



National Bank of Kuwait
Investor Presentation

2Q 2018 Earnings Call

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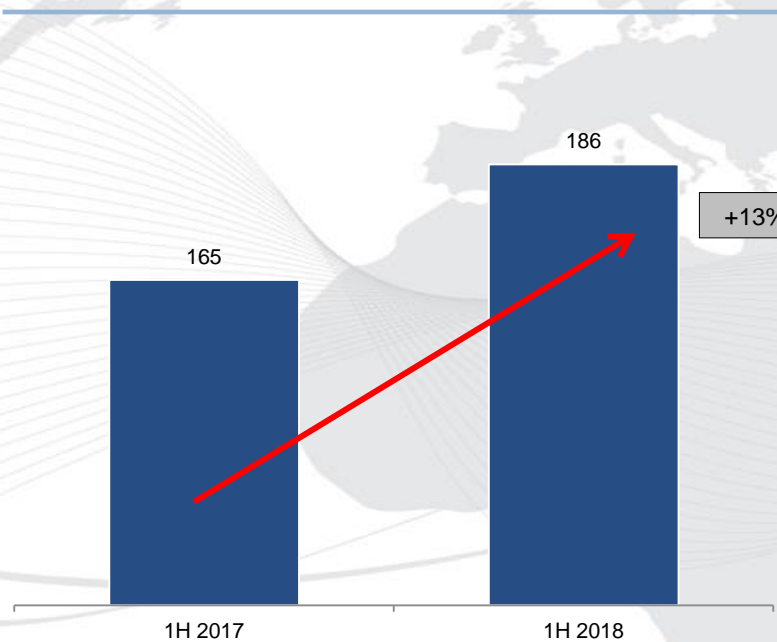
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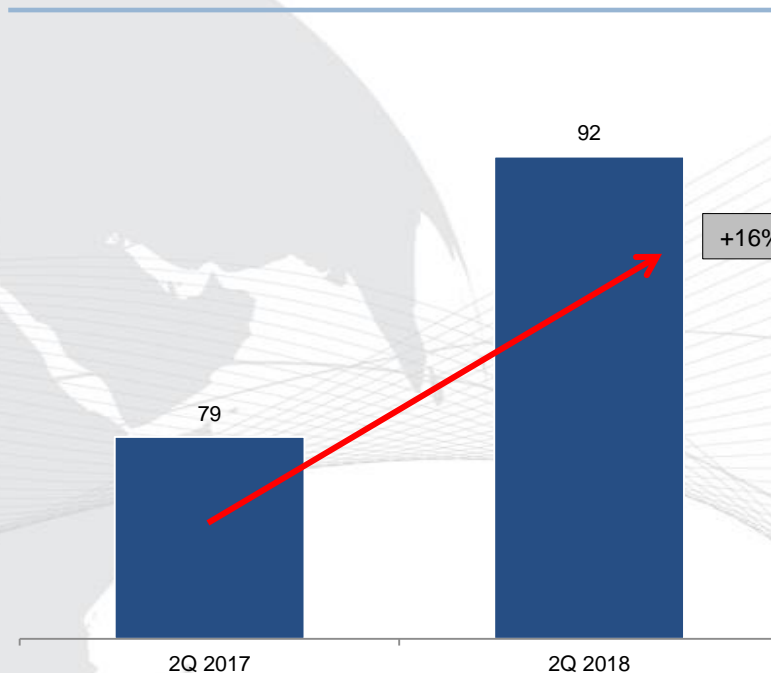
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Net Profits 1H 2018

Net Profit 1H 2018 (KDm)



Net Profit 2Q 2018 (KDm)



