

A stylized globe is the central focus of the slide. The top half of the globe is red, and the bottom half is blue. The globe is overlaid with a white grid of latitude and longitude lines. The globe is set against a background of white and blue curved lines that sweep across the slide, creating a sense of motion and global connectivity.

## National Bank of Kuwait Investor Presentation

June 2015

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# NBK at a Glance

## Snapshot

<b>Background</b>	<ul style="list-style-type: none"> <li>National Bank of Kuwait S.A.K.P (“NBK” or the “Bank”) was established in 1952 as the first local bank and the first shareholding company in Kuwait and as the first indigenous bank in the GCC.</li> <li>The Bank is the leading banking group in Kuwait in terms of assets, customer deposits and customer loans and advances.</li> <li>NBK is the dominant bank in Kuwait with 33.2% market share of assets as of 31 December 2014.</li> <li>The Bank was ranked amongst the 50 safest banks in the world by Global Finance and was named the most valuable banking brand in Kuwait and among the top 10 in the region by Brand Finance.</li> </ul>
<b>Ownership</b>	<ul style="list-style-type: none"> <li>The Bank was established by a group of leading Kuwaiti merchants and it has retained the same core shareholder base since that time.</li> <li>NBK’s shares are listed on the Kuwait Stock Exchange since 1984 with no shareholder holding more 5% of the Bank’s share capital as of 31 December 2014.</li> <li>NBK’s market capitalisation as at 31 December 2014 was USD 14.6bn.</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>The Bank’s core businesses are (i) consumer and private banking, (ii) corporate banking, (iii) Islamic banking and (iv) investment banking and asset management.</li> <li>The Bank operates across 15 countries with a predominant focus on the MENA region.</li> </ul>

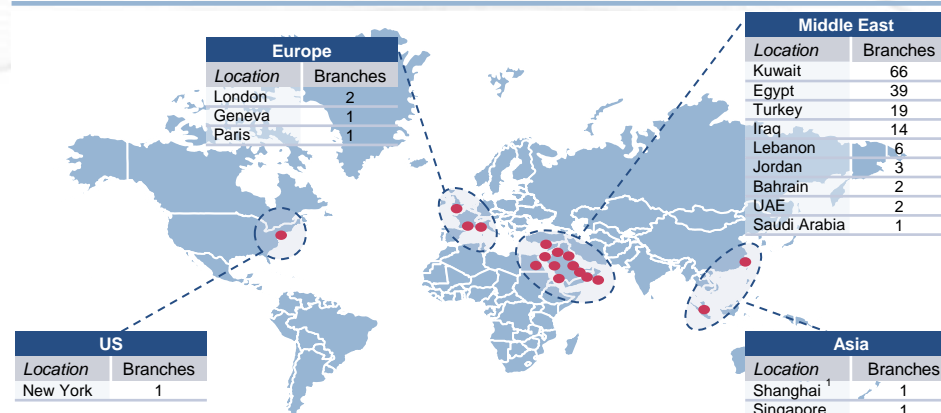
## Credit Ratings

Rating Agency	Long Term Rating	Standalone Rating	Outlook
<b>MOODY’S</b>	Aa3	a3	Stable
<b>STANDARD &amp; POOR’S</b>	A+	a-	Stable
<b>FitchRatings</b>	AA-	a	Stable

## Financial Snapshot

USD million	2012	2013	2014
Total Assets	56,327	63,525	74,399
Loans, advances & Islamic financing	33,677	36,528	40,672
Customer Deposits	32,472	35,786	38,455
Total Equity	8,934	9,262	9,804
Net Operating Income	2,220	2,139	2,258
Net Profit attributable	1,042	813	894
Cost to Income (%)	28.3%	33.1%	32.5%
Net Interest Margin (%)	2.86%	2.70%	2.45%
NPL Ratio (%)	2.75%	1.96%	1.50%
Loan Loss Coverage Ratio (%)	157.1%	199.8%	276.1%
Return on Average Equity (%)	13.4%	10.0%	10.5%
Tier 1 Ratio (%) <sup>2</sup>	17.7%	16.8%	13.3%
Capital Adequacy Ratio (%) <sup>2</sup>	18.3%	17.3%	14.5%

## Overview of Regional and International Geographic Presence



Notes: Through out the investor presentation, the USD/KD exchange rate used is 0.2928 except for March 2014 and March 2015 data, the USD/KD rate used is 0.30025. The rates are based on the Central Bank of Kuwait's closing exchange rates for each reporting period

<sup>1</sup>Shanghai is currently a representative office.

<sup>2</sup> All Capital Adequacy Ratios for the periods prior to 2014 are computed on Basel II basis

# Key Strengths

## High Credit Ratings and among the Top Brand Values Regionally

- NBK has one of the highest credit ratings in the MENA region.
- The Bank was ranked amongst the 50 safest banks in the world by Global Finance and was named the most valuable banking brand in Kuwait and among the top 10 in the Middle East by Brand Finance.

## Sound and Consistent Financial Performance

- NBK has a long history of profitability and remained profitable throughout the global financial crisis.
- The Bank also boasts an excellent asset quality (NPL ratio at 1.5% at end-2014). NBK also maintains strong liquidity which serves as a buffer in times of needs.

## Stable Shareholder Base and Strong Management Team

- The Bank was established in 1952 by a group of leading Kuwaiti merchants and has retained the same core shareholder base since then.
- NBK's stable shareholder base is complemented by a strong and stable Board of Directors and a long-serving executive team with in-depth experience.

## Largest Banking Group in Kuwait with Dominant Market Position

- As at 31 December 2014, the Bank was the largest bank in Kuwait in terms of total assets, loans and customer deposits. In addition, the Bank enjoys a dominant market share across its business segments.
- NBK also has one of the largest and most diversified distribution networks.

## Only Banking Group in Kuwait to Provide Both Conventional and Islamic Banking

- Following its consolidation of Boubyan Bank in 2012, NBK became the only banking group in Kuwait to offer both conventional and Islamic banking services.
- This has allowed the Bank to leverage off the opportunities across both markets, particularly given the growing importance of Islamic Finance in Kuwait.

## A Strong Regional and International Network

- NBK has a strong regional and international presence, with operations in 15 countries, 9 of which are in the MENA region.
- The Bank continues to explore opportunities to expand geographically with a primary focus on further expanding operations in MENA at this stage.



## Strong Investment Banking Capability

- NBK conducts its investment banking and asset management business through its subsidiary, Watani Investment Company K.S.C.C. (Known as NBK Capital).

