



# National Bank of Kuwait

## Investor Presentation

FY 2021 Earnings Call

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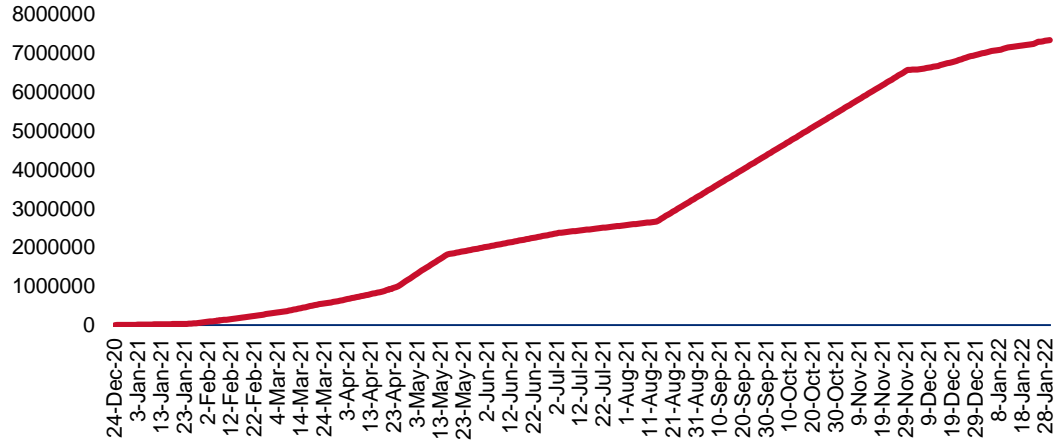


<b>Section 1</b>	<b>Group CEO Opening Remarks</b>
<b>Section 2</b>	Financial Performance
<b>Section 3</b>	Appendix
<b>Section 4</b>	Questions

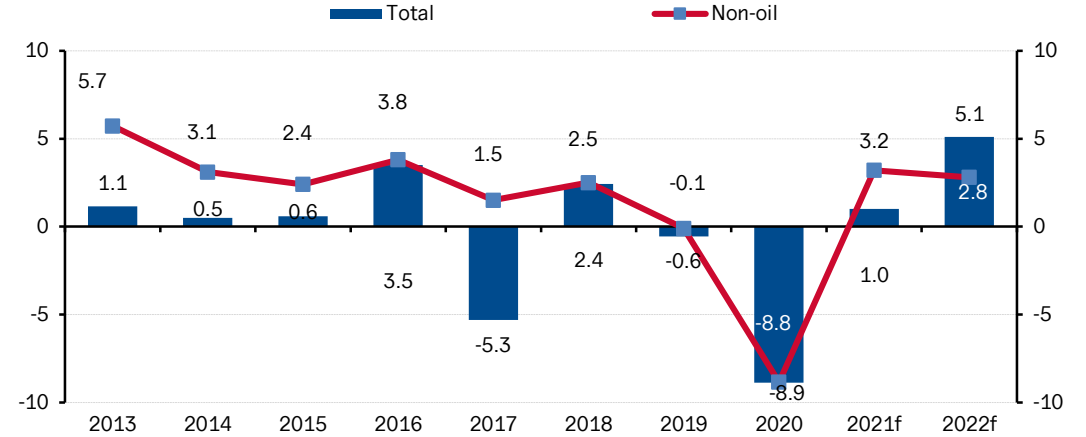


# Key Economic Highlights

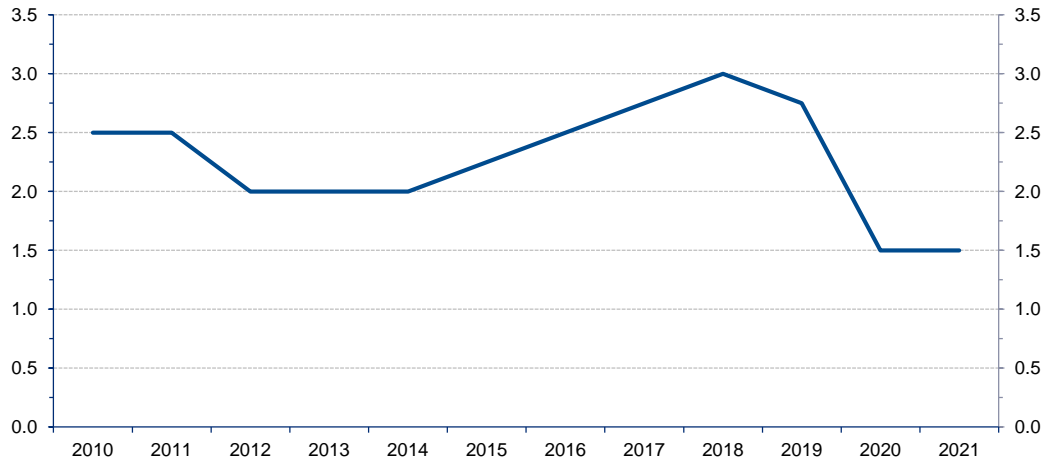
COVID-19 Vaccine Doses Administered



Real GDP (% y/y)



Development of the Discount Rate (%)



