



# National Bank of Kuwait

## Investor Presentation

3Q/9M 2021 Earnings Call

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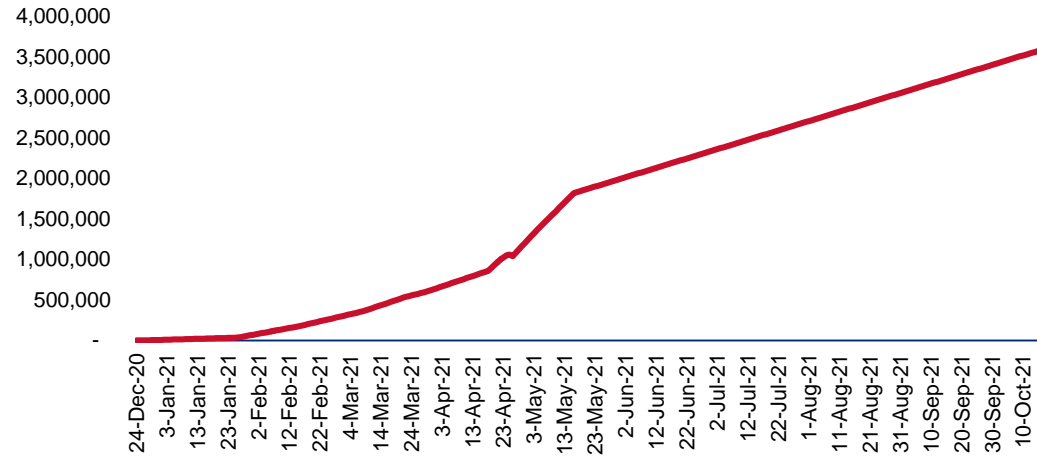
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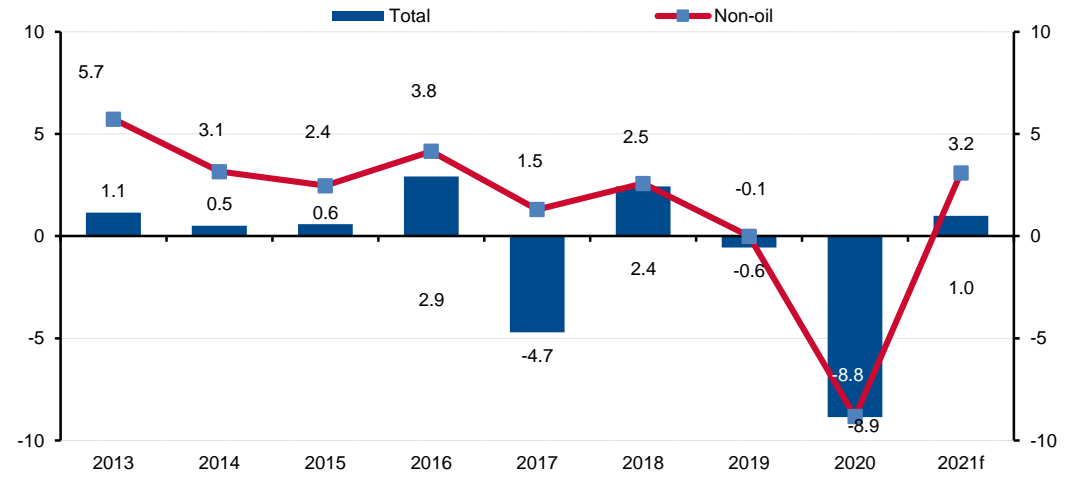


