



National Bank of Kuwait

Investor Presentation

3Q/9M 2022 Earnings Call

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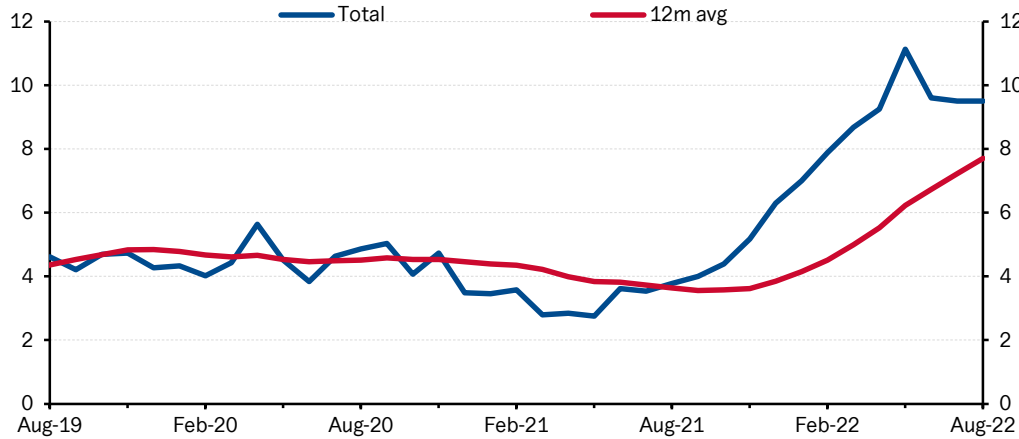


Section 1	Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions

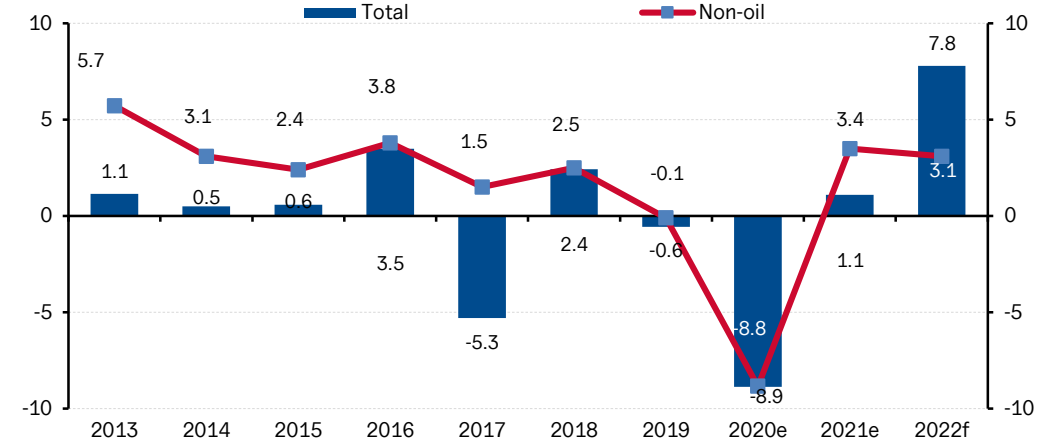


Key Economic Highlights

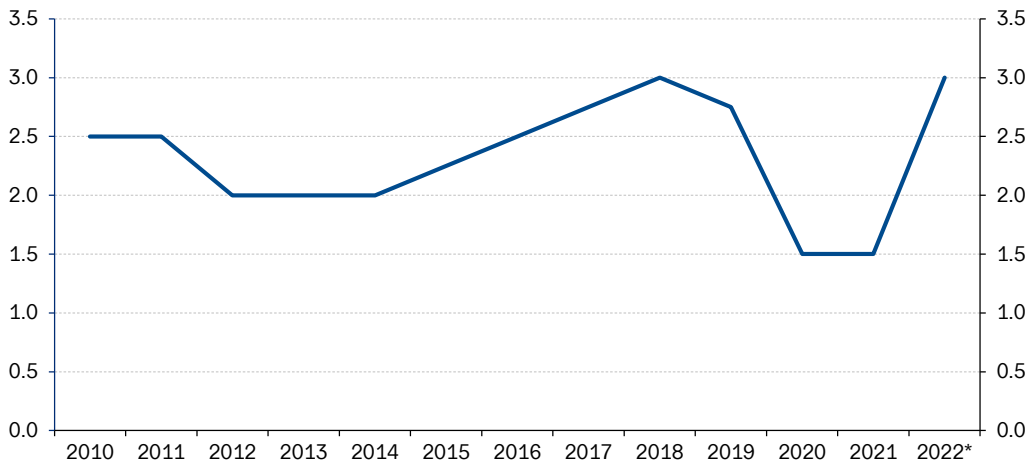
Kuwait Private credit (change, % y/y)



Real GDP (% y/y)



Development of the Discount Rate (%)



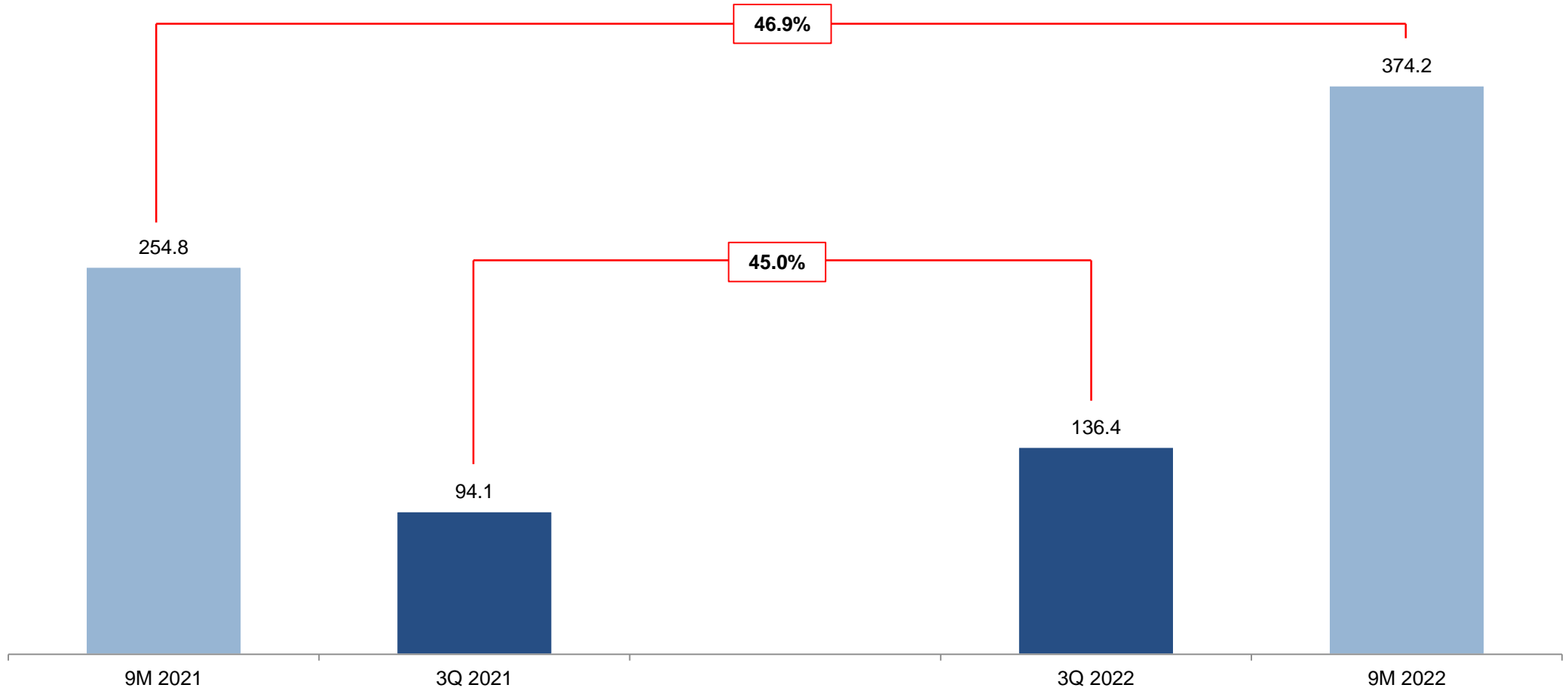
Daily ICE Brent Crude Oil Prices (\$/bbl)





