



National Bank of Bahrain Group Investor Presentation

Year ended 31 December 2022



Closer to you

Licensed by CBB as a conventional Retail Bank

INVESTORS IN PEOPLE®
We invest in people Gold

| Financial Performance

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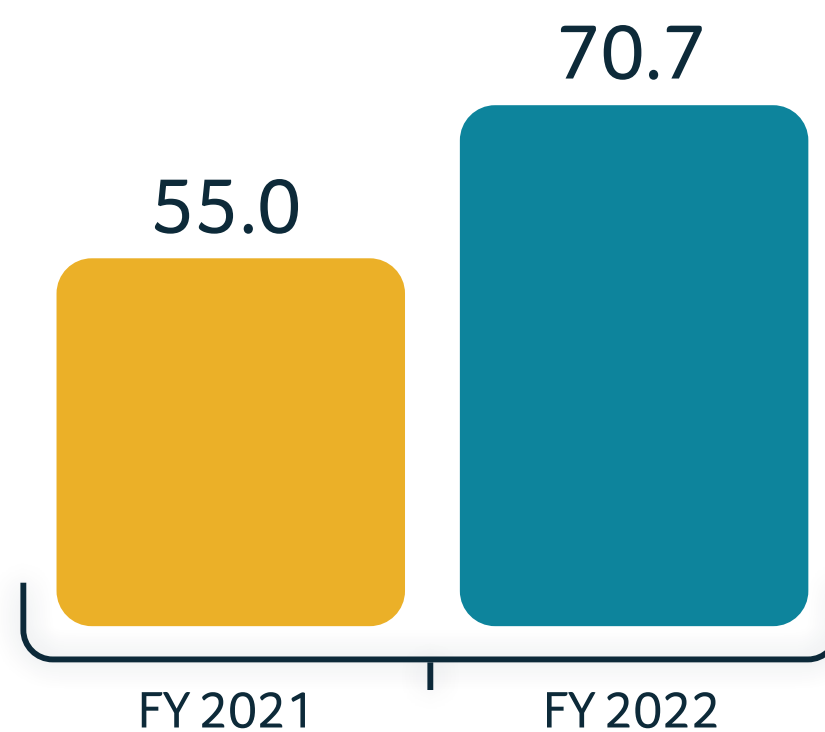
Financial highlights

FY 2021 vs FY 2022

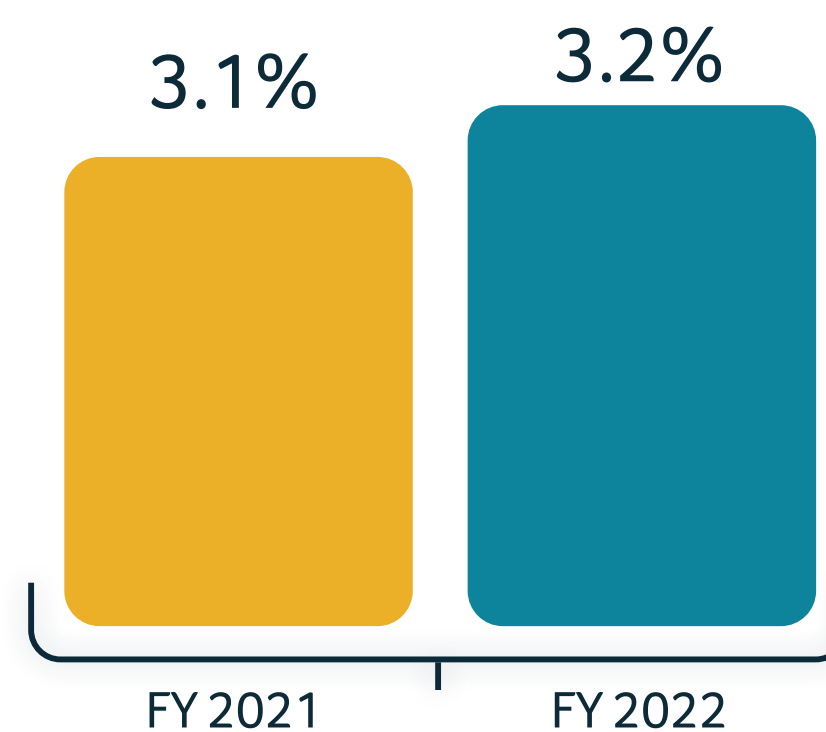
Strong fundamentals with robust industry-beating NIM

Consolidated Net Profit (BHD millions)

29%

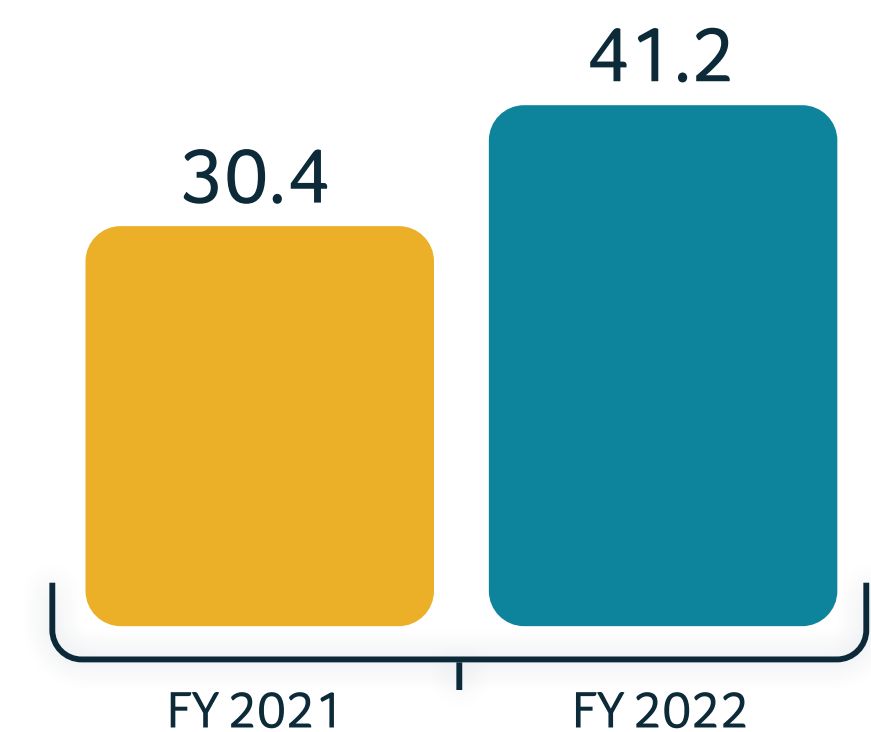


Net Interest Margin (NIM)



Other Income (BHD millions)