# Key Economic Highlights

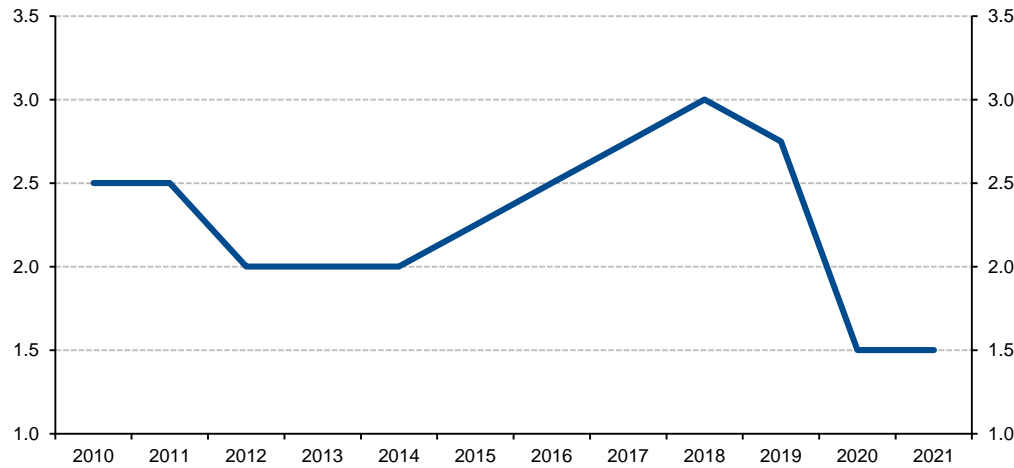
### COVID-19 Vaccine Doses Administered



### Real GDP (% y/y)



### Development of the Discount Rate (%)

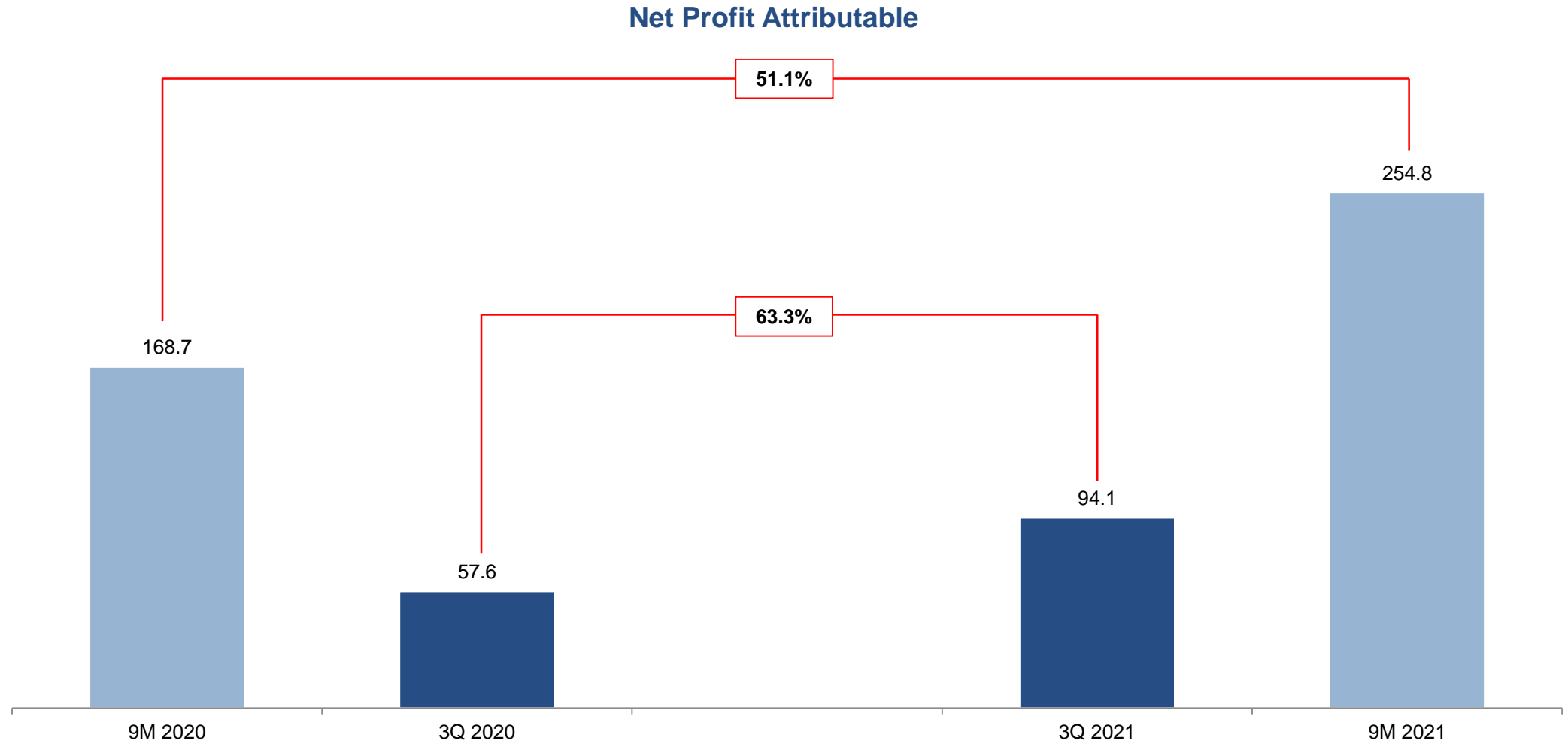


### Daily Brent Oil Price Development (USD)





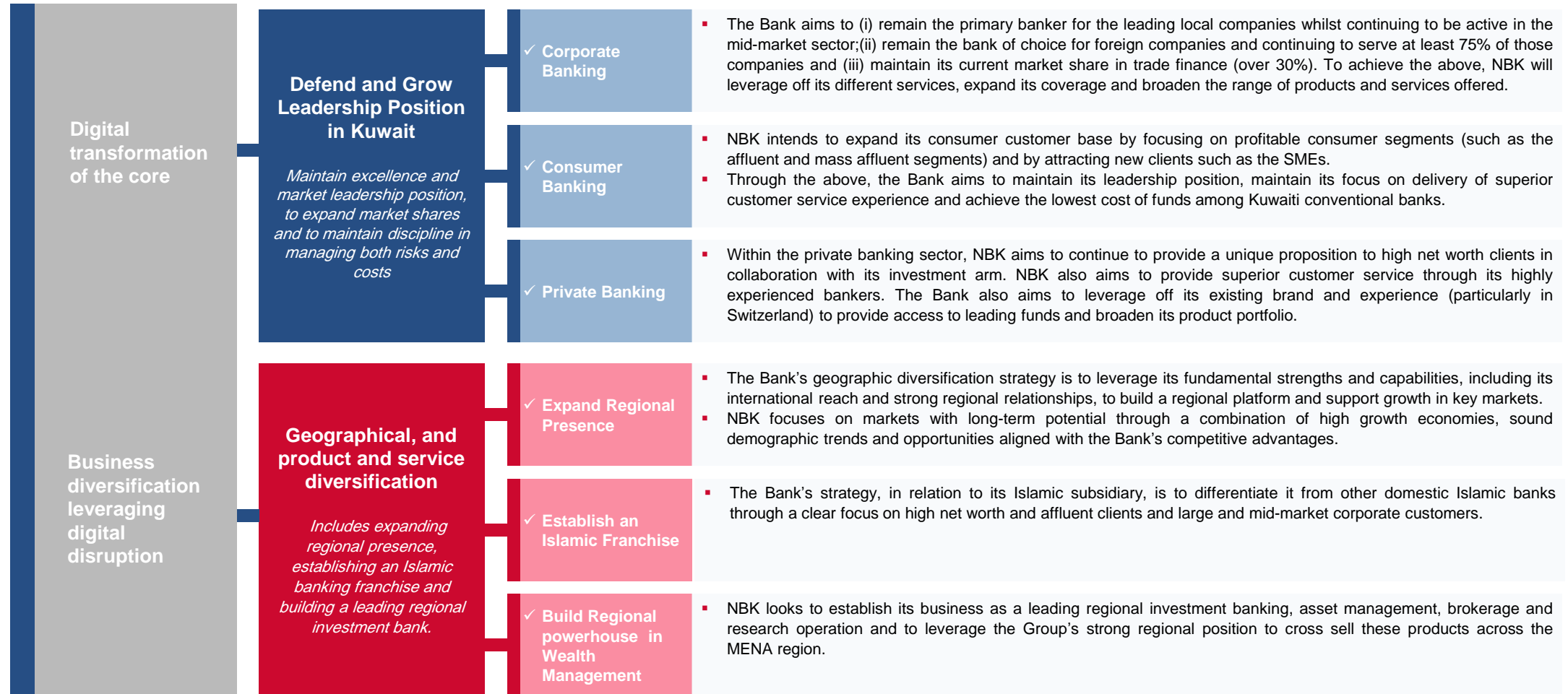
# NBK Profitability (KDm)





# 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

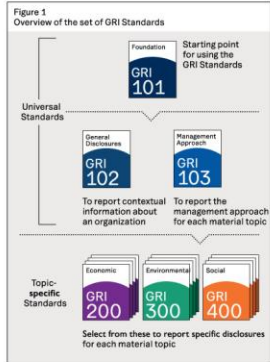
Leading in  
Governance

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)

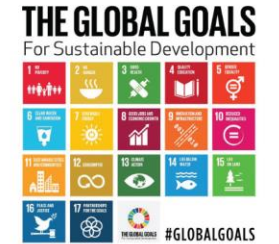
- A sustainability reporting standard widely used by various organizations around the world
- It is composed of a set of universal standards (general disclosures), as well as topic-specific standard disclosures
- # of GRI reports: over 38,000 reports in database