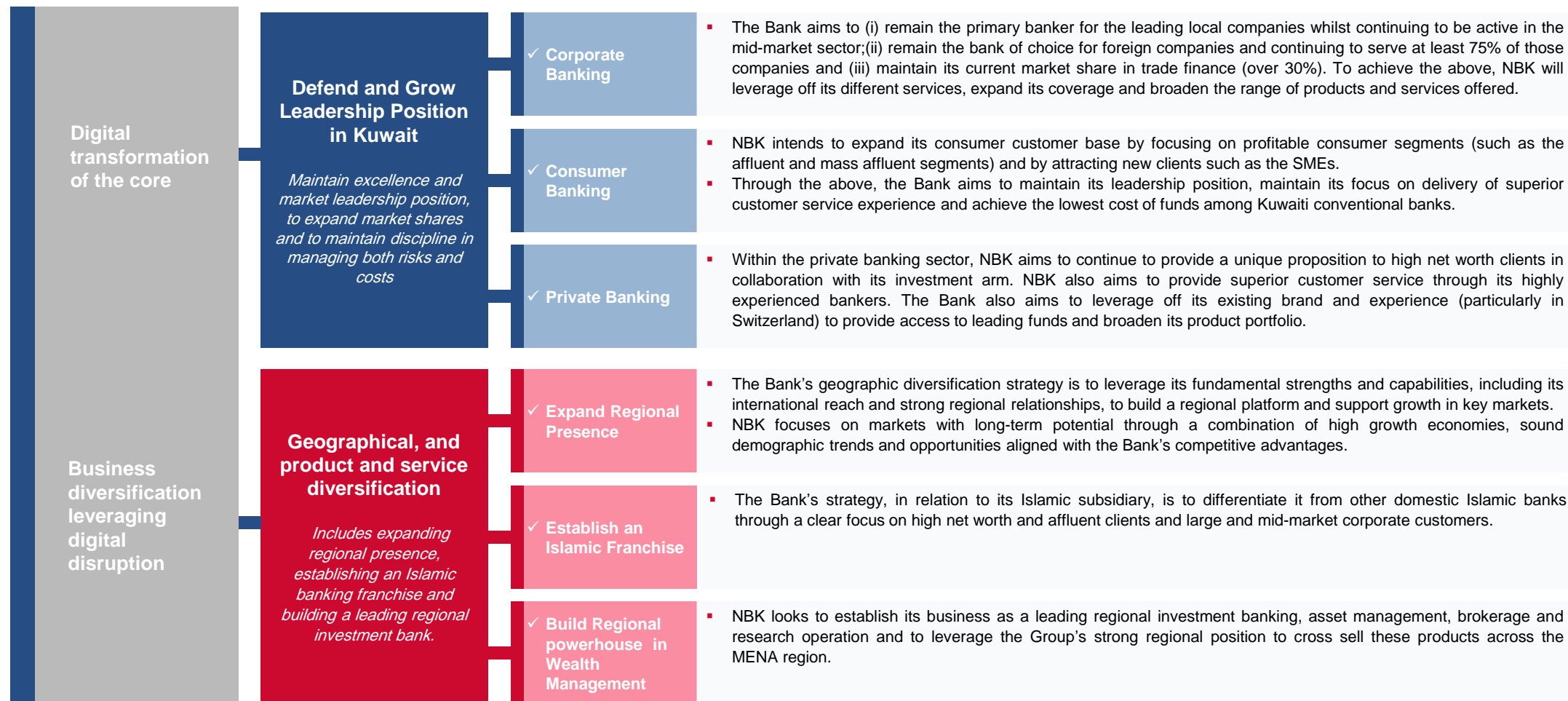
NBK Profitability (KDm)

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





Sustainability is Embedded in NBK's DNA and Strategy

NBK is deeply committed to our sustainability journey. We view our efforts at improving our sustainability as integral to improving our business performance, driving sustainable growth, and enhancing our positive impact in the world.

Our ESG Strategic Pillars



Contributing to Economic Development



Serving Customers



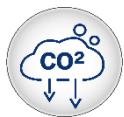
Leading in Governance



Respecting & Developing People



Giving back to our Community




Caring for our Environment

What we achieved

- **74.6%** Kuwaitization rate
 - **71%** Local Procurement which contributed to **84%** of our expenditure
-
- Launched **Weyay** Bank, the **first digital bank for the Youth** in Kuwait
 - **94%** Customer Satisfaction Index (CSI)
 - Launched '**Live Chat**' feature on the NBK Egypt website to serve customers with special needs
-
- Elected **first** female Board Member
 - Elected **2 new** independent directors, one with **extensive ESG experience**
 - Launched **NBK RISE**, a Global leadership initiative designed to elevate talented women to more significant leadership roles
-
- **45%** female employees; females comprise **30%** in all Managerial positions
 - Total training hours were calculated at **41,037 training hours**
 - Invested in the mental & health well-being of employees through regular specialist visits at NBK Clinic
-
- Contributed **KD 17,705,000** in total community investment
 - Contributed around **KD 13 million** for the expansion of NBK Children's Hospital specialized in stem cell transplant; project to start in 2023
 - Sponsored **TAMAKAN** graduate training scheme, with **40** fresh graduates
-
- Achieved the **LEED Gold Certification** for NBK new Headquarters
 - Completed our first **CDP** Submission
 - Constituent in **Refinitiv AFE Low Carbon** Select Index MENA

