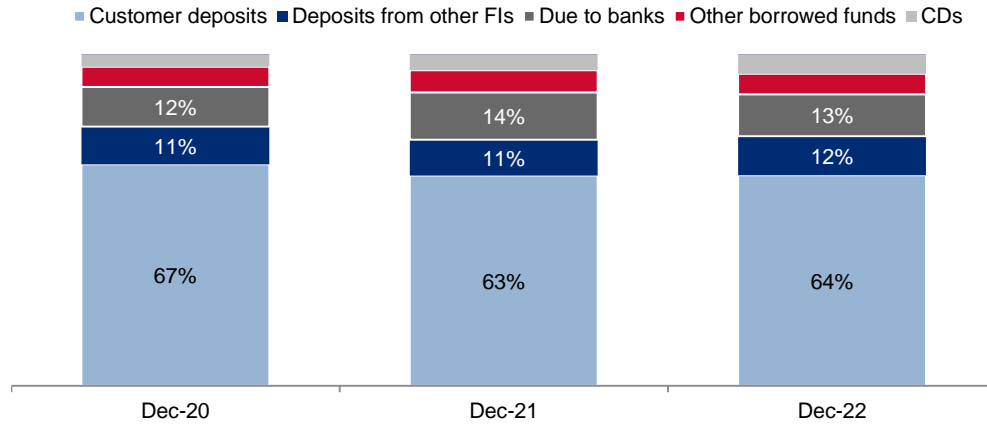




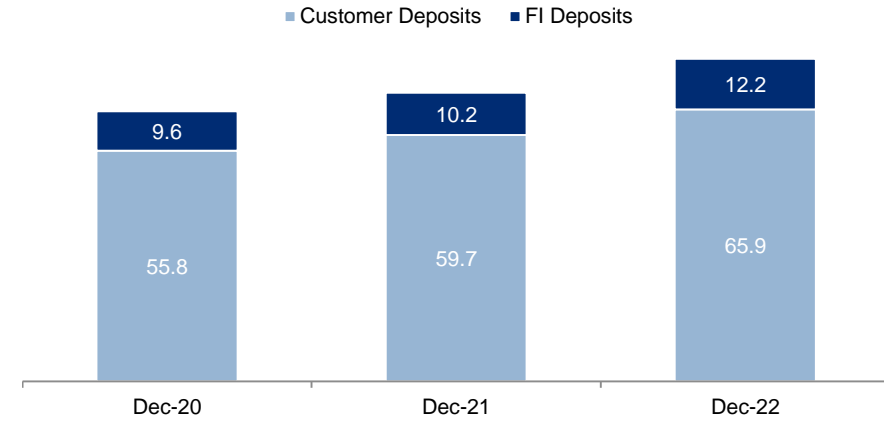


# Funding and Liquidity Positions

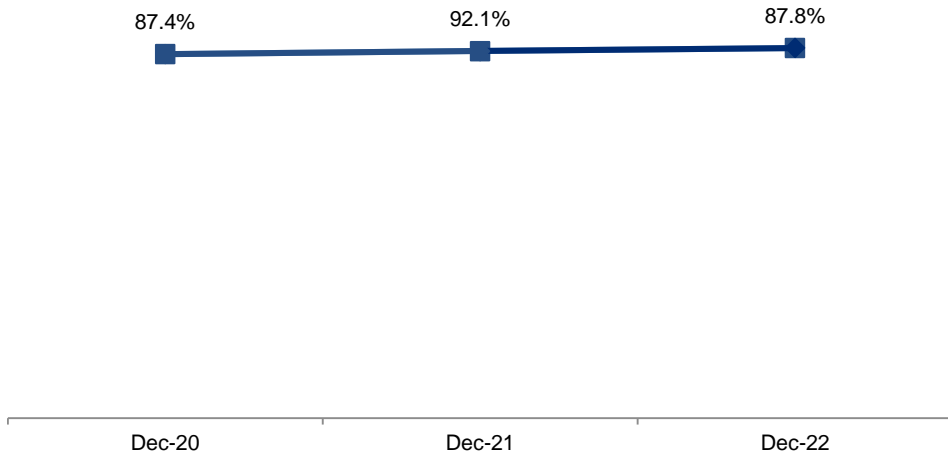
Funding Mix (Total Liabilities)