## 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



**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM



## 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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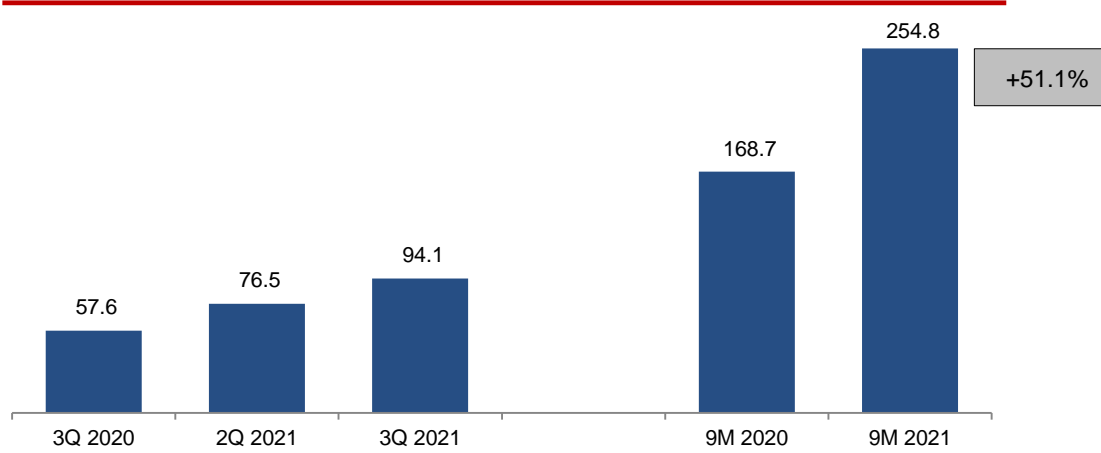
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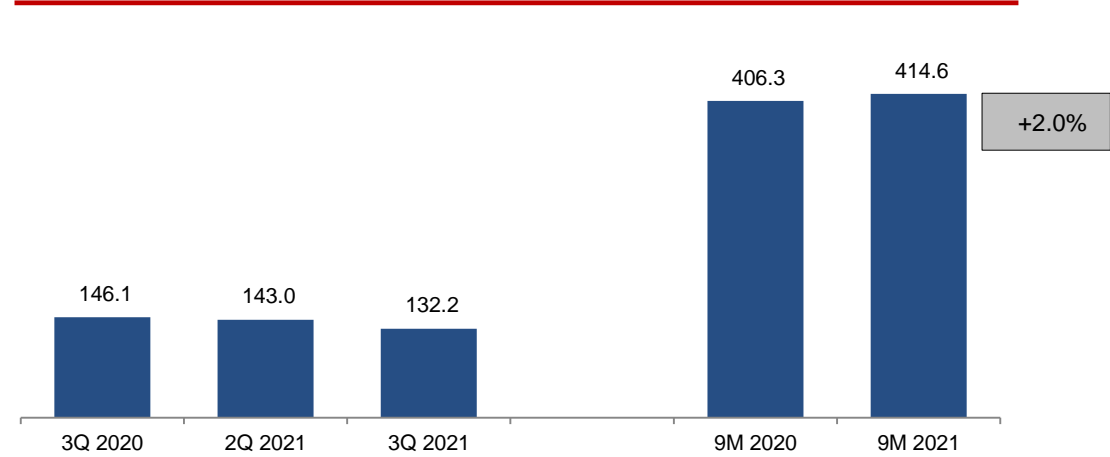


# Operating Performance 9M 2021

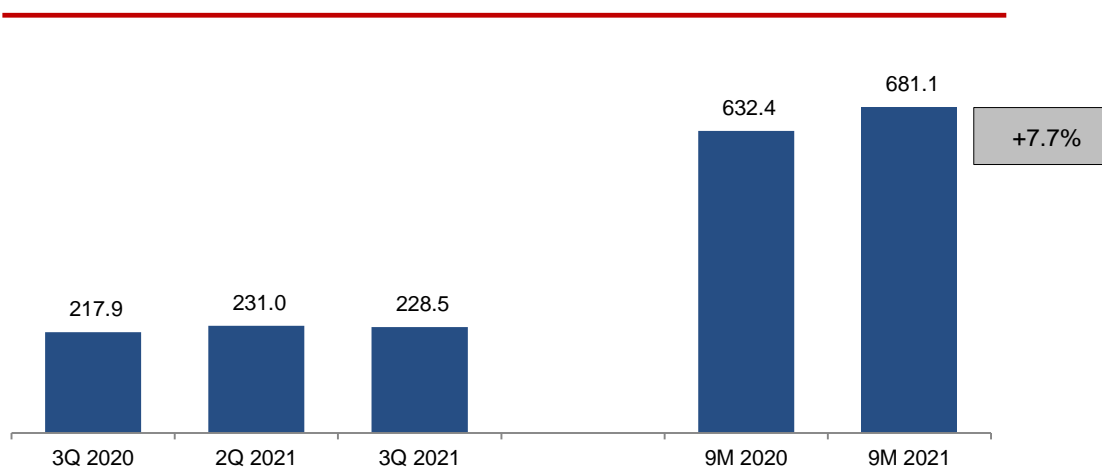
### Net Profit (KDm)



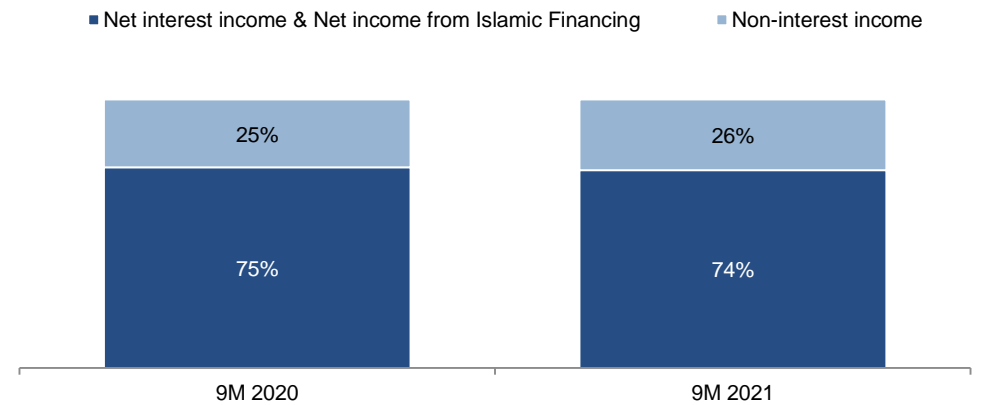
### Operating Surplus (KDm)