36%

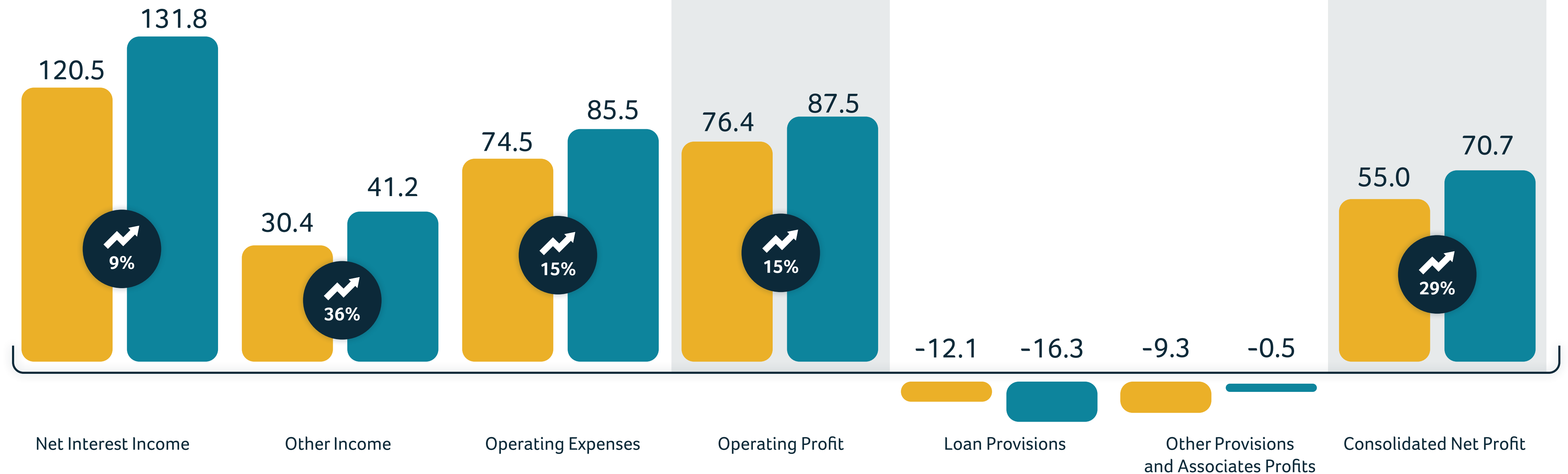


Income statement

Operating profit at historic high

BHD millions

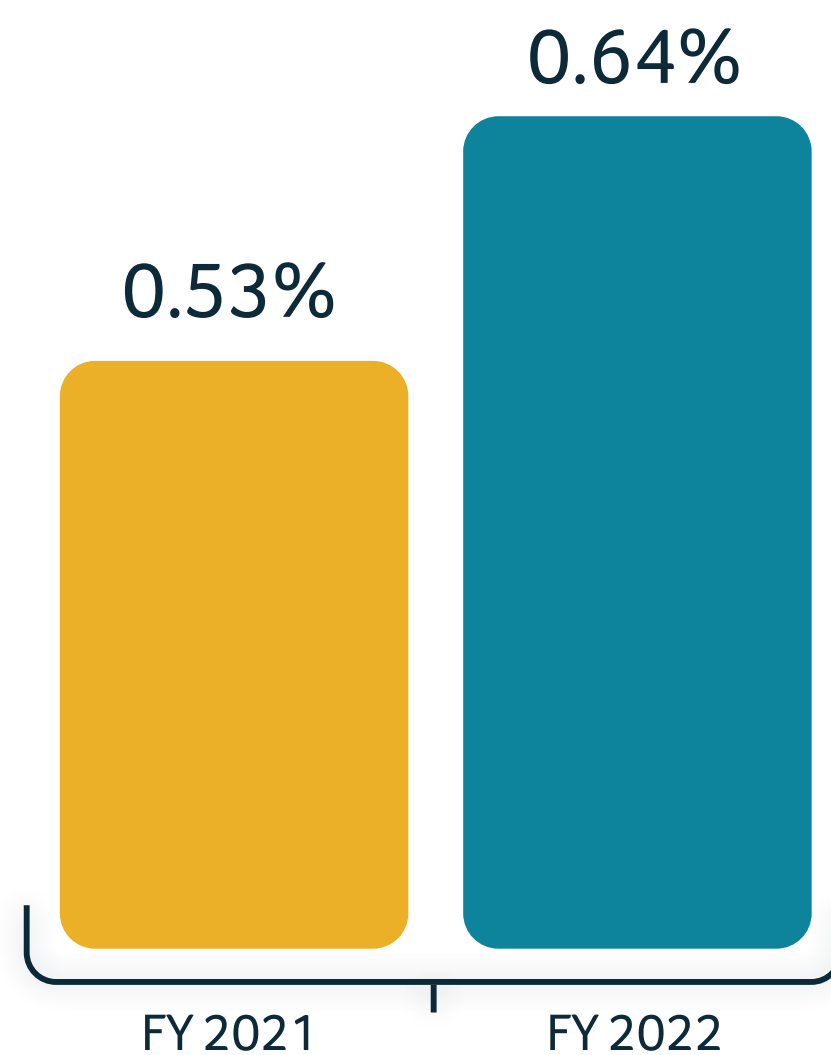
FY 2021 FY 2022



ECL coverage

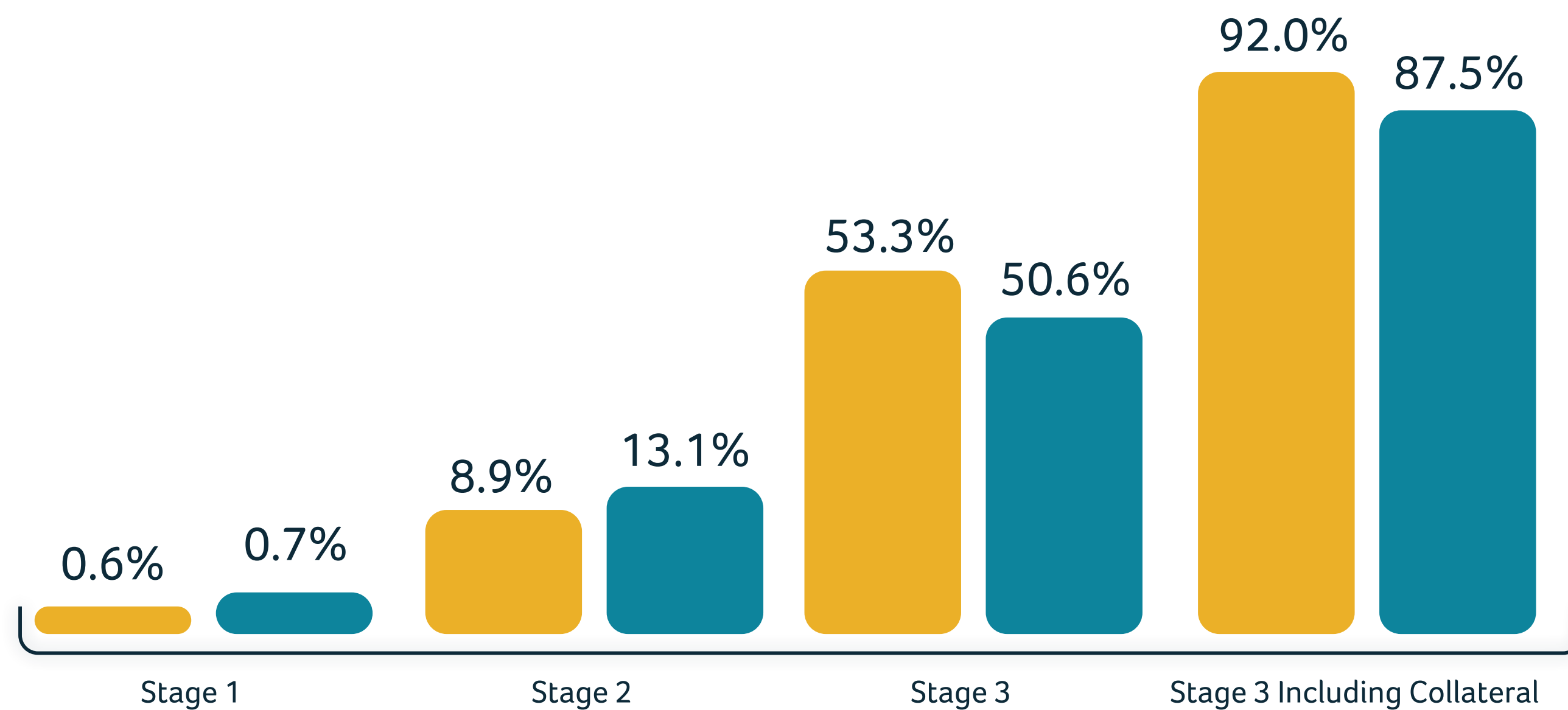
Increase in cost of risk following the cessation of the loan deferral program
Maintenance of precautionary provision buffers into 2023