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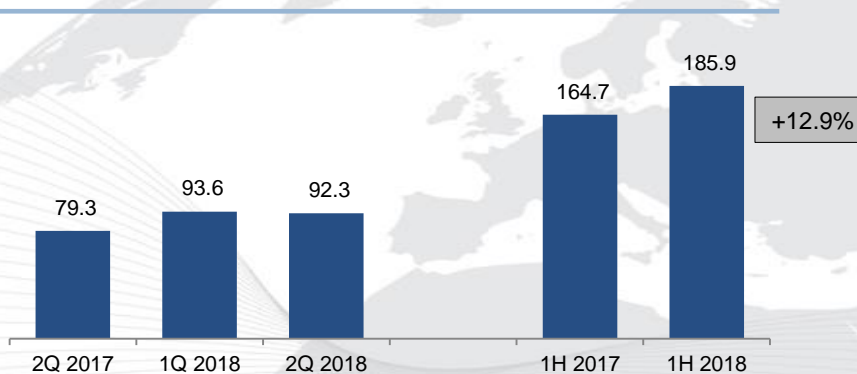
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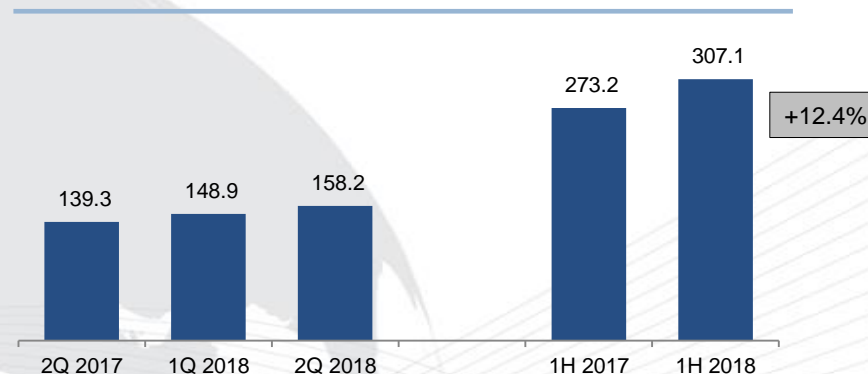
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Operating Performance 1H 2018

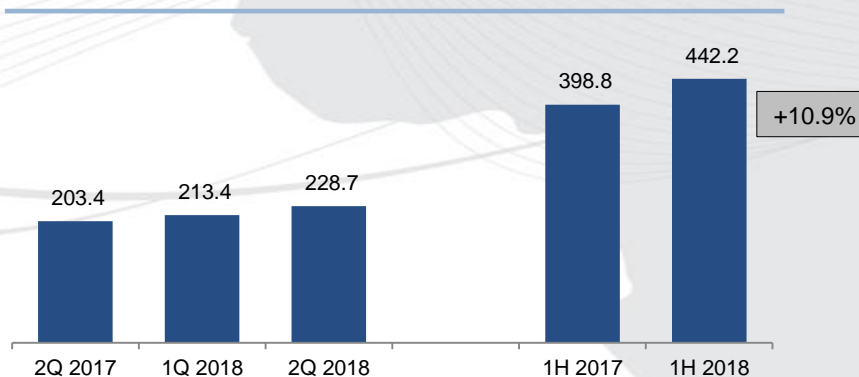
Net Profit (KDm)



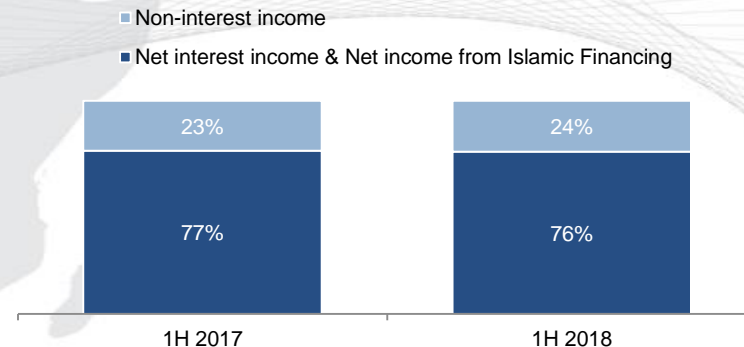
Operating Surplus (KDm)



Operating Income (KDm)