### Operating Income (KDm)



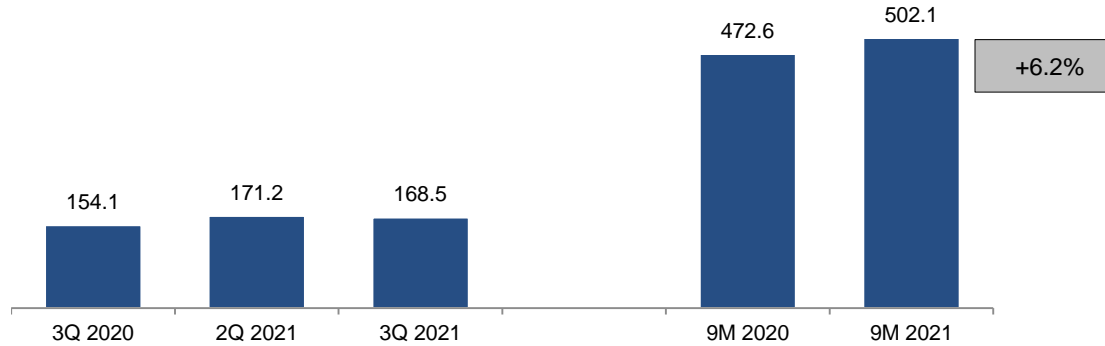
### Operating Income



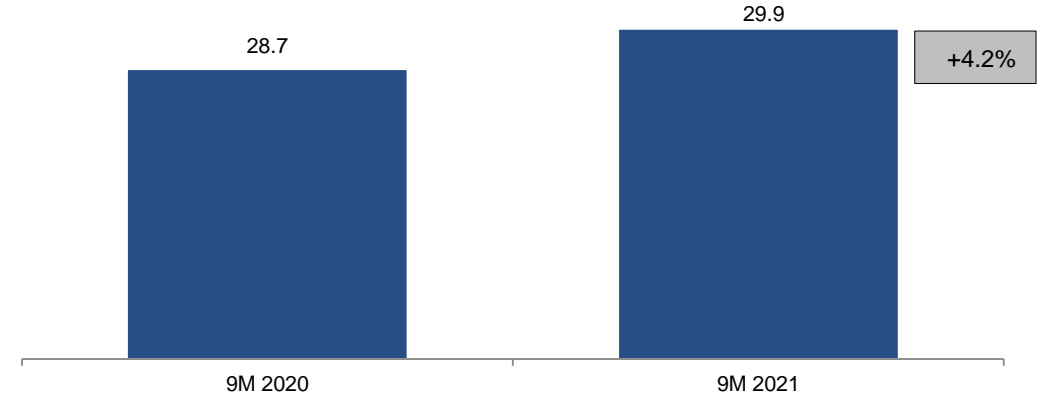


# Operating Performance 9M 2021

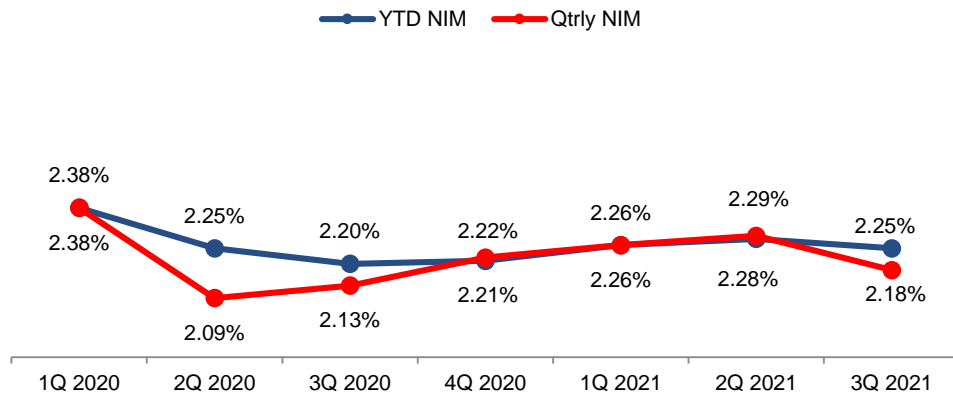
### Net Interest Income\* (KDm)



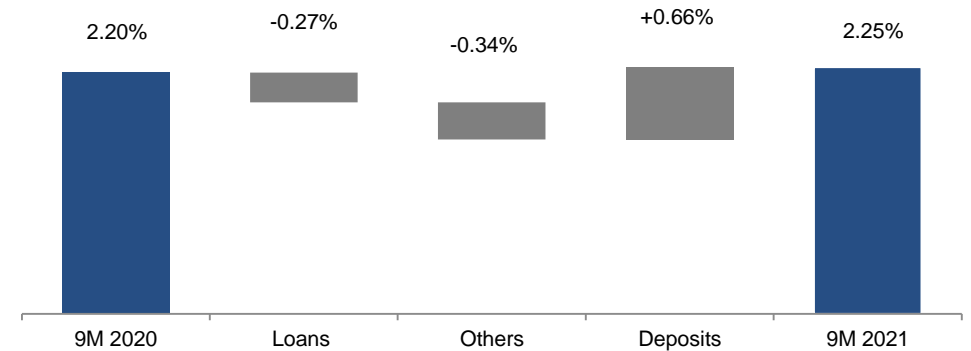
### Average Interest Earning Assets (KDbn)