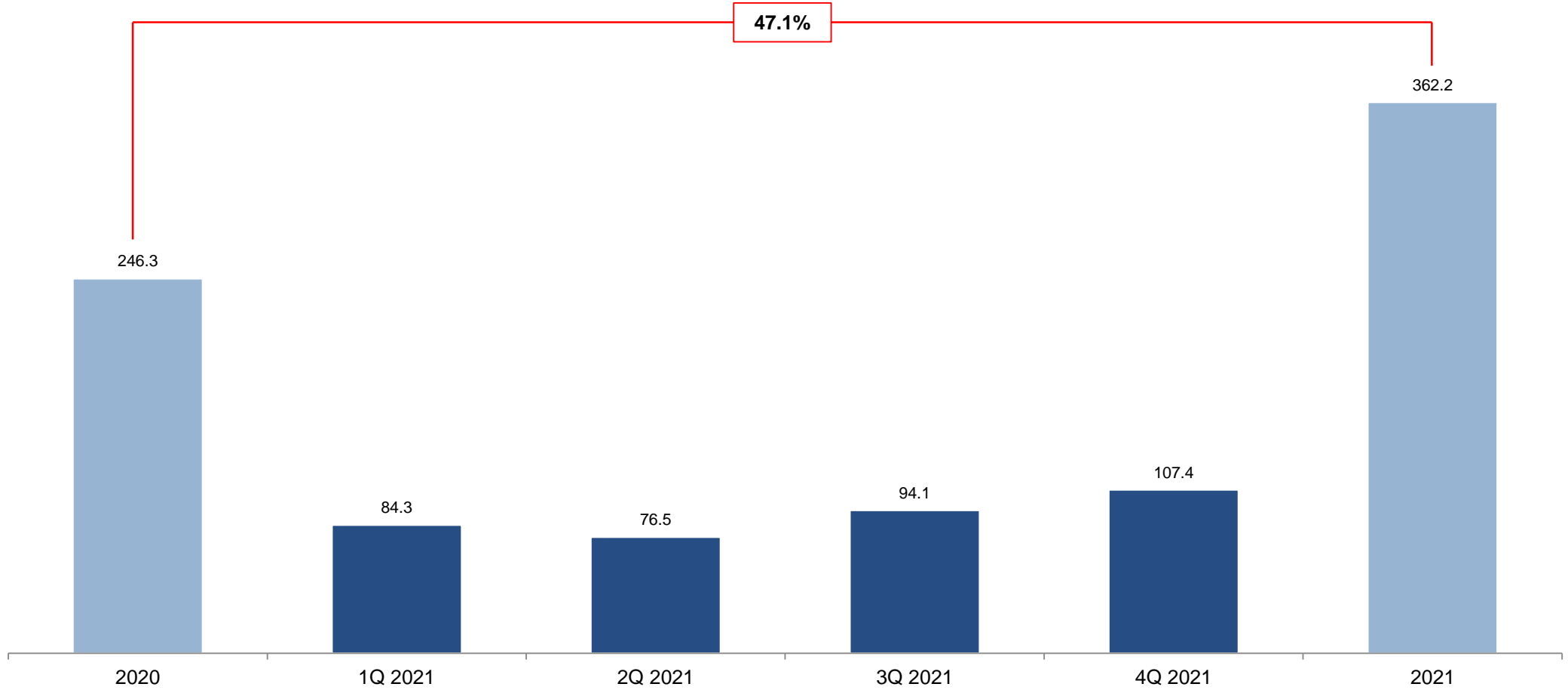
Daily Brent Oil Price Development (USD)





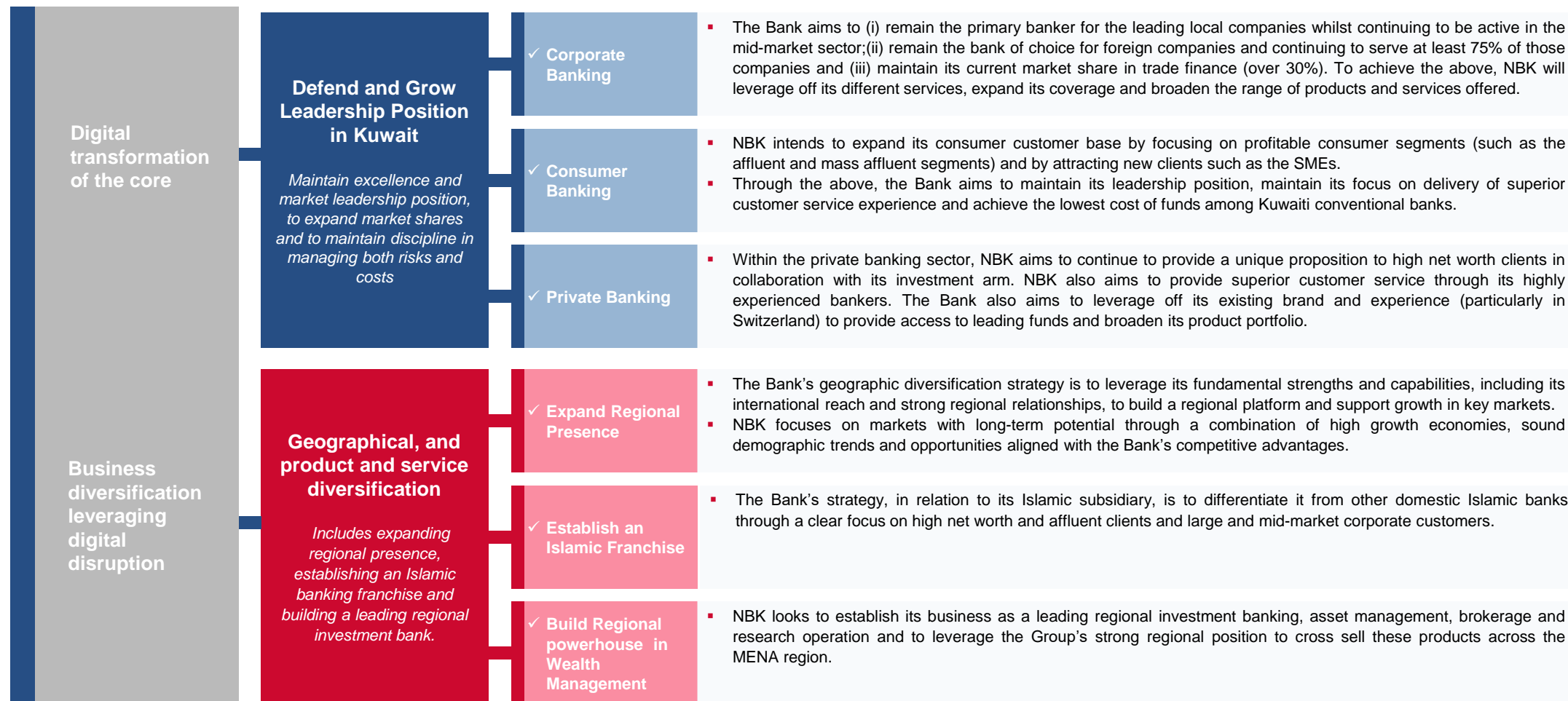
# NBK Profitability (KDm)

## 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





# Maintaining Course with Our Sustainability Directions

**NBK Sustainability Pillars**

Contributing  
to Economic  
Development

Serving  
Customers

Leading in  
Governance

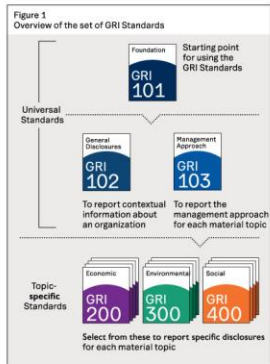
Respecting  
and  
Developing  
People

Giving Back  
to Our  
Community

Caring for  
Our  
Environment



# Close Alignment With International Frameworks and ESG Raters



## Global Reporting Initiative (GRI)

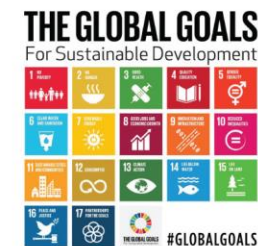
- A sustainability reporting standard widely used by various organizations around the world
- It is composed of a set of universal standards (general disclosures), as well as topic-specific standard disclosures
- # of GRI reports: over 38,000 reports in database



## United Nations Sustainable Development Goals (SDGs)

17 goals which cover the following dimensions:

- Economy
- Environment
- Community
- Labour rights
- Equality



## International ESG Raters

- ESG ratings are evaluations of a company based on a comparative assessment of their performance related to environmental, social and governance (ESG) issues
- Examples of ESG raters include: MSCI ESG Ratings, Dow Jones, FTSE Russell and Thomson Reuters



## Kuwait National Development Plan (KNDP)

- Global positioning
- High quality healthcare
- Creative human capital
- Sustainable living environment
- Developed infrastructure
- Sustainable diversified economy
- Effective government administration



## Bursa Kuwait Sustainability Indicators

- Includes 26 sustainability indicators, which are aligned to KNDP and cover the sustainability dimensions of Economy, Environment, Social and Governance.