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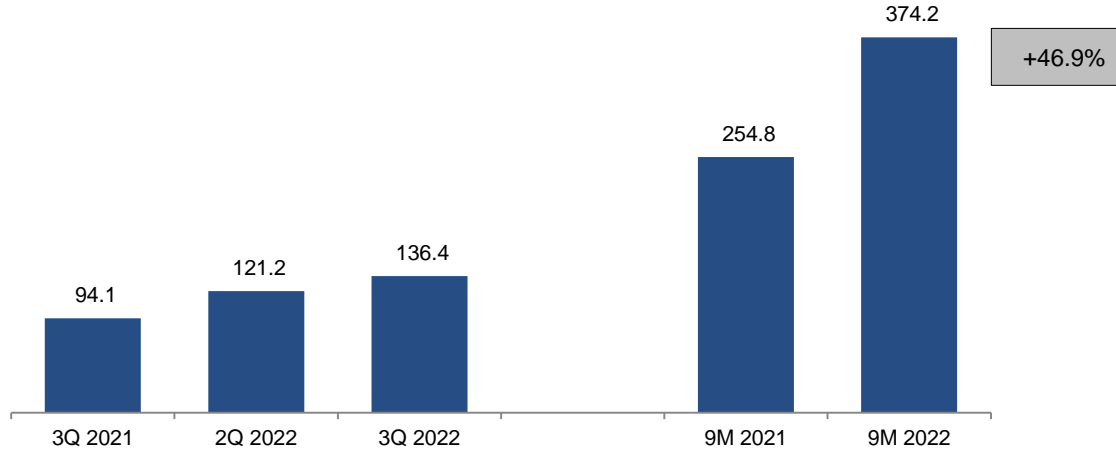


Section 1	Group CEO Opening Remarks
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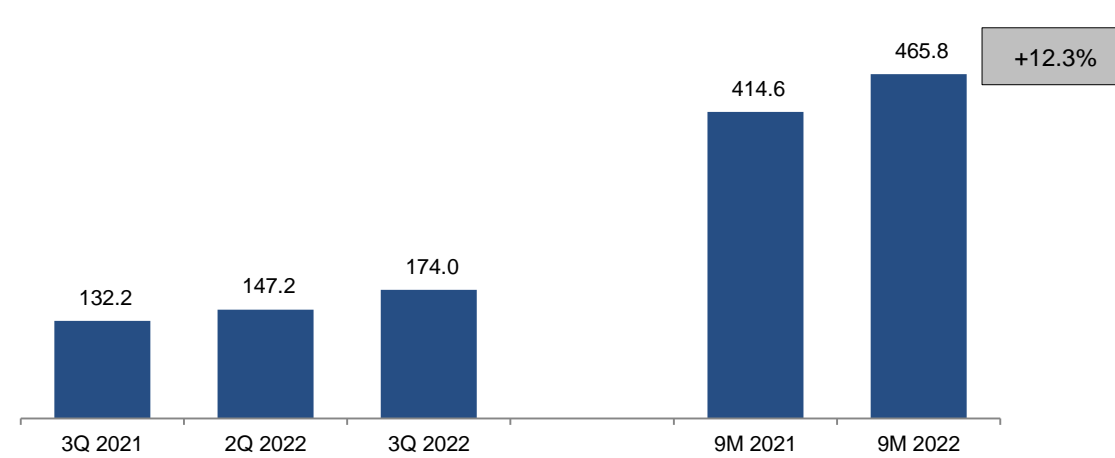


Operating Performance 9M 2022

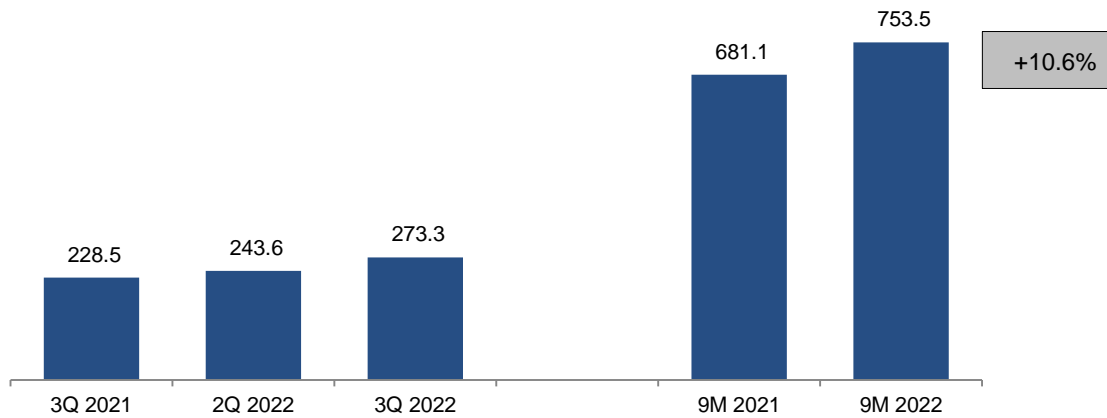
Net Profit (KDm)



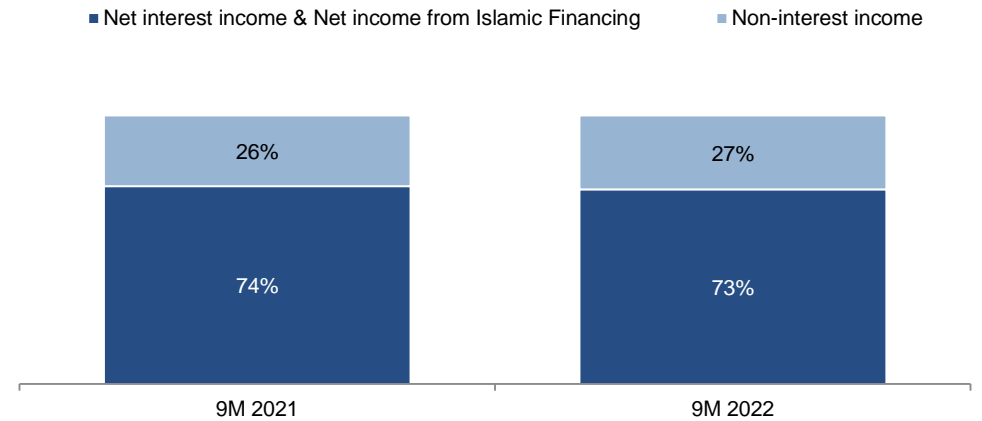
Operating Surplus (KDm)



