



**National Bank of Kuwait**  
Investor Presentation

1Q 2018 Earnings Call

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## Section 1

Overview of Operating Environment

## Section 2

Overview of NBK

## Section 3

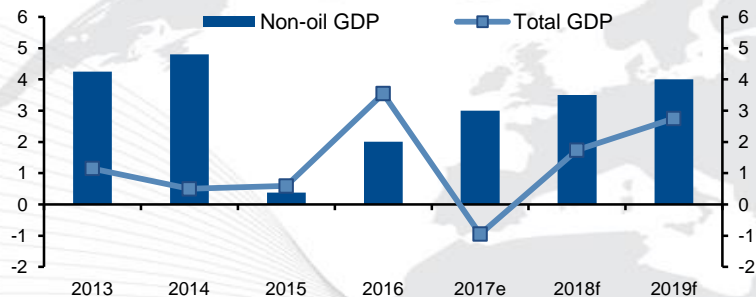
Financial Performance 1Q 2018

## Section 4

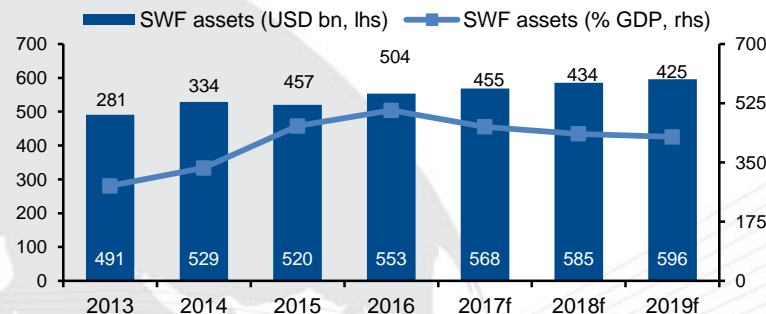
Appendix

# Overview of Kuwait (Continued)

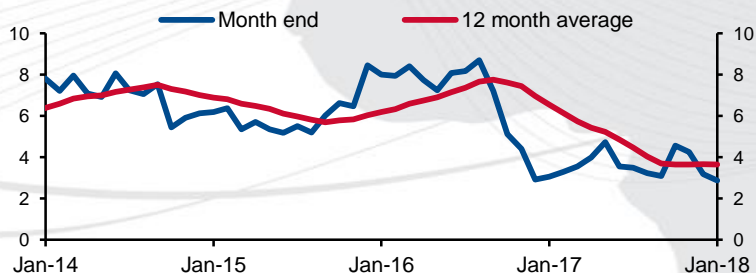
### GDP Growth (%)



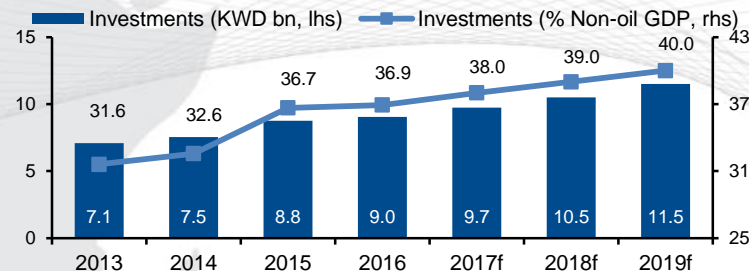
### Strong sovereign balance sheet



### Private credit (change, %/y)



### Investment



Sources: Central Bank of Kuwait, Central Statistical Bureau, Ministry of Finance, IIF and NBK estimates