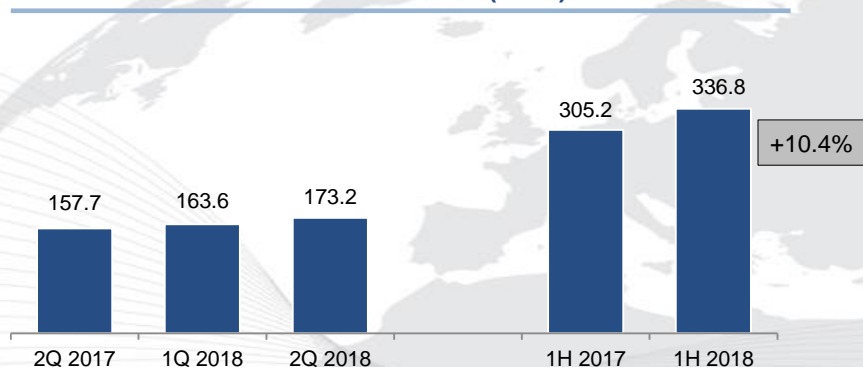


Operating Income



Operating Performance 1H 2018

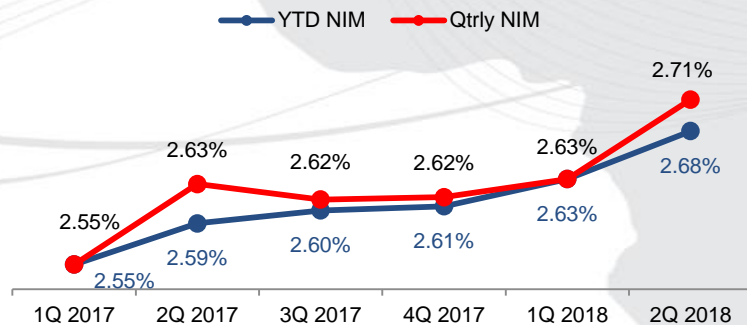
Net Interest Income (KDM)



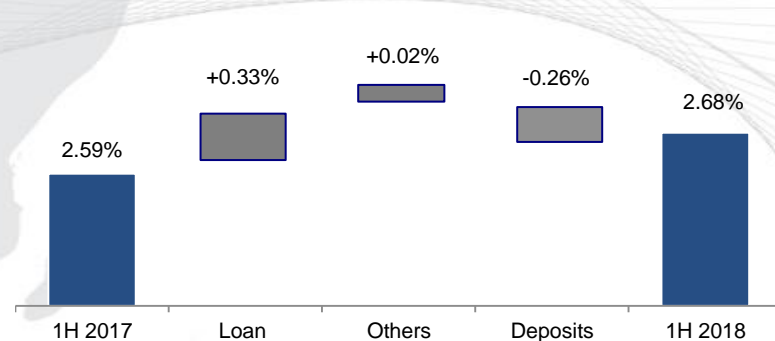
Average Interest Earning Assets (KDbn)