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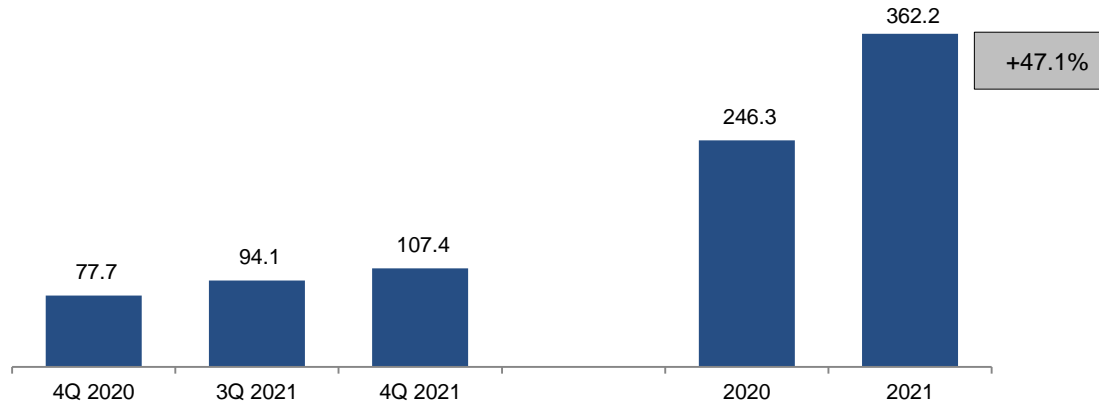
Section 4

Questions

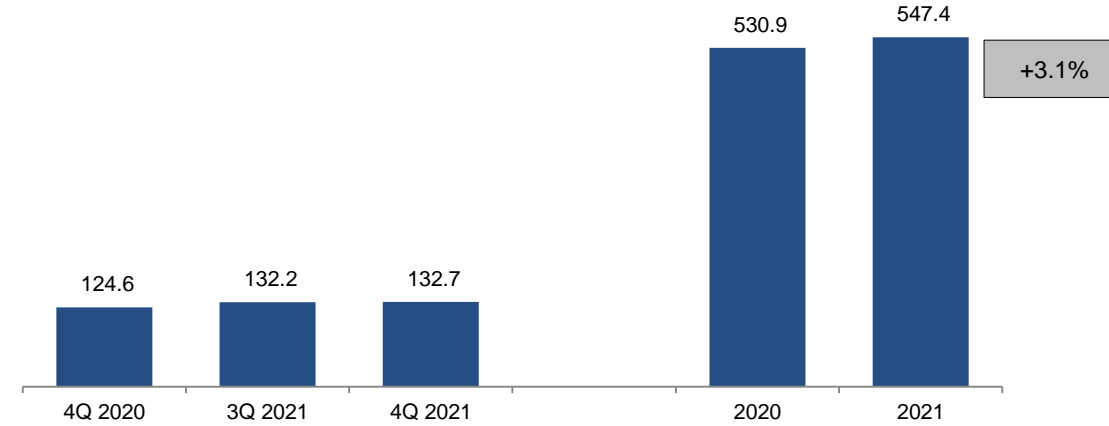


# Operating Performance 2021

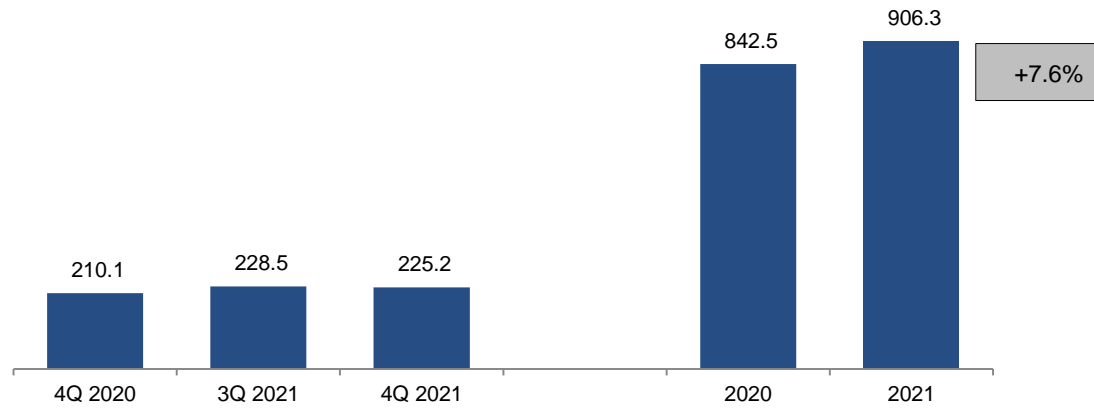
Net Profit (KDm)



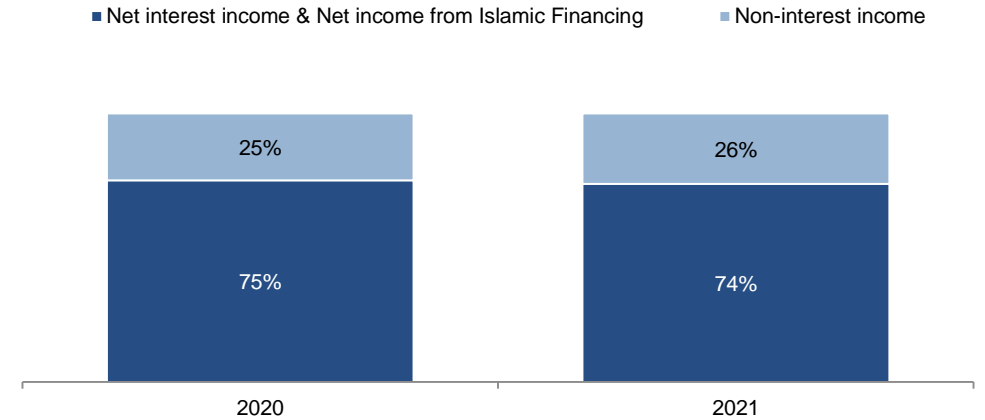
Operating Surplus (KDm)



Operating Income (KDm)