### Net Interest Margin\*



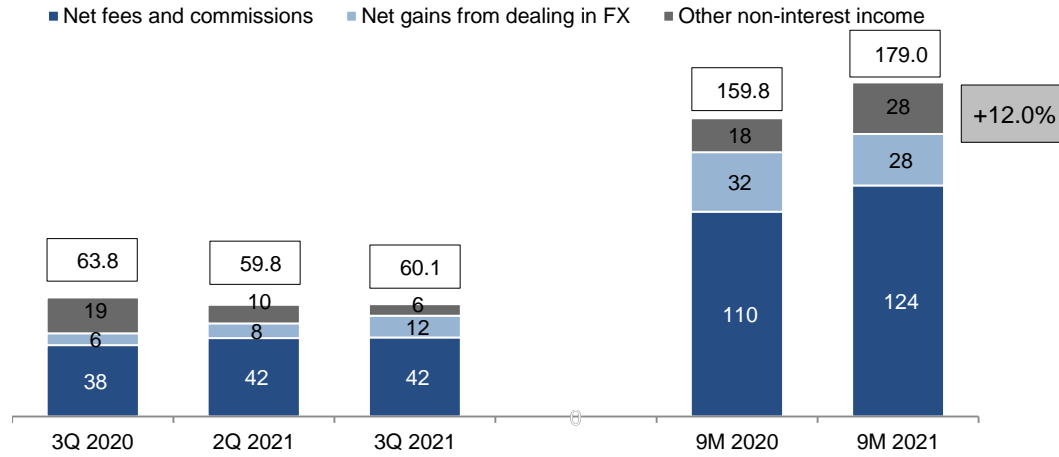
### Net Interest Margin drivers



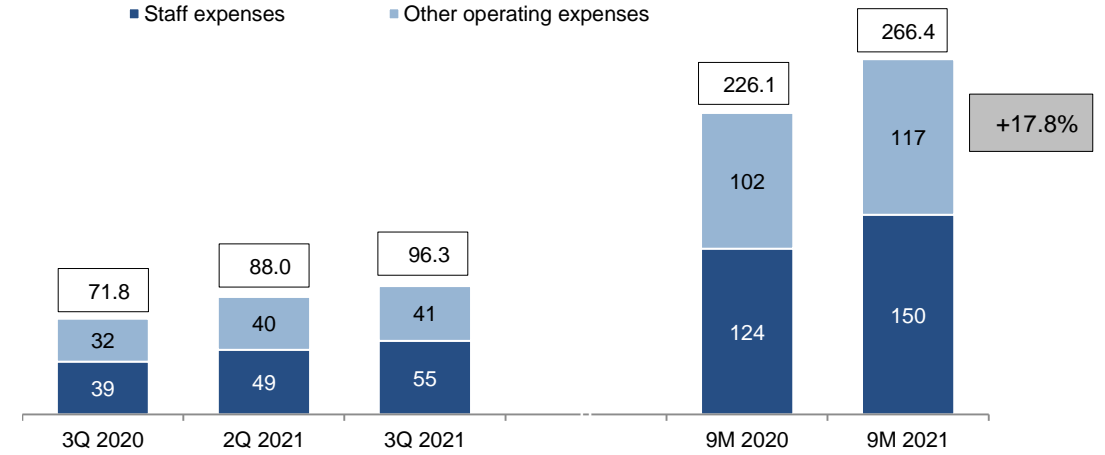
\*Includes net interest income and net income from Islamic Financing

# Operating Performance 9M 2021

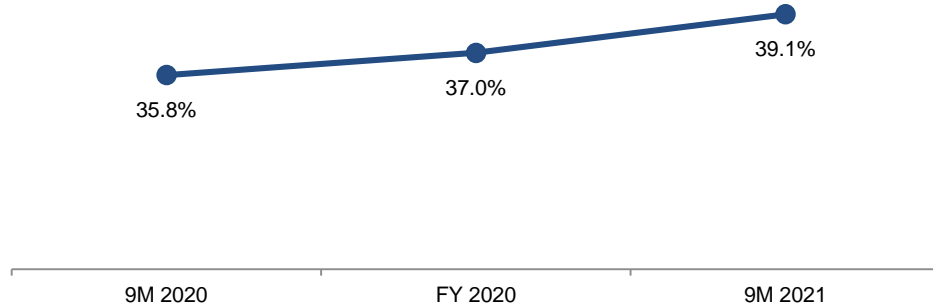
## Non-interest income (KDM)



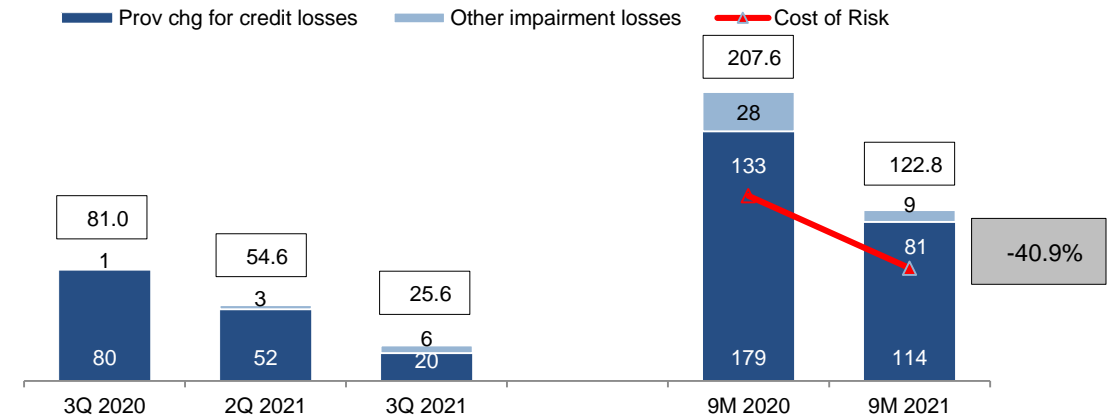
## Operating Expenses (KDM)



## Cost to Income ratio



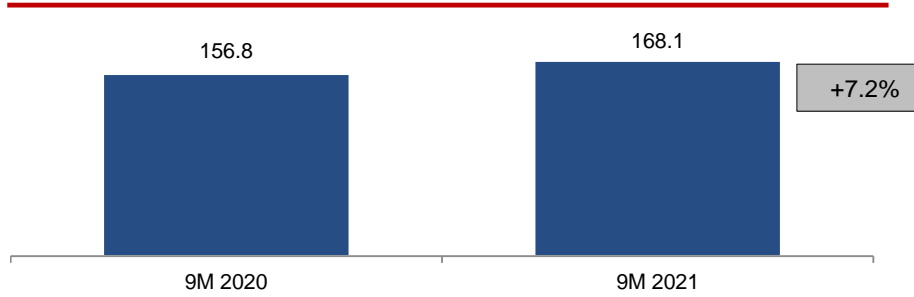
## Provisions and Impairments (KDM)



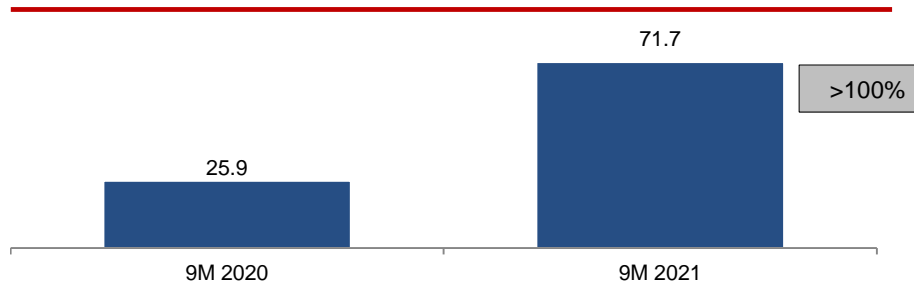


# Operating Performance 9M 2021

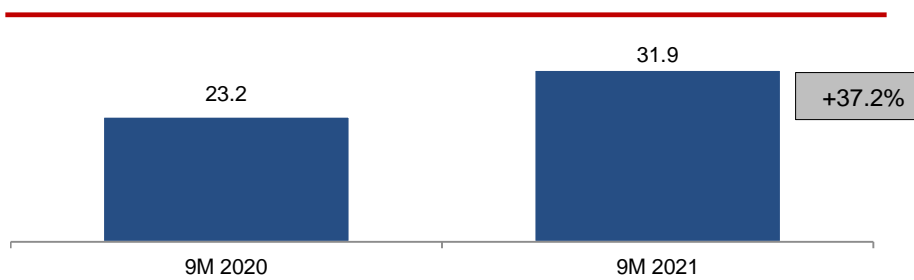
Operating Income (KDm) - International



Net profit (KDm) - International



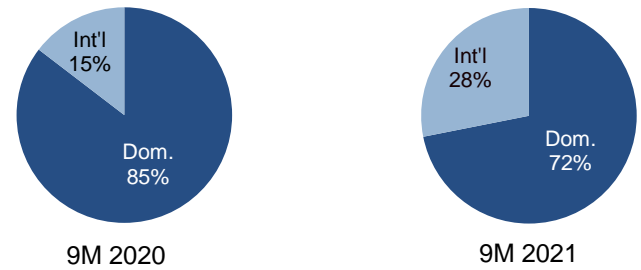
Net profit (KDm) - Boubyan Bank



Operating Income (KDm)