Customer and FI Deposits (USD bn)

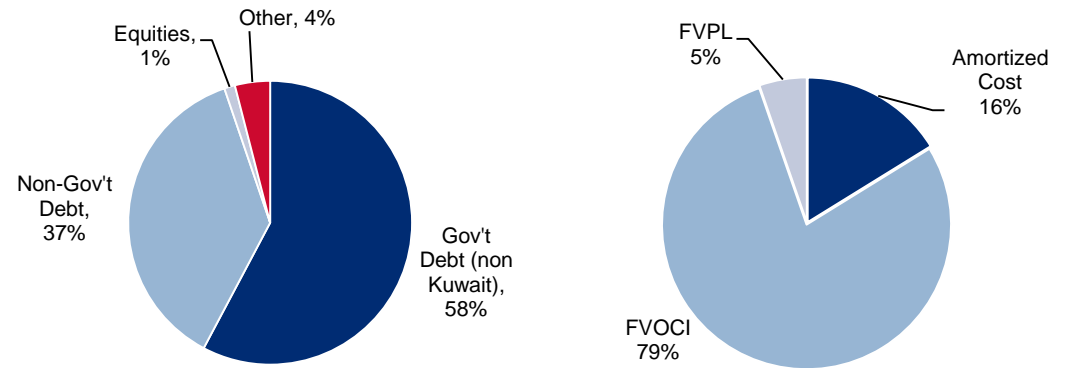


Loans to Customer and other FI Deposits Ratio (%)



Overview of Investment Securities<sup>1</sup> – USD 18.4 bn

As at 31 December 2022

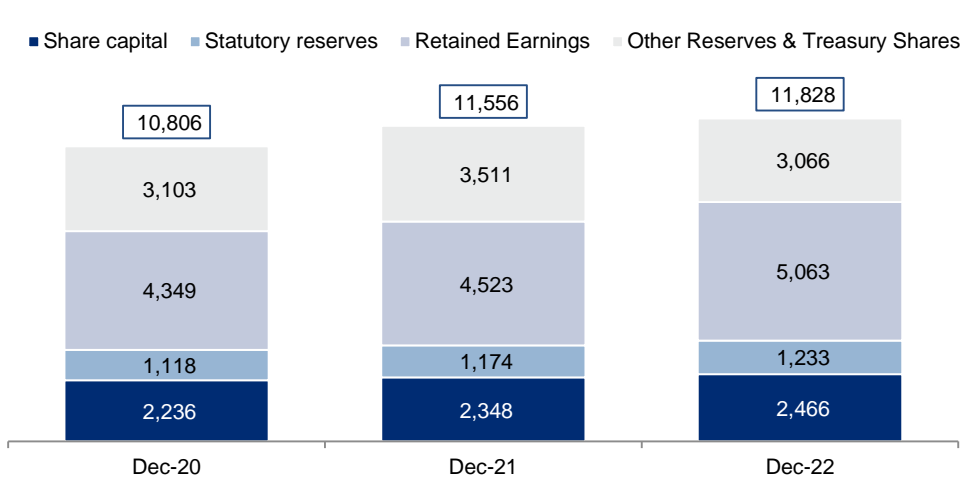


Notes:<sup>1</sup>Excludes investments in Central Bank of Kuwait Bonds and Kuwait Government Treasury Bonds