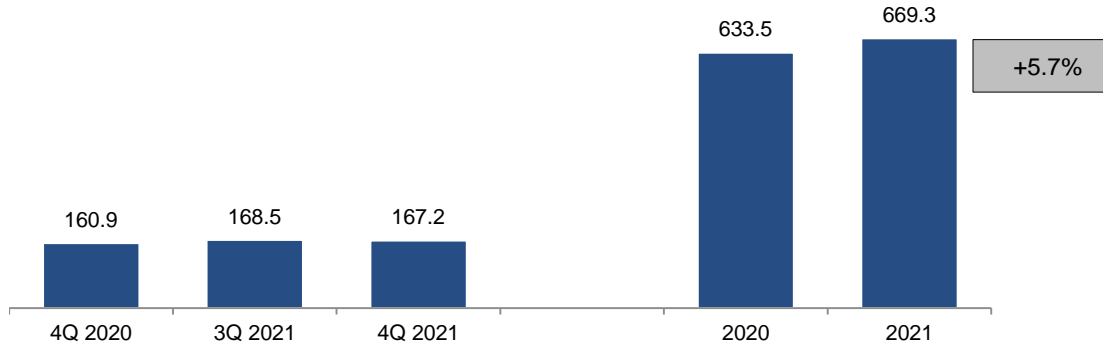
Operating Income



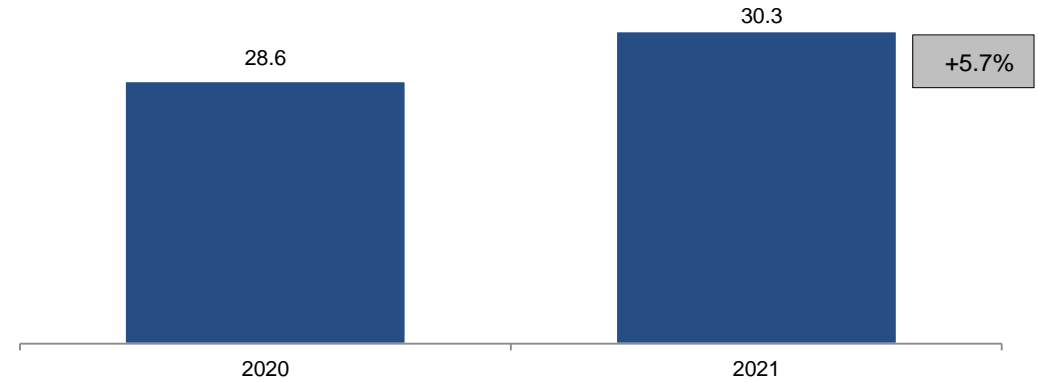


# Operating Performance 2021

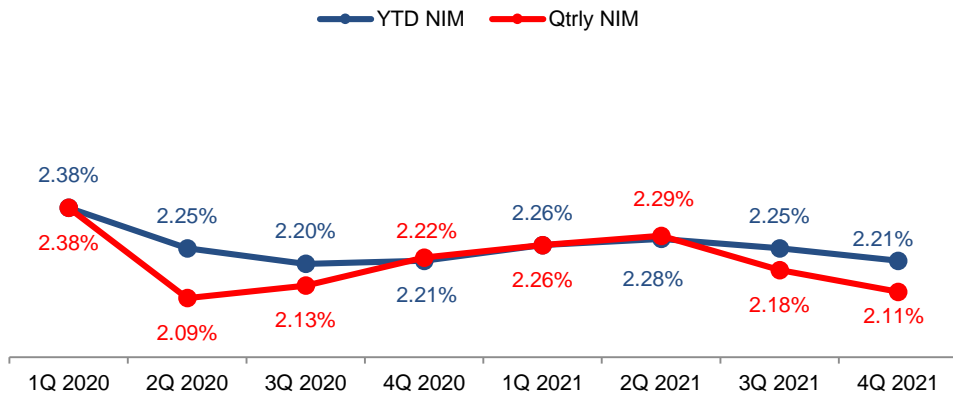
Net Interest Income\* (KDm)



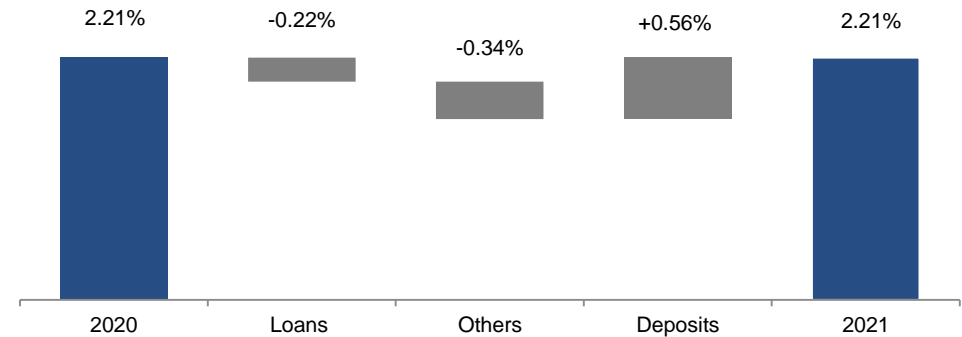
Average Interest Earning Assets (KDbn)