Net Interest Margin

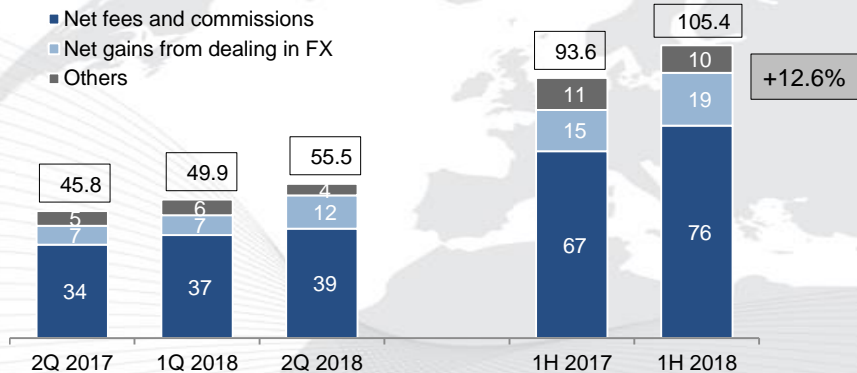


Net Interest Margin drivers

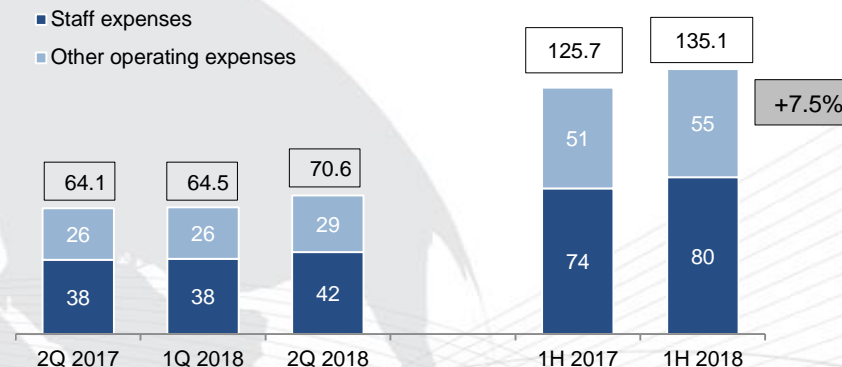


Operating Performance 1H 2018

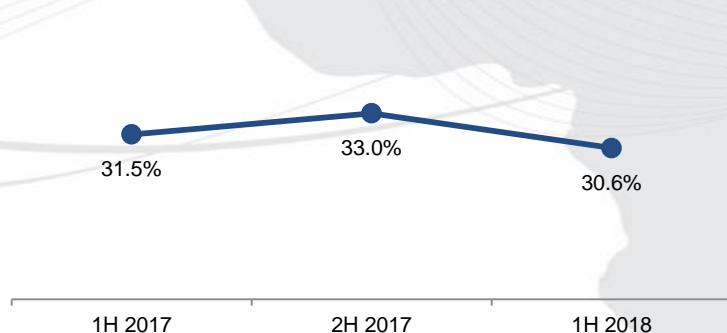
Non-interest income (KDm)



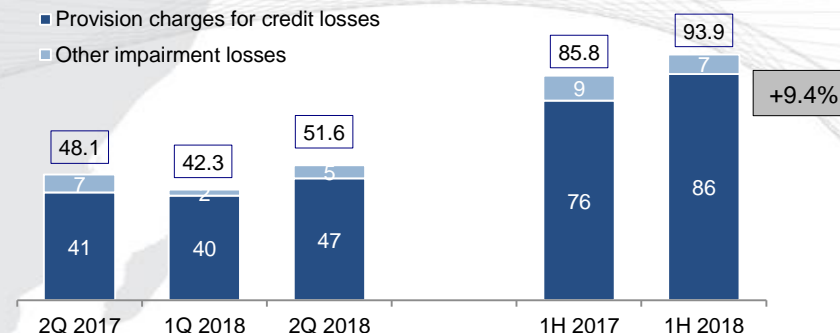
Operating Expenses (KDm)



Cost to Income ratio

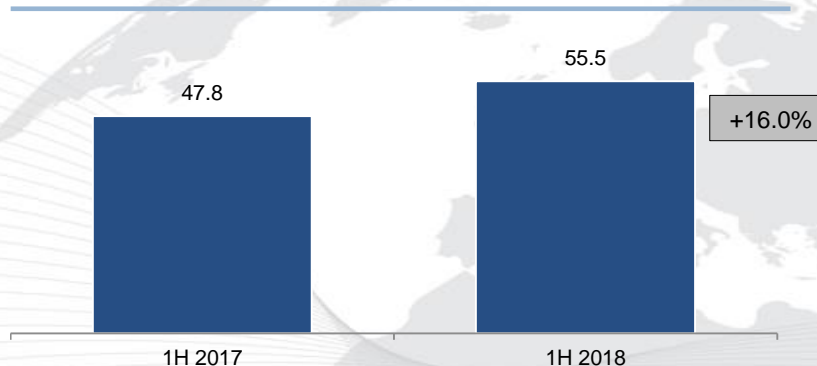


Provisions and Impairments (KDm)