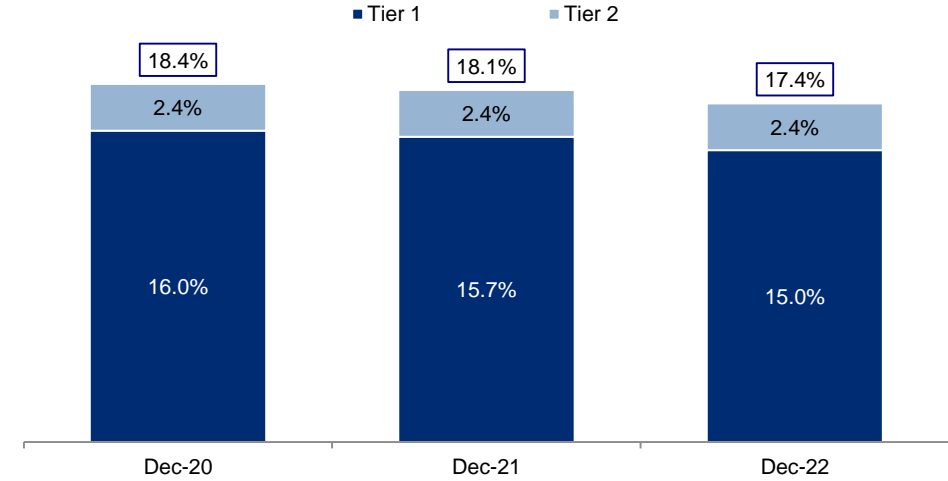


# Capitalization and Asset Quality

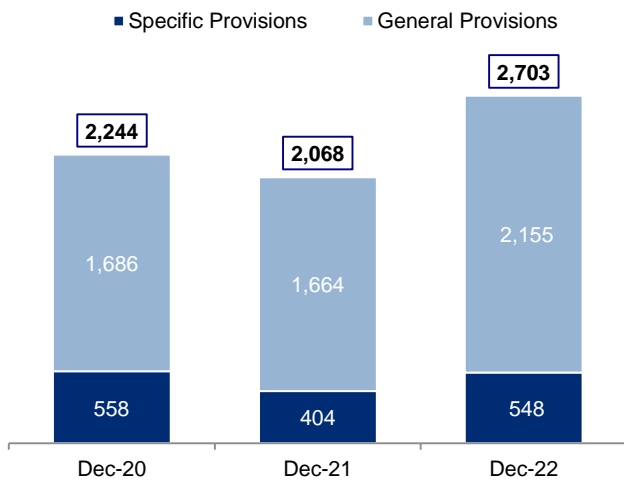
**Total Equity<sup>1</sup> Breakdown (USD mn)**