# Rating Excerpts

*“The standalone C bank financial strength rating assigned to NBK....reflects the bank’s (1) dominant position in its domestic market; (2) resilient core profitability and (3) robust financial fundamentals including consistently good asset quality metrics and strong capitalisation.*”

MOODY’S

Moody’s – 15 October 2014

*“We view NBK’s business position as “strong” reflecting the bank’s leading position in Kuwait, long record of good and stable performance and good management.... The ratings also reflect our view of NBK’s “high” systemic importance in Kuwait, which takes into account the bank’s status as the largest domestic commercial bank with market shares in both loans and deposits exceeding 25%.....*”

STANDARD  
& POOR’S

Standard & Poor’s – 28 May 2014

*“NBK’s company profile has a high influence on its VR. This reflects the bank’s dominant market share in Kuwait (30% of loans at end-1H14) and historical flagship status. As a result, NBK enjoys strong links to the state, even though the majority of its capital is privately owned. NBK has a significantly more diverse business model than peers.*”

FitchRatings

Fitch Ratings – 16 February 2015

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# Overview of Kuwait

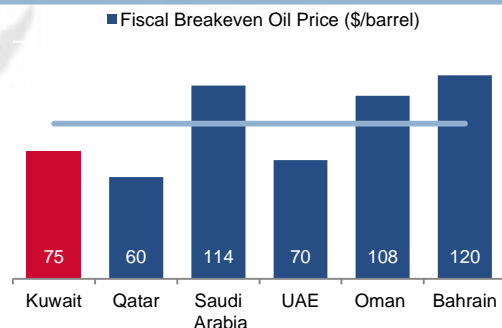
## Snapshot

<b>Overview</b>	<ul style="list-style-type: none"> <li>The State of Kuwait ("Kuwait" or the "Sovereign") is a sovereign emirate on the coast of the Arabian Gulf, covering a total area of 17,818 square kilometers.</li> <li>Kuwait is a constitutional monarchy, headed by His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah (the "Emir").</li> </ul>
<b>Economy</b>	<ul style="list-style-type: none"> <li>Kuwait enjoys an open economy, dominated by the Government sector. Its economy, while primarily dependent on the oil industry, has witnessed increased contribution from non-oil sectors.</li> <li>Kuwait has one of the lowest external break-even oil prices globally, and the lowest in the GCC, making it more resilient to the recent decline in oil prices. In addition, it has registered substantial fiscal and current account surpluses, which serve as a buffer.</li> </ul>
<b>Strategic Vision</b>	<ul style="list-style-type: none"> <li>Kuwait has launched a long-term policy vision under the banner of "Kuwait Vision 2035". The vision encompasses six strategic aims: increasing the GDP, encouraging the private sector, supporting human and social development, promoting demographic policies, enhancing and improving the effectiveness of government administration and consolidating the Islamic and Arab identity. Kuwait has set medium-term development strategies with a view to ultimately achieving its vision.</li> </ul>

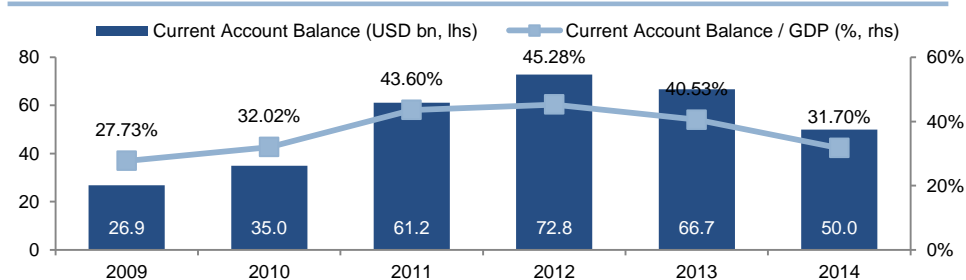
## Key Figures

Key Indicators	2013	2014F
Sovereign Ratings	Aa2 / AA / AA (M / S / F)	
Current Account	USD 68.8bn	USD 62.2bn
Gov Revenues (%GDP)	73.9%	69.8%
Public Debt (% GDP)	6.6%	6.7%

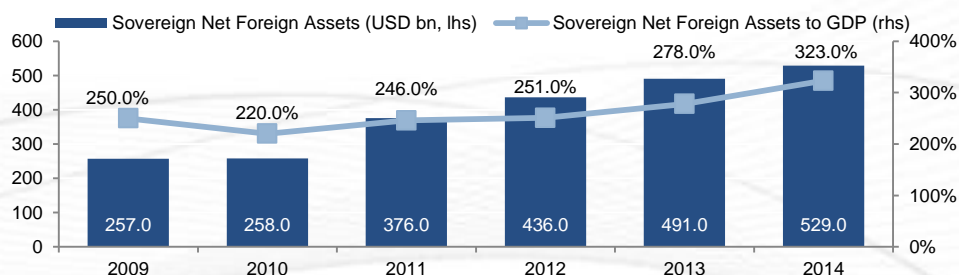
## GCC Fiscal Breakeven Oil Price



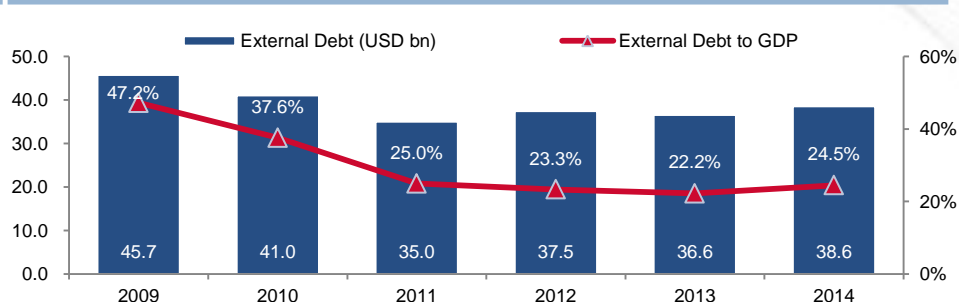
## Substantial Current Account Surpluses



## Strong Sovereign Balance Sheet



## Low External Debt which is Stable as a Share of GDP



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

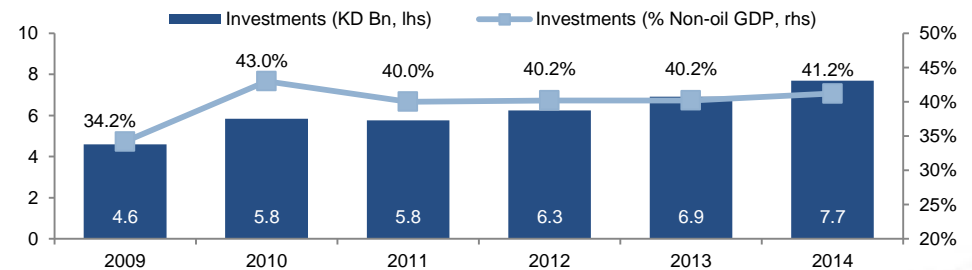


# Overview of Kuwait (Continued)

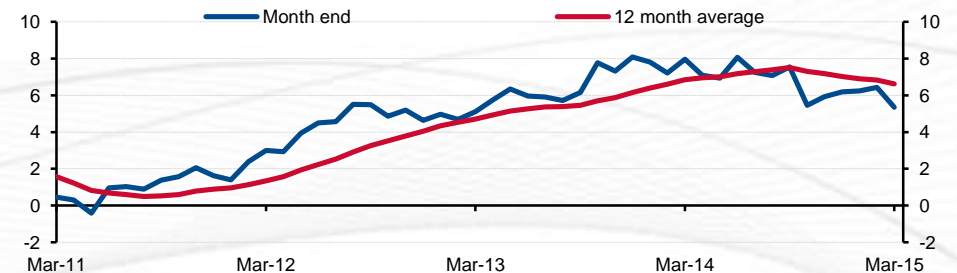
## Recent Developments

<b>GDP Growth</b>	<ul style="list-style-type: none"> <li>Economic growth seen improving despite drop in oil prices, as project awards pick up. Fiscal and external buffers give Kuwait ample capacity to sustain spending plans.</li> <li>Non-oil growth is expected to accelerate slightly as capital spending on projects improves. Non-oil growth is expected around 5% in 2015 and 2016.</li> </ul>
<b>Public Finance</b>	<ul style="list-style-type: none"> <li>Fiscal deficits are likely in the near term with oil prices at current levels, on the back of rapid growth in government spending and lower oil revenues.</li> <li>Inflation expected to remain under control, supported by a stronger dinar and limited global inflation. Domestic pressures have risen, but remain contained.</li> </ul>
<b>Household Debt</b>	<ul style="list-style-type: none"> <li>Household debt growth has moderated but remains healthy. Family Fund write-offs have been partly to blame, removing around 4% off growth</li> <li>Kuwaiti employment growth picked up in 2014, particularly in the private sector. Kuwaiti household income growth has also been healthy, further supporting the household sector.</li> </ul>
<b>Credit Growth</b>	<ul style="list-style-type: none"> <li>Credit growth maintained a recovery though it has been held back by Family Fund write-offs and corporate rescheduling. Pickup in government project implementation has supported credit growth. We expect it in the 8-9% range in 2015.</li> <li>Government project awards accelerated last year. With the recent announcement of mega project awards and a strong pipeline of tenders building up, FY15/16 should see a pick up in execution.</li> </ul>
<b>Real Estate Activity</b>	<ul style="list-style-type: none"> <li>Real estate activity has been strong reaching a record KD 4.3 billion in 2014, sales rose 19%; support has come from strong growth in the investment and commercial segments.</li> </ul>