Net Operating Income (KDm)



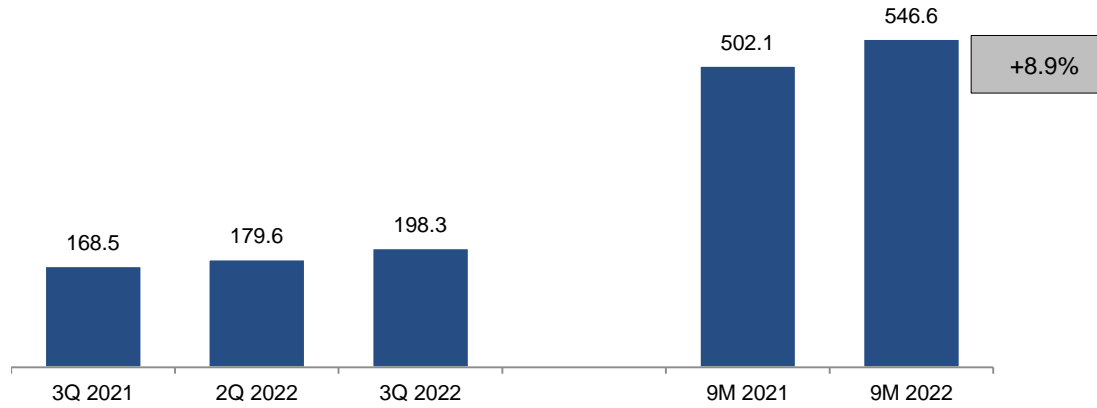
Net Operating Income



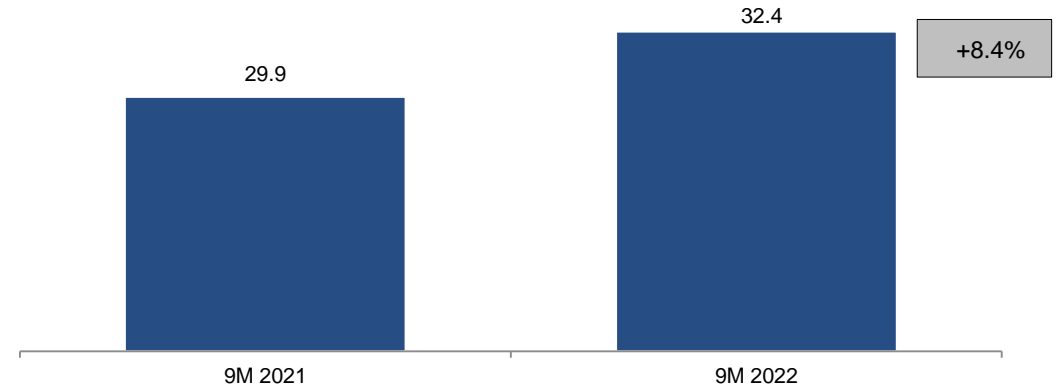


Operating Performance 9M 2022

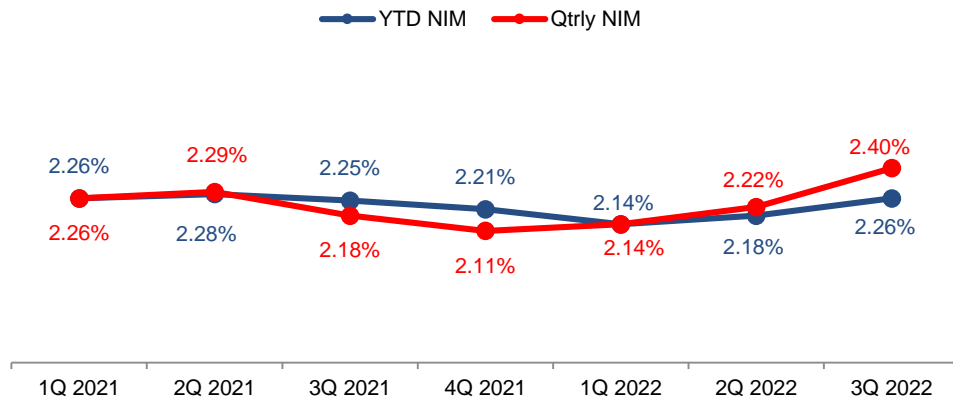
Net Interest Income* (KDm)



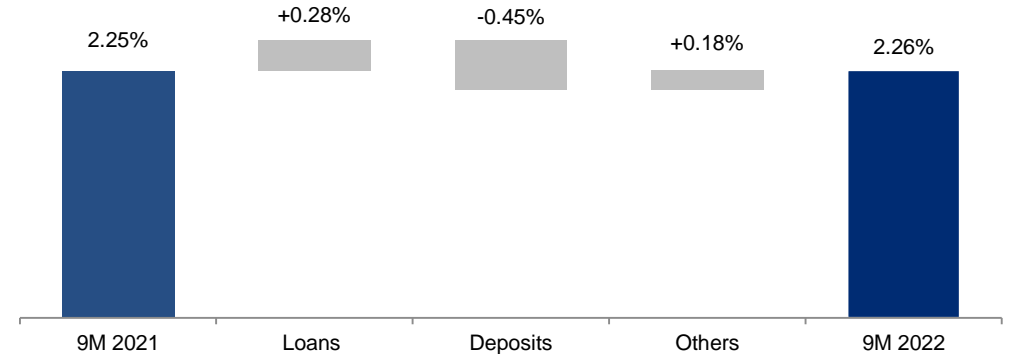
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin drivers