Cost of Risk



Coverage Ratios

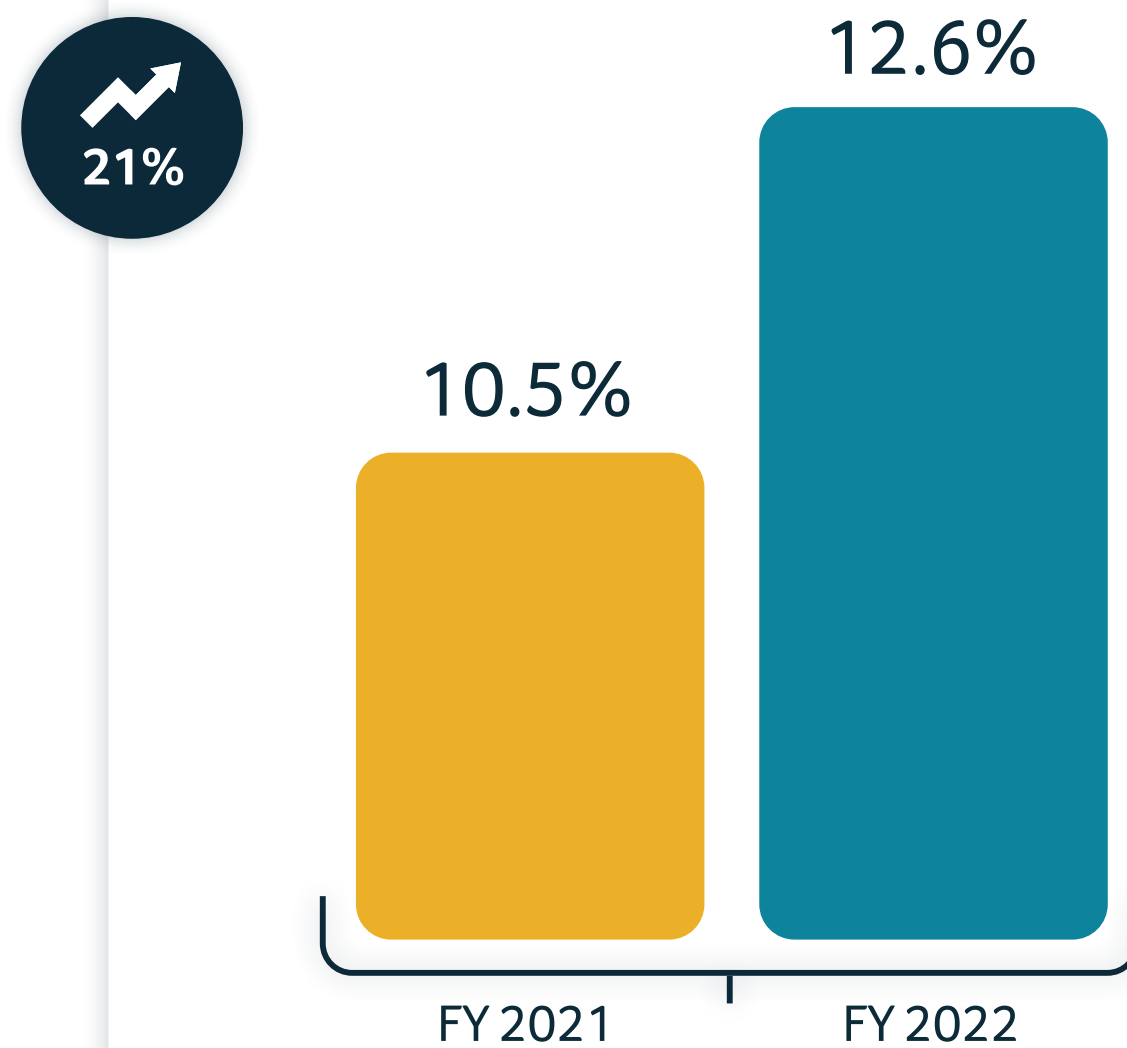
FY 2021 FY 2022



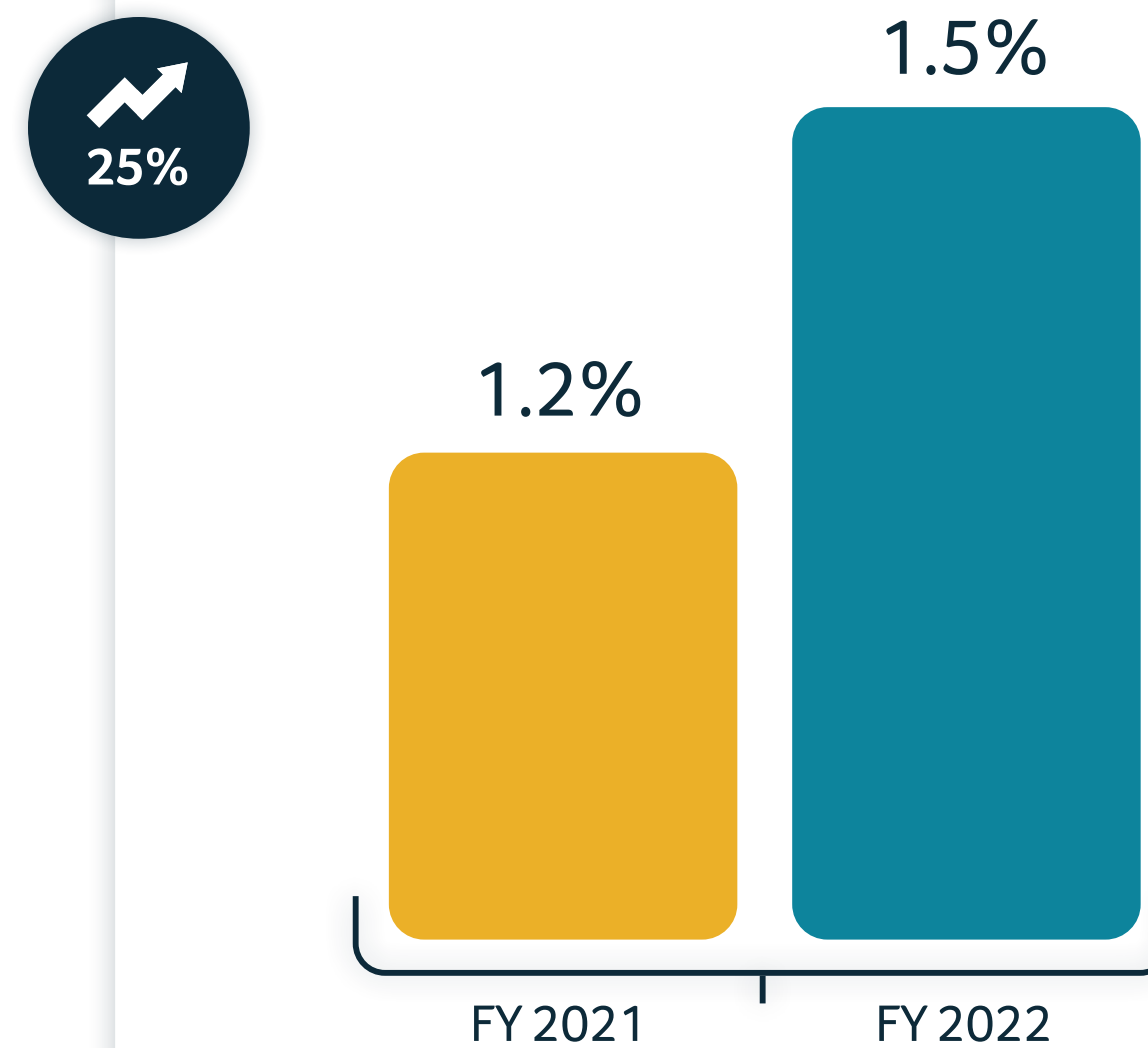
KPI ratios

Industry leading metrics
Cost and revenue synergies remain available to drive c-to-i ratio even lower

