

Business

TUESDAY, OCTOBER 19, 2021

NBK announces net profit of KD 254.8 million for 9M2021

Net operating income reaches KD 681.1 million, an increase by 7.7%

KUWAIT: National Bank of Kuwait ("NBK", the "Bank" or the "Group") has announced its financial results for the nine-month period ended 30 September 2021. NBK reported a net profit of KD 254.8 million (\$844.8 million), compared to KD 168.7 million (\$559.2 million), improving by 51.1 percent year-on-year.

Net profit for the three-months ended 30 September 2021 reached KD 94.1 million (\$311.8 million), a year-on-year increase of 63.3 percent from KD 57.6 million (\$190.9 million).

Performance and operating highlights 9M 2021:

- Net operating income of KD 681.1 million (\$2.3 billion), increasing by 7.7 percent compared to 9M 2020
- Total assets grew by 7.0 percent year-on-year, to KD 32.5 billion (\$107.8 billion)
- Total loans and advances grew by 7.5 percent year-on-year to KD 19.0 billion (\$62.9 billion)
- Customer deposits decreased by 0.8 percent year-on-year to KD 17.4 billion (\$57.6 billion)
- Strong asset quality metrics, with NPL/gross loans ratio at 1.43 percent and an NPL coverage ratio of 230 percent
- Robust Capital Adequacy Ratio of 18.1 percent, comfortably in excess of regulatory requirements

Commenting on the results, NBK Group Chairman Nasser Al-Sayer said: "During the third quarter, we saw a gradual improvement in the macroeconomic environment with restrictions to mitigate the impact of the COVID-19 pandemic continuing to ease. Movement and travel restrictions continue to be relaxed, and governments across the



Al-Sayer

- Gradual economic recovery has had a positive effect on business confidence and activity levels
- Ongoing commitment to prudent balance sheet management and conservative approach to risk, while maintaining agility in response to short-term challenges
- Integrating ESG principles across the business will help us identify and quantify risks and opportunities

region have delivered a comprehensive vaccination program which has had a positive effect on business confidence and activity levels. Rising consumer spending and growth in household credit continues to be one of the main drivers of Kuwait's economic recovery, with this trend expected to gradually continue alongside authorities envisaging greater business participation in executing the national development plan as

the virus gets contained. Higher oil prices have also contributed positively to government revenues and to the business environment. Moreover, the currently ongoing National Dialogue between the government and the parliament in a bid to lessen tensions and resolve legislative impasse may improve economic reform prospects: including restructuring the public sector, expediting the privatization process and paving the way for crucial approval of several laws.

We remain cautiously optimistic that these trends will continue, and result in continuous improvements in Kuwait's economy and the banking sector. The future of the pandemic on economic activity remains uncertain, however we expect gradual improvements to continue, an expectation that has also been reflected in our outlook for growth and potential risks.

Our alignment to ESG principles remains core to the way we conduct business and how we operate and deliver on our social and economic responsibilities. As a Group, we continue to integrate ESG principles across the business strategies, and we are beginning to identify and quantify risks and opportunities vis-a-vis climate change and social trends. Our environmental commitment is ongoing, with initiatives to further reduce energy use and water consumption being rolled out, as well as looking after the health and development of our staff.

In the context of a shifting macroeconomic environment, we remain agile in our response to short-term challenges, while continuing to focus on our fundamentals and institutional strength. We continue to drive excellence in performance by maintaining a



Al-Sager

- Group performance demonstrating solid growth in line with supportive macroeconomic environment
- Strategy remains focused on diversity of operations including breadth of services and digital excellence
- The successful issuance of four bonds in the past 10 months confirms investors' confidence in NBK

conservative approach to risk and prudent balance sheet management."

NBK Group Chief Executive Officer Issam J Al-Sager commented: "Our performance in the first nine months continues to build on the significant strides made during the period and on a supportive macroeconomic environment characterized by lower cost of risk and improved income generation. As the effects of the COVID-19

pandemic continue to ease, we are seeing signs of improvement across the economy as demonstrated by an increase in consumer spending and borrowing, including for housing and personal consumption. A gradual increase in business credit growth is also evident as business activity continues to normalize and the acceleration of project activity in Kuwait continues into 2022.

NBK proved once again the institutional strength and capabilities embedded in the Bank's business model: to be the largest beneficiary from the gradual recovery of the operating environment, supported by digitalization excellence. NBK maintained a strong position including robust asset growth, driven by increasing loans and advances in line with macroeconomic trends whilst sustaining margin levels despite challenges presented by the low interest environment.

Our strategy remains focused on digitalization and on diversifying our operations, through our geographic footprint and breadth of services. Our various segments continue to make significant contributions to our bottom line, with wealth management and digital services making significant strides.

The bank also continued to enhance its capitalization & liquidity levels and further diversified its funding profile. Within a period of 10 months, NBK succeeded in issuing four different bonds, asserting itself as the only global financial institution issuer in the region; that marked as a milestone for the bank and further endorsed investors' continuous confidence in the bank's prudent management and confidence in overcoming crises."

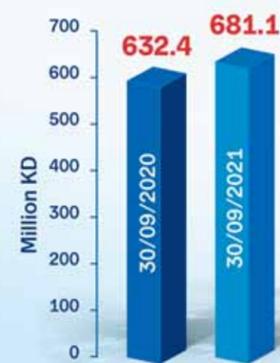


254.8

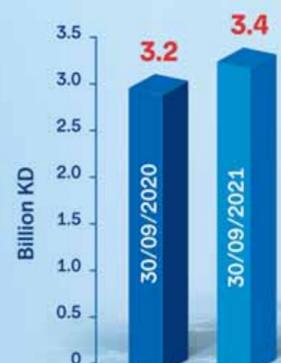
Million KWD
Net Profit
for the 9
Months, 2021



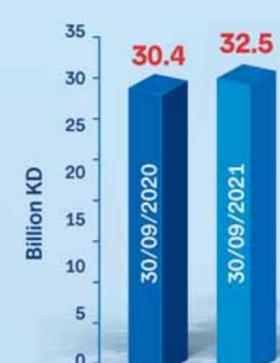
+51.1% Net Profit



+7.7% Net Operating Income



+8.5% Shareholders' Equity



+7.0% Total Assets