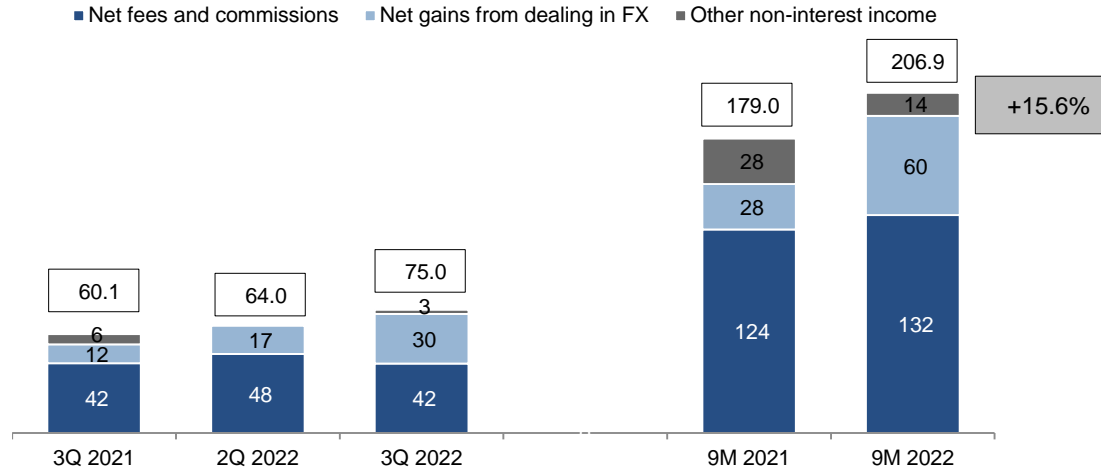


*Includes net interest income and net income from Islamic Financing

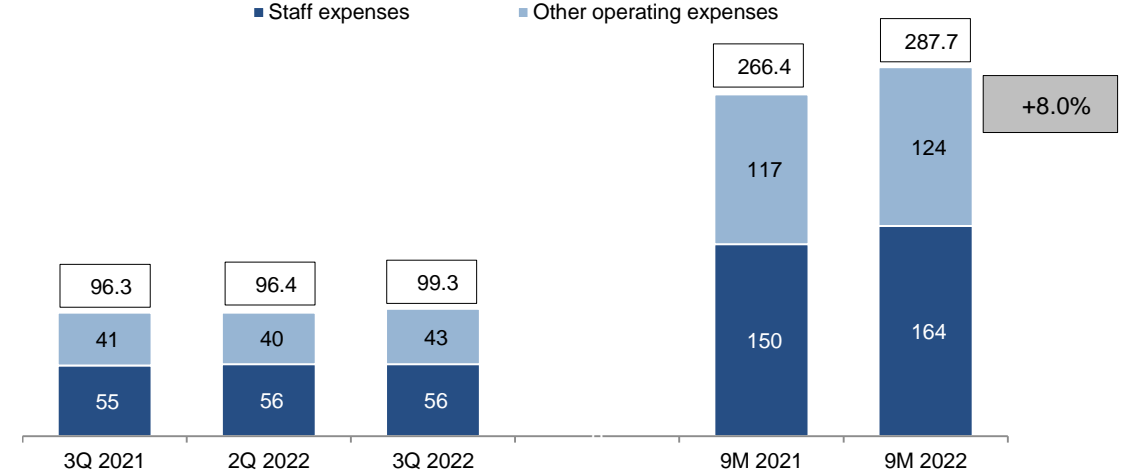


Operating Performance 9M 2022

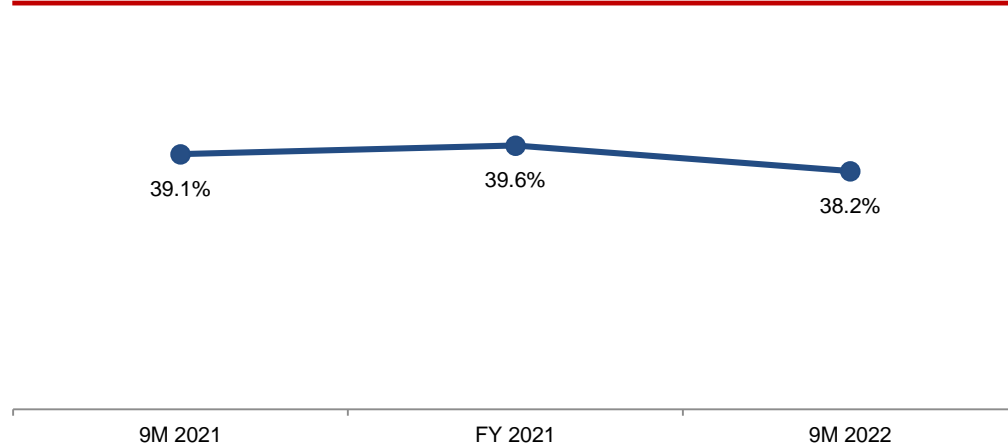
Non-interest income (KDm)



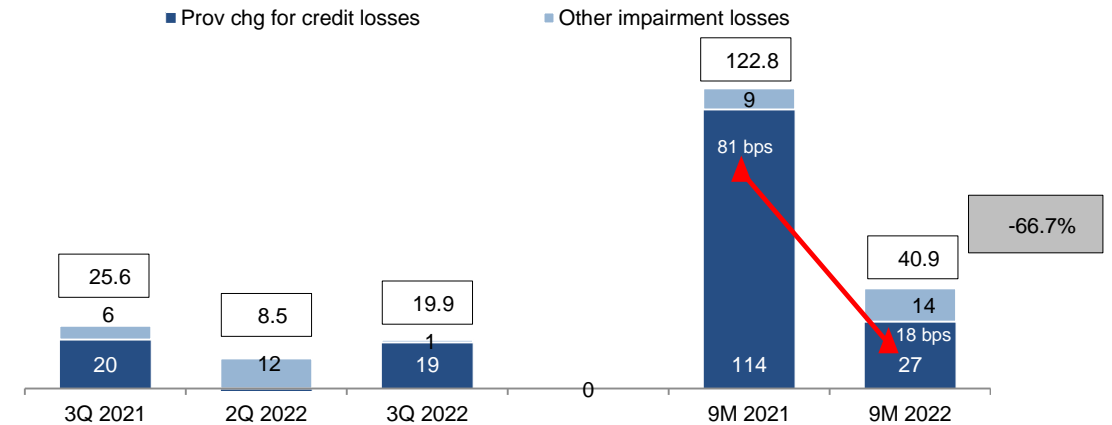
Operating Expenses (KDm)



Cost to Income ratio



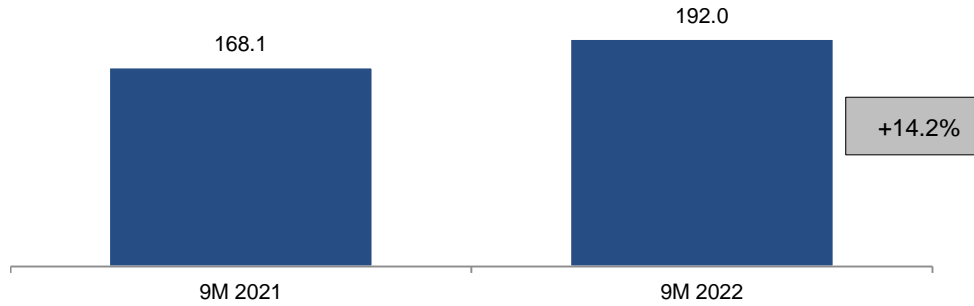
Provisions and Impairments (KDm)



