



National Bank of Kuwait

Investor Presentation

2Q/1H 2021 Earnings Call

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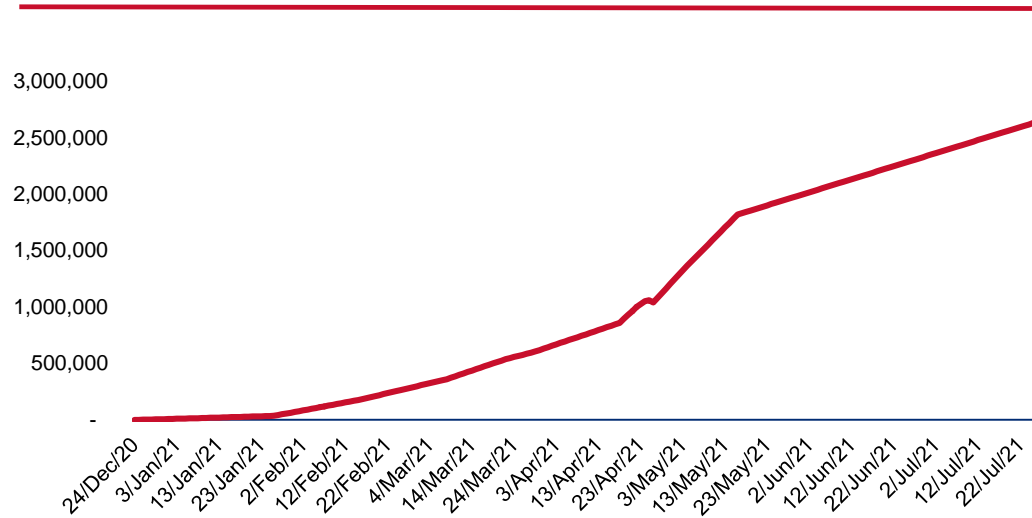
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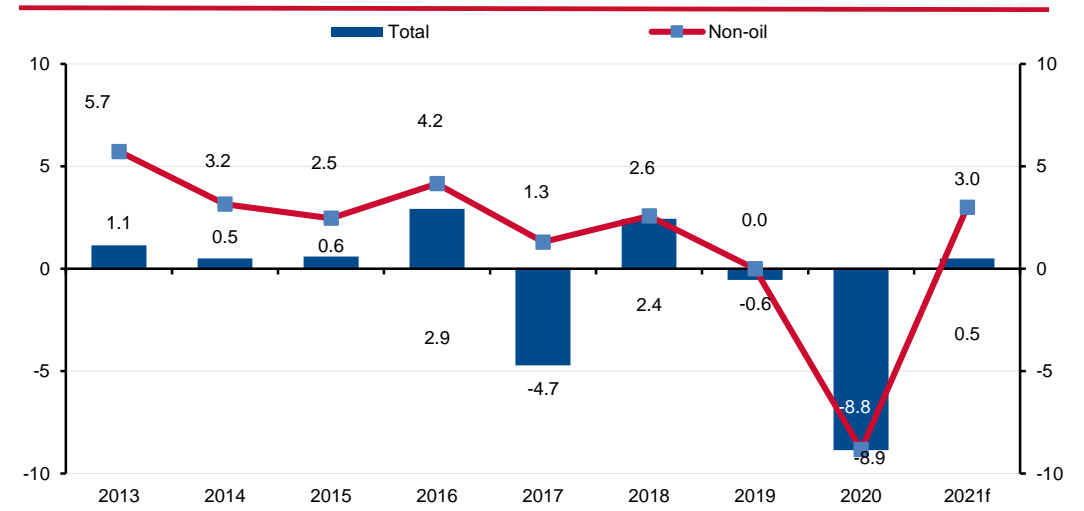


Key Economic Highlights

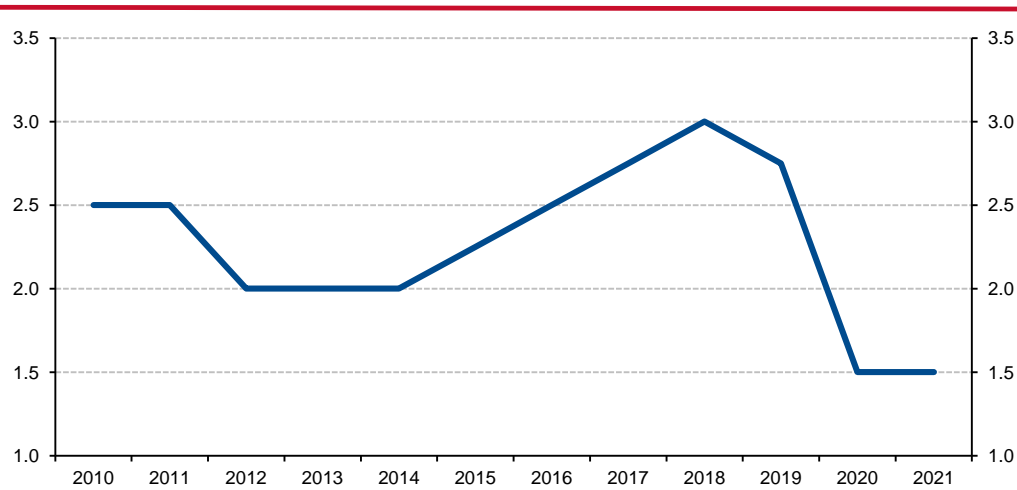
COVID-19 Vaccine Doses Administered



Real GDP (% y/y)



Development of the Discount Rate (%)