Net Interest Margin\*



Net Interest Margin drivers

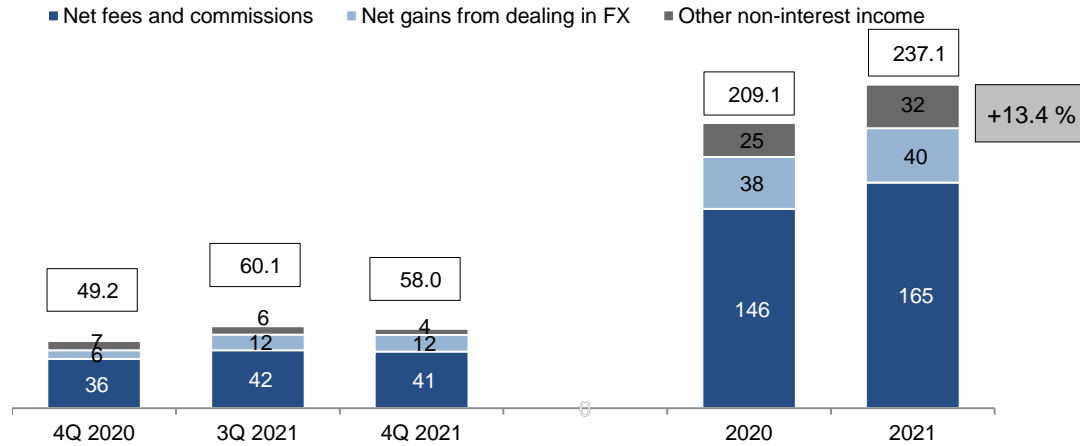


\*Includes net interest income and net income from Islamic Financing

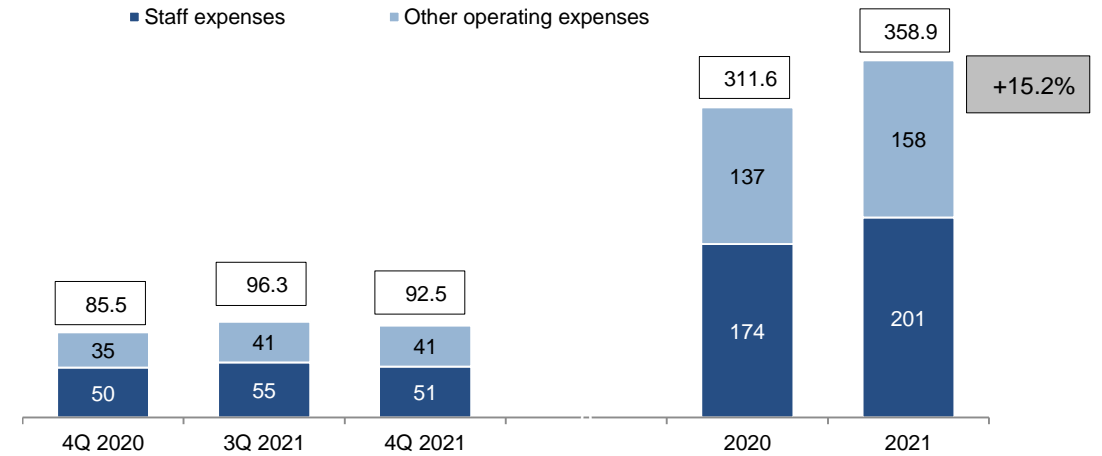


# Operating Performance 2021

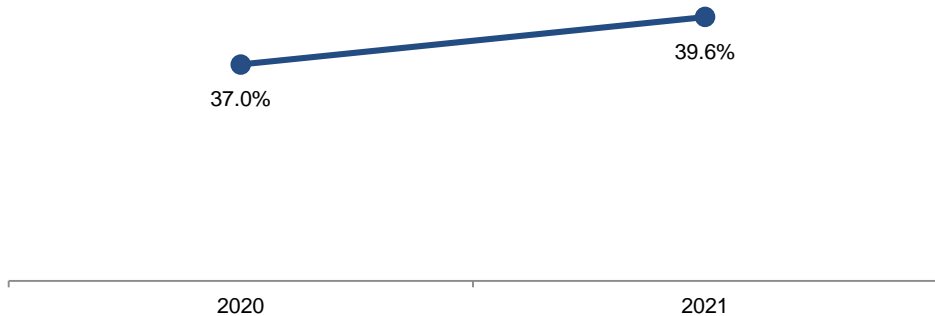
Non-interest income (KDm)



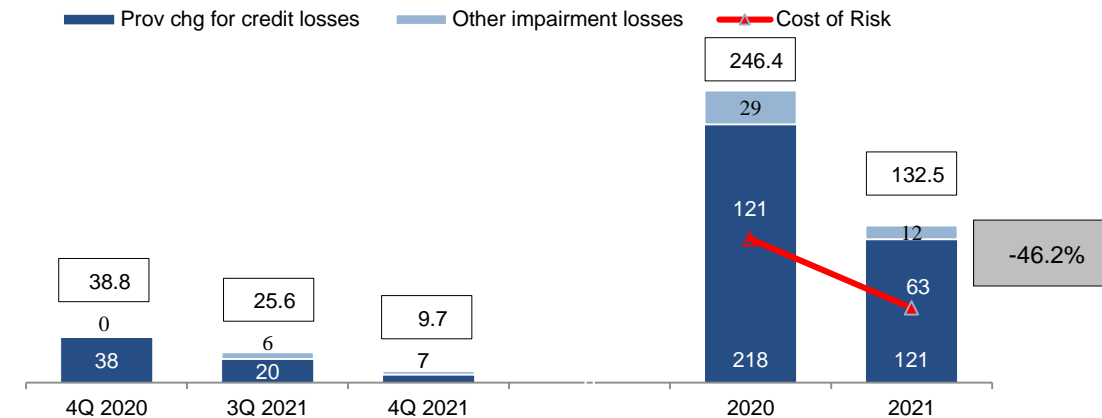
Operating Expenses (KDm)



Cost to Income ratio



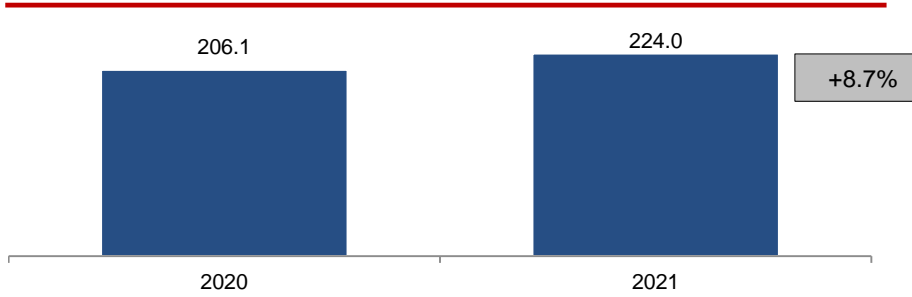
Provisions and Impairments (KDm)



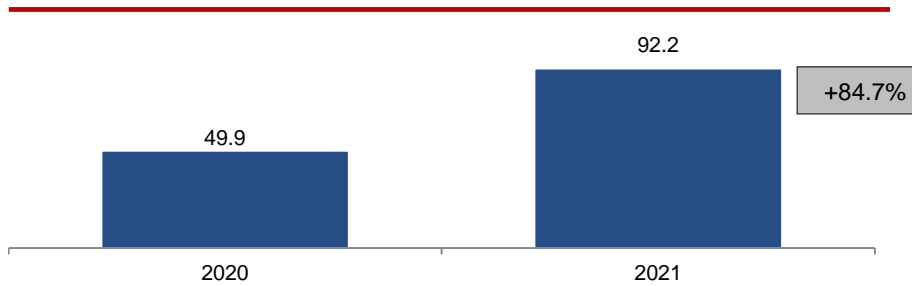


# Operating Performance 2021

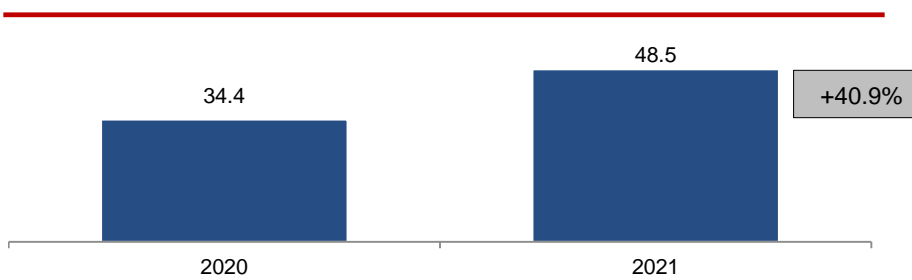
Operating Income (KDm) - International



Net profit (KDm) - International



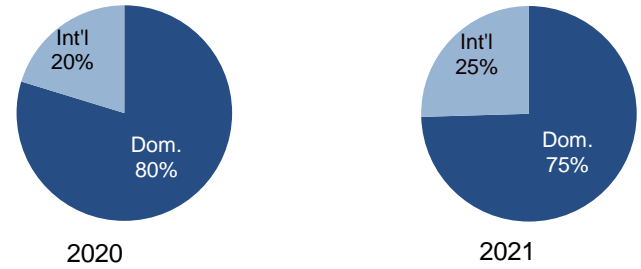
Net profit (KDm) - Boubyan Bank



Operating Income (KDm)