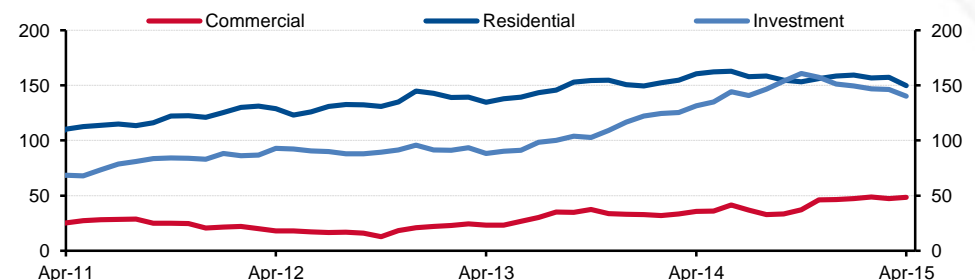
## Investment



## Private and household credit (Change, %/y)



## Real Estate sales 12m average (KD mn)



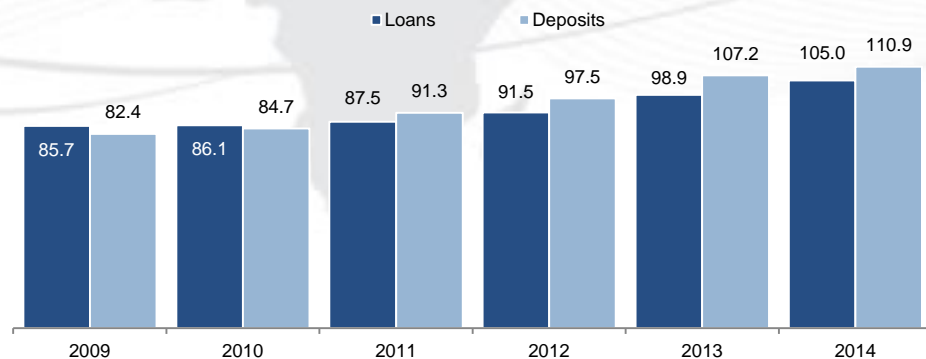
Sources: Central Bank of Kuwait, Central Statistical Bureau, Ministry of Finance, IIF and NBK estimates

# Overview of the Kuwaiti Banking Sector

## Snapshot

- **The Kuwaiti banking sector comprises 23 banks**, including five commercial banks, one specialised bank, five Shari'a-compliant local banks, branches of 11 international conventional banks and a branch of a Saudi Arabian Islamic bank.
- **Highly regulated sector by the Central Bank of Kuwait** ("CBK") with a number of regulations and supervisory norms in place monitoring interest rates charged, lending limits and concentrations, investment limits, liquidity and capital adequacy.
- **The government's financial strengths underpins its capacity to provide support** to the banking sector with historical evidence of support. Most recently, in 2008, the state offered capital support to one bank as well as introduced a blanket guarantee on deposits following the global financial crisis.

## Key Indicators<sup>1</sup> (USD bn)



## Overview of Basel III Implementation in Kuwait

- In June 2014, the Central Bank of Kuwait announced the implementation of the Instructions of Basel III Capital Adequacy Framework in its final format to all local banks.

### Minimum Capital Requirements

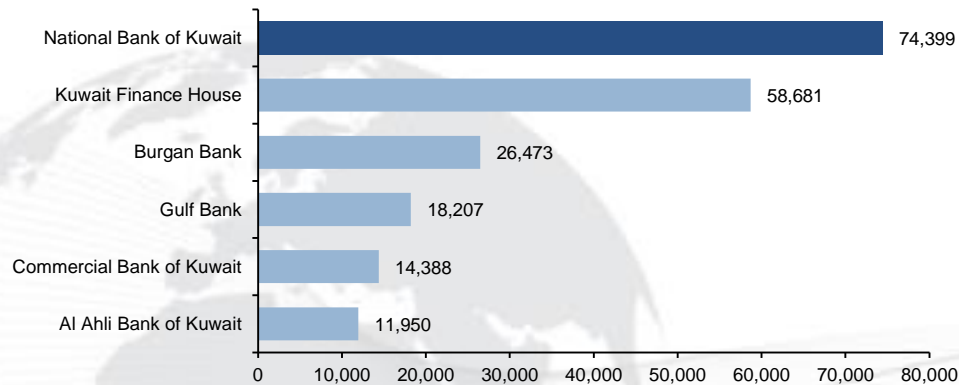
- Kuwait's minimum capital requirements are more stringent, being 2.5%, higher than the Basel III guidance with full phase-in required by December 2016 (as compared to Basel III's Jan-2019 deadline)

Phase-in Arrangements	Dec-2014	Dec-2015	Dec- 2016
<b>Total Common Equity Tier 1</b>	<b>8.5%</b>	<b>9.0%</b>	<b>9.5%</b>
Additional Tier 1	1.5%	1.5%	1.5%
<b>Tier 1</b>	<b>10.0%</b>	<b>10.5%</b>	<b>11.0%</b>
Tier 2	2.0%	2.0%	2.0%
<b>Total minimum CAR</b>	<b>12.0%</b>	<b>12.5%</b>	<b>13.0%</b>
D-SIB	0.5%-2.5% as part of CET1 (by 2016)		

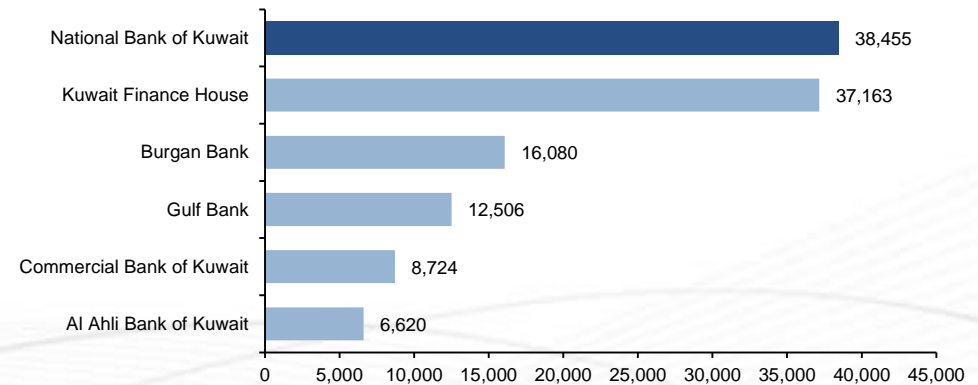
# The Dominant Kuwaiti Franchise

NBK is the leading banking group in Kuwait with a market leading position across its business segments