## Section 1

Overview of Kuwait

## Section 2

Overview of NBK

## Section 3

Financial Performance 1Q 2018

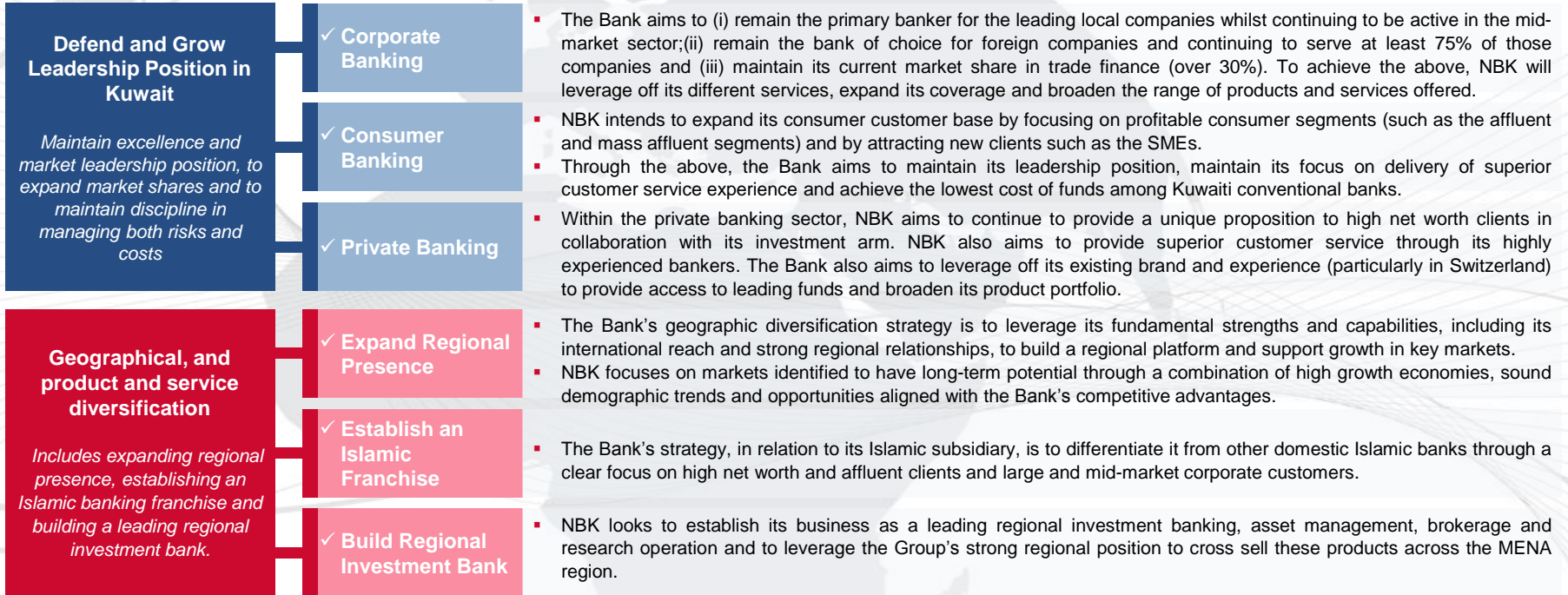
## Section 4

Appendix

# NBK Key Strengths



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



## International Operations

Location	Established or acquired	Number of Branches	Legal structure
<b>International</b>			
London	1983	 2	Subsidiary
New York	1984	 1	Branch
Geneva	1984	 1	Subsidiary
Singapore	1984	 1	Branch
Paris	1987	 1	Branch
Shanghai	2005	 1	Branch
<b>MENA region</b>			
Bahrain	1987	 2	Branch
Lebanon	1996	 3	Subsidiary
Jordan	2004	 1	Branch
Iraq	2005	 5	Subsidiary
Saudi Arabia	2006	 1	Branch
Egypt	2007	 43	Subsidiary
Turkey	2007	 13	Associate
UAE	2008	 2	Branch