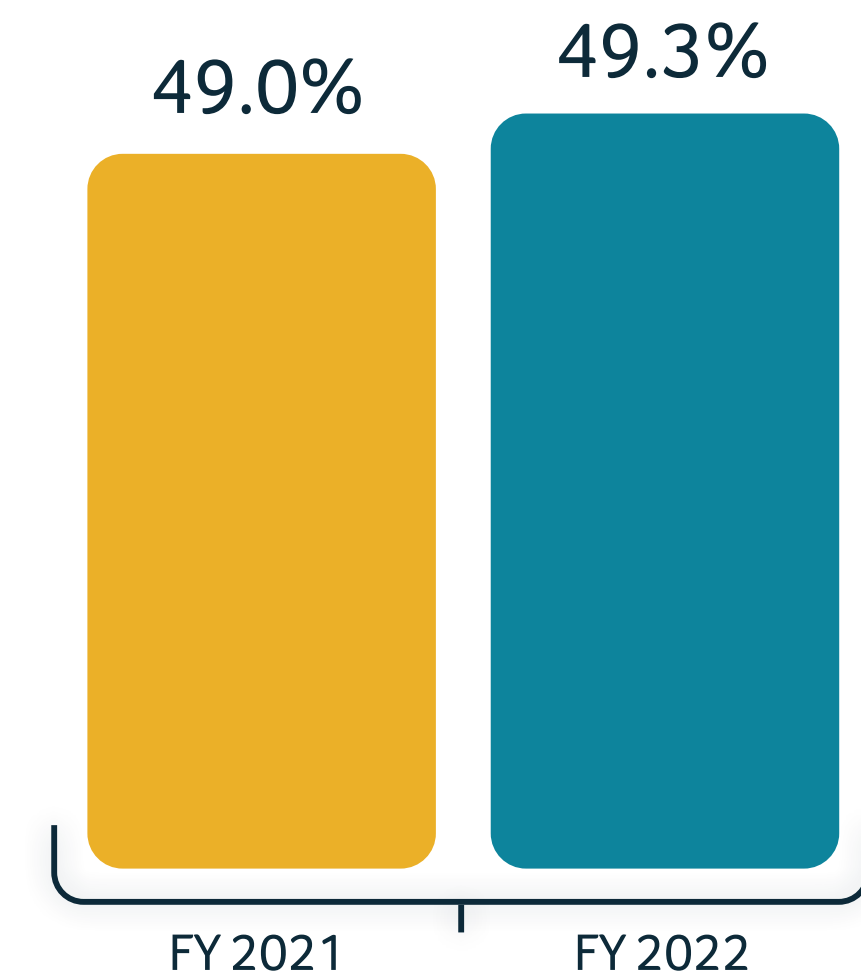
ROE



ROA



Cost to Income

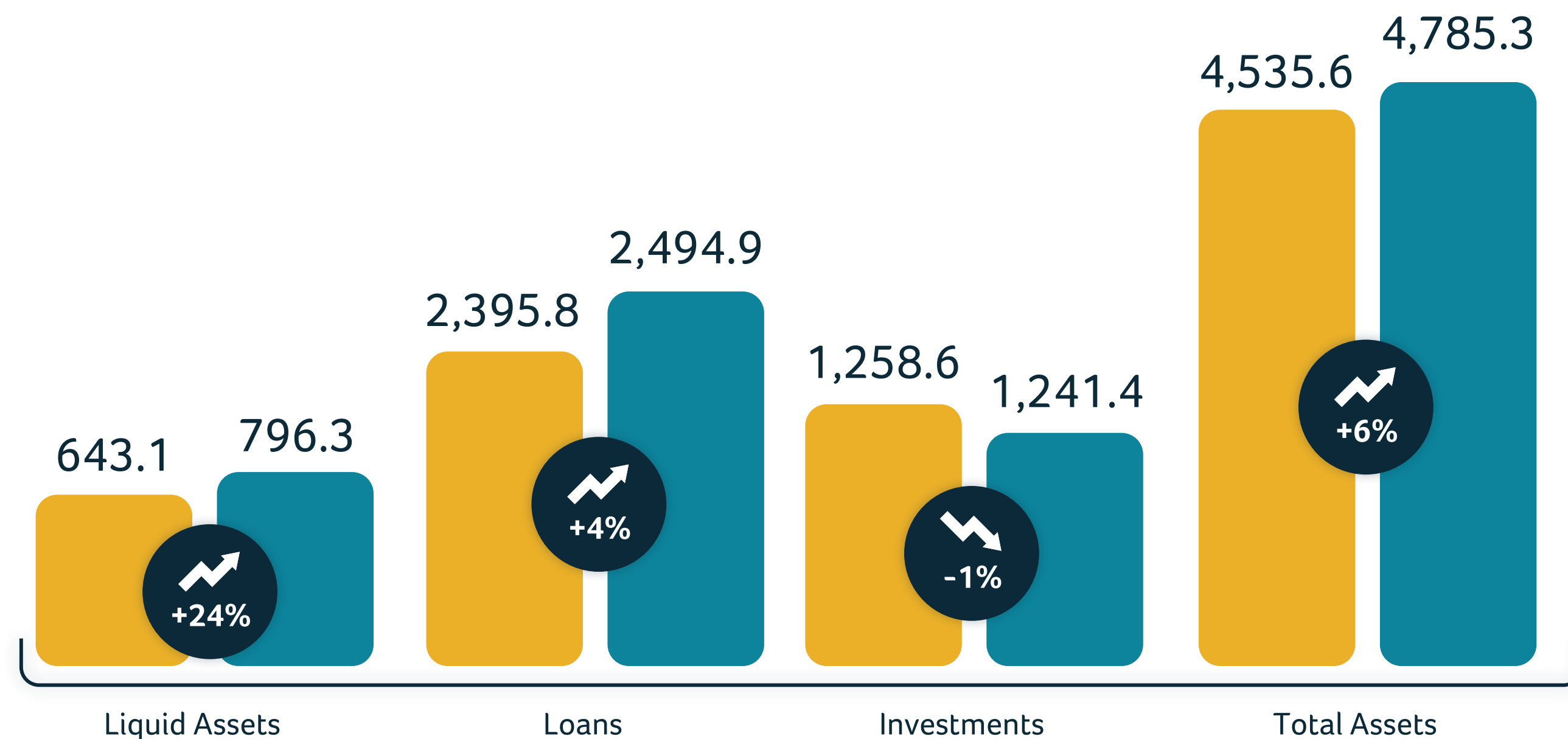


Balance sheet highlights

Strong liquid balance sheet
Positive demand for asset and liability products across the retail and corporate segments