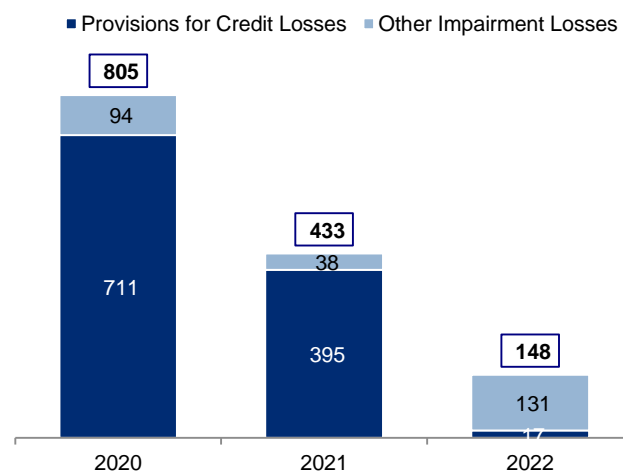
**Prudent capitalization (%)**



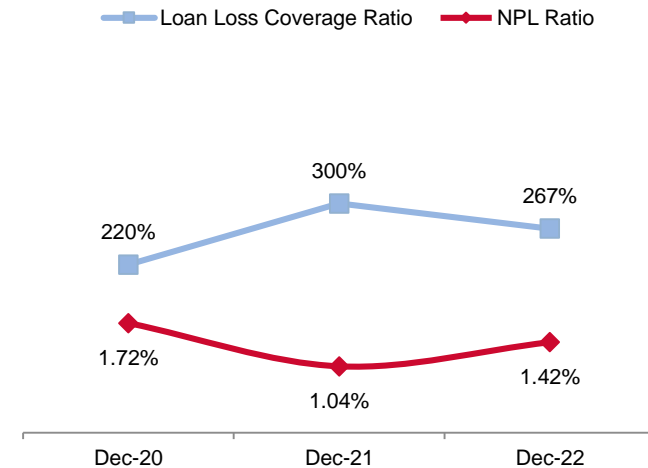
**Prudent Provisioning (USD mn)**



**Provisions and Impairments Charges (USD mn)**



**Asset Quality Ratios (%)**



Notes:<sup>1</sup>Equity here refers to total equity attributable to the shareholders of National Bank of Kuwait S.A.K.P.

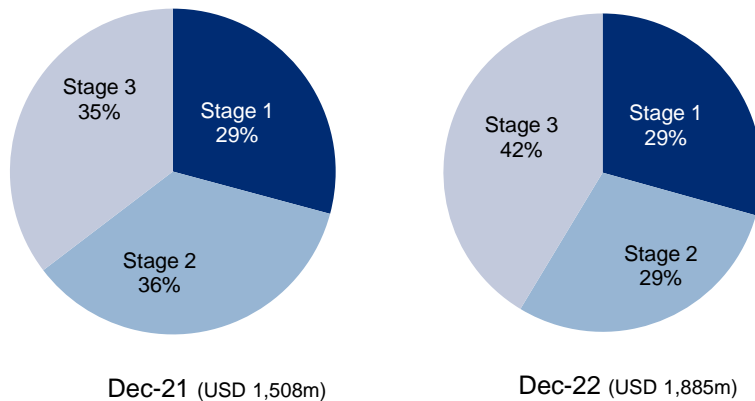


# Expected Credit Losses (ECL) 2022

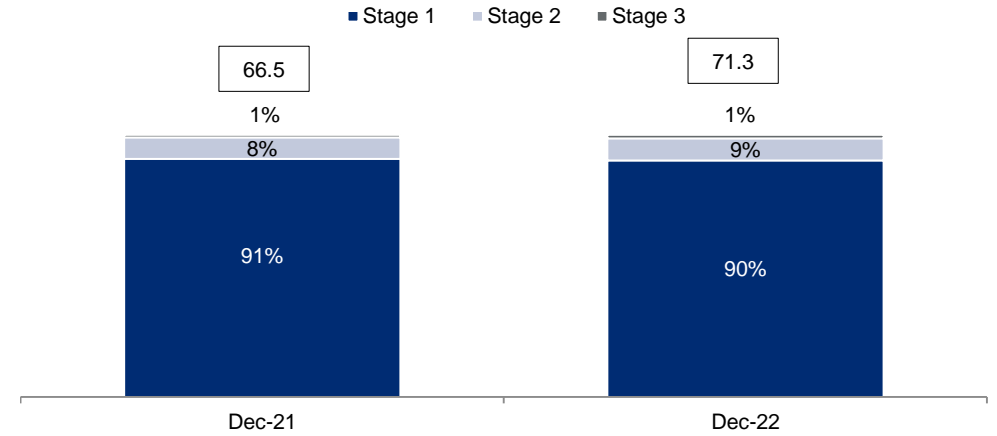
## Financial Statements ECL Disclosure (USDm)

31 December 2022	Stage1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	64,303	5,943	1,012	71,258
Contingent liabilities	12,406	2,140	39	14,585
Commitments (revocable and irrevocable) to extend credit	24,504	3,804	0	28,308
ECL allowance for credit facilities	553	552	780	1,885