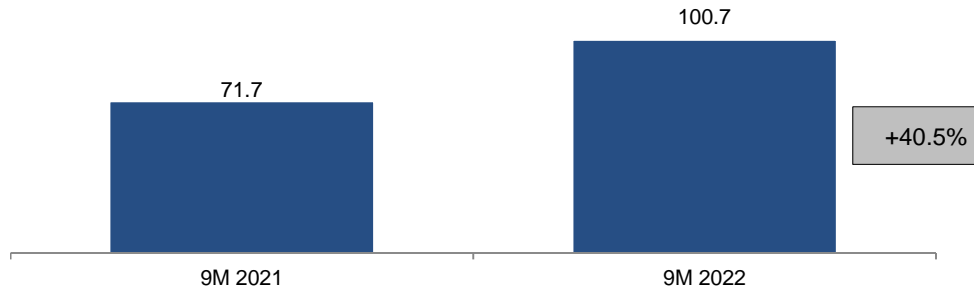


Operating Performance 9M 2022

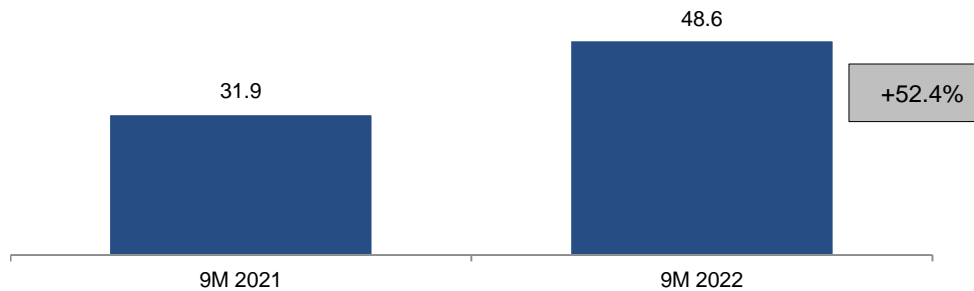
Net Operating Income (KDm) - International



Net profit (KDm) - International



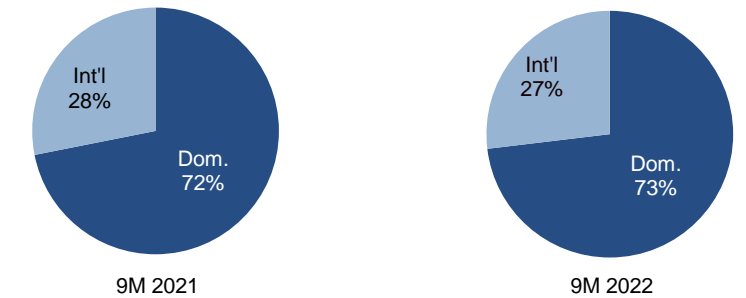
Net profit (KDm) - Boubyan Bank



Net Operating Income (KDm)



Net Profit (KDm)



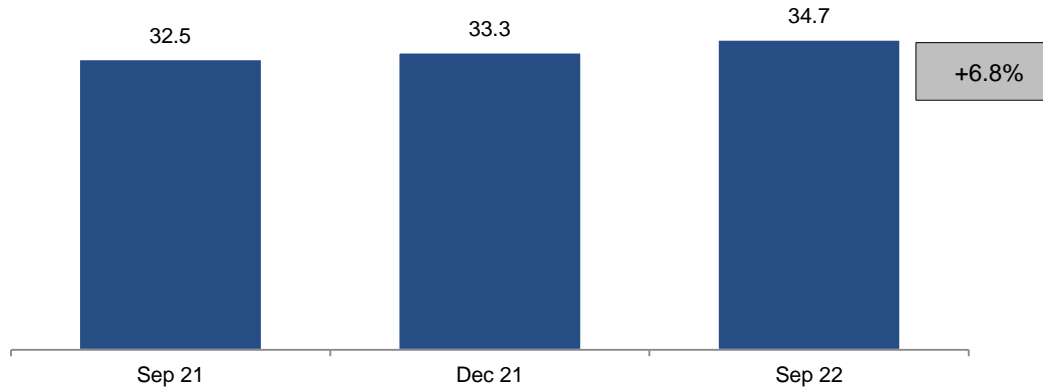
Total Assets (KD'bn)



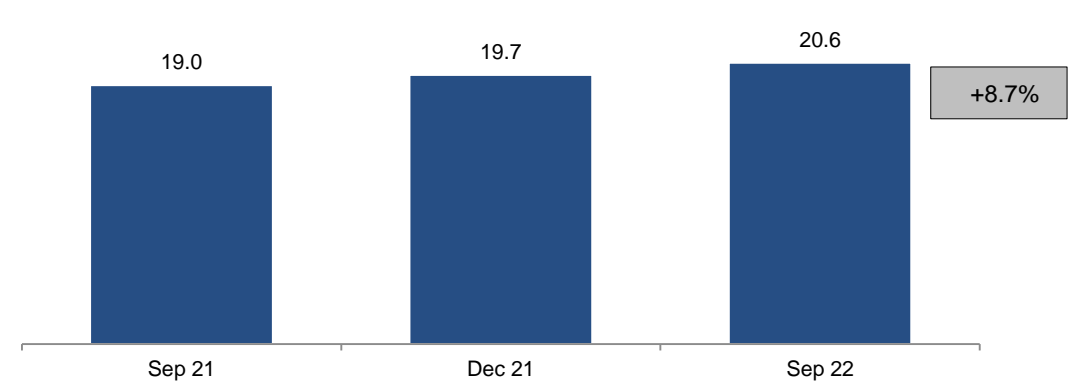


Operating Performance 9M 2022

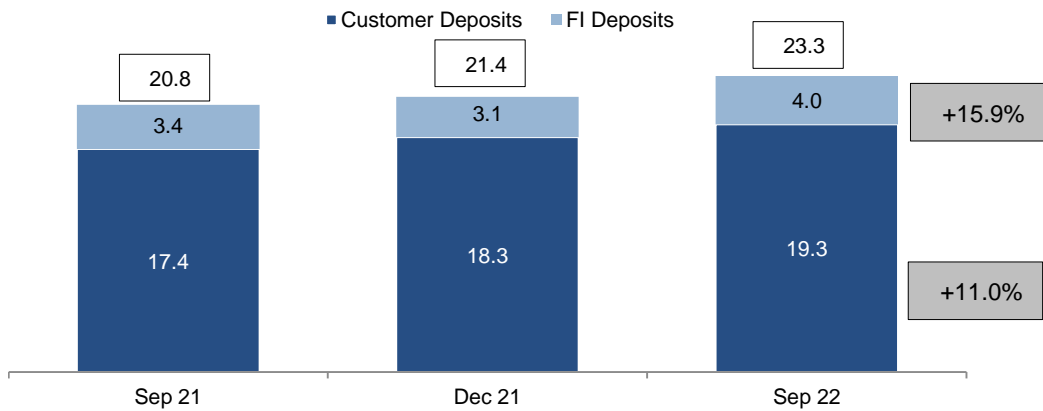
Total Assets (KDbn)