Net Profit (KDm)



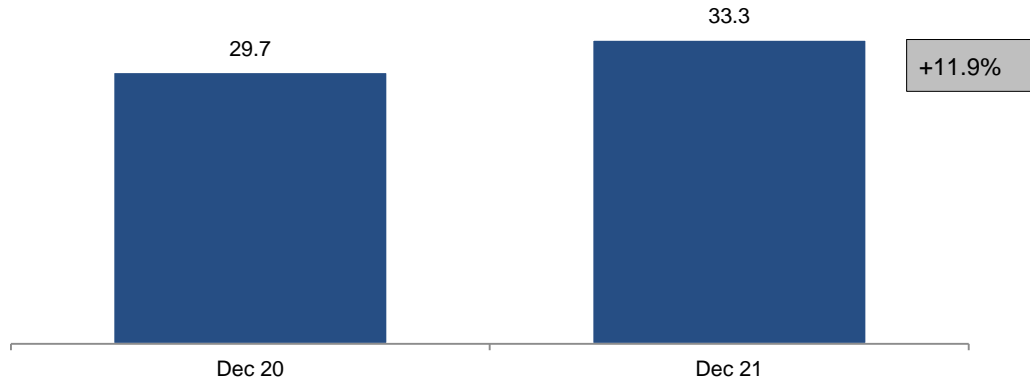
Total Assets (KD'bn)



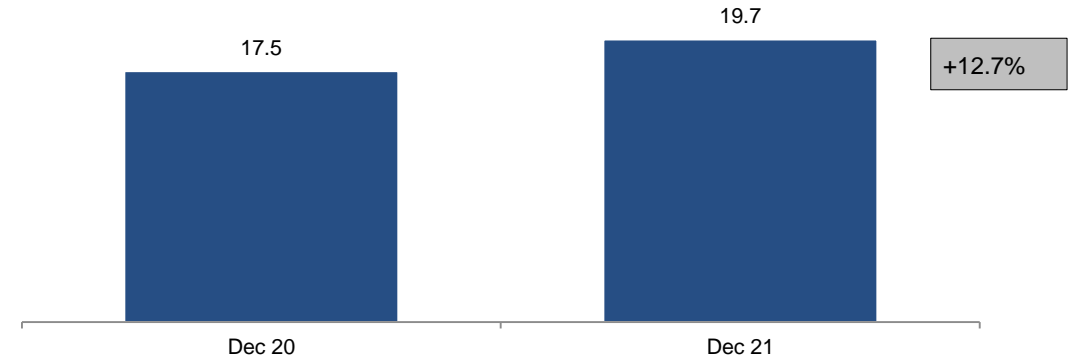


# Operating Performance 2021

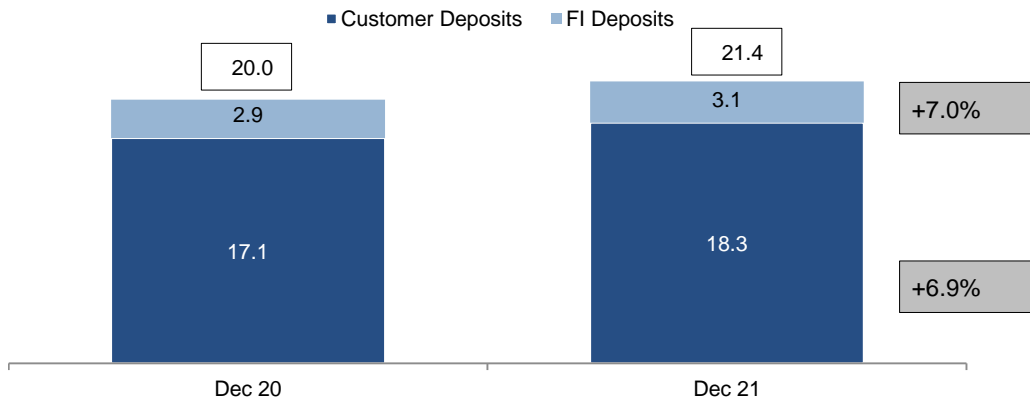
Total Assets (KDbn)



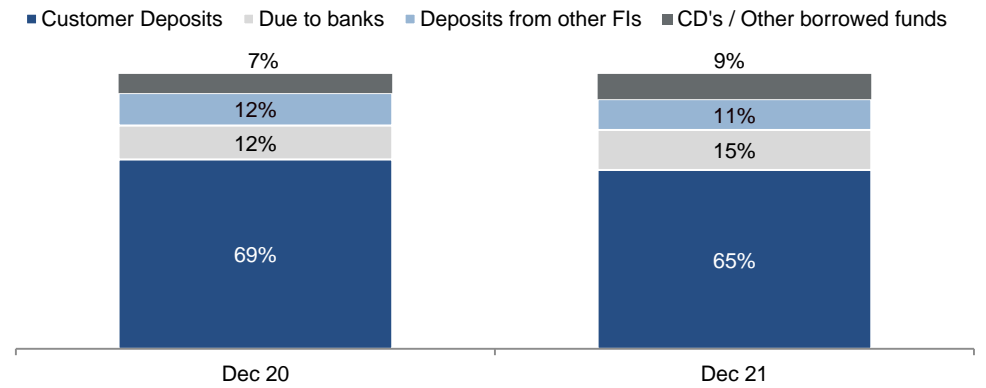
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits\* (KDbn)