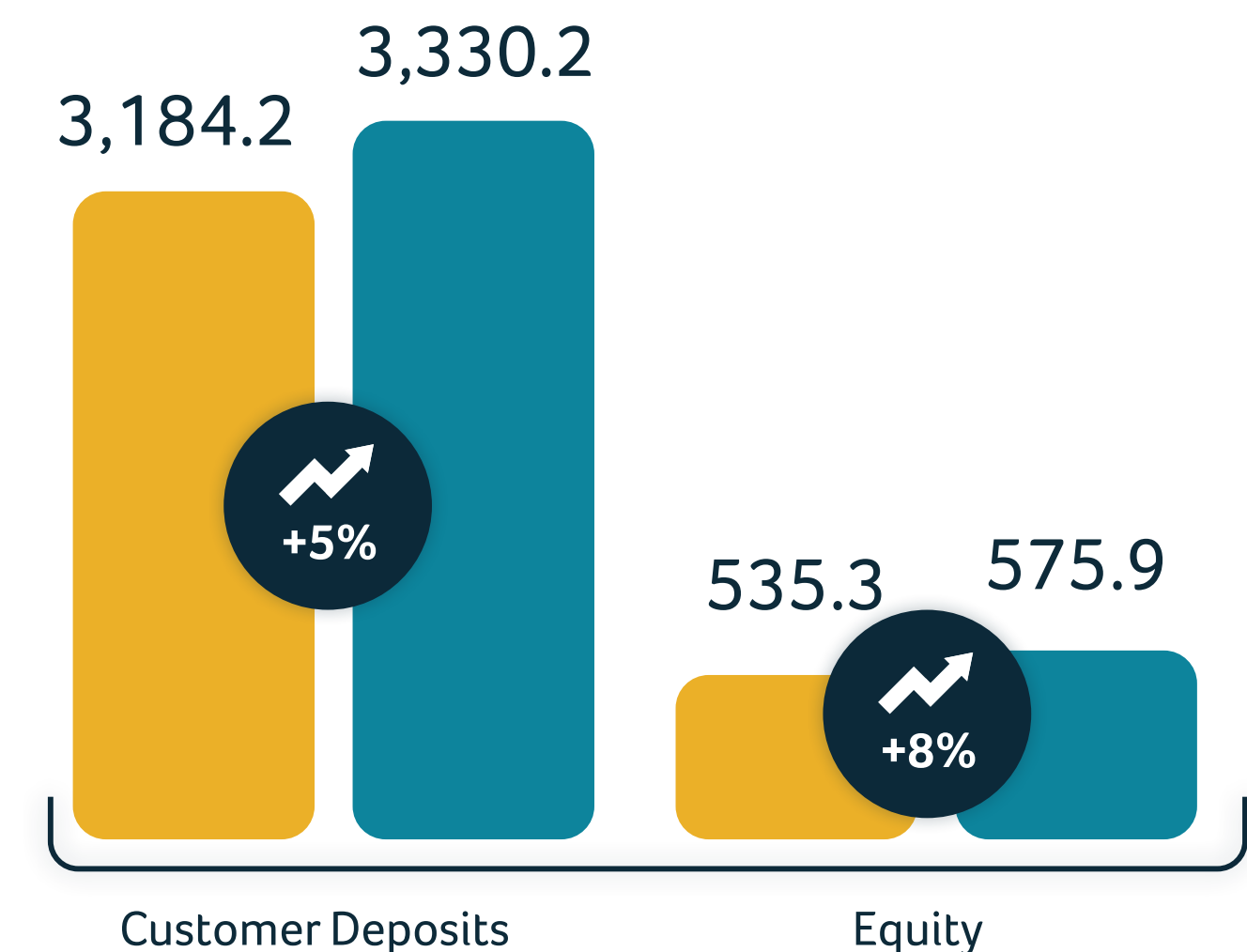
Assets (BHD millions)

● Dec 2021 ● Dec 2022



Liabilities and Equity (BHD millions)