## Section 1

Overview of Kuwait

## Section 2

Overview of NBK

## Section 3

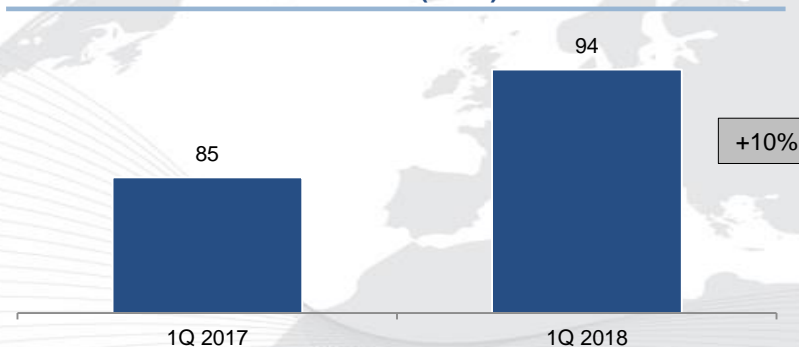
Financial Performance 1Q 2018

## Section 4

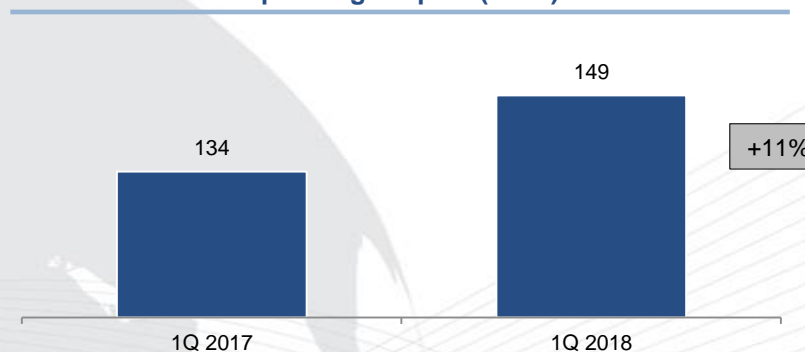
Appendix

# Operating Performance 1Q 2018

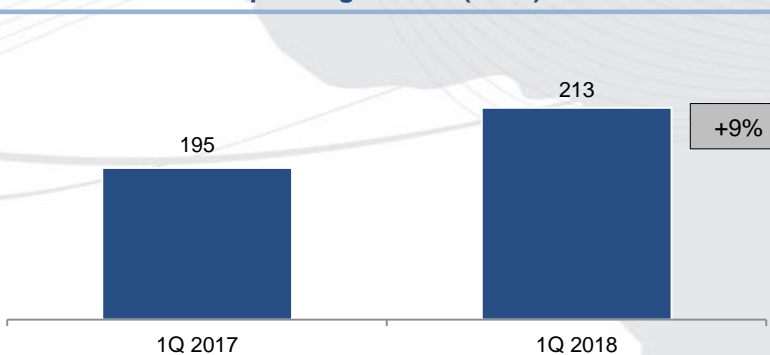
### Net Profit (KDm)



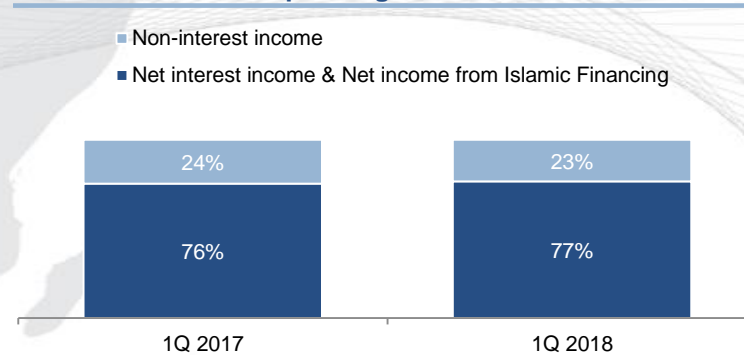
### Operating Surplus (KDm)