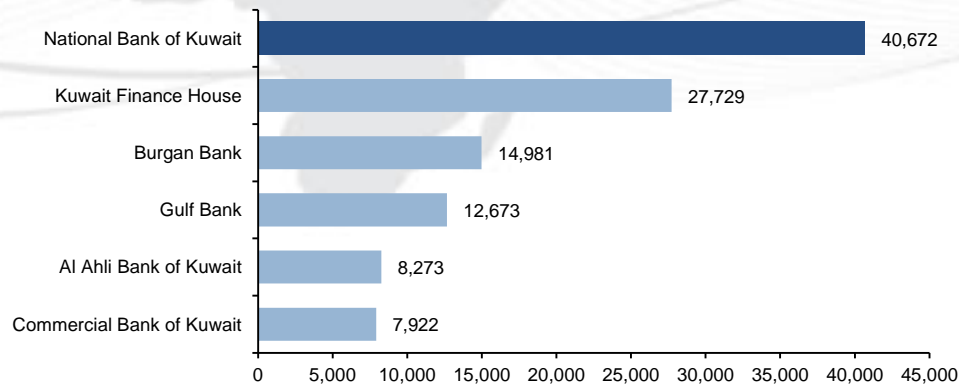
### Total Assets (USD million)



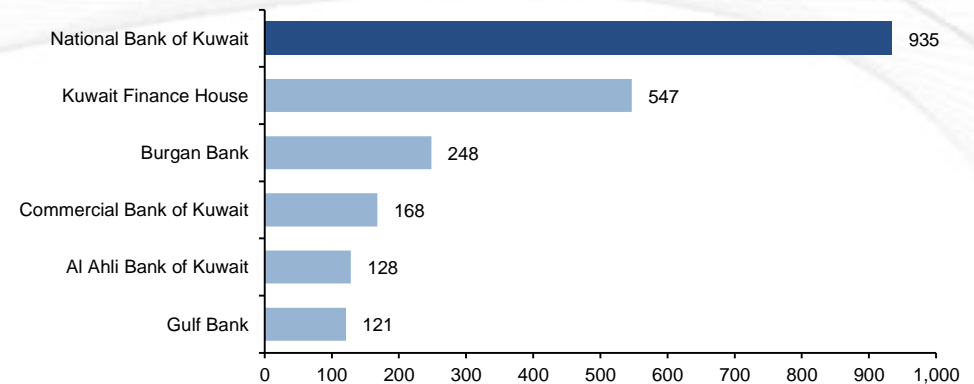
### Customer Deposits (USD million)



### Customer Loans & Advances (USD million)



### Net Profit (USD mn)



Sources: Bank's annual reports. All data as of 31 December 2014 (for Balance Sheet items) or for the full-year 2014 (for Income Statement Items)  
 Note: Kuwait Finance House is an Islamic bank while Burgan Bank, Gulf Bank, Commercial Bank of Kuwait, Al Ahli Bank of Kuwait are conventional banks

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# 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

## Defend and Grow Leadership Position in Kuwait

*Maintain excellence and market leadership position, to expand market shares and to maintain discipline in managing both risks and costs*

### ✓ Corporate Banking

- The Bank aims to (i) remain the primary banker for the leading local companies whilst continuing to be active in the mid-market sector;(ii) remain the bank of choice for foreign companies and continuing to serve at least 75% of those companies and (iii) maintain its current market share in trade finance (over 30%). To achieve the above, NBK will leverage off its different services, expand its coverage and broaden the range of products and services offered.

### ✓ Consumer Banking

- NBK intends to expand its consumer customer base by focusing on profitable consumer segments (such as the affluent and mass affluent segments) and by attracting new clients such as the SMEs.
- Through the above, the Bank aims to maintain its leadership position, maintain its focus on delivery of superior customer service experience and achieve the lowest cost of funds among Kuwaiti conventional banks.

### ✓ Private Banking

- Within the private banking sector, NBK aims to continue to provide a unique proposition to high net worth clients in collaboration with its investment arm. NBK also aims to provide superior customer service through its highly experienced bankers. The Bank also aims to leverage off its existing brand and experience (particularly in Switzerland) to provide access to leading funds and broaden its product portfolio.

## Geographical, and product and service diversification

*Includes expanding regional presence, establishing an Islamic banking franchise and building a leading regional investment bank.*

### ✓ Expand Regional Presence

- The Bank's geographic diversification strategy is to leverage its fundamental strengths and capabilities, including its international reach and strong regional relationships, to build a regional platform and support growth in key markets.
- NBK focuses on markets identified to have long-term potential through a combination of high growth economies, sound demographic trends and opportunities aligned with the Bank's competitive advantages.

### ✓ Establish an Islamic Franchise

- The Bank's strategy, in relation to its Islamic subsidiary, is to differentiate it from other domestic Islamic banks through a clear focus on high net worth and affluent clients and large and mid-market corporate customers.

### ✓ Build Regional Investment Bank

- NBK looks to establish its business as a leading regional investment banking, asset management, brokerage and research operation and to leverage the Group's strong regional position to cross sell these products across the MENA region.

# Kuwait Operations

NBK is a universal bank and the industry leader in all key business segments in Kuwait with an average market share of 30%

## Overview and strategy

### Corporate Banking

- Remain the primary banker for most of the local blue-chip companies, and an active player in the mid-market
- Remain bank of choice among foreign corporations and continue serving 75% of them active in the Kuwaiti market
- Maintain current market share in excess of 30% in trade finance in Kuwait
- Offer differentiated services to large corporate clients leveraging other NBK units
- Increase market share in medium corporate segment through focused teams and relationship management
- Focus on Government mega projects benefiting from NBK's large capital base
- Maintain asset quality with emphasis on credit control and risk management

### Consumer Banking

- Maintain undisputed leadership in retail banking with leading market share and the highest customer penetration among conventional banks
- Maintain focus on customer service
- Expand client base with focus on profitable consumer segments such as affluent and mass affluent, and aim to attract new bankable clients such as SMEs
- Achieve lowest cost of funds among Kuwaiti commercial banks
- Pioneer innovative multi-channel solutions including state of the art internet, mobile banking and call center services
- Focus on the evolution to segment of one by providing tailor-made propositions aiming at better cross-sell, increased product penetration, proactive attrition management utilizing the latest tools and technologies

### Private Banking

- Continue to provide a unique proposition to HNW clientele in collaboration with NBK Capital and the bank's international network
- Provide access to best of breed international funds leveraging NBK Banque Privee's wealth management expertise
- Provide the best service with a dedicated team of over 30 well qualified and experienced private bankers
- Leverage NBK's strong brand to acquire new clients and retain onshore relationships
- Broaden the product portfolio to accommodate growing needs

**NBK is a full-service bank that offers a broad suite of financial services and products to clients, meeting their ever growing and evolving demands**

# International Operations

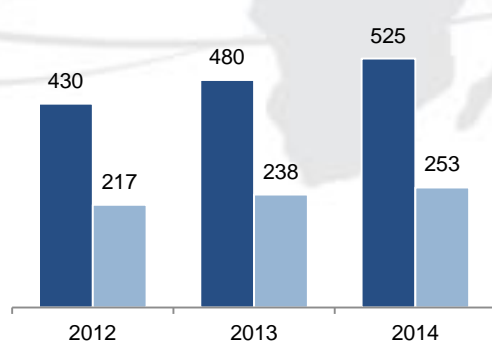
## International Operations

- NBK's international operations currently contributed to circa 27% of its bottom line with the Bank aspiring to increase this contribution.
- The Bank generally aims to maintain a majority stake in its subsidiaries or at least maintain a decision making role.
- NBK's international presence is a differentiating factor for the Bank and an extension of the MENA franchise enabling better service and strengthening client relationships.
- Specifically within the MENA region, the Bank is focused on growing its business in existing and new markets through attracting increased corporate and private customers.
- Meanwhile, across the international locations, the Bank's focus is on servicing its private and corporate customers who are active internationally and growing its business with international companies that are active in the MENA region.
- Within its international network, NBK is focused on managing risks and costs to improve efficiency and achieve long-term cost savings and productivity gains.