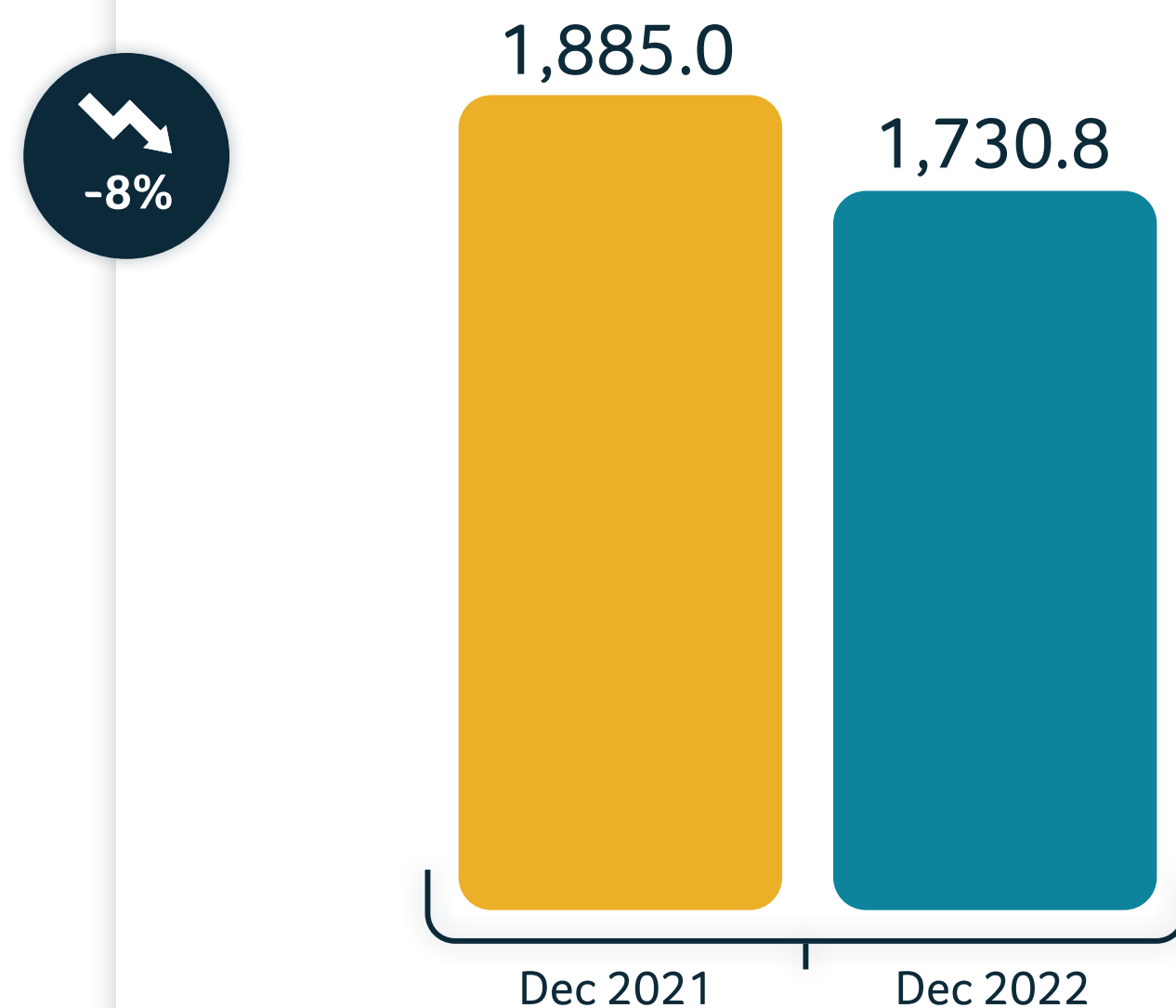
● Dec 2021 ● Dec 2022



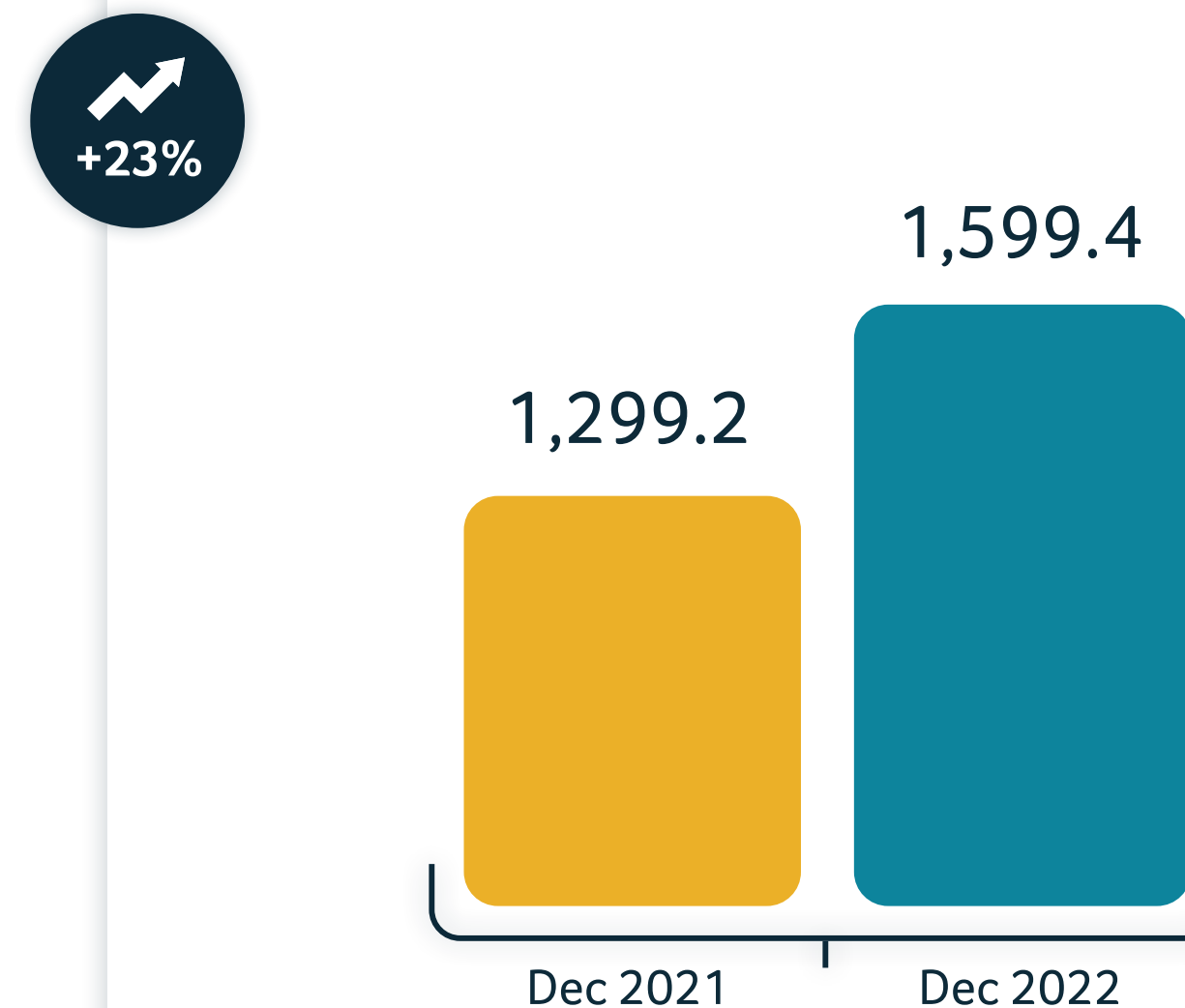
Funding

Diversified funding in line with the change in market rate environment
Strong attraction for depositors

Demand Deposits (BHD millions)



Time and Call Deposits (BHD millions)

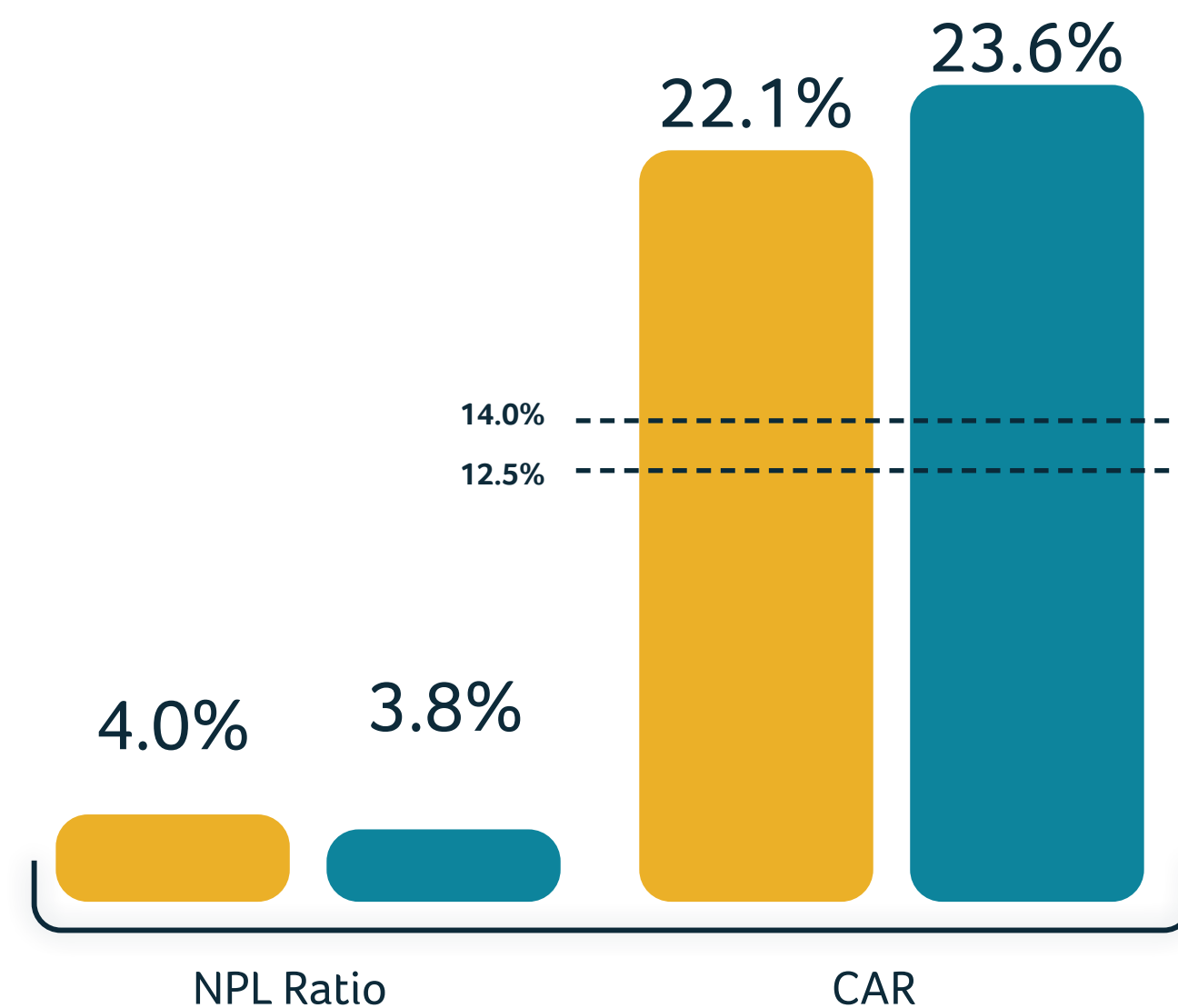


Balance sheet metrics

Capital and liquidity positioned for growth
Dominant industry metrics, and historically low NPL