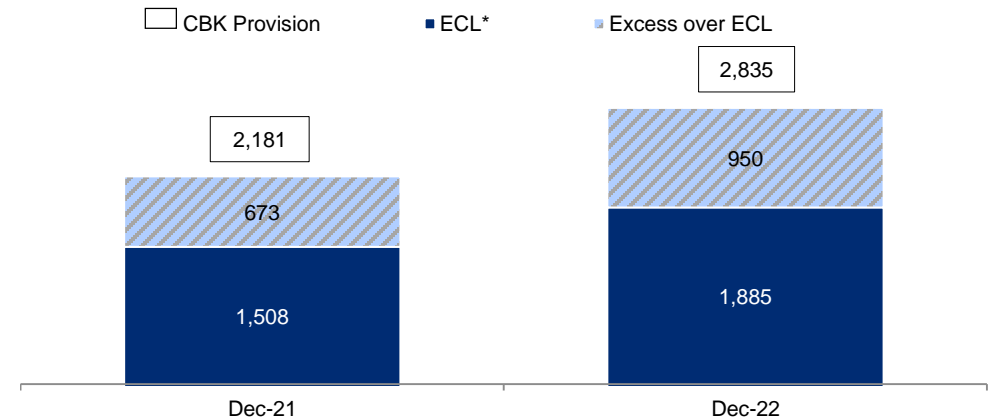
## ECL Allowance for Credit Facilities



## Total Gross Loans (USDbn)




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



\* ECLs as per CBK guidelines

# Contents



<b>Section 1</b>	Overview of NBK
<b>Section 2</b>	Strategy and Business Overview
<b>Section 3</b>	Operating Environment
<b>Section 4</b>	Financial Performance Highlights
<b>Section 5</b>	<b>Appendix</b>



# Kuwait Selected Mega Projects

Project	Sector	Budget (KD bn)	Scope	Status
South Al Mutlaa City	Construction	6.0	30,000 residential units, schools and other facilities	<b>Underway:</b> Bids have been received for Al Mutlaa Residential City Concrete UH Water Tanks. Public Building in Mutlaa City (N6 & N9) project is complete.
Jahra & Sulaibiya Low Cost Housing City	Construction	0.5	Low cost housing project north of Kuwait City; 824 Hectares	<b>Underway:</b> Infrastructure works completed. Project was in the execution stage as per latest update in August 2019. Construction works on an infrastructure package are completed.
Kuwait Environmental Remediation Programme (KERP)	Oil & gas	0.65	Environmental remediation project to address the environmental damage resulting from the Gulf War	<b>Underway:</b> Five zones has been awarded as part of the North and South excavation, transportation and remediation projects with a combined value of KD 305 mn.
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%. The project is currently under operation and the time for its shutdown mechanical maintenance is still unknown.
Jurassic Non Associated Oil & Gas Reserves Expansion: Phase 2	Oil & gas	0.8	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> Construction works are progressing on the JPF IV Off-Plot Works project and it is expected to be completed by 2024. Construction works are progressing and are expected to be completed by 2023 on the JPF 4 & 5 Off-plot Works & Production Facilities: North Area Off-plot Works project.
Petrochemical Facility at Al-Zour	Oil & gas	2.0	Petrochemical plant to be integrated with Al-Zour refinery	<b>Planning/Underway:</b> FEED works completed. Project Engineering and Management Services for 6 years contract has been awarded. KIPIC qualified 7 bidders for the main contract tender expected before end-2021. The Fire Station and Training Center tender is yet to be issued.
North Shuaiba Power Plant	Power & Water	0.4	Dual-fuel plant with a net power generation capacity of 778 MW and includes 3 desalination units with a capacity of 45 MIGD	<b>Bidding/Planning:</b> Consultancy contract bid submission deadline in November 2021.
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> P-1 is complete. Overall progress 55%. KAPP obtained approval to award the Transaction Advisory Services contract for P-2 & P-3; while request for main contract qualification is expected between 3 <sup>rd</sup> and 4 <sup>th</sup> quarter 2021. The P-4 & P-5 are under study.
Al-Khairan Power & Desalination Plant (IWPP)	Power & water	1.0	Power and desalination plants; project involves three phases.	<b>Bidding/Planning:</b> The client has received the request for qualification (RFQ) documents from interested developers for the contract to develop the power and water desalination plant. The main contract tender is yet to be issued.
Umm Al Hayman Waste Water (PPP)	Power & water	0.5	Initial treatment capacity of 500,000 m <sup>3</sup> /d. Plant may replace Riqqa WWTP in future	<b>Underway (pending):</b> The Construction works are progressing on the project and the time frame for its completion is unknown at this juncture.
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.
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 stating the PPP models is more economically viable than the traditional tendered approach.
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/Bidding:</b> Overall progress at 41%. Construction works ongoing on Terminal. P-2 contract for landside works is yet to be awarded. Crossroads contract bid submission deadline ended Jun-2021. 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 2022 (USD million)