### Operating Income (KDm)

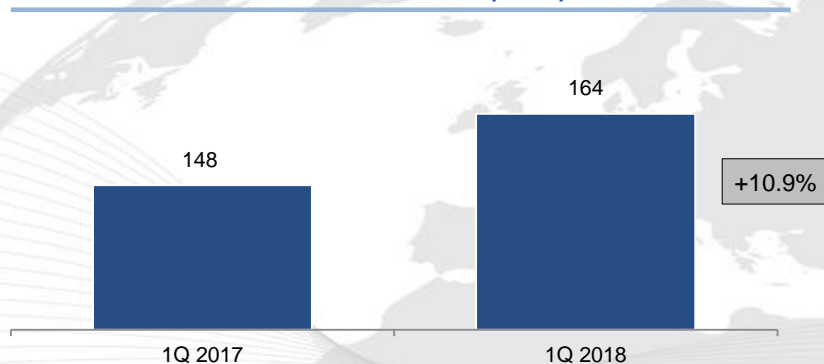


### Operating Income

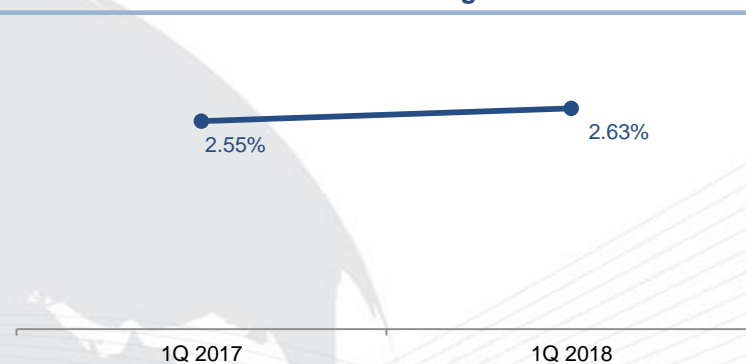


# Operating Performance 1Q 2018

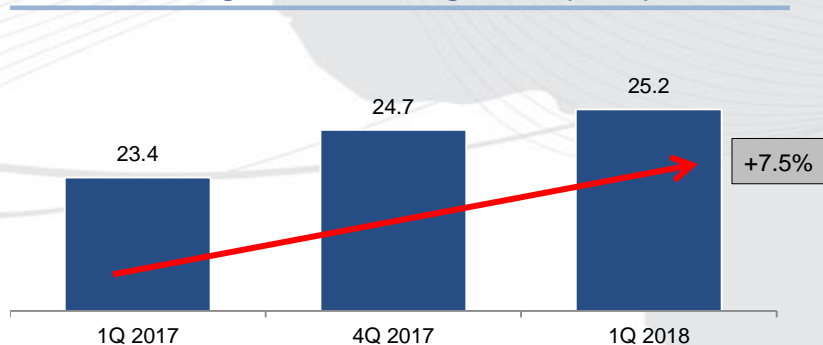
## Net Interest Income (KDm)