Net Profit (KDm)



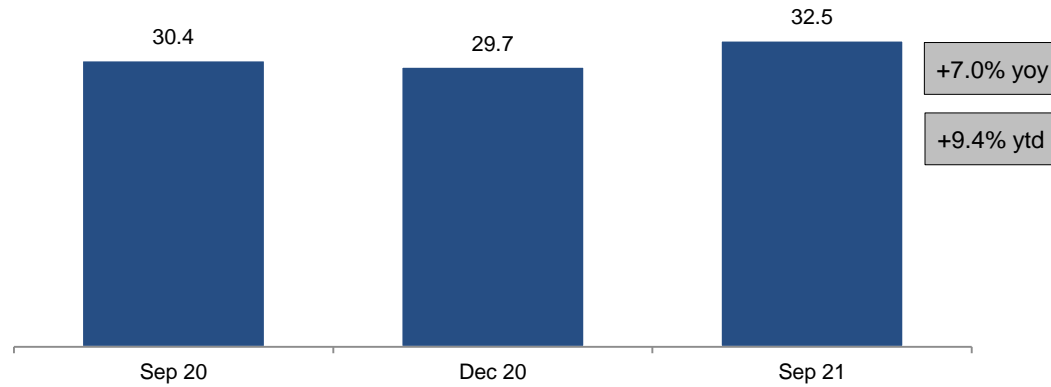
Total Assets (KD'bn)



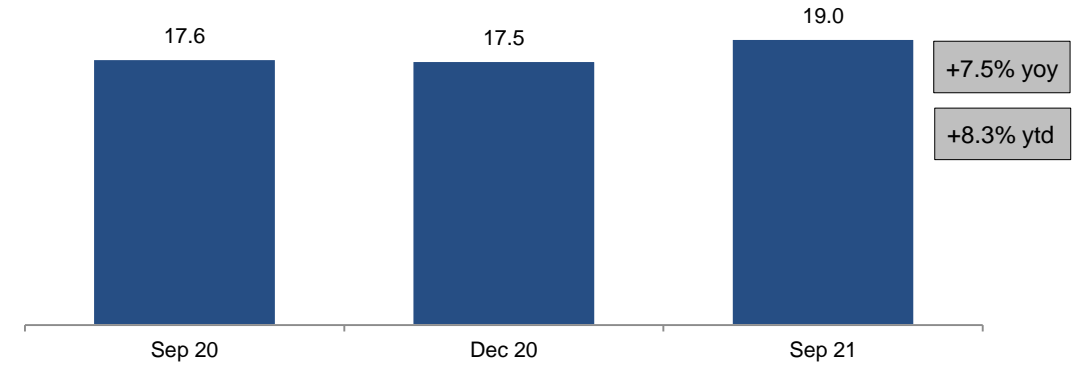


# Operating Performance 9M 2021

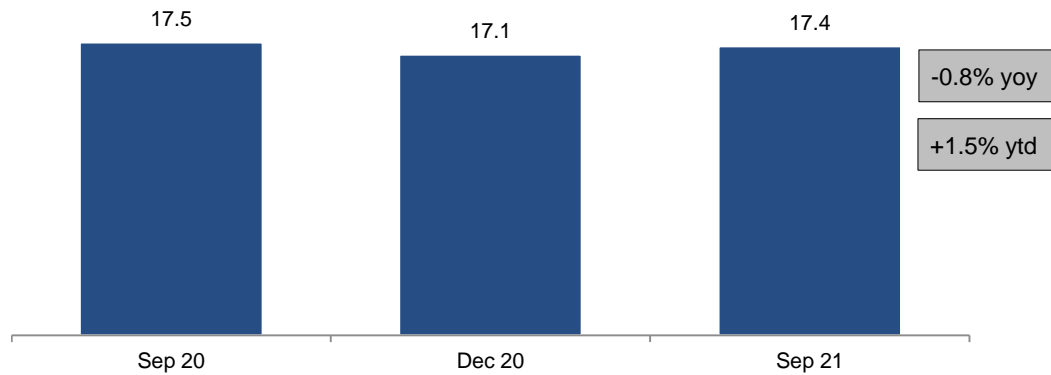
### Total Assets (KDbn)



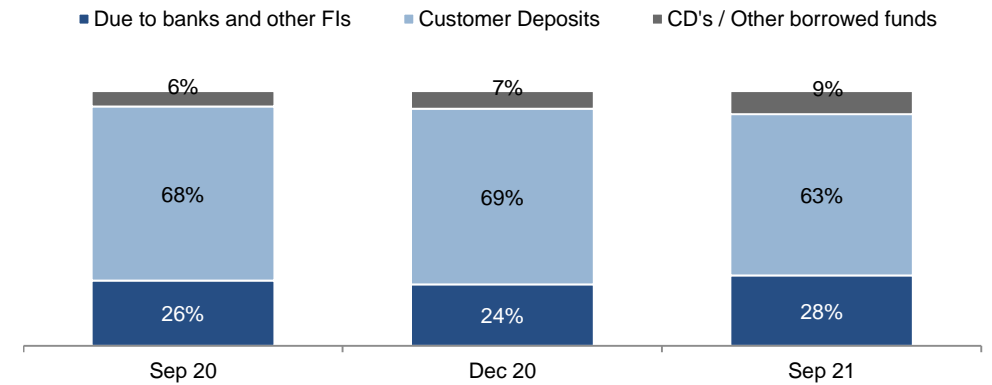
### Loans, Advances and Islamic Financing (KDbn)