## Overview of Performance

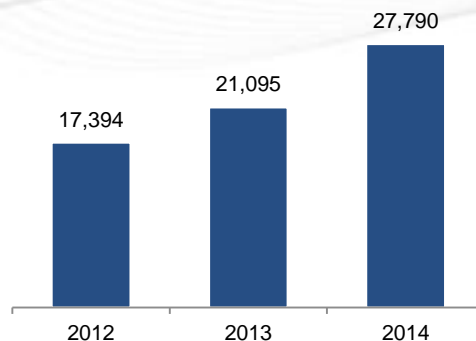
### Revenue Trends (USD mn)

■ Net Operating Income    ■ Net Profit



### Balance Sheet Trends (USD mn)

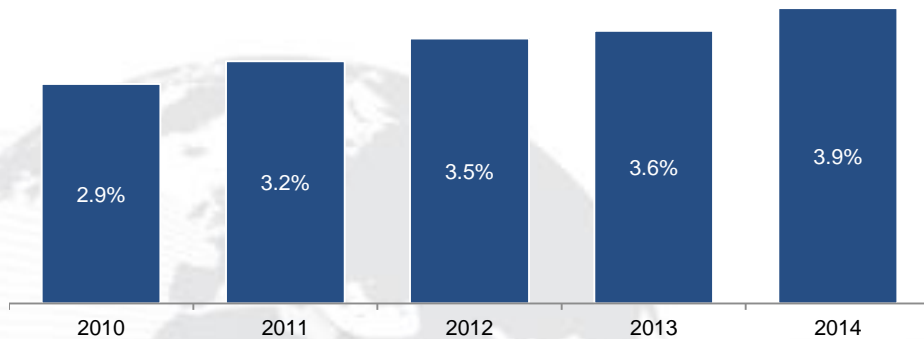
■ Segment Assets



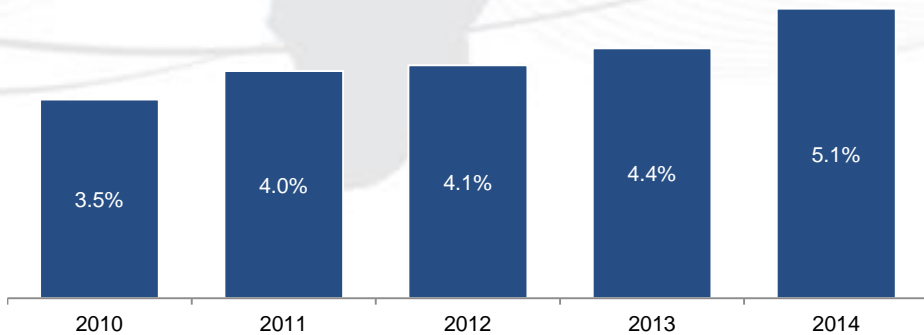
	Established or acquired	Branches	Legal structure
<b>International</b>			
London	1983	2	Subsidiary
New York	1984	1	Branch
Geneva	1984	1	Subsidiary
Singapore	1984	1	Branch
Paris	1987	1	Branch
Shanghai	2005	1	Rep office
<b>MENA region</b>			
Bahrain	1987	2	Branch
Lebanon	1996	6	Subsidiary
Jordan	2004	3	Branch
Iraq	2005	14	Subsidiary
Saudi Arabia	2006	1	Branch
Egypt	2007	39	Subsidiary
Turkey	2007	19	Associate
UAE	2008	2	Branch

# Boubyan Bank (58.4% owned subsidiary)

## Market share of Total Assets(%)



## Market share of Total Deposits (%)



## Key Highlights

- Islamic banking has been gaining strong grounds in the Kuwaiti market in recent years, representing close to 40% of assets and deposits at year-end 2014.
- After a series of gradual share acquisitions since 2009, NBK's stake in Boubyan bank reached 58.4% in 2012. Through Boubyan, NBK aims at diversifying its income stream, complementing its product offering as well as targeting a new segment of clients.
- The size and market share development of Boubyan relative to other Islamic banks leaves significant room for repositioning the bank and acquiring market share.
- As the largest single shareholder, NBK is committed to the future growth and transformation of Boubyan Bank and establishing strong presence in the growing Islamic banking segment.
- Leading international consulting firms have assisted Boubyan in developing a new strategy aiming to differentiate the bank from other players with a clear focus on HNWI, affluent and mid/large companies.
- The bank's transformation and strategy implementation is led by a highly proficient management team with extensive regional banking experience, with key positions filled by NBK veterans aligned with the NBK culture.

Notes: Market share data based on the consolidated data of all banks operating in Kuwait



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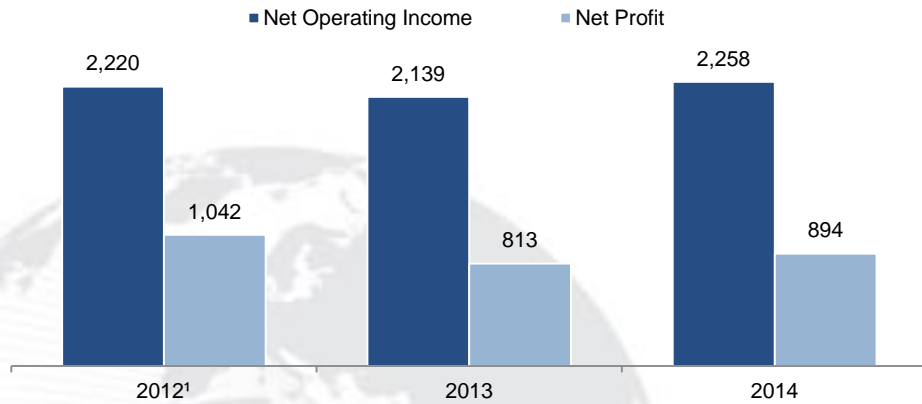
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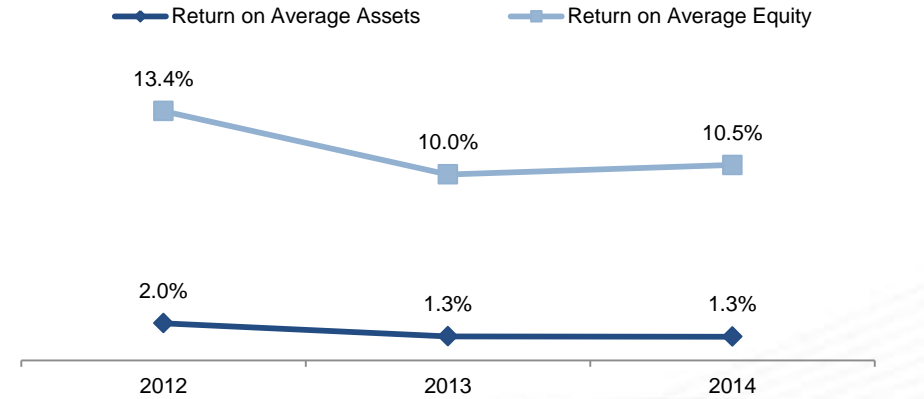
Appendix