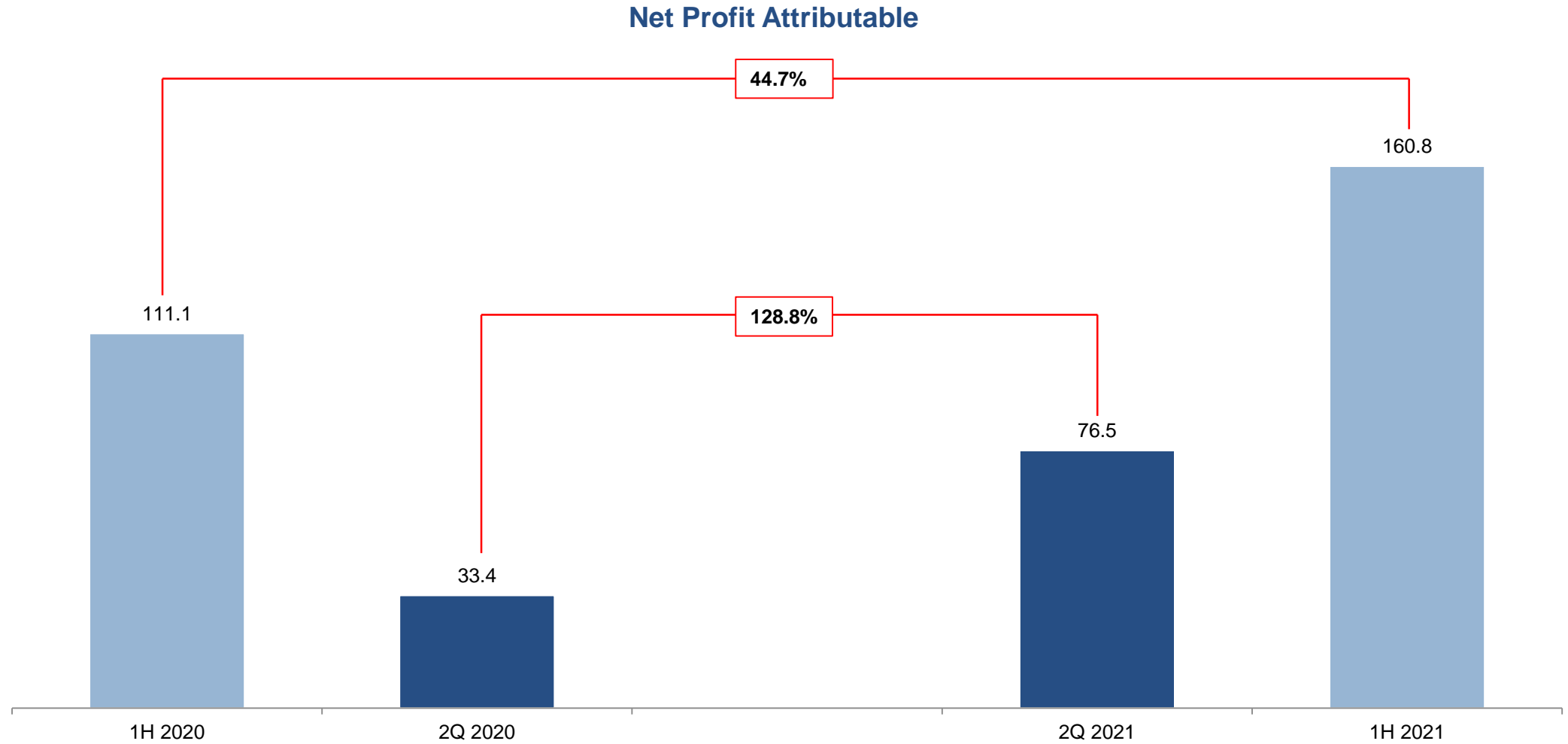


Daily Brent Oil Price Development (USD)





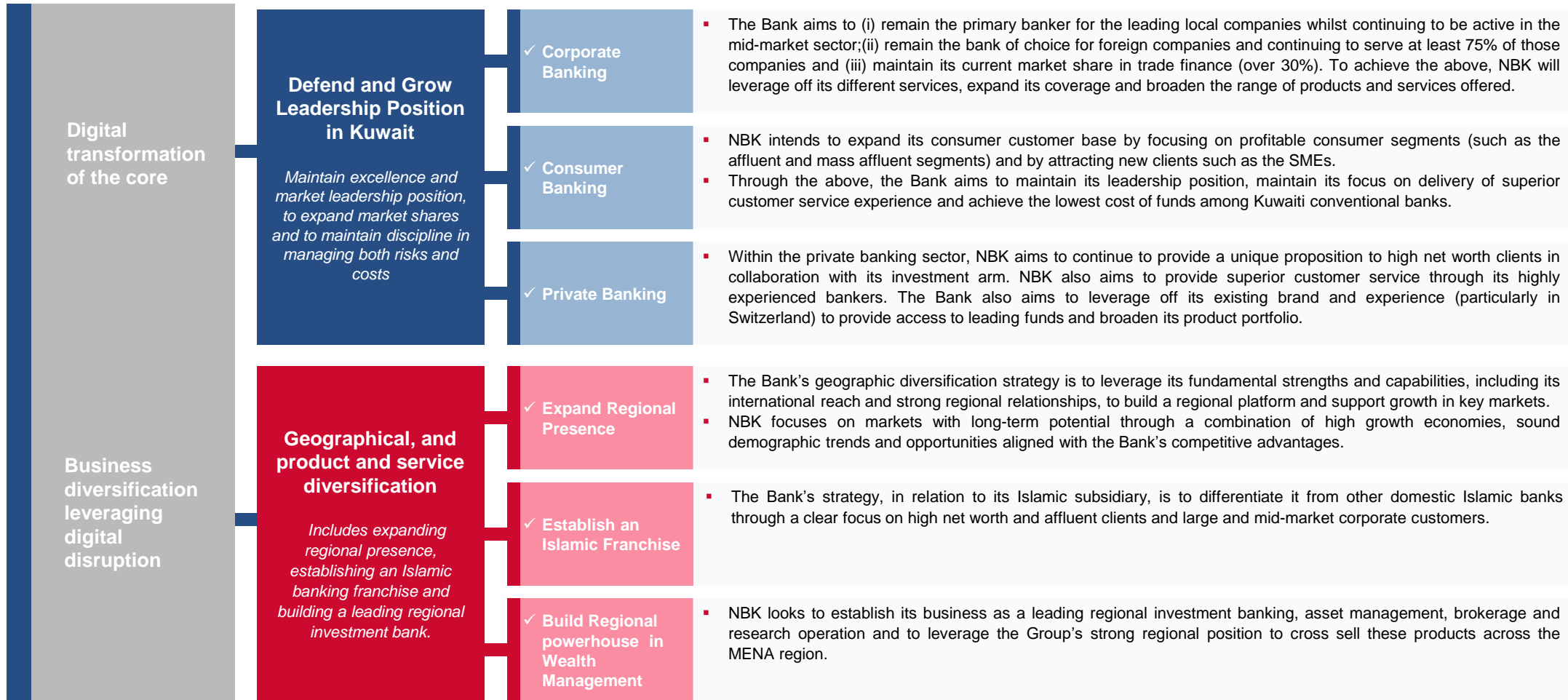
NBK Profitability (KDm)





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

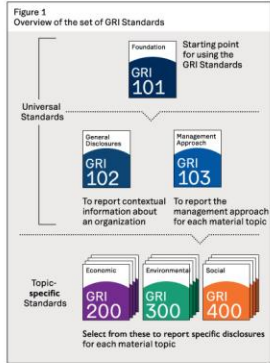
Leading in
Governance

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)

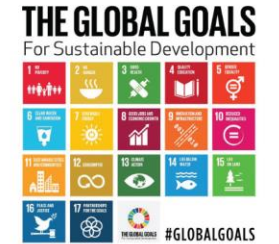
- A sustainability reporting standard widely used by various organizations around the world
- It is composed of a set of universal standards (general disclosures), as well as topic-specific standard disclosures
- # of GRI reports: over 38,000 reports in database