NPL and Capital

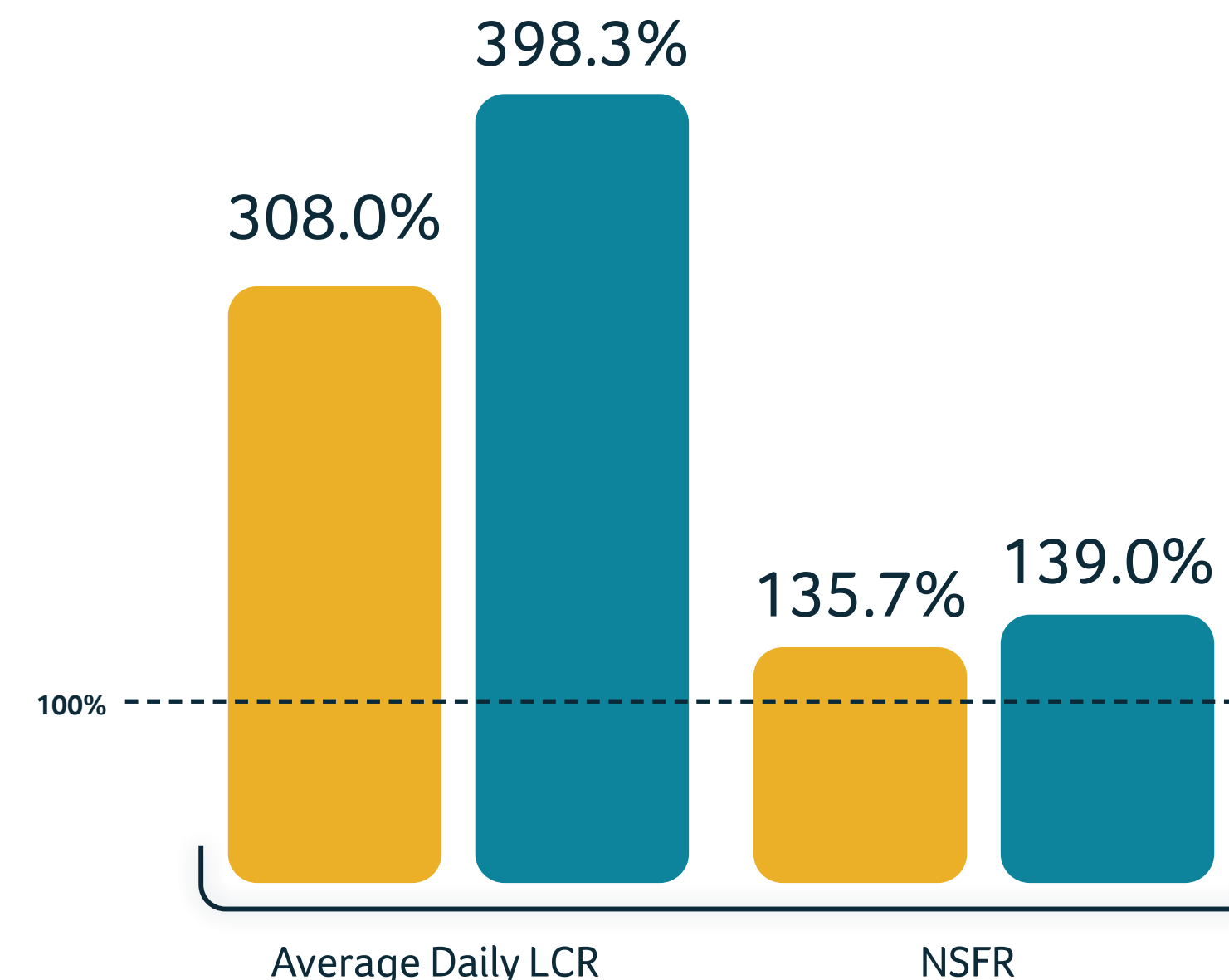
● Dec 2021 ● Dec 2022



12.5% represents the minimum CBB CAR requirement
14.0% represents the minimum CBB CAR requirement for banks designated as DSIBs

Liquidity

● Dec 2021 ● Dec 2022



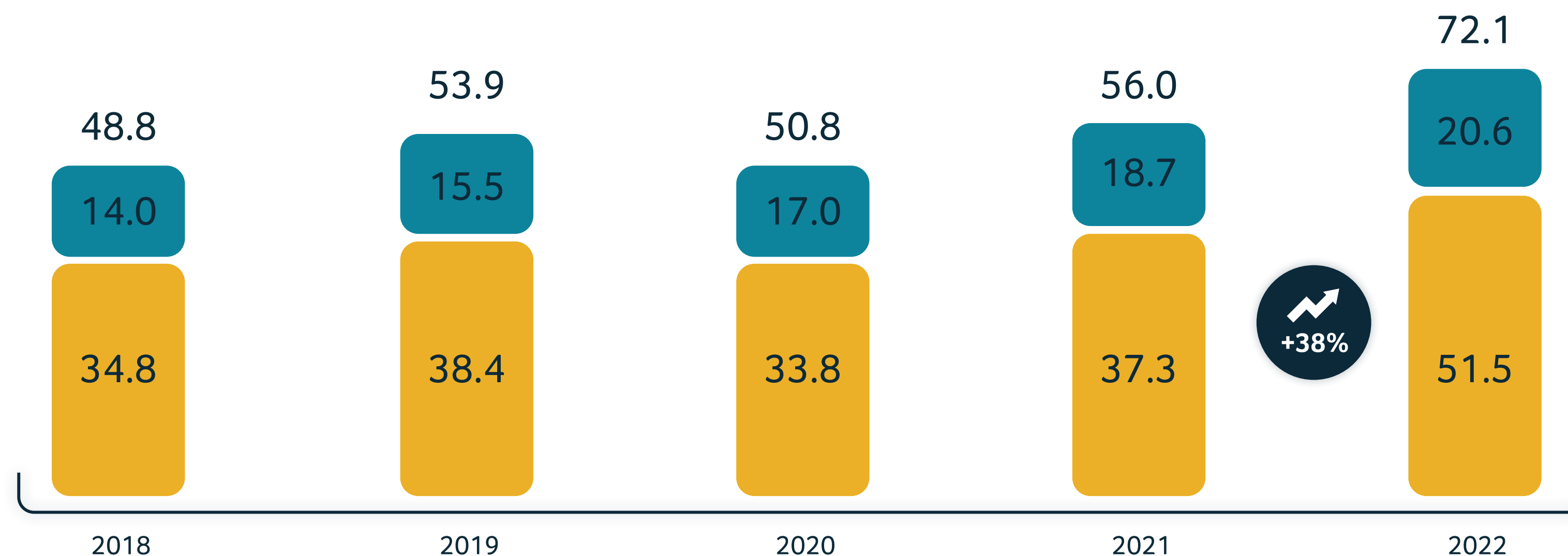
100% represents the minimum CBB LCR and NSFR requirement

Dividends

Proposed dividend includes the largest cash dividend on record reflecting current and projected performance

Dividend Payout (BHD millions)

Cash Dividends Stock Dividends



Sustainability

NBB's Sustainability Journey

Sustainability Strategy

Adoption of a 3 year roadmap (2021-2023) in implementing
NBB's Sustainability Strategy



Year 1: Building Infrastructure (2021)

Key deliverables highlighted FY2021



Year 2: Building Momentum (2022)

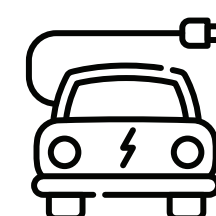
Key deliverables highlighted FY2022

Integrating ESG Risk Identification and Assessment into the Bank's Credit Policy
Introduction of a number of ESG related products and services:

Retail Offerings



Mazaya 2.0



Auto loan with preferential rates to hybrid and EV cars



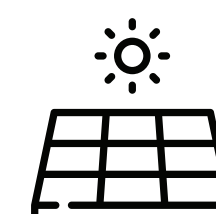
Education loan

Business Offerings

Arrangement of a Sustainability-Linked Loan ("SLL") Financings opportunities with environmental and/or social positive impact



Hydroponic Financing






Solar panel financing for a strategic healthcare provider in Bahrain

Measuring and reporting total impact – issuance of the integrated annual reports and the quarterly Investors Updates

Year 3: Reaching The Goal (2023)

TeamNBB's remarkable progress has earned the recognition of regional and global ESG rating agencies

 2020 cycle	 31 Dec 2022	 31 Dec 2022	 31 Dec 2022
1 st Ranked in the banking sector in Bahrain	1 st Ranked in the banking sector in the Arab World	1 st Ranked across all sectors in Bahrain	1 st Ranked in the Banking sector in Arab world
2 Consecutive years holding the first position	2 nd Maintained our rank in the Banking sector in the Arab World	2 nd Ranked in the Banking sector in the Arab World	2 nd Ranked across sectors in the Arab World
3 rd Ranked in the Banking Sector in GCC	Top 10% One of the top 100 banks on ESG	4 th Ranked across sectors in the Arab World	1 st Ranked across sectors in Bahrain

Third Party Recognitions of NBB's Sustainability Journey

Awards

- Global Finance awards:
 - Best Bank for Sustainable Finance in Bahrain
 - Outstanding Leadership in Sustainability Transparency on regional level
- Euromoney Middle East Awards for Excellence in the following categories:
 - Middle East's Best Bank for Corporate Responsibility
 - Best Bank for ESG in Bahrain
 - Best Bank for SME Banking in Bahrain
 - Best Bank for CSR in Bahrain
- Best Printed 2021 Annual Report for Small-cap Companies at MEIRA Awards 2022
- MENA Banking Excellence Award 2022 from MEED for Best Retail Bank in Bahrain
- Continuity and Resilience Team Award by the Business Continuity Institute (BCI) Middle East Awards 2022
- Best-in-Class Straight Through Processing (STP) Rates from Citi Bank



Serving Our Customers

Key Initiatives FY2022

■ Responsible customer relationships

- NBB launched a virtual Financial Literacy Program for its C&SME clients to spread awareness on the available financial tools to better manage cash flows and credit lines The program included 5 sessions and catered to 420 attendees
- NBB launched "Points by NBB" a loyalty rewards platform offering customers special rewards and offerings

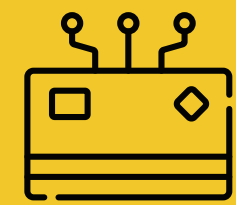


Serving Our Customers

Key Initiatives FY2022

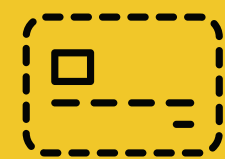
Digital Transformation

Retail Customers related



215%

Year-on-year increase of virtual cards issued resulting in cashless payment methods and saving printing of plastic cards



202%

Year-on-year increase in Credit and Pre-paid cards sold digitally



186%

Year-on-year Increase of new to bank retail customers that opened an account digitally



33%

Year-on-year increase in digitally registered retail clients

Serving Our Customers

Key Initiatives FY2022

Digital Transformation

Business Customers Related



3%

Year-on-year increase in digitally processed transactions through Business Online Banking for business clients



17%

year-on-year increase in corporate clients on-boarded

Responsible Banking

Key Initiatives FY2022

Financial Inclusion

- NBB extends support to SMEs with its upgraded Tamweel Al Watani Scheme
- NBB partnered with Cork Information Technology W.L.L to introduce a Supply Chain Finance Solution for its Corporate and SME clients and their suppliers
- NBB partnered with Bahrain Development Bank to develop products and funding solutions for Small and Medium-Sized Enterprises (SMEs).
- NBB concluded its Sustainability survey for Commercial and SME borrowing clients to raise awareness on relevant key ESG issues

Sustainable Finance

- NBB successfully acted as a joint Sustainability Coordinator for a sustainability-linked syndicated loan (“SLL”) for one of the strategic organizations based in Bahrain
- NBB launched two new housing products Mazaya 2.0 and Tas’heel Finance aimed at enabling Ministry of Housing Beneficiaries to obtain housing units
- NBB financed a water desalination project to convert Sea Water into Drinking Water



Nurturing our Workforce

Key Initiatives FY2022

Talent Attraction, Engagement and Retention



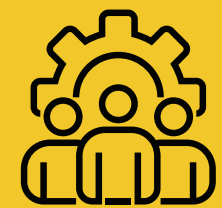
76%

of interns trained were employed



32%

Increase in individuals promoted compared to 2021



21

Employees shift from non-managerial roles to middle management tier



33%

Increase in women within the middle management tier

Nurturing our Workforce

Key Initiatives FY2022

Training and Development



72%

Increase in the total training hours delivered reaching 66,531, resulting in average training hours of ~80 per employee



99%

of employees attended Sustainability related awareness sessions in 2022

The
Rise

Rise 2 and Group Rise (NBB's leadership program) were launched with 44 candidates with the aim of developing future leaders that will fill in within the succession planning strategy of the Bank

Inspire
Powered by NBB

Inspire 2.0 (NBB Group mentorship program) was launched with 51 mentors and 113 mentees

Nurturing our Workforce

Key Initiatives FY2022

Diversity, Inclusion and Equal Opportunity

- NBB continues to record 0 reported incidents of discrimination

Workforce Wellbeing

- NBB is the first Bank in the Gulf to successfully attain the ISO 45001:2018 certification in Occupational Health and Safety Management System
- Reported zero Employee lost-time injuries recorded in 2022



Community Investment

Key Initiatives FY2022

- NBB sponsored one of the INJAZ Bahrain 14th Youth Entrepreneurs Competition Signature Awards “Excellence in Environmental Social Governance Award” and volunteered through it’s Sustainability Committee as a judging committee in the competition.
- NBB also conducted an ESG awareness seminar to the students with the key message of working for results beyond financial performance
- NBB extended its summer internship programme, Evolve and E-evolve, to encompass local and international schools and universities, and higher learning institutes, providing students with internship courses and training. Evolve catered to more than 50 students and E-evolve catered to more than 750 students
- BHD 3.369 million invested in the community through Donations and Contributions Fund in 2022



Preserving Natural Resources

Key Initiatives FY2022

Climate Change

- 13.2% year-on-year reduction in scope 1 and scope 2 Greenhouse Gas emissions

Direct Environmental Footprint

- 12.8% year-on-year reduction in total energy consumption 13% year-on-year reduction in water consumption.
- 100% recycled Mastercards launched after NBB arrayed with SINNAD.
- Completion of solar system installation in Riffa and Istqlal branch aiming to reduce their respective greenhouse Gas emissions by 50%



Governance and Ethical Behavior

Key Initiatives FY2022

Governance, Transparency and Accountability

- Materiality topics have been expanded to include climate change, sustainable finance and, training and development
- NBB developed an ESG risk identification and assessment toolkit, which expands the due diligence process for credit proposals to include assessment of clients' preparedness of integrating relevant ESG factors within their operations

Data Privacy and Security

- NBB continues to satisfy the ISO27001 Information Security Management system requirements and Payment Card Industry Data Security Standard (PCI-DSS)
- 100% of employees completed the mandatory cyber security training





Q&A



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