# Operating Performance & Profitability

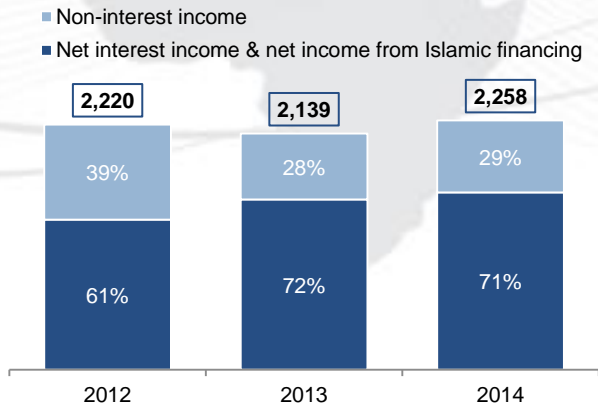
## Resilient Profitability (USD mn)



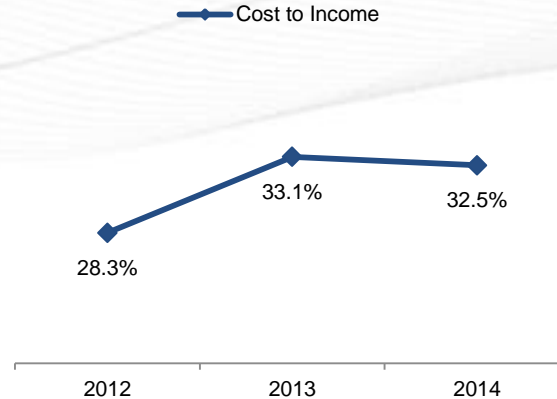
## Stable Returns (%)



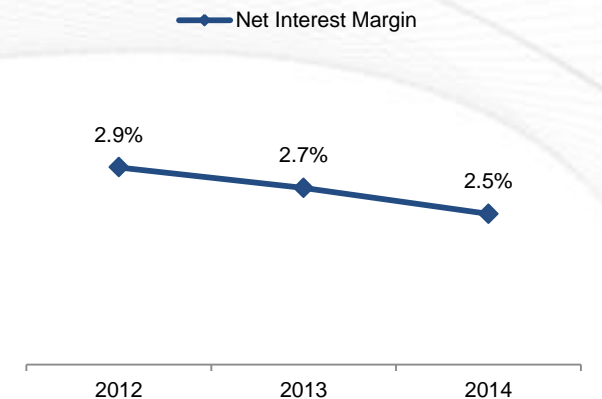
## Operating Income Composition (USD mn)



## Operating Efficiency (%)



## Interest Margins (%)

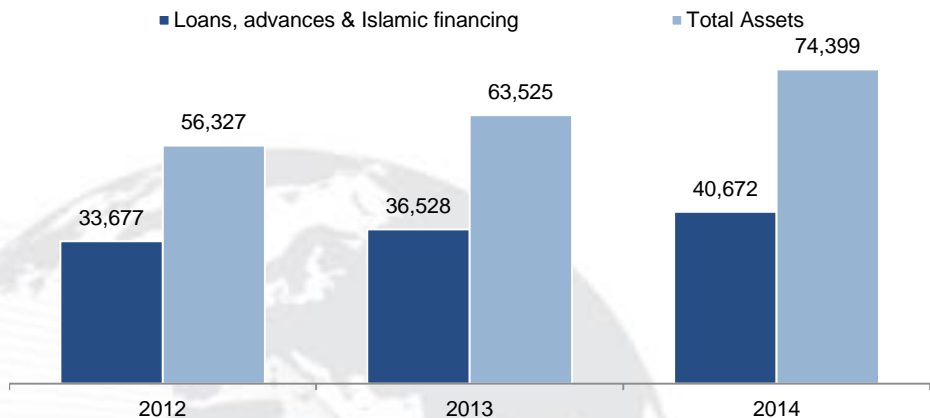


Notes:

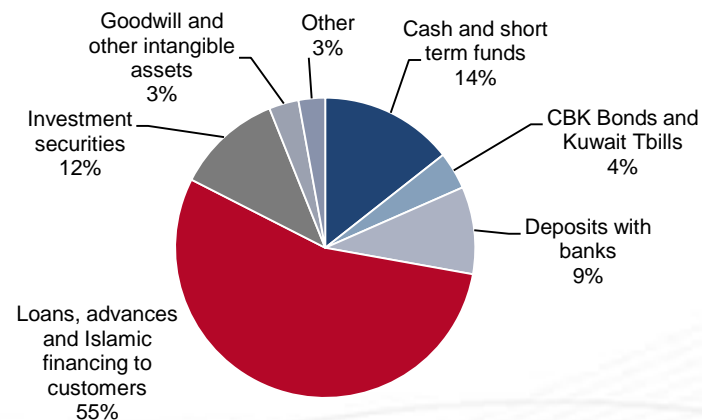
<sup>1</sup>Profitability metrics for 2012 include a one-off gain of USD 278mn due to the revaluation gains on the consolidation of Boubyan Bank

# Balance Sheet Parameters

## Assets & Loans and Advances (USD mn)

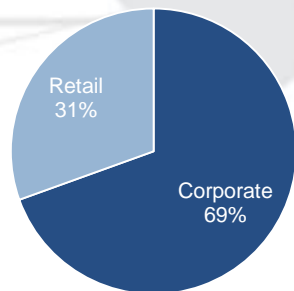


## Breakdown of Assets by Type (As at 31 December 2014)



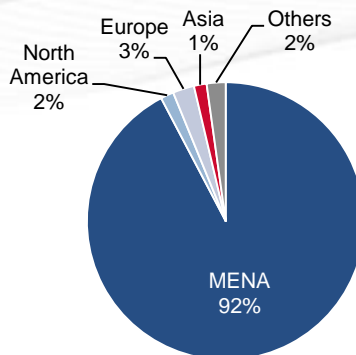
## Breakdown of Gross Loans and Advances

### By Type - As at 31 December 2014



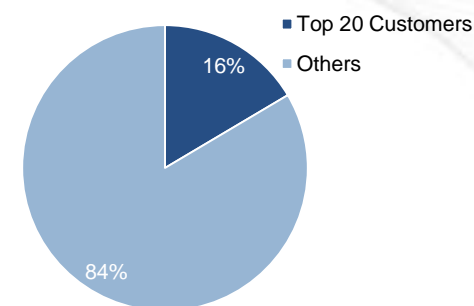
## Breakdown of Gross Loans and Advances