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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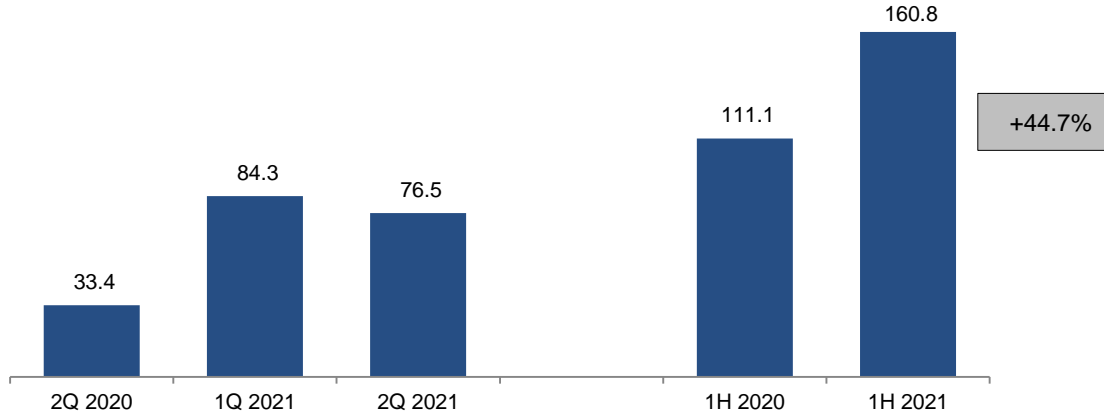
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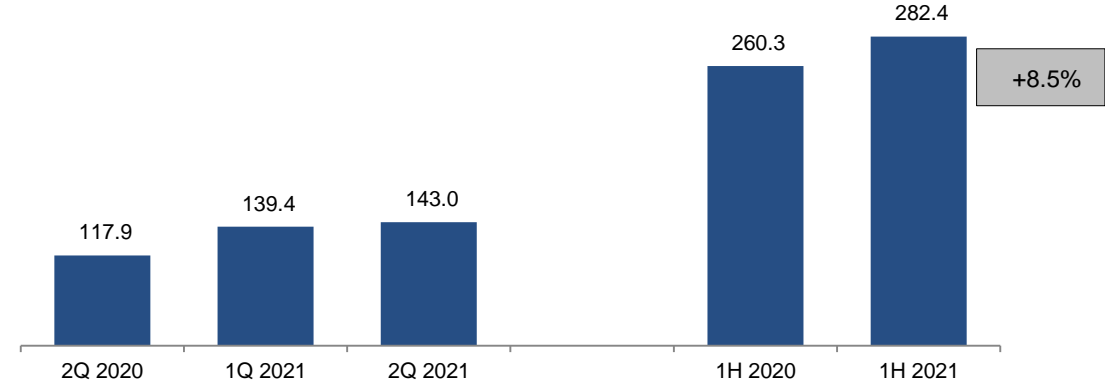


Operating Performance 1H 2021

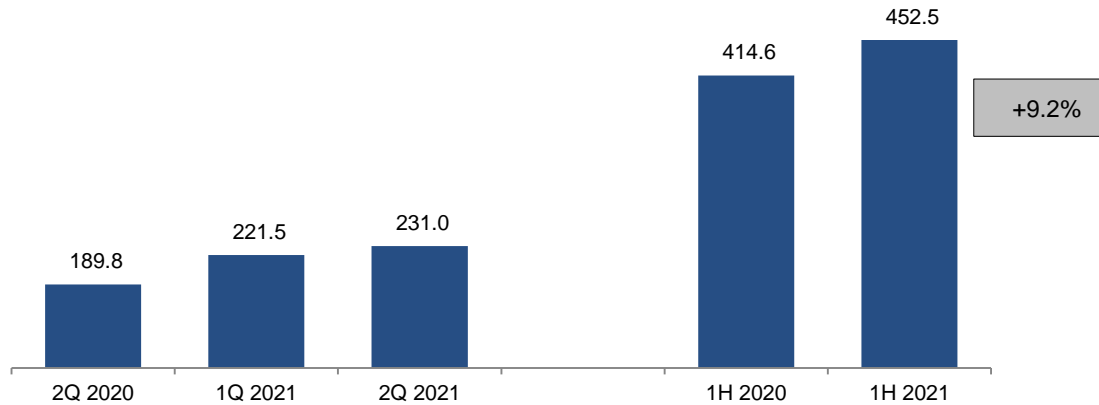
Net Profit (KDm)



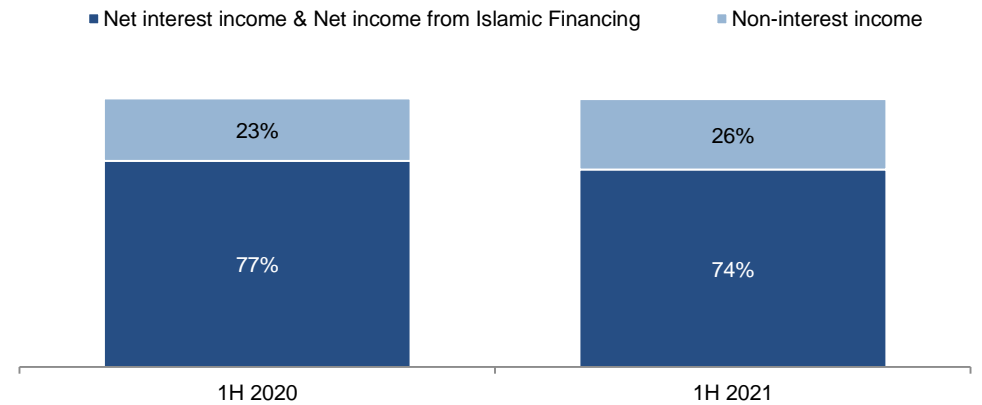
Operating Surplus (KDm)



Operating Income (KDm)