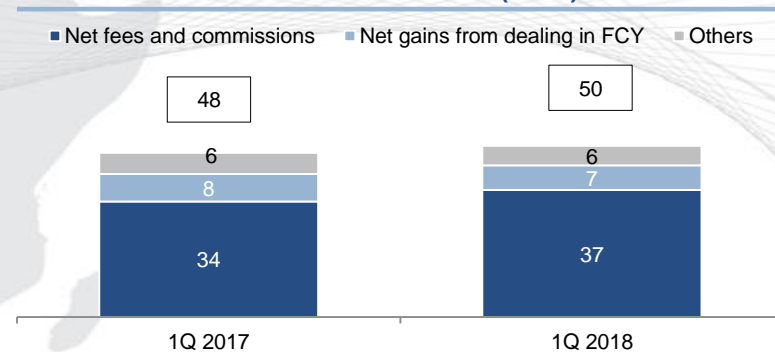
## Net Interest Margin



## Average Interest Earning Assets (KDbn)

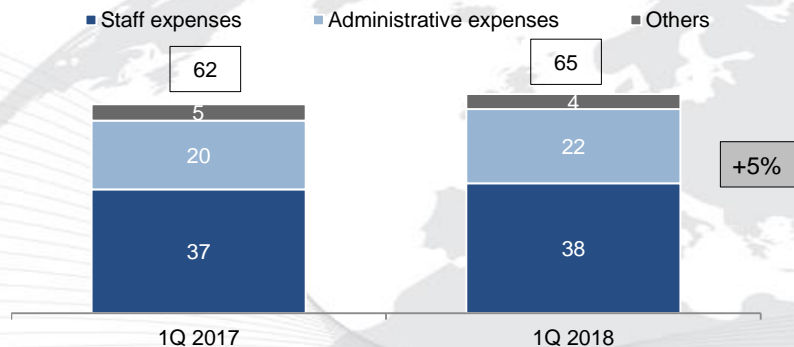


## Non-interest Income (KDm)

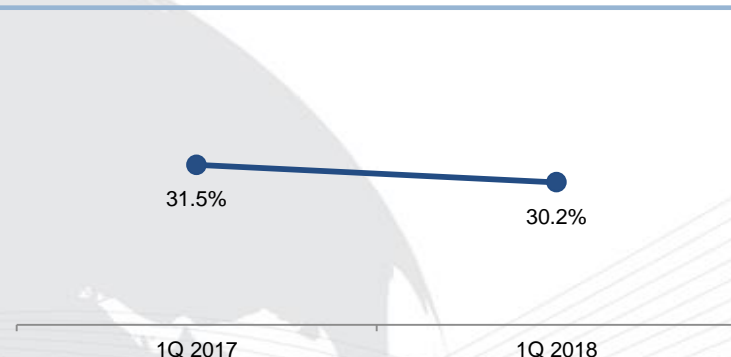


# Operating Performance 1Q 2018

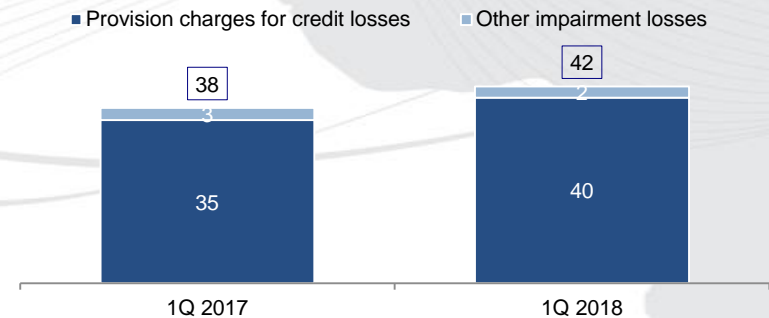
## Operating Expenses (KDM)