### Customer Deposits (KDbn)



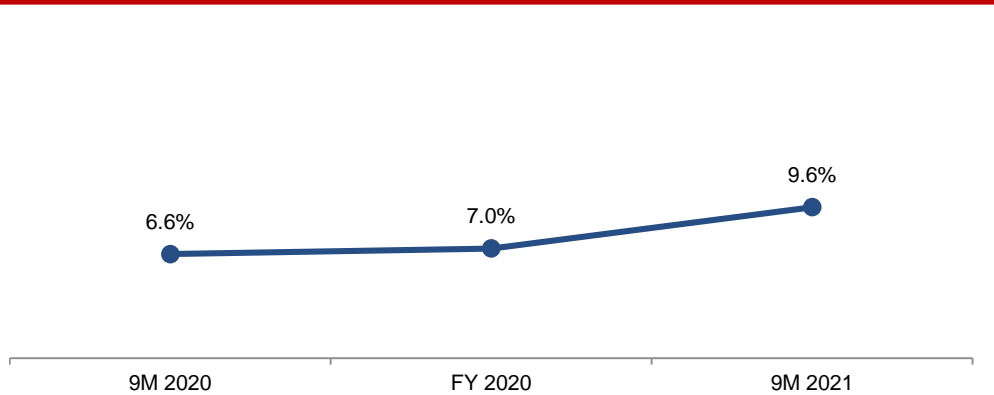
### Funding Mix



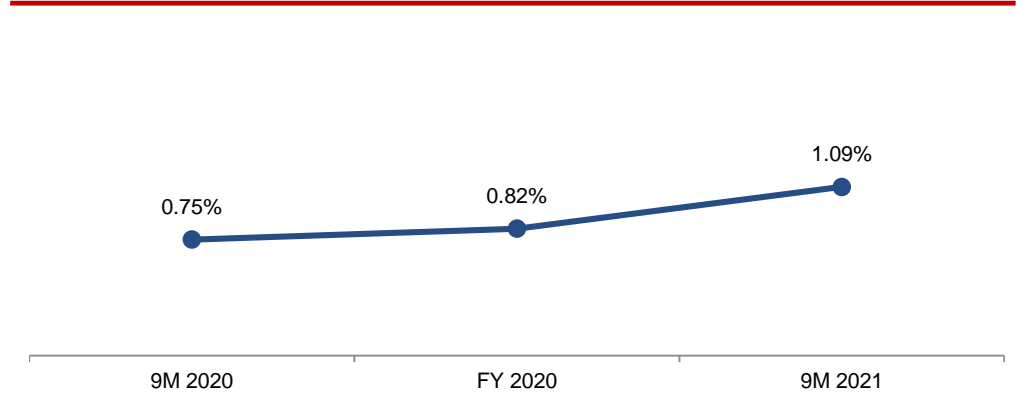


# Performance and Asset Quality Ratios 9M 2021

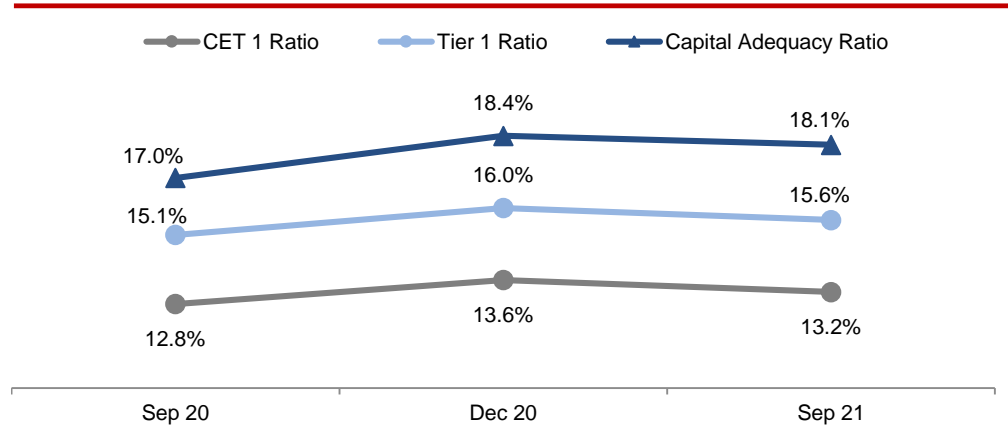
### Return on Average Equity



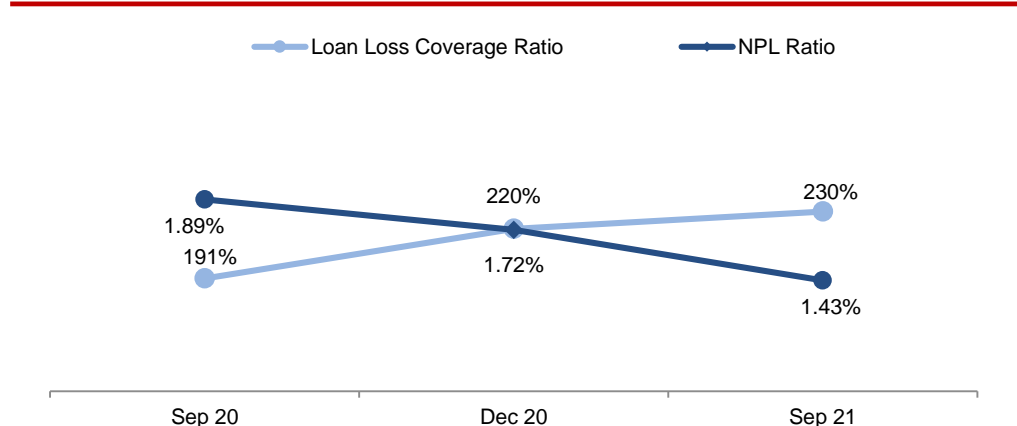
### Return on Average Assets



### Capital Adequacy Ratios



### Asset Quality Ratios



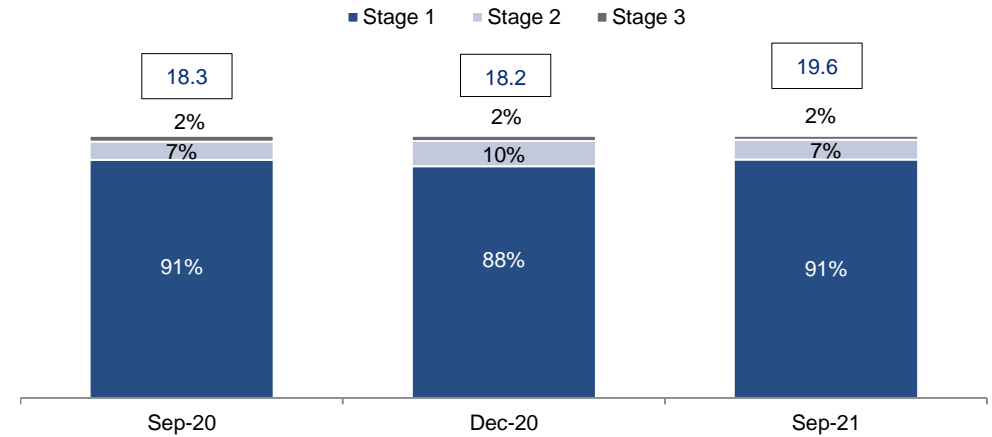


# Expected Credit Losses (ECL) 9M 2021

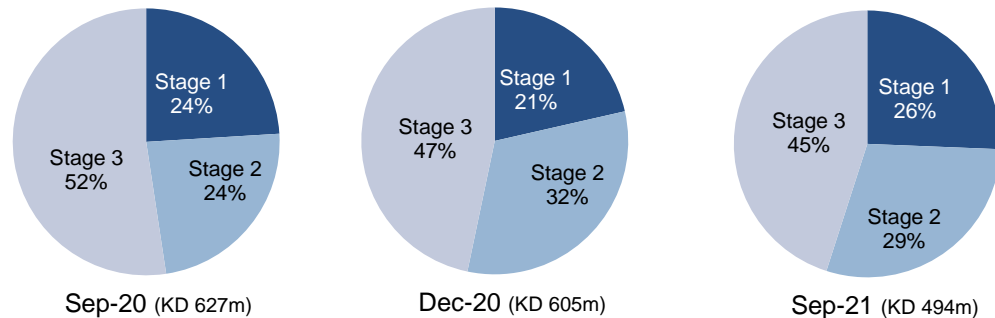
Financial Statements ECL Disclosure (KDm)