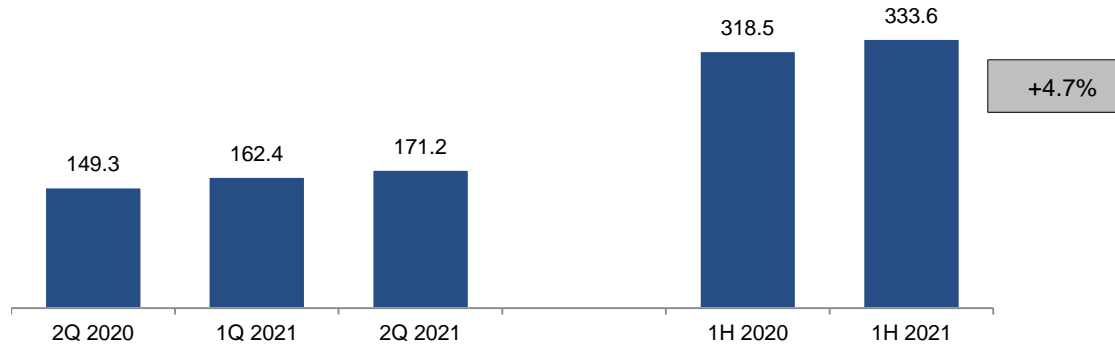
Operating Income



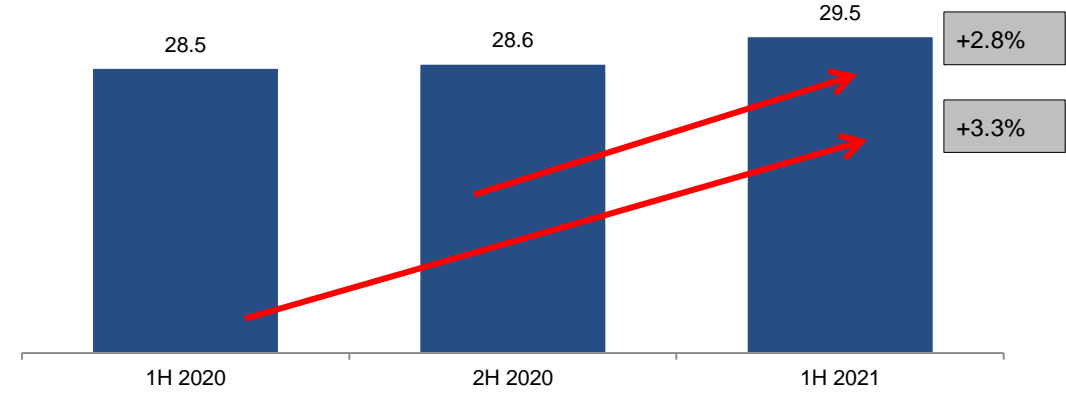


Operating Performance 1H 2021

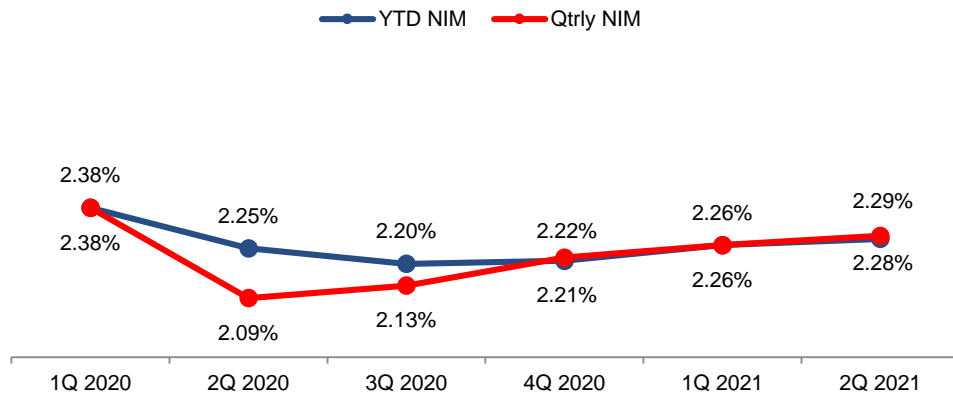
Net Interest Income* (KDm)



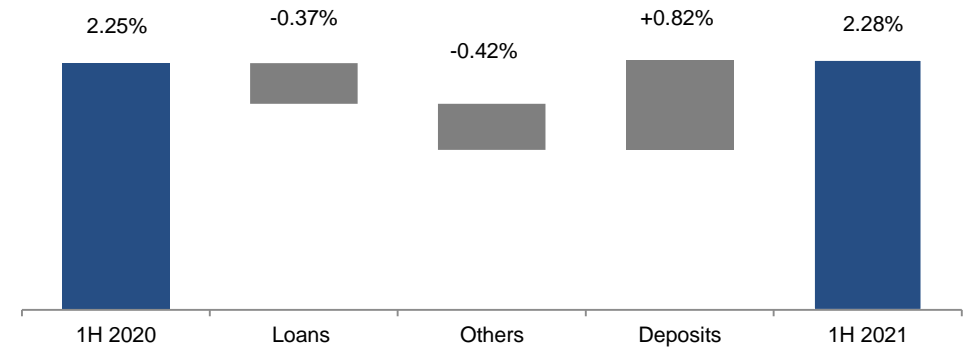
Average Interest Earning Assets (KDbn)



Net Interest Margin*



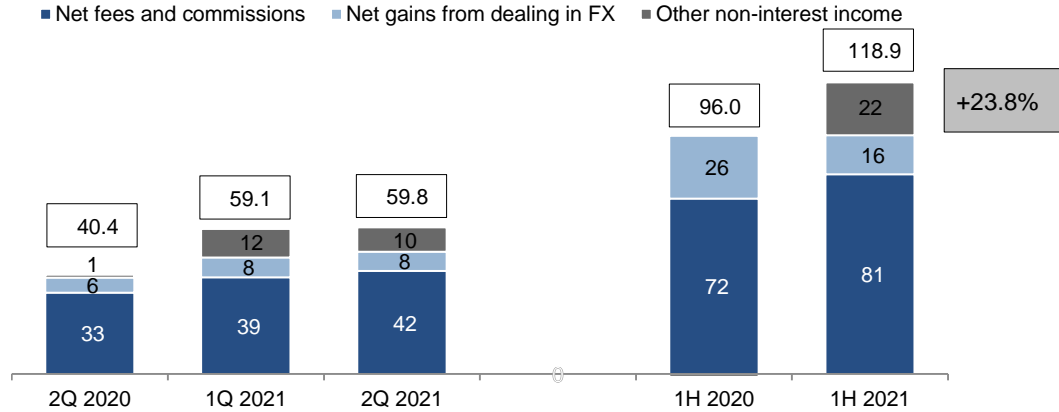
Net Interest Margin drivers



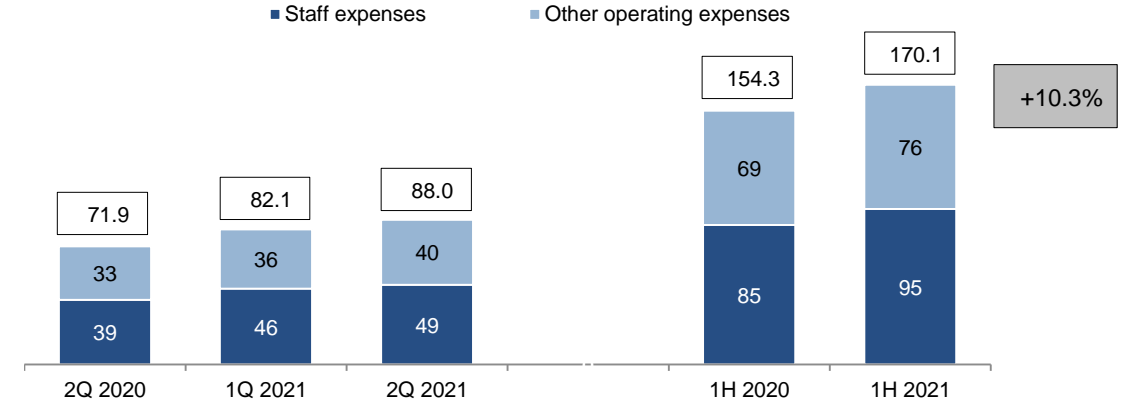
*Includes net interest income and net income from Islamic Financing