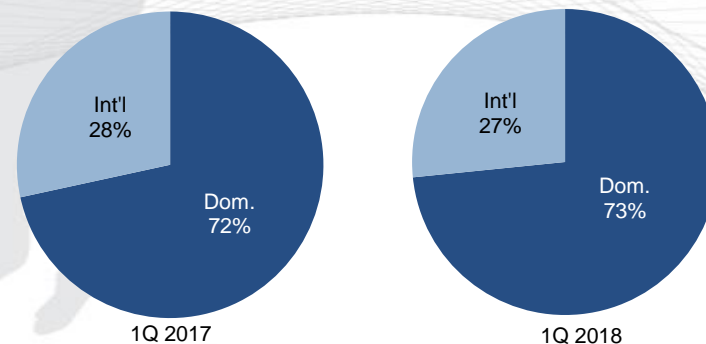
## Cost to Income ratio



## Provisions and Impairments (KDM)

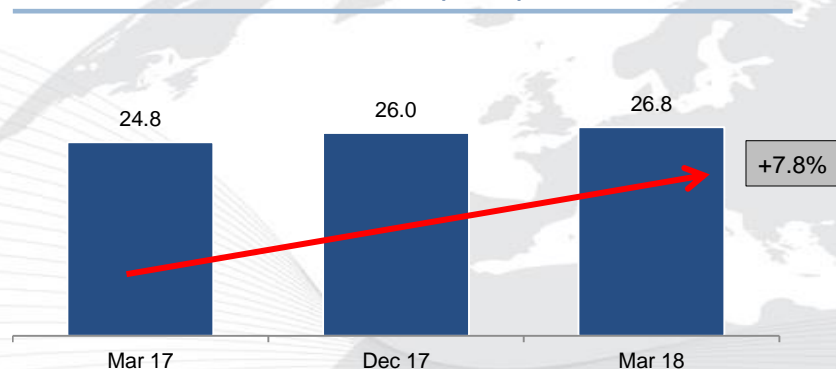


## Net Profit (KDM) – Domestic / International

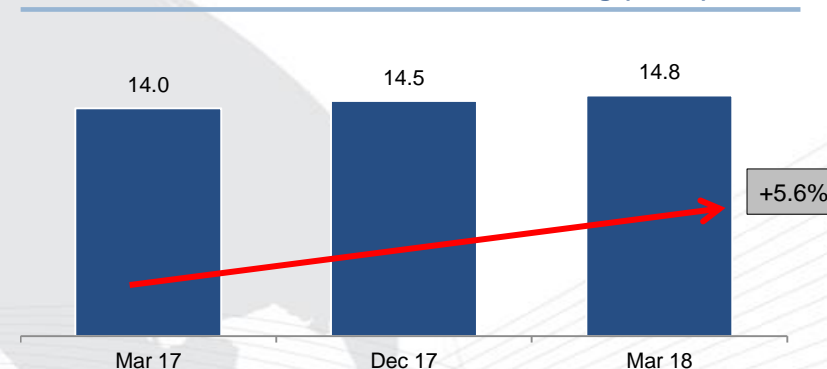


# Operating Performance 1Q 2018

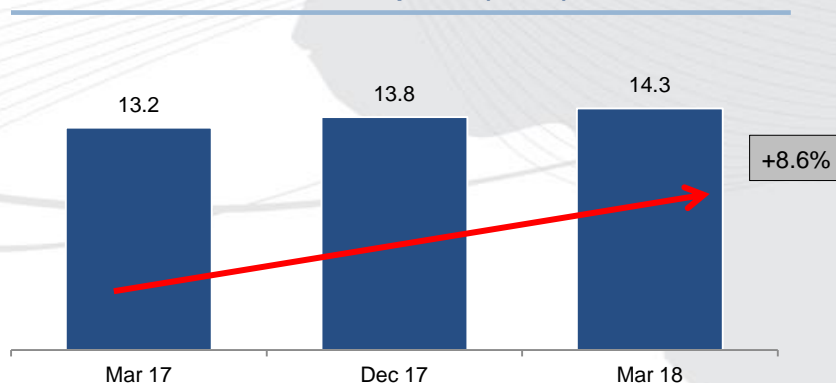
### Total Assets (KDbn)



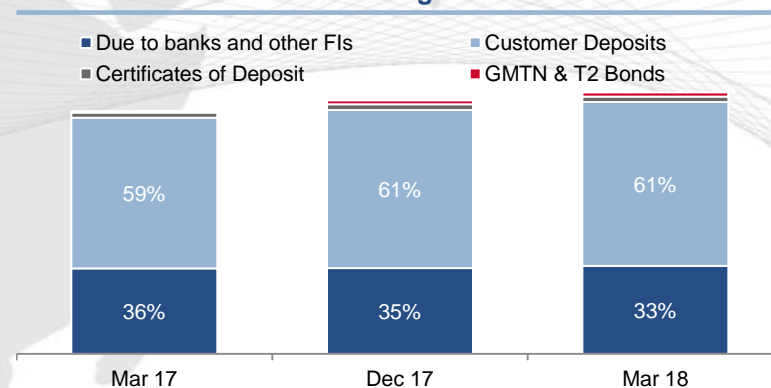
### Loans, Advances and Islamic Financing (KDbn)