### By Geography - As at 31 December 2014



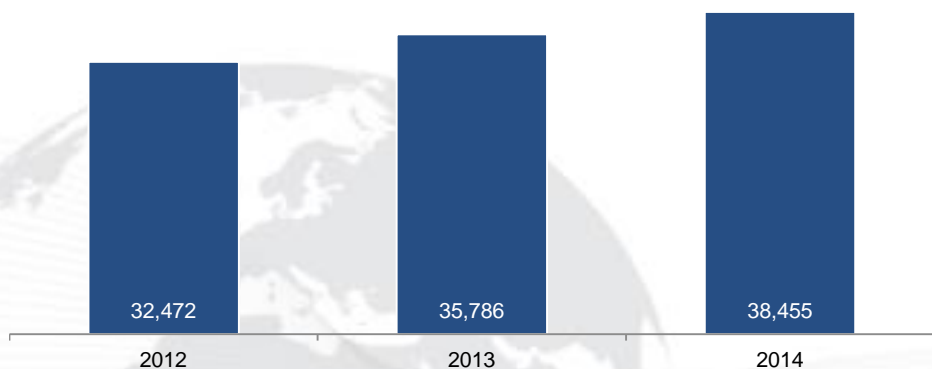
## Low loan concentrations

### As at 31 December 2014

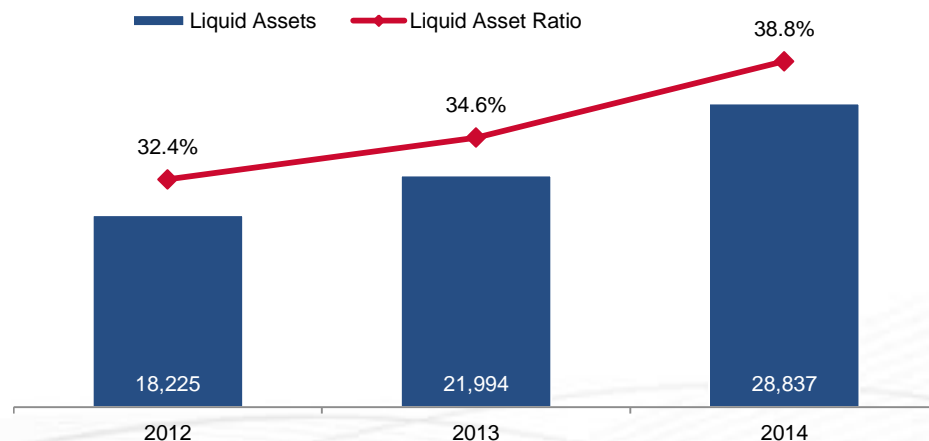


# Funding and Liquidity Positions

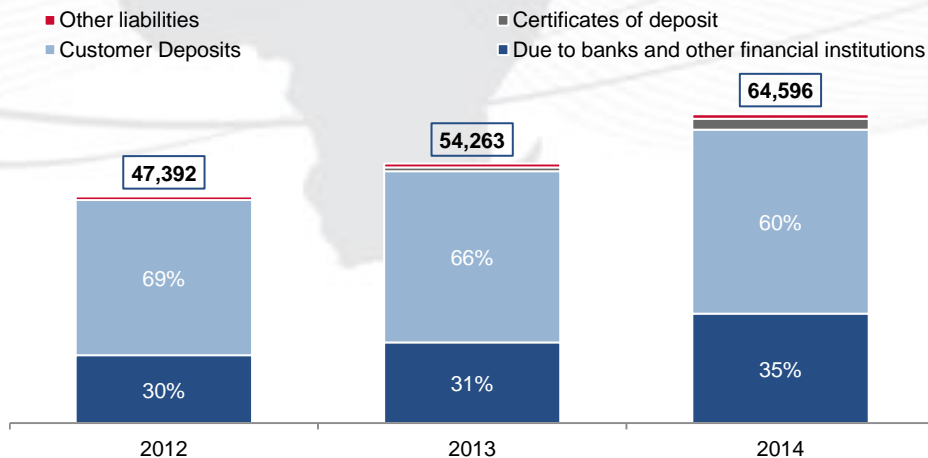
## Customer Deposits (USD mn)



## Strong Liquidity Position (USD mn)

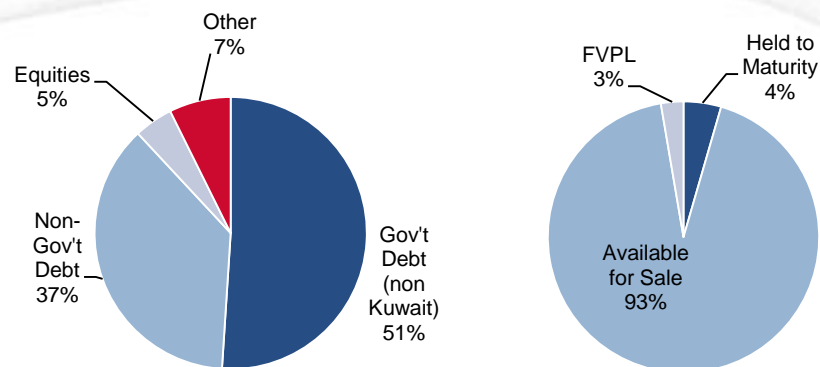


## (Total Liabilities) Funding Mix (USD mn)



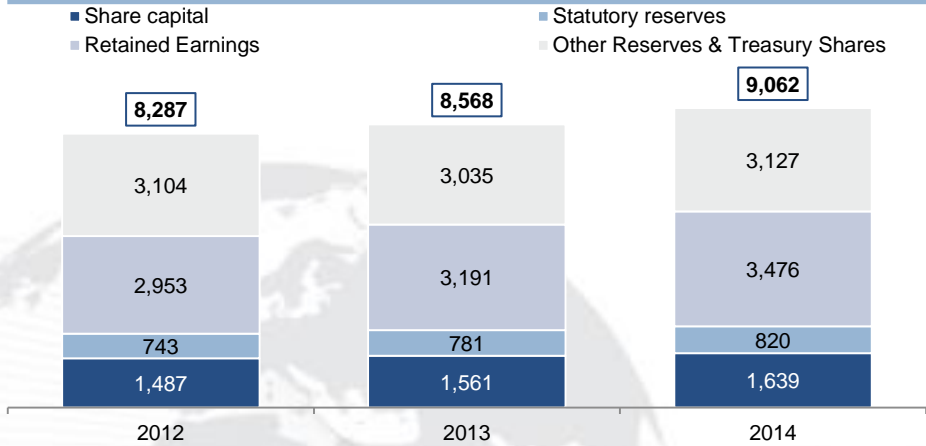
## Overview of Investment Securities<sup>1</sup> – USD 8.5bn

As at 31 December 2014

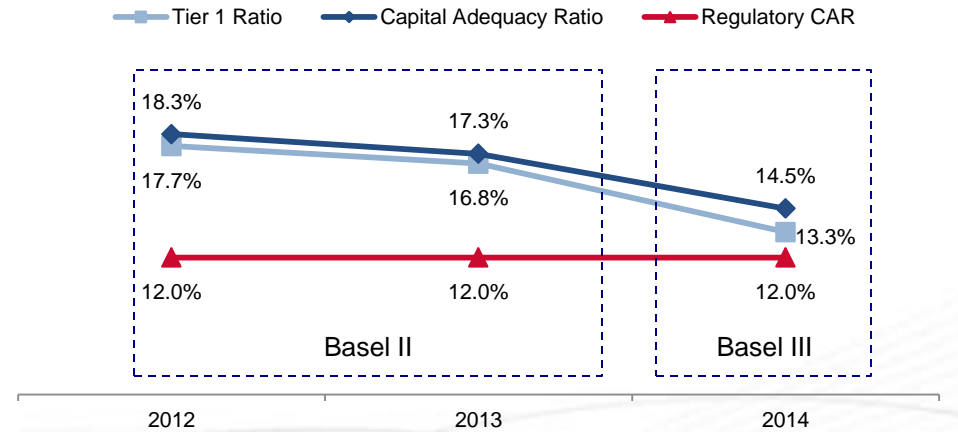


# Capitalization and Asset Quality

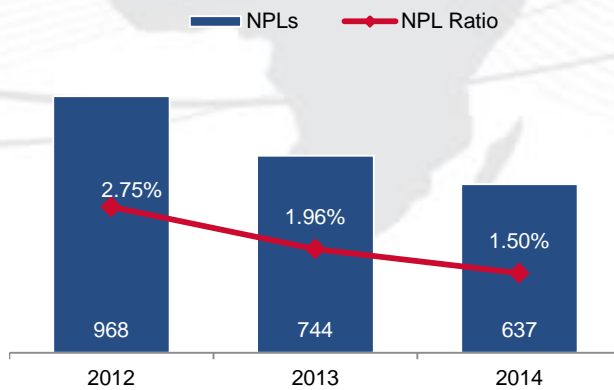
### Total Equity<sup>1</sup> Breakdown (USD mn)