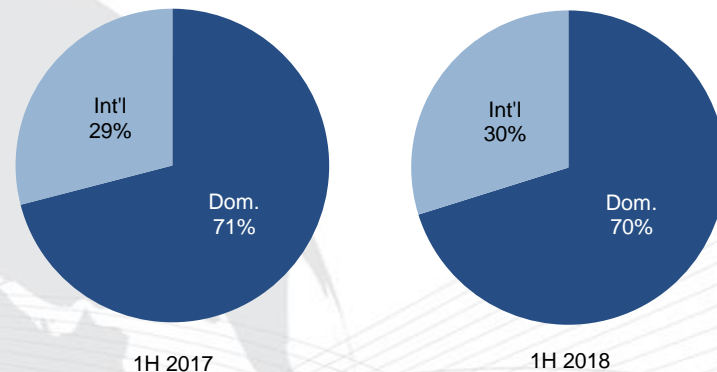


Operating Performance 1H 2018

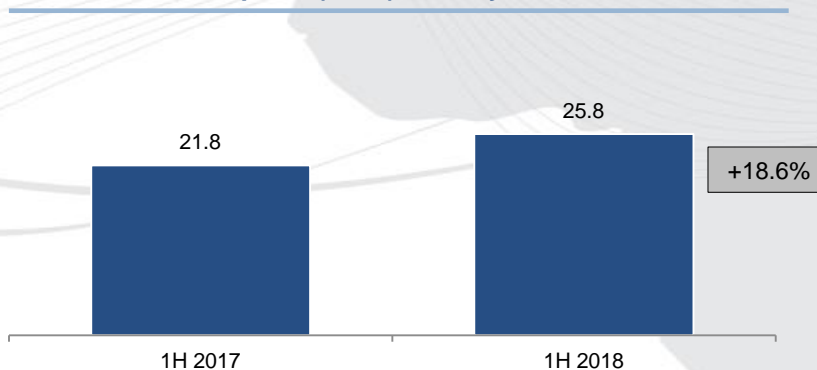
Net profit (KDm) - International



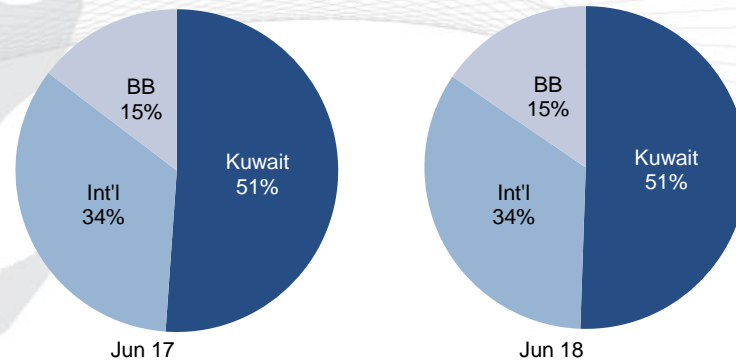
Net Profit (KDm) – Domestic / International