### Customer Deposits (KDbn)

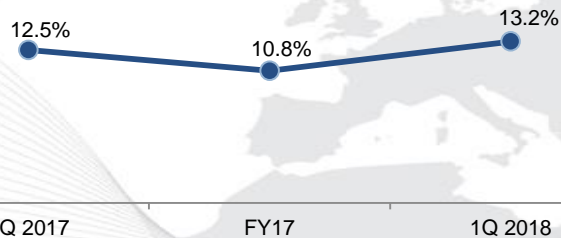


### Funding Mix

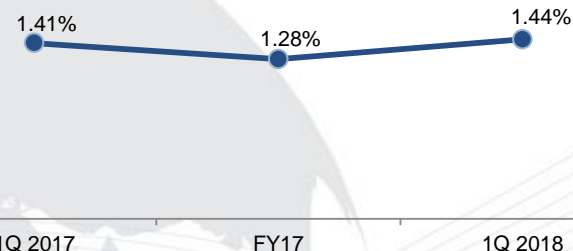


# Performance and Asset Quality ratios 1Q 2018

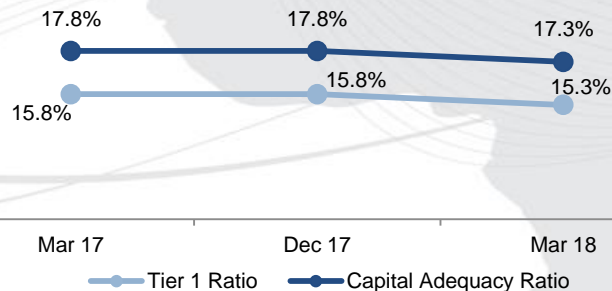
### Return on Average Equity



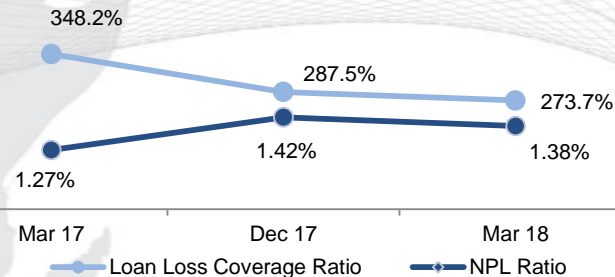
### Return on Average Assets



### Capital Adequacy Ratios



### Asset Quality Ratios



## Section 1

Overview of Kuwait

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Overview of NBK

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Financial Performance 1Q 2018

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Appendix

# Consolidated Financials 1Q 2018 *(KWD million)*



<i>Income Statement (KWD million)</i>	1Q-17	1Q-18
Interest Income	168	204
Interest Expense	47	70
<b>Net Interest Income</b>	<b>122</b>	<b>134</b>
Murabaha and other Islamic financing income	36	42
Distribution to depositors and Murabaha costs	10	13
<b>Net Income from Islamic financing</b>	<b>26</b>	<b>29</b>
<b>Net interest income and net income from Islamic financing</b>	<b>148</b>	<b>164</b>
Net fees and commissions	34	37
Net investment income	5	4
Net gains from dealing in foreign currencies	8	7
Other operating income	1	1
<b>Non-interest income</b>	<b>48</b>	<b>50</b>
<b>Net Operating Income</b>	<b>195</b>	<b>213</b>
Staff expenses	37	38
Other administrative expenses	20	22
Depreciation of premises and equipment	4	4
Amortisation of intangible assets	1	1
<b>Operating Expenses</b>	<b>62</b>	<b>65</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>134</b>	<b>149</b>
Provision charge for credit losses and impairment losses	38	42
<b>Operating profit before taxation</b>	<b>96</b>	<b>107</b>
Taxation	6	8
Non-controlling interest	4	5
<b>Profit attributable to shareholders of the Bank</b>	<b>85</b>	<b>94</b>

<i>Balance sheet (KWD million)</i>	1Q-17	1Q-18
Cash and short term funds	2,705	3,216
Central Bank of Kuwait bonds	739	719
Kuwait Government Treasury bonds	767	1,015
Deposits with banks	2,322	2,584
Loans, advances and Islamic financing to customers	14,049	14,838
Investment securities	3,158	3,178
Investment in associates	72	59
Land, premises and equipment	261	333
Goodwill and other intangible assets	586	582
Other assets	187	260
<b>Total Assets</b>	<b>24,845</b>	<b>26,784</b>
Due to banks and other financial institutions	7,432	7,671
Customer deposits	13,151	14,278
Certificates of deposit issued	450	477
Global Medium Term Notes (GMTN)	-	216
Subordinated Tier 2 bonds	125	125
Other liabilities	340	573
<b>Total Liabilities</b>	<b>21,499</b>	<b>23,339</b>
Share capital	592	621
Proposed bonus shares	-	-
Statutory reserve	282	296
Share premium account	803	803
Treasury shares	(78)	(68)
Treasury share reserve	14	14
Other reserves	1,214	1,246
<b>Equity attributable to shareholders</b>	<b>2,827</b>	<b>2,913</b>
Perpetual Tier 1 Capital Securities	211	211
Non-controlling interests	309	322
<b>Total equity</b>	<b>3,347</b>	<b>3,445</b>
<b>Total liabilities and equity</b>	<b>24,845</b>	<b>26,784</b>