Operating Performance 1H 2021

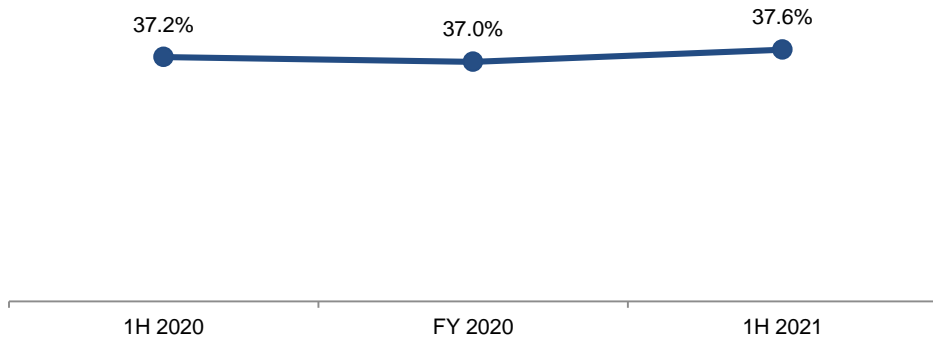
Non-interest income (KDm)



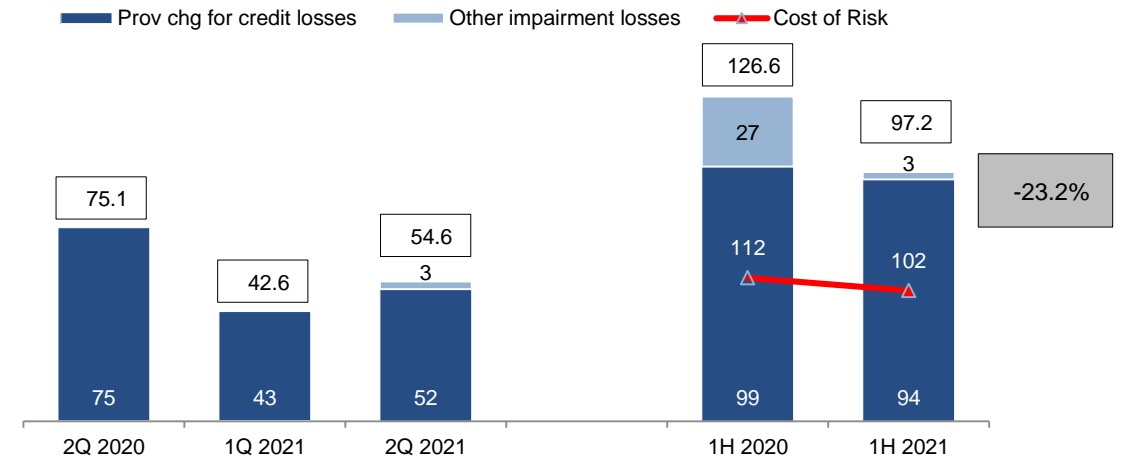
Operating Expenses (KDm)



Cost to Income ratio



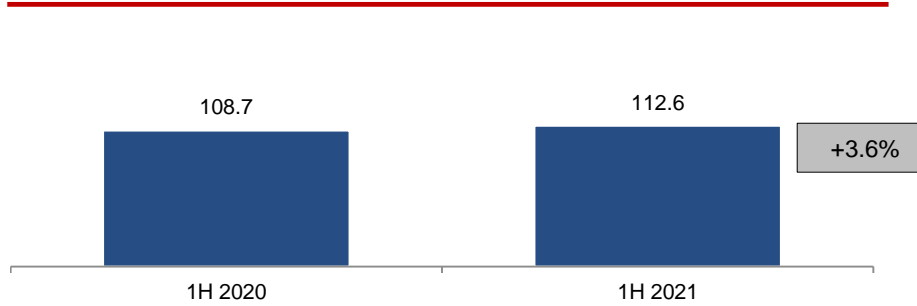
Provisions and Impairments (KDm)