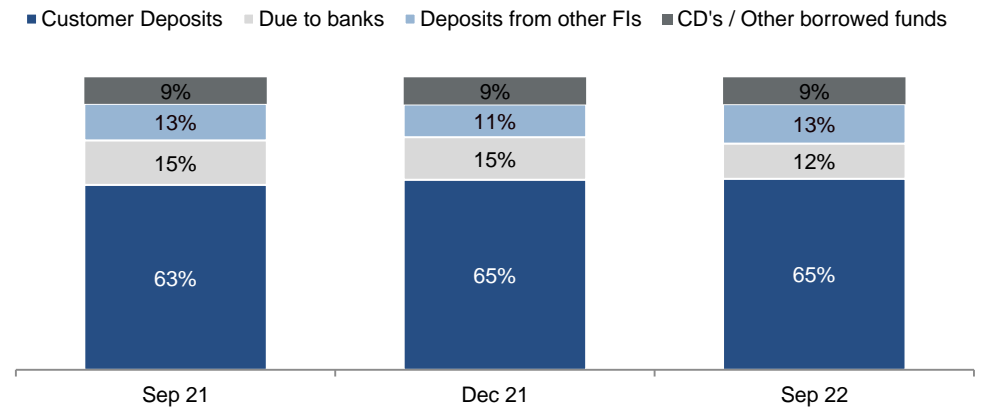
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits* (KDbn)



Funding Mix

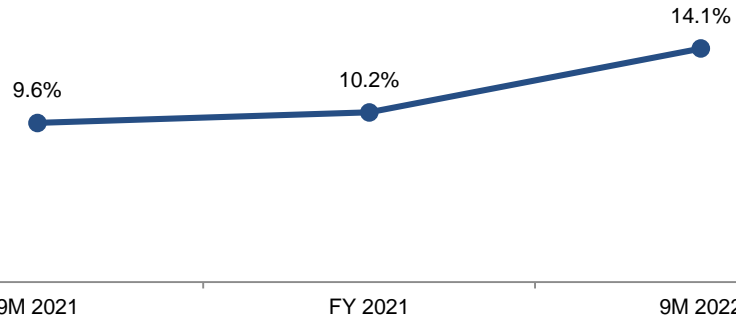


*excludes due to banks

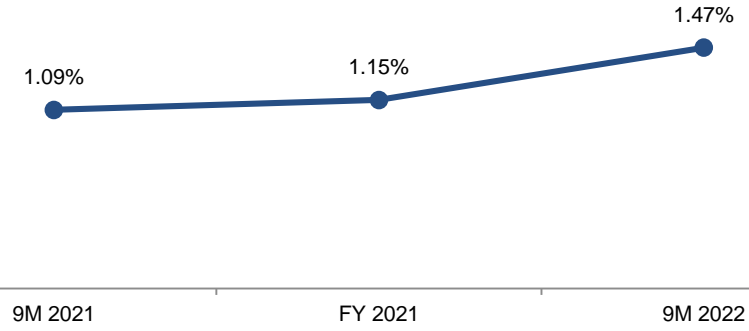


Performance and Asset Quality Ratios 9M 2022

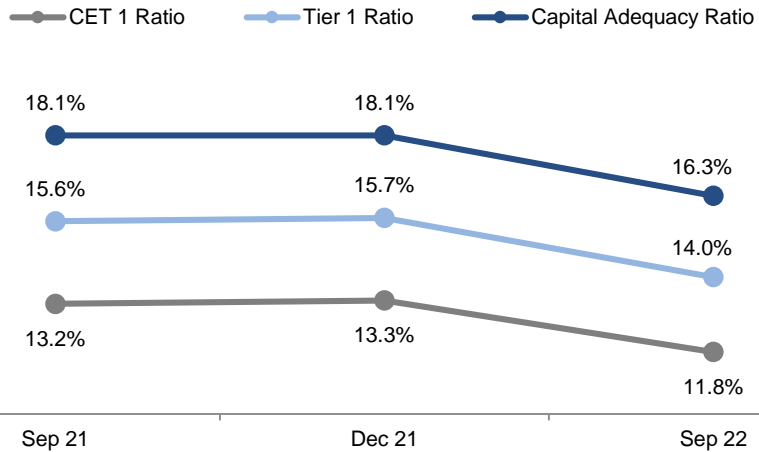
Return on Average Equity



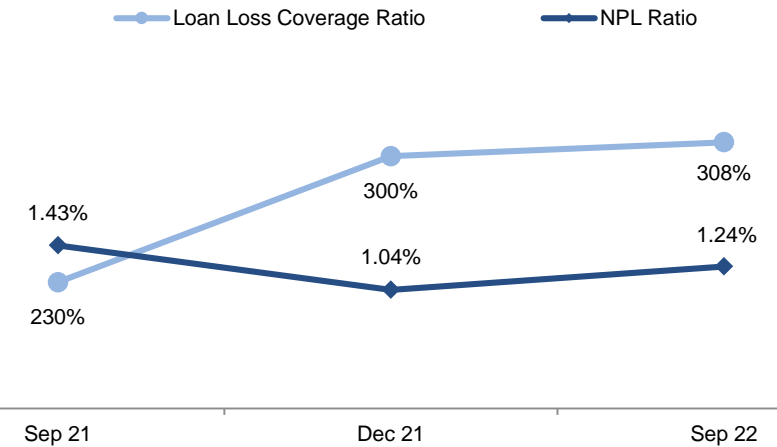
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