30 Sep 2021	Stage1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	17,818	1,482	303	19,604
Contingent liabilities	3,620	694	28	4,343
ECL allowance for credit facilities	127	145	222	494

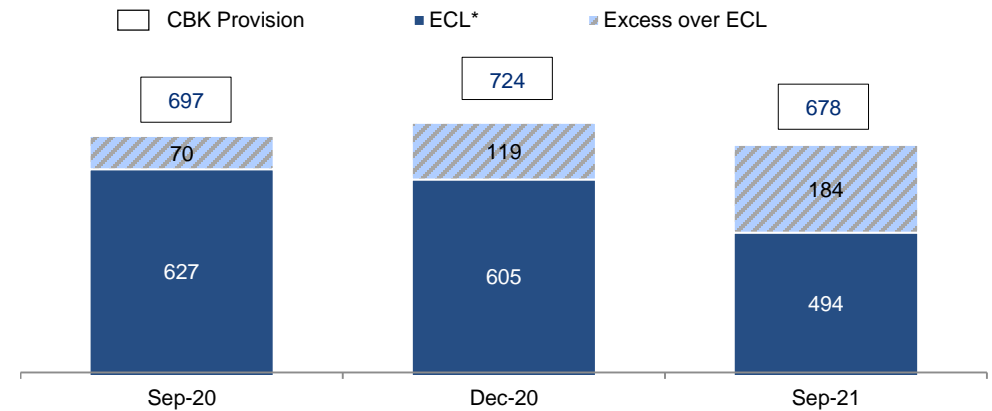
Total Gross Loans (KDbn)



ECL Allowance for Credit Facilities



CBK Credit Provisions vs IFRS 9 ECL (KDm)



\* ECLs as per CBK guidelines





## 2021 Guidance

	9M 2021	2021 Guidance
Loan Growth	+8.3% ytd	High Single Digit
NIM	2.25%	Broadly Stable ↓
Cost to Income ratio	39.1%	High 30s
Cost of Risk	<i>81bps</i>	
Earnings	<i>+51.1% yoy</i>	
Capital Adequacy	<i>18.1%</i>	

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# Consolidated Statement Of Income *(KDM)*

<i>KDM</i>	9M-2020	9M-2021	YoY Growth (%)
Interest Income	590	492	(17%)
Interest Expense	222	113	(49%)
<b>Net Interest Income</b>	<b>368</b>	<b>378</b>	<b>3%</b>
Murabaha and other Islamic financing income	169	171	1%
Finance cost and Distribution to depositors	65	47	(27%)
<b>Net Income from Islamic financing</b>	<b>105</b>	<b>124</b>	<b>18%</b>
<b>Net interest income and net income from Islamic financing</b>	<b>473</b>	<b>502</b>	<b>6%</b>
Net fees and commissions	110	124	13%
Net investment income	1	24	NM
Net gains from dealing in foreign currencies	32	28	(14%)
Other operating income	18	4	(78%)
<b>Non-interest income</b>	<b>160</b>	<b>179</b>	<b>12%</b>
<b>Net Operating Income</b>	<b>632</b>	<b>681</b>	<b>8%</b>
Staff expenses	124	150	21%
Other administrative expenses	76	90	19%
Depreciation of premises and equipment	25	26	2%
Amortisation of intangible assets	1	1	0%
<b>Operating Expenses</b>	<b>226</b>	<b>266</b>	<b>18%</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>406</b>	<b>415</b>	<b>2%</b>
Provision charge for credit losses	179	114	(36%)
Impairment losses	28	9	(70%)
<b>Operating profit before taxation</b>	<b>199</b>	<b>292</b>	<b>47%</b>
Taxation	21	25	19%
Non-controlling interest	9	12	35%
<b>Profit attributable to shareholders of the Bank</b>	<b>169</b>	<b>255</b>	<b>51%</b>

# Consolidated Statement Of Financial Position *(KDM)*

<i>KDM</i>	September-2020	September-2021	YoY Growth %
Cash and short term funds	4,405	5,216	18%
Central Bank of Kuwait bonds	831	831	0%
Kuwait Government treasury bonds	477	447	(6%)
Deposits with banks	1,110	829	(25)%
Loans, advances and Islamic financing to customers	17,634	18,960	8%
Investment securities	4,634	4,784	3%
Investment in associates	6	4	(34%)
Land, premises and equipment	426	447	5%
Goodwill and other intangible assets	584	581	0%
Other assets	276	409	48%
<b>Total Assets</b>	<b>30,383</b>	<b>32,508</b>	<b>7%</b>
Due to banks and other financial institutions	6,572	7,595	16%
Customer deposits	17,499	17,365	(1%)
Certificates of deposit issued	949	1,371	44%
Other borrowed funds	590	1,113	88%
Other liabilities	775	703	(9%)
<b>Total Liabilities</b>	<b>26,386</b>	<b>28,147</b>	<b>7%</b>
Share capital	685	719	5%
Proposed bonus shares	-	-	NM
Statutory reserve	326	343	5%
Share premium account	803	803	0%
Treasury shares	(39)	-	NM
Treasury share reserve	25	35	39%
Other reserves	1,371	1,540	12%
<b>Equity attributable to shareholders of the bank</b>	<b>3,171</b>	<b>3,440</b>	<b>8%</b>
Perpetual Tier 1 Capital Securities	438	439	0%
Non-controlling interests	388	482	24%
<b>Total equity</b>	<b>3,997</b>	<b>4,360</b>	<b>9%</b>
<b>Total liabilities and equity</b>	<b>30,383</b>	<b>32,508</b>	<b>7%</b>

# Performance Measures 9M 2021

	September-2020	September-2021
Return on average assets	0.75%	1.09%
Return on average equity	6.6%	9.6%
Net interest margin	2.20%	2.25%
Cost to income	35.8%	39.1%
NPLs to gross loans	1.89%	1.43%
Loan loss reserves to NPLs	191%	230%
Tier 1 capital	15.1%	15.6%
Tier 2 capital	1.9%	2.5%
Capital adequacy ratio	17.0%	18.1%

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**Questions?**



**Thank You**





# National Bank of Kuwait

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3Q/9M 2021 Earnings Call