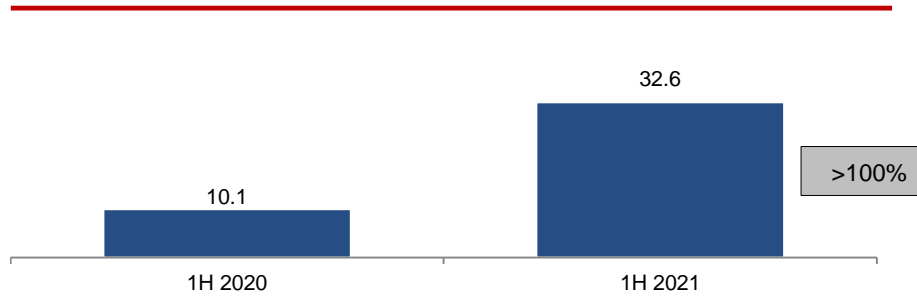


Operating Performance 1H 2021

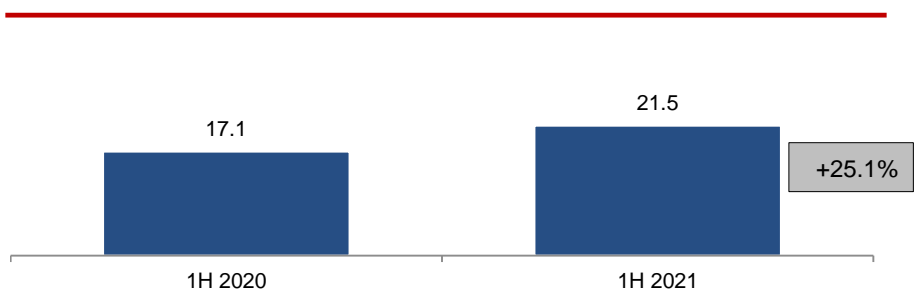
Operating Income (KDm) - International



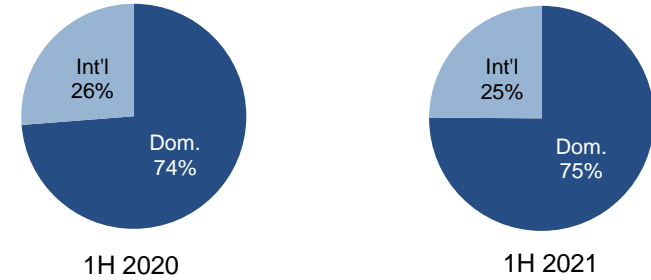
Net profit (KDm) - International



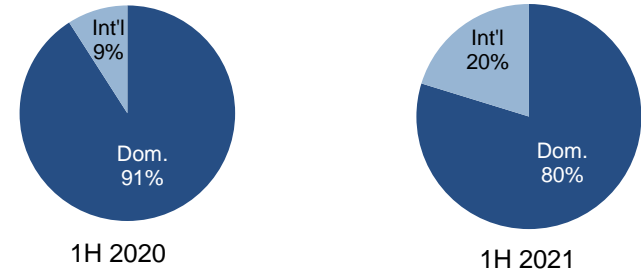
Net profit (KDm) - Boubyan Bank



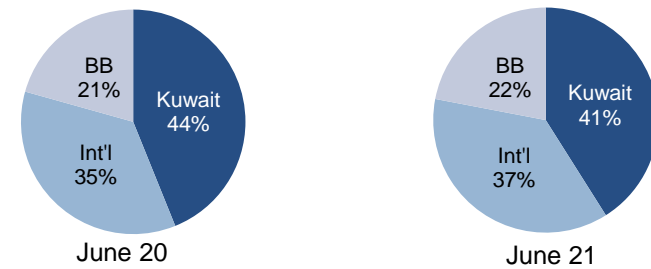
Operating Income (KDm)



Net Profit (KDm)



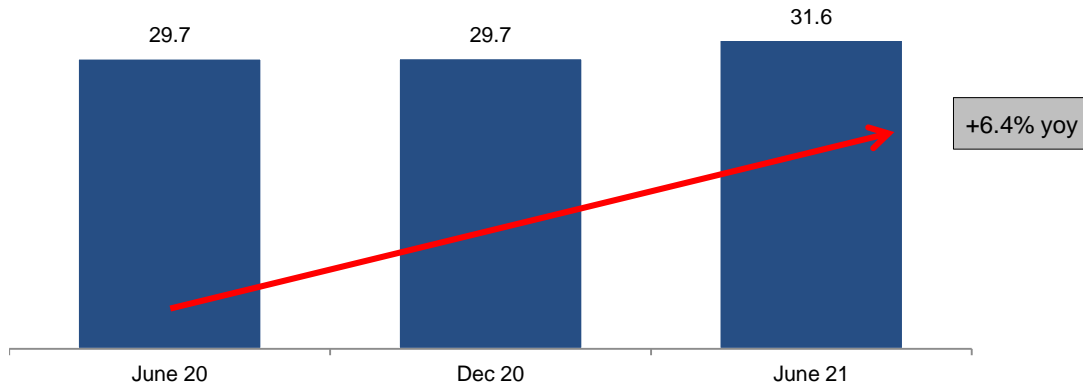
Total Assets (KDbn)



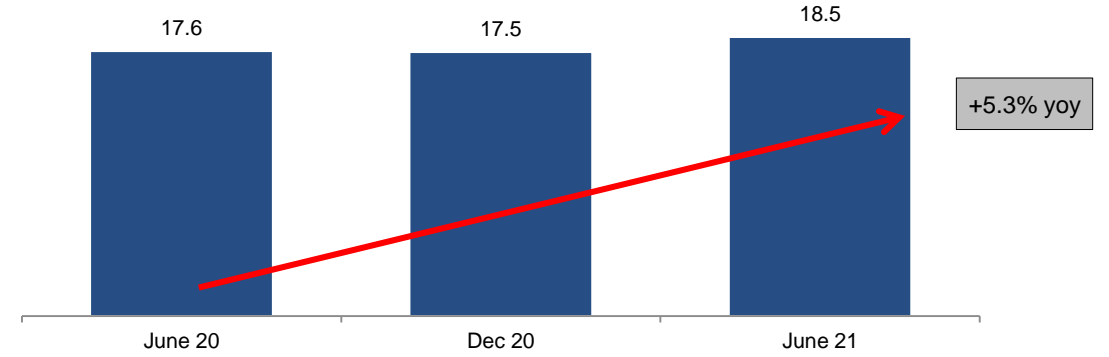


Operating Performance 1H 2021

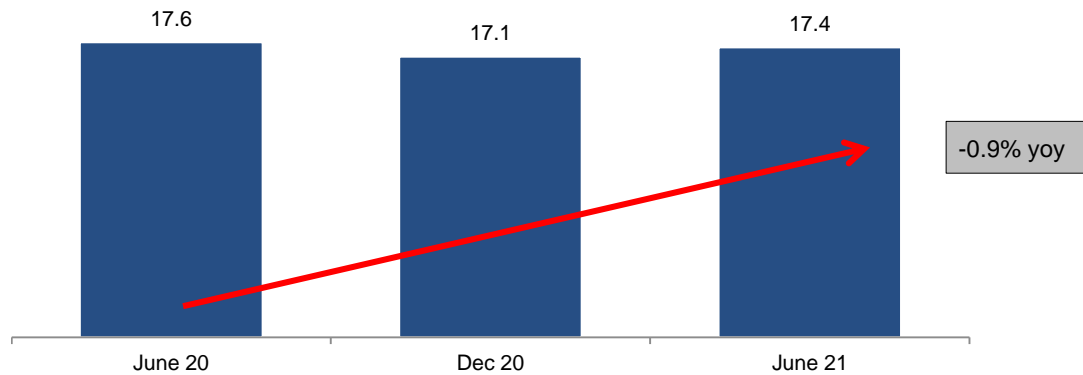
Total Assets (KDbn)



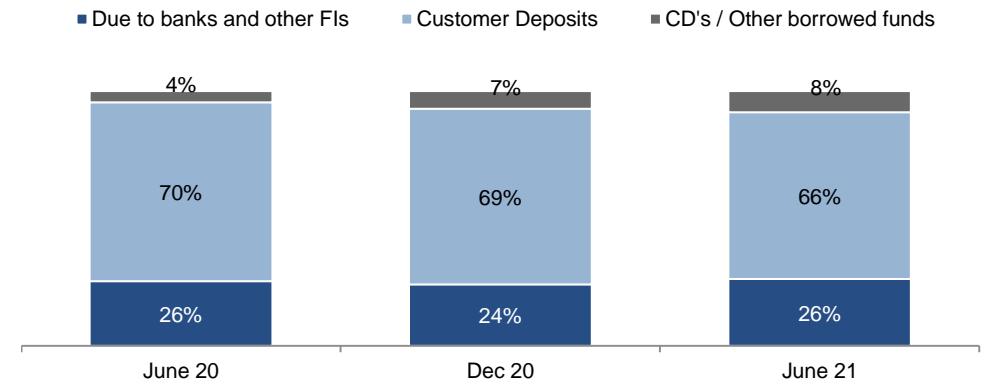
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits (KDbn)