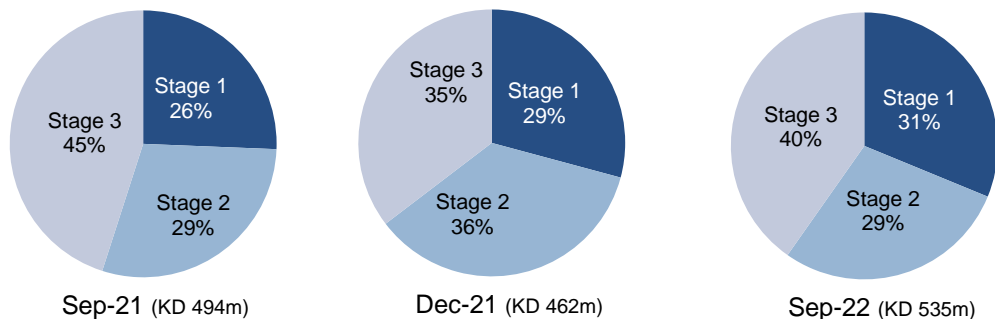


Expected Credit Losses (ECL) 9M 2022

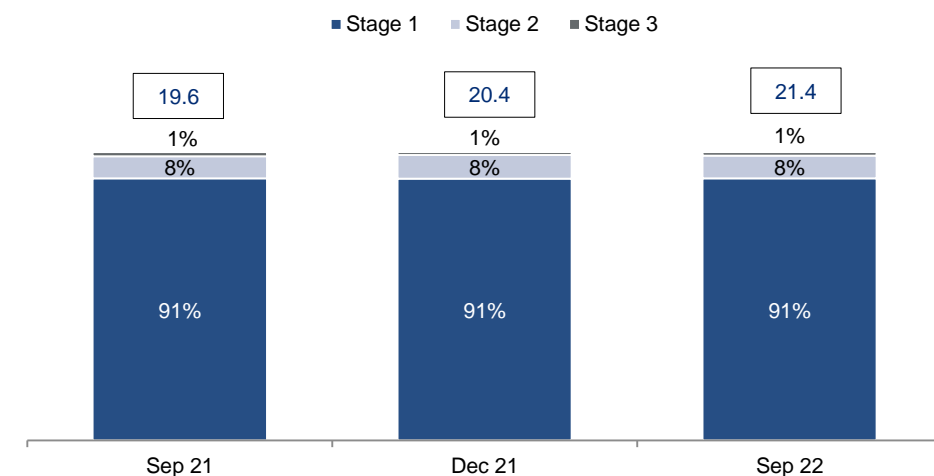
Financial Statements ECL Disclosure (KDm)

30 September 2022	Stage1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	19,466	1,692	267	21,424
Contingent liabilities	3,887	630	20	4,538
Commitments (revocable and irrevocable) to extend credit	7,160	1,022	0	8,182
ECL allowance for credit facilities	167	153	215	535

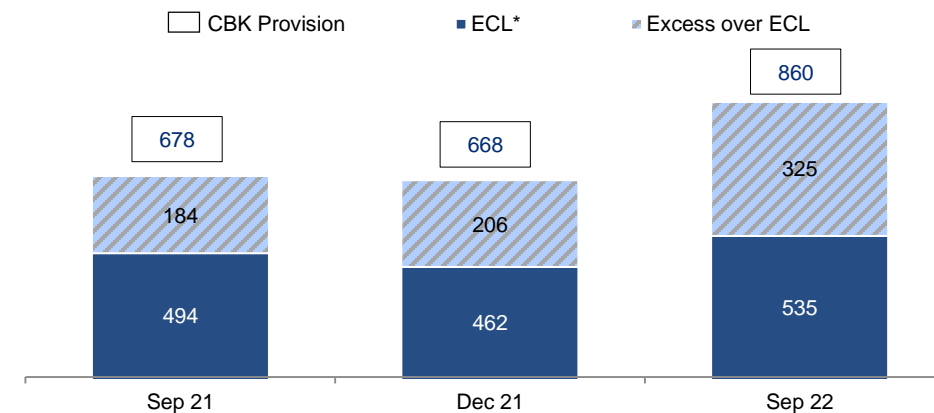
ECL Allowance for Credit Facilities



Total Gross Loans (KDbn)



CBK Credit Provisions vs IFRS 9 ECL (KDm)




* ECLs as per CBK guidelines



2022 Guidance

	9M 2022	2022 Guidance
Loan Growth	+4.5%	Mid to High Single Digit
NIM	2.26%	Broadly Stable ↑
Cost to Income ratio	38.2%	Broadly Stable
Cost of Risk	<i>18bps</i>	
Earnings	<i>+46.9%</i>	
Capital Adequacy	<i>16.3 %</i>	

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Consolidated Statement Of Income *(KDM)*

<i>KDm</i>	9M-2021	9M-2022	YoY Growth (%)
Interest Income	492	628	28%
Interest Expense	113	213	88%
Net Interest Income	378	416	10%
Murabaha and other Islamic financing income	171	203	19%
Finance cost and Distribution to depositors	47	72	53%
Net Income from Islamic financing	124	131	6%
Net interest income and net income from Islamic financing	502	547	9%
Net fees and commissions	124	132	7%
Net investment income	24	13	(46%)
Net gains from dealing in foreign currencies	28	60	NM
Other operating income	4	1	(70%)
Non-interest income	179	207	16%
Net Operating Income	681	753	11%
Staff expenses	150	164	9%
Other administrative expenses	90	94	4%
Depreciation of premises and equipment	26	29	13%
Amortisation of intangible assets	1	1	0%
Operating Expenses	266	288	8%
Op. profit before provision for credit losses and impairment losses	415	466	12%
Provision charge for credit losses	114	27	(76%)
Impairment losses	9	14	59%
Operating profit before taxation	292	425	46%
Taxation	25	35	36%
Non-controlling interest	12	16	38%
Profit attributable to shareholders of the Bank	255	374	47%



Consolidated Statement Of Financial Position *(KDm)*


<i>KDm</i>	September-2021	September-2022	YoY Growth %
Cash and short term funds	5,216	3,826	(27%)
Central Bank of Kuwait bonds	831	1,038	25%
Kuwait Government treasury bonds	447	213	(52%)
Deposits with banks	829	1,749	NM
Loans, advances and Islamic financing to customers	18,960	20,604	9%
Investment securities	4,784	5,433	14%
Investment in associates	4	4	(6%)
Land, premises and equipment	447	466	4%
Goodwill and other intangible assets	581	570	(2%)
Other assets	409	803	96%
Total Assets	32,508	34,705	7%
Due to banks	4,161	3,545	(15%)
Deposits from other financial institutions	3,435	3,980	16%
Customer deposits	17,365	19,278	11%
Certificates of deposit issued	1,371	1,413	3%
Other borrowed funds	1,113	1,272	14%
Other liabilities	703	717	2%
Total Liabilities	28,147	30,206	7%
Share capital	719	755	5%
Proposed bonus shares	-	-	-
Statutory reserve	343	360	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,540	1,539	0%
Equity attributable to shareholders of the bank	3,440	3,492	2%
Perpetual Tier 1 Capital Securities	439	439	0%
Non-controlling interests	482	568	18%
Total equity	4,361	4,499	3%
Total liabilities and equity	32,508	34,705	7%



Performance Measures 9M 2022

	September-2021	September-2022
Return on average assets	1.09%	1.47%
Return on average equity	9.6%	14.1%
Net interest margin	2.25%	2.26%
Cost to income	39.1%	38.2%
NPLs to gross loans	1.43%	1.24%
Loan loss reserves to NPLs	230%	308%
Tier 1 capital	15.6%	14.0%
Tier 2 capital	2.5%	2.3%
Capital adequacy ratio	18.1%	16.3%

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Questions?



Thank You



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