Funding Mix

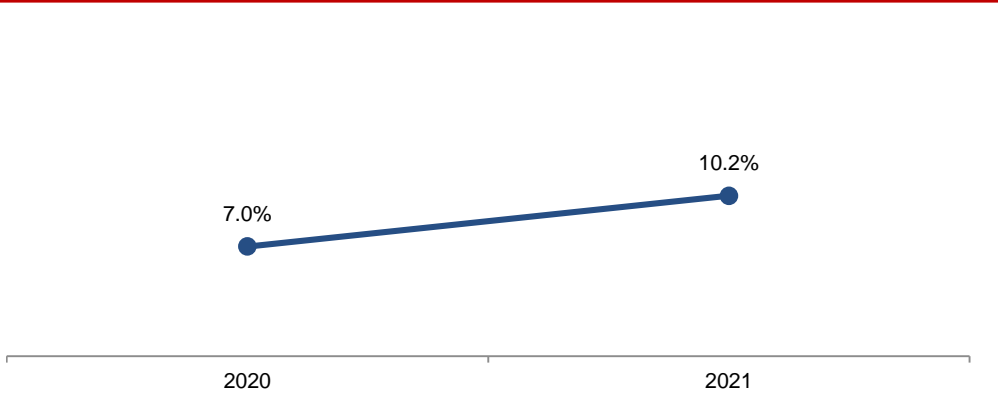


\*excludes due to banks

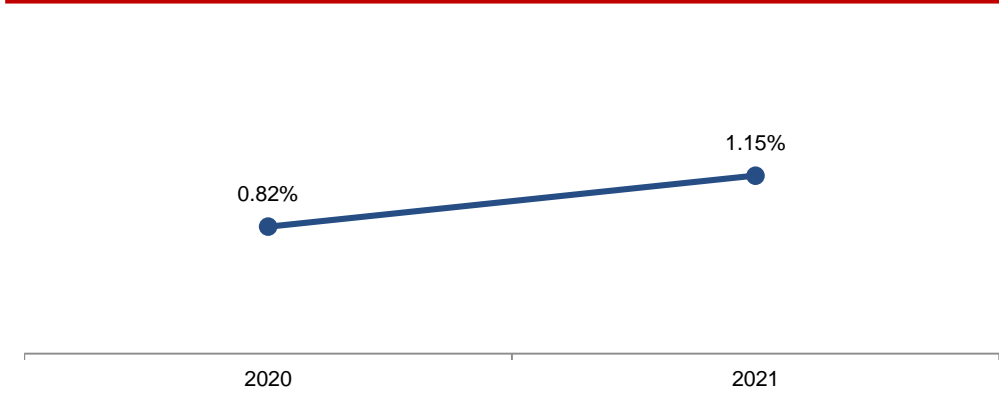


# Performance and Asset Quality Ratios 2021

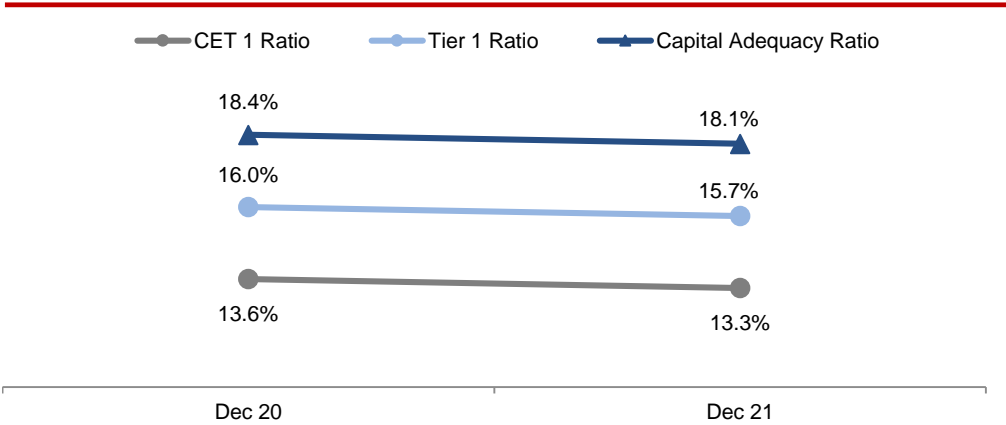
Return on Average Equity



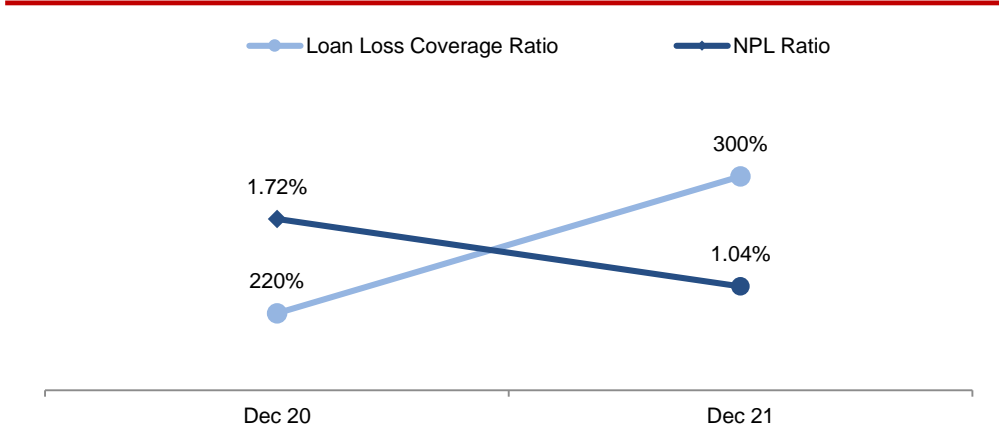
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



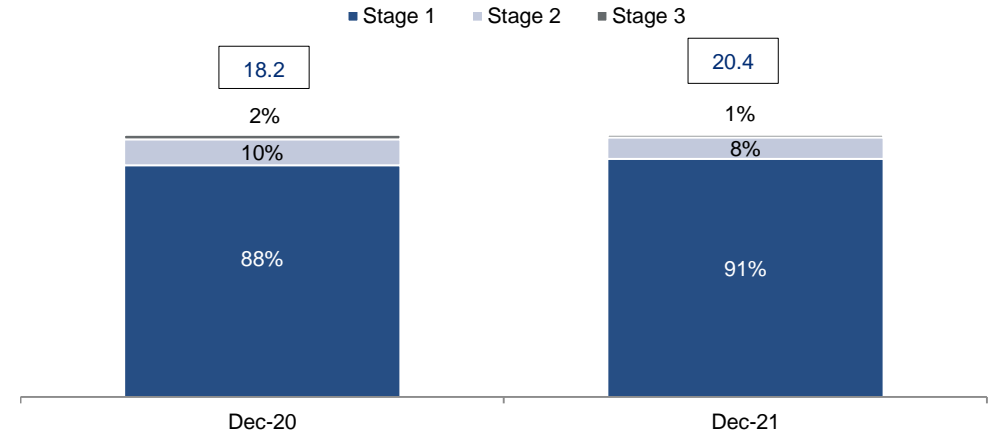


# Expected Credit Losses (ECL) 2021

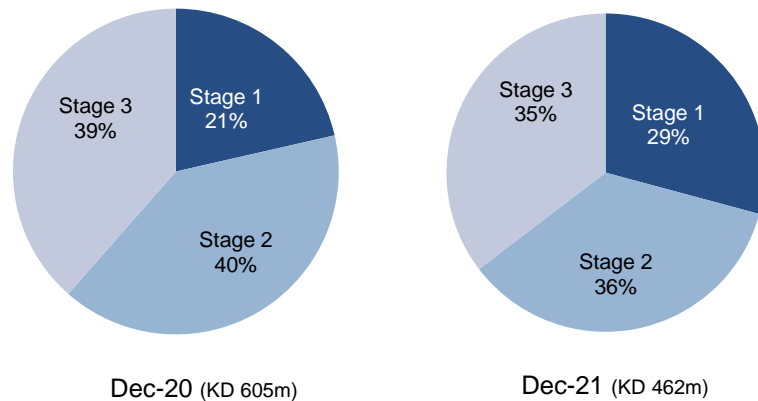
Financial Statements ECL Disclosure (KDm)