<i>Income Statement (USD million)</i>	2021	2022	YoY Growth (%)	<i>Balance sheet (USD million)</i>	Dec-2021	Dec-2022	YoY Growth (%)
Interest Income	2,158	3,094	43%	Cash and short term funds	16,592	17,380	5%
Interest Expense	506	1,188	NM	Central Bank of Kuwait bonds	2,710	2,877	6%
<b>Net Interest Income</b>	<b>1,653</b>	<b>1,906</b>	<b>15%</b>	Kuwait Government Treasury bonds	1,361	691	(49%)
Murabaha and other Islamic financing income	744	939	26%	Deposits with banks	2,890	4,865	68%
Distribution to depositors and Murabaha costs	211	377	78%	Loans, advances and Islamic financing to customers	64,389	68,555	6%
<b>Net Income from Islamic financing</b>	<b>532</b>	<b>562</b>	<b>6%</b>	Investment securities	16,033	18,396	15%
<b>NII and NI from Islamic financing</b>	<b>2,185</b>	<b>2,468</b>	<b>13%</b>	Investment in associates	12	10	(17%)
Net fees and commissions	551	593	8%	Land, premises and equipment	1,489	1,550	4%
Net investment income	91	51	(44%)	Goodwill and other intangible assets	1,898	1,746	(8%)
Net gains from dealing in foreign currencies	97	181	86%	Other assets	1,201	2,566	NM
Other operating income	13	3	(75%)	<b>Total Assets</b>	<b>108,575</b>	<b>118,637</b>	<b>9%</b>
<b>Non-interest income</b>	<b>753</b>	<b>829</b>	<b>10%</b>	Due to banks	13,381	13,118	(2%)
<b>Net Operating Income</b>	<b>2,938</b>	<b>3,297</b>	<b>12%</b>	Deposits from other financial institutions	10,237	12,213	19%
Staff expenses	657	719	9%	Customer deposits	59,683	65,877	10%
Other administrative expenses	377	410	8%	Certificates of deposit issued	4,373	5,882	35%
Depreciation of premises and equipment	111	127	14%	Other borrowed funds	4,135	4,060	(2%)
Amortisation of intangible assets	5	5	0%	Other liabilities	2,182	2,355	8%
<b>Operating Expenses</b>	<b>1,151</b>	<b>1,261</b>	<b>10%</b>	<b>Total Liabilities</b>	<b>93,991</b>	<b>103,504</b>	<b>10%</b>
<b>Pre-provision profits (and impairments)</b>	<b>1,787</b>	<b>2,036</b>	<b>14%</b>	Share capital	2,348	2,466	5%
Provision charge for credit losses and impairment losses	433	148	(66%)	Proposed bonus shares	117	123	5%
<b>Operating profit before taxation</b>	<b>1,354</b>	<b>1,888</b>	<b>39%</b>	Statutory reserve	1,174	1,233	5%
Taxation	111	155	39%	Share premium account	2,622	2,622	0%
Director's remuneration	0	3	NM	Treasury share reserve	114	114	0%
Non-controlling interest	60	68	14%	Other reserves	5,180	5,271	2%
<b>Profit attributable to shareholders of the Bank</b>	<b>1,183</b>	<b>1,662</b>	<b>41%</b>	<b>Equity attributable to shareholders</b>	<b>11,556</b>	<b>11,828</b>	<b>2%</b>
				Perpetual Tier 1 Capital Securities	1,433	1,433	0%
				Non-controlling interests	1,595	1,870	17%
				<b>Total equity</b>	<b>14,584</b>	<b>15,132</b>	<b>4%</b>
				<b>Total liabilities and equity</b>	<b>108,575</b>	<b>118,637</b>	<b>9%</b>