Net profit (KDm) - Boubyan Bank

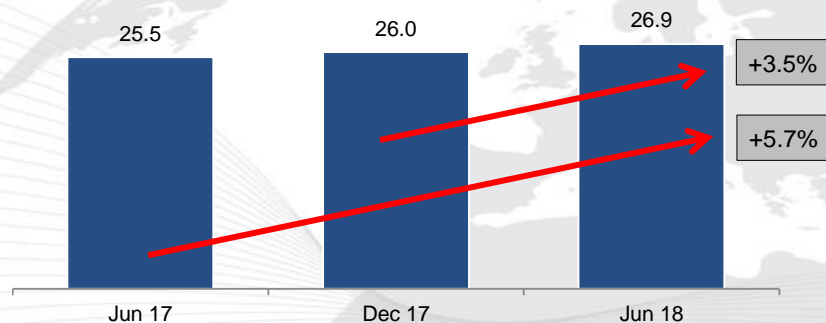


Total Assets (KD'bn) – Kuwait/ International / Boubyan Bank

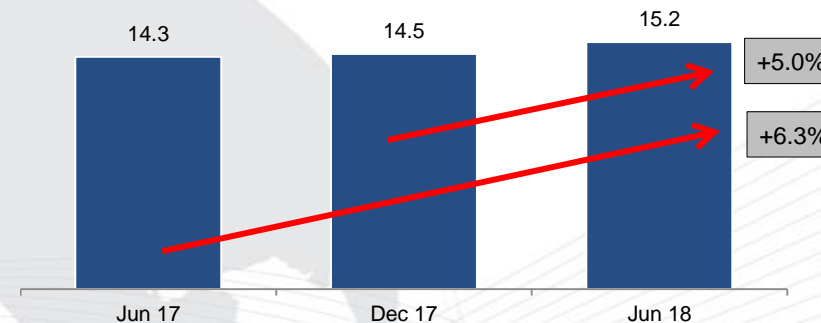


Operating Performance 1H 2018

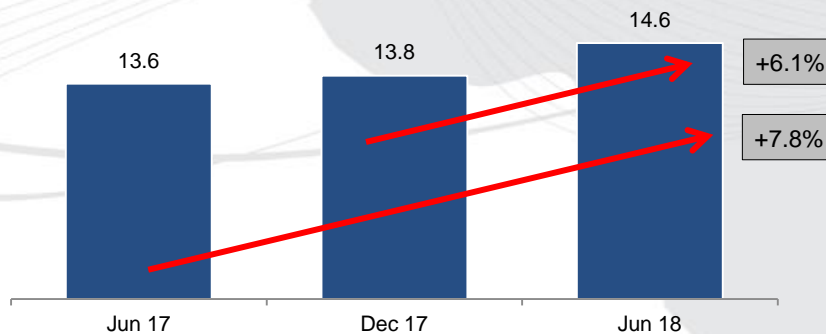
Total Assets (KDbn)



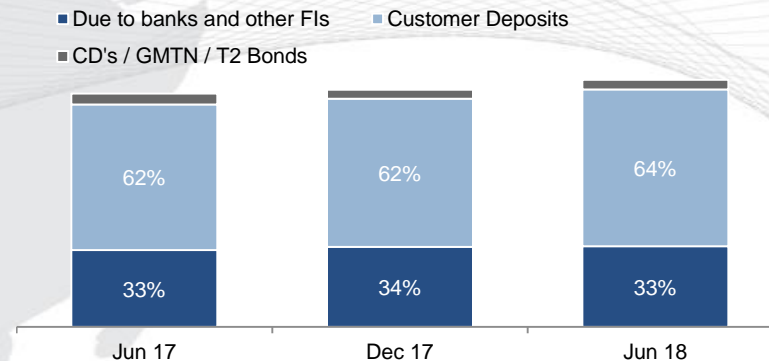
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits (KDbn)

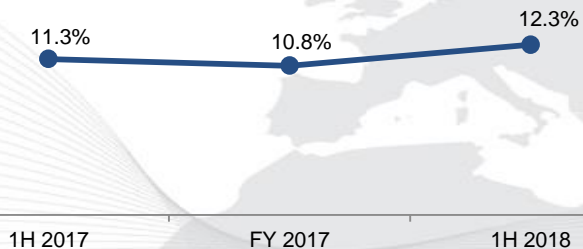


Funding Mix

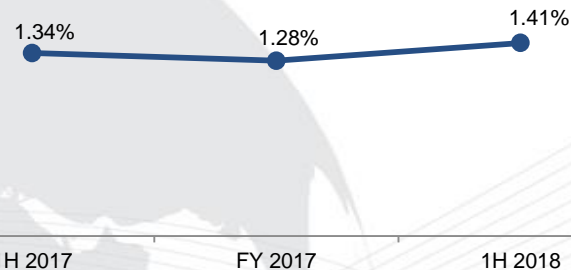


Performance and Asset Quality ratios 1H 2018

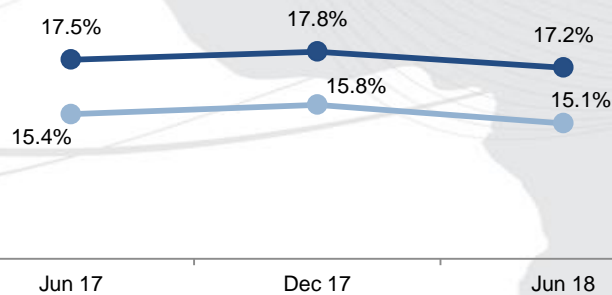
Return on Average Equity



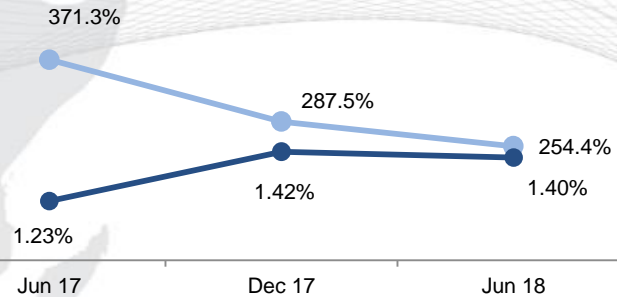
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