# Performance Measures 1Q 2018

%	1Q-17	1Q-2018
Return on average assets	1.41 %	1.44%
Return on average equity	12.5 %	13.2%
Net interest margin	2.55 %	2.63%
Cost to income	31.5 %	30.2%
NPLs to gross loans	1.27 %	1.38%
Loan loss reserves to NPLs	348.2 %	273.7%
Common equity tier 1 capital (CET 1)	14.2 %	13.8%
Tier 1 capital	15.8 %	15.3 %
Tier 2 capital	2.1 %	2.0 %
Capital adequacy ratio	17.8 %	17.3 %

# Consolidated Statement Of Income *(KWD million)*

<i>KWD million</i>	2015	2016	2017
Interest Income	585	665	743
Interest Expense	139	190	224
<b>Net Interest Income</b>	<b>446</b>	<b>476</b>	<b>519</b>
Murabaha and other Islamic financing income	106	128	156
Distribution to depositors and Murabaha costs	22	34	46
<b>Net Income from Islamic financing</b>	<b>84</b>	<b>94</b>	<b>110</b>
<b>Net interest income and net income from Islamic financing</b>	<b>530</b>	<b>570</b>	<b>629</b>
Net fees and commissions	130	133	139
Net investment income	32	6	20
Net gains from dealing in foreign currencies	33	35	34
Other operating income	3	1	2
<b>Non-interest income</b>	<b>199</b>	<b>176</b>	<b>194</b>
<b>Net Operating Income</b>	<b>729</b>	<b>745</b>	<b>823</b>
Staff expenses	137	144	154
Other administrative expenses	77	87	93
Depreciation of premises and equipment	15	16	15
Amortisation of intangible assets	5	4	3
<b>Operating Expenses</b>	<b>235</b>	<b>252</b>	<b>265</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>494</b>	<b>493</b>	<b>557</b>
Provision charge for credit losses	130	126	175
Impairment losses	34	27	13
<b>Operating profit before taxation</b>	<b>330</b>	<b>341</b>	<b>369</b>
Taxation	33	29	27
Non-controlling interest	14	17	20
<b>Profit attributable to shareholders of the Bank</b>	<b>282</b>	<b>295</b>	<b>322</b>

# Consolidated Statement Of Financial Position *(KWD million)*

<i>KWD million</i>	2015	2016	2017
Cash and short term funds	3,481	2,687	2,744
Central Bank of Kuwait bonds	804	749	656
Kuwait Government treasury bonds	380	493	1,076
Deposits with banks	1,427	2,408	2,488
Loans, advances and Islamic financing to customers	13,551	13,611	14,503
Investment securities	2,784	3,178	3,349
Investment in associates	93	74	63
Land, premises and equipment	227	255	324
Goodwill and other intangible assets	678	582	582
Other assets	173	201	250
<b>Total Assets</b>	<b>23,598</b>	<b>24,239</b>	<b>26,035</b>
Due to banks and other financial institutions	7,306	7,348	7,469
Customer deposits	12,059	12,608	13,780
Certificates of deposit issued	655	416	491
Global medium term notes (GMTN)	-	-	221
Subordinated Tier 2 bonds	125	125	125
Other liabilities	261	337	388
<b>Total Liabilities</b>	<b>20,407</b>	<b>20,834</b>	<b>22,474</b>
Share capital	504	564	592
Proposed bonus shares	25	28	30
Statutory reserve	252	282	296
Share premium account	700	803	803
Treasury shares	(78)	(78)	(78)
Treasury share reserve	14	14	14
Other reserves	1,339	1,272	1,373
<b>Equity attributable to shareholders of the bank</b>	<b>2,756</b>	<b>2,885</b>	<b>3,029</b>
Perpetual Tier 1 Capital Securities	211	211	211
Non-controlling interests	224	309	321
<b>Total equity</b>	<b>3,191</b>	<b>3,405</b>	<b>3,561</b>
<b>Total liabilities and equity</b>	<b>23,598</b>	<b>24,239</b>	<b>26,035</b>

# Questions