# Consolidated Statement Of Income *(USD million)*

<i>USD million</i>	2020	2021	2022
Interest Income	2,471	2,158	3,094
Interest Expense	871	506	1,188
<b>Net Interest Income</b>	<b>1,600</b>	<b>1,653</b>	<b>1,906</b>
Murabaha and other Islamic financing income	735	744	939
Finance cost and Distribution to depositors	267	211	377
<b>Net Income from Islamic financing</b>	<b>468</b>	<b>532</b>	<b>562</b>
<b>Net interest income and net income from Islamic financing</b>	<b>2,068</b>	<b>2,185</b>	<b>2,468</b>
Net fees and commissions	483	551	593
Net investment income	7	91	51
Net gains from dealing in foreign currencies	107	97	181
Other operating income	75	13	3
<b>Non-interest income</b>	<b>671</b>	<b>753</b>	<b>829</b>
<b>Net Operating Income</b>	<b>2,739</b>	<b>2,938</b>	<b>3,297</b>
Staff expenses	570	657	719
Other administrative expenses	322	377	410
Depreciation of premises and equipment	109	111	127
Amortisation of intangible assets	5	5	5
<b>Operating Expenses</b>	<b>1,006</b>	<b>1,151</b>	<b>1,261</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>1,733</b>	<b>1,787</b>	<b>2,036</b>
Provision charge for credit losses	711	395	17
Impairment losses	94	38	131
<b>Operating profit before taxation</b>	<b>929</b>	<b>1,354</b>	<b>1,888</b>
Taxation	84	111	155
Directors' remuneration	-	0	3
Non-controlling interest	40	60	68
<b>Profit attributable to shareholders of the Bank</b>	<b>804</b>	<b>1,183</b>	<b>1,662</b>



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

<i>USD million</i>	2020	2021	2022
Cash and short term funds	12,744	16,592	17,380
Central Bank of Kuwait bonds	2,711	2,710	2,877
Kuwait Government treasury bonds	1,511	1,361	691
Deposits with banks	3,354	2,890	4,865
Loans, advances and Islamic financing to customers	57,148	64,389	68,555
Investment securities	15,438	16,033	18,396
Investment in associates	17	12	10
Land, premises and equipment	1,394	1,489	1,550
Goodwill and other intangible assets	1,900	1,898	1,746
Other assets	804	1,201	2,566
<b>Total Assets</b>	<b>97,021</b>	<b>108,575</b>	<b>118,637</b>
Due to banks	9,965	13,381	13,118
Deposits from other financial institutions	9,563	10,237	12,213
Customer deposits	55,841	59,683	65,877
Certificates of deposit issued	3,000	4,373	5,882
Other borrowed funds	2,640	4,135	4,060
Other liabilities	2,491	2,182	2,355
<b>Total Liabilities</b>	<b>83,501</b>	<b>93,991</b>	<b>103,504</b>
Share capital	2,236	2,348	2,466
Proposed bonus shares	112	117	123
Statutory reserve	1,118	1,174	1,233
Share premium account	2,622	2,622	2,622
Treasury share reserve	114	114	114
Other reserves	4,604	5,180	5,271
<b>Equity attributable to shareholders of the bank</b>	<b>10,806</b>	<b>11,556</b>	<b>11,828</b>
Perpetual Tier 1 Capital Securities	1,431	1,433	1,433
Non-controlling interests	1,282	1,595	1,870
<b>Total equity</b>	<b>13,520</b>	<b>14,584</b>	<b>15,132</b>
<b>Total liabilities and equity</b>	<b>97,021</b>	<b>108,575</b>	<b>118,637</b>



## Contact

### Contact Investor Relations

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State of Kuwait

### Useful information

Download copies of NBK's:

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



# National Bank of Kuwait

## Investor Presentation

March 2023