—●— Tier 1 Ratio —●— Capital Adequacy Ratio

—●— Loan Loss Coverage Ratio —●— NPL Ratio

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Consolidated Financials 1H 2018 *(KWD million)*



<i>Income Statement (KWD million)</i>	1H-2017	1H-2018	<i>Balance sheet (KWD million)</i>	1H-2017	1H-2018
Interest Income	354	425	Cash and short term funds	2,636	3,020
Interest Expense	102	149	Central Bank of Kuwait bonds	770	787
Net Interest Income	252	276	Kuwait Government Treasury bonds	847	925
Murabaha and other Islamic financing income	74	88	Deposits with banks	2,458	2,341
Distribution to depositors and Murabaha costs	21	27	Loans, advances and Islamic financing to customers	14,327	15,228
Net Income from Islamic financing	53	61	Investment securities	3,319	3,393
Net interest income and net income from Islamic financing	305	337	Investment in associates	66	51
Net fees and commissions	67	76	Land, premises and equipment	270	340
Net investment income	10	8	Goodwill and other intangible assets	583	580
Net gains from dealing in foreign currencies	15	19	Other assets	216	277
Other operating income	1	2	Total Assets	25,492	26,942
Non-interest income	94	105	Due to banks and other financial institutions	7,168	7,514
Net Operating Income	399	442	Customer deposits	13,569	14,621
Staff expenses	74	80	Certificates of deposit issued	637	545
Other administrative expenses	42	46	Global Medium Term Notes (GMTN)	226	217
Depreciation of premises and equipment	8	7	Subordinated Tier 2 bonds	125	125
Amortisation of intangible assets	2	2	Other liabilities	367	400
Operating Expenses	126	135	Total Liabilities	22,091	23,422
Op. profit before provision for credit losses and impairment losses	273	307	Share capital	592	621
Provision charge for credit losses and impairment losses	86	94	Proposed bonus shares	-	-
Operating profit before taxation	187	213	Statutory reserve	282	296
Taxation	13	16	Share premium account	803	803
Non-controlling interest	9	11	Treasury shares	(78)	(65)
Profit attributable to shareholders of the Bank	165	186	Treasury share reserve	14	14
			Other reserves	1,265	1,326
			Equity attributable to shareholders	2,878	2,994
			Perpetual Tier 1 Capital Securities	211	211
			Non-controlling interests	313	315
			Total equity	3,401	3,520
			Total liabilities and equity	25,492	26,942

Performance Measures 1H 2018

%	1H 2017	1H 2018
Return on average assets	1.34%	1.41%
Return on average equity	11.3%	12.3%
Net interest margin	2.59%	2.68%
Cost to income	31.5%	30.6%
NPLs to gross loans	1.23%	1.40%
Loan loss reserves to NPLs	371.3%	254.4%
Common Equity Tier 1 capital (CET 1) Ratio	13.9%	13.6%
Tier 1 Capital Ratio	15.4%	15.1%
Total Capital Adequacy Ratio (CAR)	17.5 %	17.2 %

Consolidated Statement Of Income *(KWD million)*

<i>KWD million</i>	2015	2016	2017
Interest Income	585	665	743
Interest Expense	139	190	224
Net Interest Income	446	476	519
Murabaha and other Islamic financing income	106	128	156
Distribution to depositors and Murabaha costs	22	34	46
Net Income from Islamic financing	84	94	110
Net interest income and net income from Islamic financing	530	570	629
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
Non-interest income	199	176	194
Net Operating Income	729	745	823
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
Operating Expenses	235	252	265
Op. profit before provision for credit losses and impairment losses	494	493	557
Provision charge for credit losses	130	126	175
Impairment losses	34	27	13
Operating profit before taxation	330	341	369
Taxation	33	29	27
Non-controlling interest	14	17	20
Profit attributable to shareholders of the Bank	282	295	322

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
Total Assets	23,598	24,239	26,035
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
Total Liabilities	20,407	20,834	22,474
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
Equity attributable to shareholders of the bank	2,756	2,885	3,029
Perpetual Tier 1 Capital Securities	211	211	211
Non-controlling interests	224	309	321
Total equity	3,191	3,405	3,561
Total liabilities and equity	23,598	24,239	26,035

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