31 Dec 2021	Stage1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	18,478	1,666	211	20,356
Contingent liabilities	3,719	670	29	4,418
ECL allowance for credit facilities	135	164	163	462

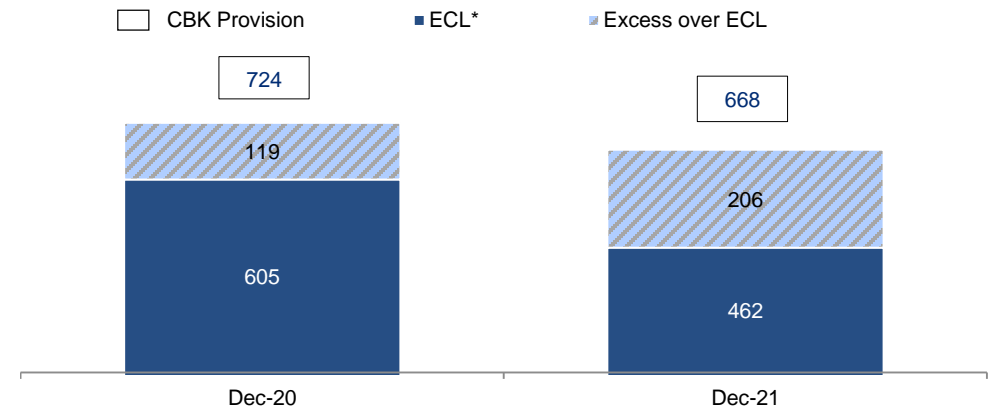
Total Gross Loans (KDbn)



ECL Allowance for Credit Facilities



CBK Credit Provisions vs IFRS 9 ECL (KDm)



\* ECLs as per CBK guidelines






## 2022 Guidance

	2021	2022 Guidance
Loan Growth	+12.7%	High Single Digit
NIM	2.21%	Broadly Stable
Cost to Income ratio	39.6%	Broadly Stable
Cost of Risk	63bps	
Earnings	+47.1%	
Capital Adequacy	18.1%	

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## Consolidated Statement Of Income (KDm)

KDm	2020	2021	YoY Growth (%)
Interest Income	757	661	(13%)
Interest Expense	267	155	(42%)
<b>Net Interest Income</b>	<b>490</b>	<b>506</b>	<b>3%</b>
Murabaha and other Islamic financing income	225	228	1%
Finance cost and Distribution to depositors	82	65	(21%)
<b>Net Income from Islamic financing</b>	<b>143</b>	<b>163</b>	<b>14%</b>
<b>Net interest income and net income from Islamic financing</b>	<b>633</b>	<b>669</b>	<b>6%</b>
Net fees and commissions	146	165	13%
Net investment income	2	28	NM
Net gains from dealing in foreign currencies	38	40	4%
Other operating income	23	4	(82%)
<b>Non-interest income</b>	<b>209</b>	<b>237</b>	<b>13%</b>
<b>Net Operating Income</b>	<b>843</b>	<b>906</b>	<b>8%</b>
Staff expenses	174	201	15%
Other administrative expenses	102	122	20%
Depreciation of premises and equipment	33	34	2%
Amortisation of intangible assets	2	2	0%
<b>Operating Expenses</b>	<b>312</b>	<b>359</b>	<b>15%</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>531</b>	<b>547</b>	<b>3%</b>
Provision charge for credit losses	218	121	(44%)
Impairment losses	29	12	(59%)
<b>Operating profit before taxation</b>	<b>285</b>	<b>415</b>	<b>46%</b>
Taxation	26	34	32%
Directors' remuneration	-	0	NM
Non-controlling interest	12	18	49%
<b>Profit attributable to shareholders of the Bank</b>	<b>246</b>	<b>362</b>	<b>47%</b>



# Consolidated Statement Of Financial Position (KDm)


KDm	December-2020	December-2021	YoY Growth %
Cash and short term funds	3,903	5,082	30%
Central Bank of Kuwait bonds	830	830	0%
Kuwait Government treasury bonds	463	417	(10%)
Deposits with banks	1,027	885	(14%)
Loans, advances and Islamic financing to customers	17,504	19,722	13%
Investment securities	4,729	4,911	4%
Investment in associates	5	4	(28%)
Land, premises and equipment	427	456	7%
Goodwill and other intangible assets	582	581	0%
Other assets	246	368	49%
<b>Total Assets</b>	<b>29,717</b>	<b>33,257</b>	<b>12%</b>
Due to banks	3,052	4,099	34%
Deposits from other financial institutions	2,929	3,136	7%
Customer deposits	17,104	18,281	7%
Certificates of deposit issued	919	1,339	46%
Other borrowed funds	809	1,267	57%
Other liabilities	763	668	(12%)
<b>Total Liabilities</b>	<b>25,576</b>	<b>28,789</b>	<b>13%</b>
Share capital	685	719	5%
Proposed bonus shares	34	36	5%
Statutory reserve	343	360	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,410	1,587	13%
<b>Equity attributable to shareholders of the bank</b>	<b>3,310</b>	<b>3,540</b>	<b>7%</b>
Perpetual Tier 1 Capital Securities	438	439	0%
Non-controlling interests	393	489	24%
<b>Total equity</b>	<b>4,141</b>	<b>4,467</b>	<b>8%</b>
<b>Total liabilities and equity</b>	<b>29,717</b>	<b>33,257</b>	<b>12%</b>



## Performance Measures 2021

	Decemberr-2020	December-2021
Return on average assets	0.82%	1.15%
Return on average equity	7.0%	10.2%
Net interest margin	2.21%	2.21%
Cost to income	37.0%	39.6%
NPLs to gross loans	1.72%	1.04%
Loan loss reserves to NPLs	220%	300%
Tier 1 capital	16.0%	15.7%
Tier 2 capital	2.4%	2.4%
Capital adequacy ratio	18.4%	18.1%

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**Questions?**



**Thank You**





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