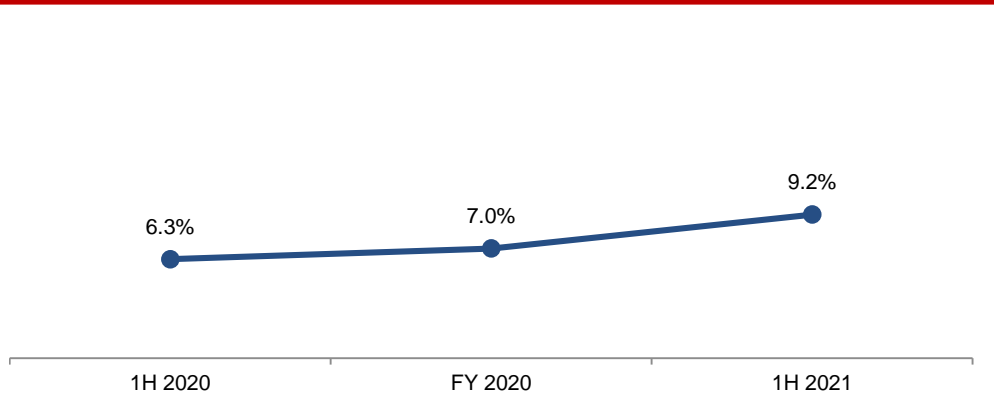
Funding Mix



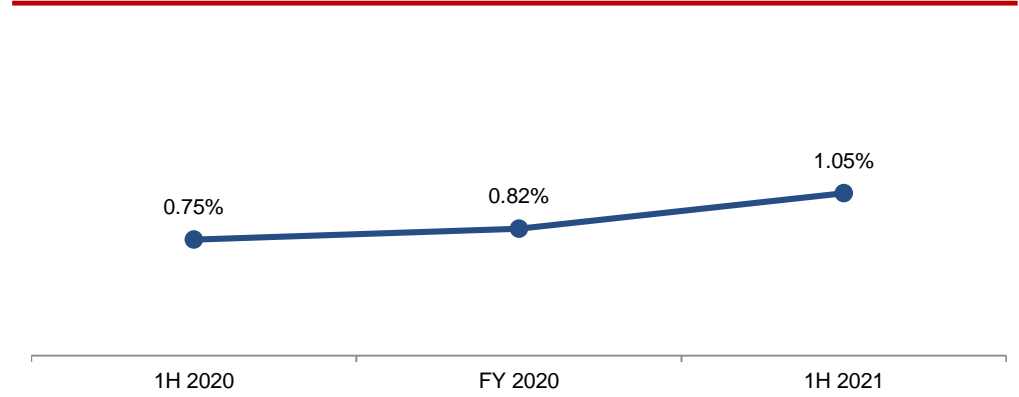


Performance and Asset Quality Ratios 1H 2021

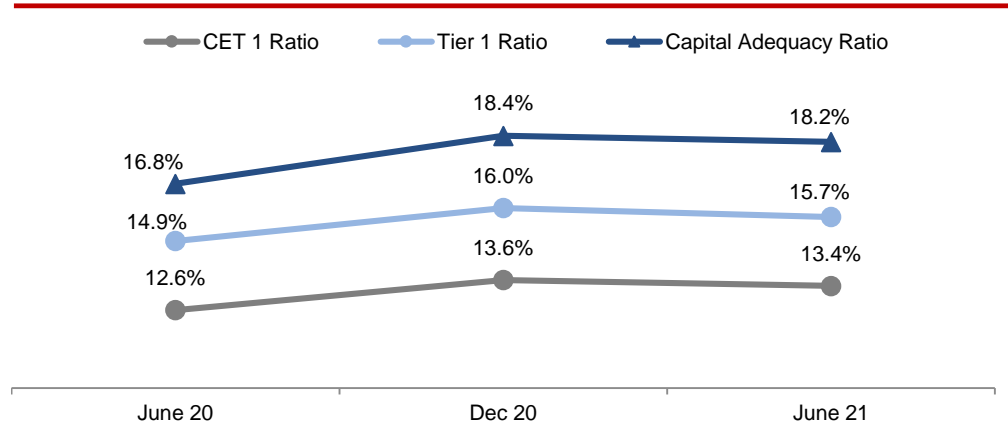
Return on Average Equity



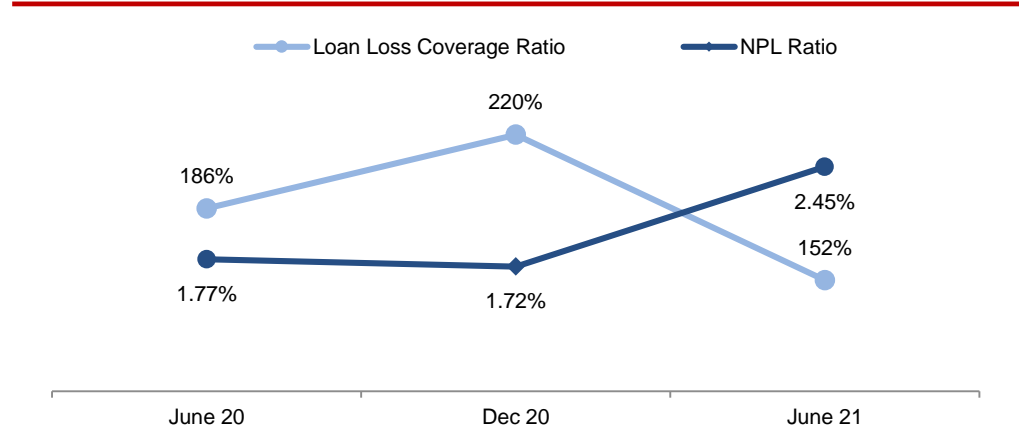
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios

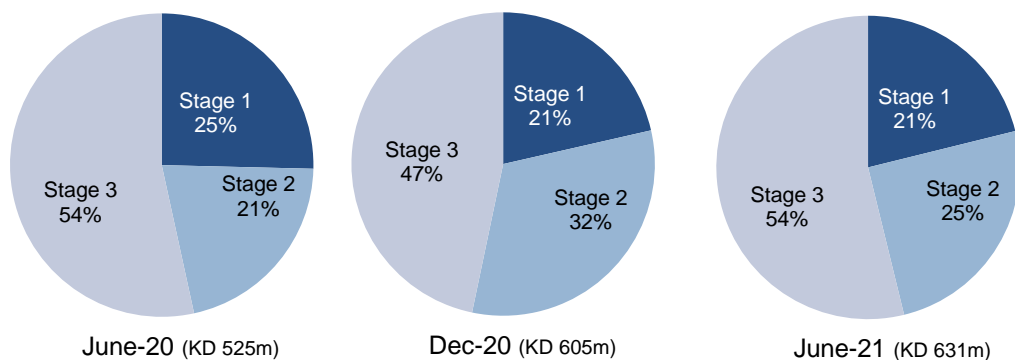


Expected Credit Losses (ECL) 1H 2021

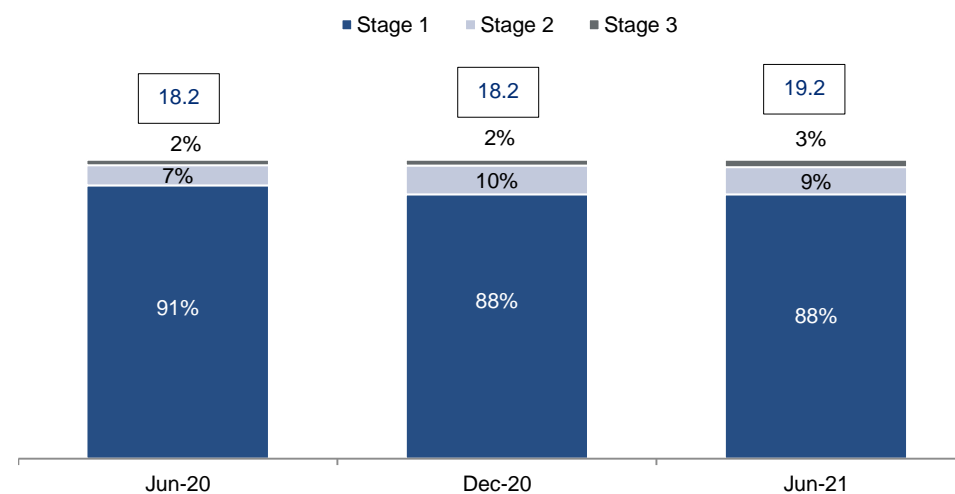
Financial Statements ECL Disclosure (KDm)

30 June 2021	Stage1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	16,994	1,743	483	19,220
Contingent liabilities	3,636	769	32	4,437
ECL allowance for credit facilities	133	158	340	631

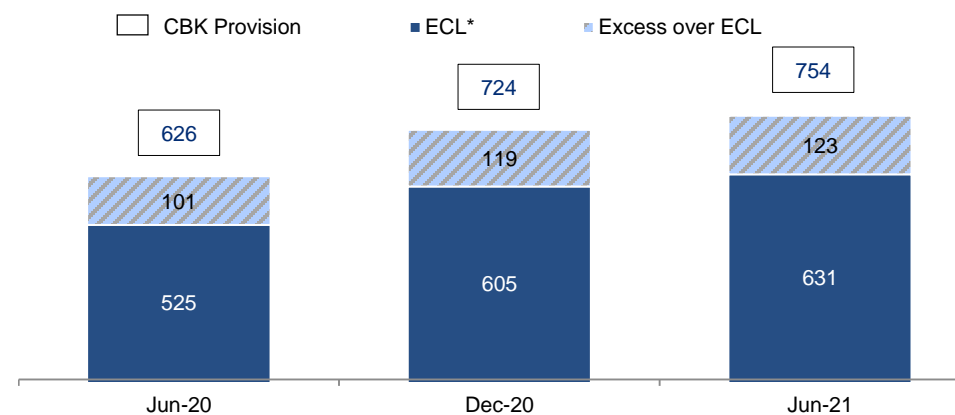
ECL Allowance for Credit Facilities (KDm)



Total Gross Loans (KDbn)



CBK Credit Provisions vs IFRS 9 ECL (KDm)



* ECLs as per CBK guidelines



2021 Guidance

	1H 2021	2021 Guidance
Loan Growth	+5.7% ytd	Mid To High Single Digit
NIM	2.28%	Broadly Stable
Cost to Income ratio	37.6%	High 30s
Cost of Risk	102bps	
Earnings	+44.7% yoy	
Capital Adequacy	18.2%	

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Consolidated Statement Of Income *(KDM)*

<i>KDM</i>	1H-2020	1H-2021	YoY Growth (%)
Interest Income	419	326	(22%)
Interest Expense	168	74	(56%)
Net Interest Income	251	252	0%
Murabaha and other Islamic financing income	114	113	(1%)
Finance cost and Distribution to depositors	46	31	(34%)
Net Income from Islamic financing	68	82	21%
Net interest income and net income from Islamic financing	319	334	5%
Net fees and commissions	72	81	14%
Net investment income	(3)	18	NM
Net gains from dealing in foreign currencies	26	16	(38%)
Other operating income	2	3	NM
Non-interest income	96	119	24%
Net Operating Income	415	453	9%
Staff expenses	85	95	11%
Other administrative expenses	52	58	11%
Depreciation of premises and equipment	17	17	2%
Amortisation of intangible assets	1	1	0%
Operating Expenses	154	170	10%
Op. profit before provision for credit losses and impairment losses	260	282	9%
Provision charge for credit losses	99	94	(5%)
Impairment losses	27	3	NM
Operating profit before taxation	134	185	39%
Taxation	15	16	6%
Non-controlling interest	7	8	13%
Profit attributable to shareholders of the Bank	111	161	45%

Consolidated Statement Of Financial Position (KDm)

KDm	June-2020	June-2021	YoY Growth %
Cash and short term funds	3,771	4,358	16%
Central Bank of Kuwait bonds	830	830	0%
Kuwait Government treasury bonds	580	448	(23%)
Deposits with banks	1,113	1,289	16%
Loans, advances and Islamic financing to customers	17,571	18,503	5%
Investment securities	4,505	4,734	5%
Investment in associates	6	4	(34%)
Land, premises and equipment	448	440	(2%)
Goodwill and other intangible assets	583	581	0%
Other assets	273	391	43%
Total Assets	29,680	31,579	6%
Due to banks and other financial institutions	6,337	6,968	10%
Customer deposits	17,564	17,400	(1%)
Certificates of deposit issued	502	1,401	NM
Other borrowed funds	595	820	38%
Other liabilities	782	729	(7%)
Total Liabilities	25,779	27,318	6%
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	1,279	1,444	13%
Equity attributable to shareholders of the bank	3,080	3,344	9%
Perpetual Tier 1 Capital Securities	438	439	0%
Non-controlling interests	383	477	25%
Total equity	3,901	4,260	9%
Total liabilities and equity	29,680	31,579	6%



Performance Measures 1H 2021

	June-2020	June-2021
Return on average assets	0.75%	1.05%
Return on average equity	6.3%	9.2%
Net interest margin	2.25%	2.28%
Cost to income	37.2%	37.6%
NPLs to gross loans	1.77%	2.45%
Loan loss reserves to NPLs	186%	152%
Tier 1 capital	14.9%	15.7%
Tier 2 capital	1.9%	2.5%
Capital adequacy ratio	16.8%	18.2%

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Questions?



Thank You



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