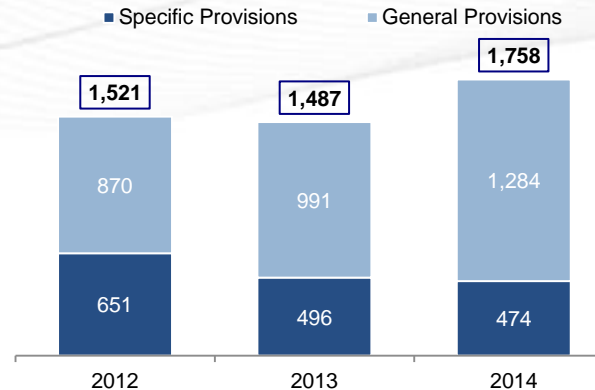
### Capital Adequacy<sup>2</sup> (%)



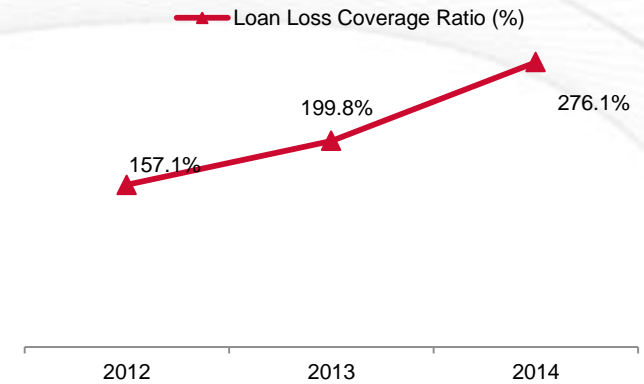
### Non-Performing Loans



### Prudent Provisioning (USD mn)



### Loan Loss Coverage Ratio (%)



## Section 1

Overview of NBK

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Overview of Operating Environment

## Section 3

Business Overview

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Financial Performance

## Section 5

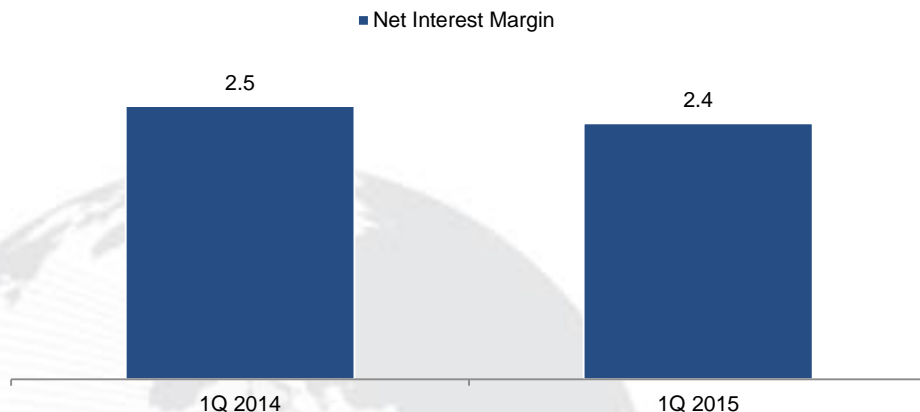
Performance Overview 1Q 2015

## Section 6

Appendix

# 1Q 2015 Key Performance Extracts

## Interest Margins (%)

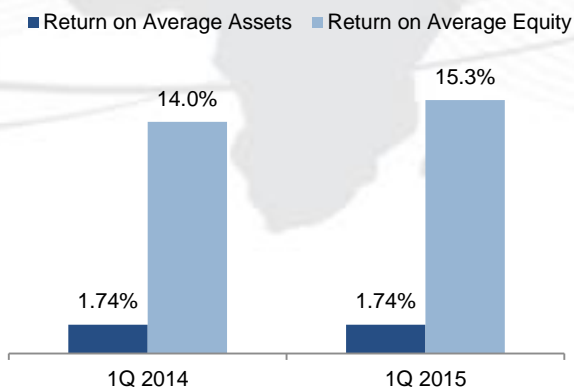


## Income Statement Key Highlights (USDmn)

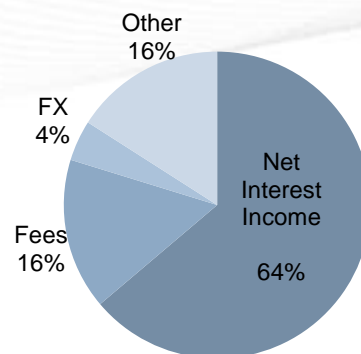
USD million	1Q 2014	1Q 2015
Net Interest Inc. & net inc. from Islamic financing	380	417
Fees and Commissions	97	102
<b>Net Operating Income</b>	<b>528</b>	<b>648</b>
Total Operating Expenses	169	178
<b>Operating Surplus</b>	<b>359</b>	<b>470</b>
Provision charge for credit losses	52	72
Impairment losses	-	24
Taxation	20	42
Non-Controlling Interests	7	10
<b>Profit Attributable to Shareholders</b>	<b>280</b>	<b>321</b>

## Strong returns and well-diversified earnings

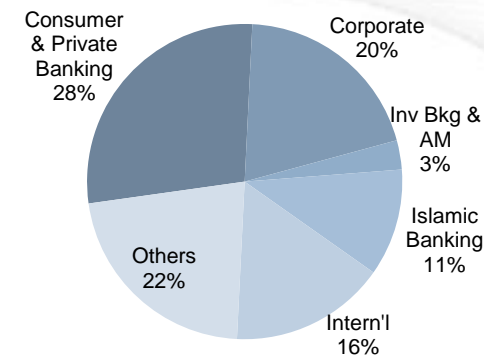
### Strong Returns (%)



### Operating Income by type

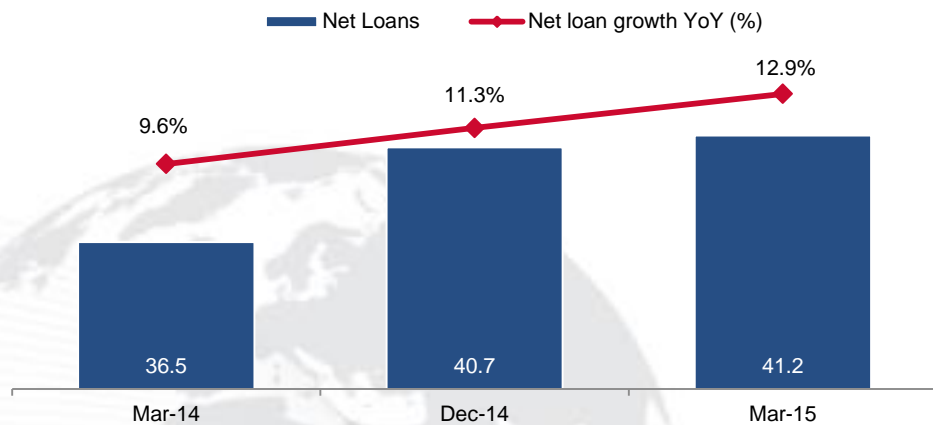


### Operating Income by Business Line

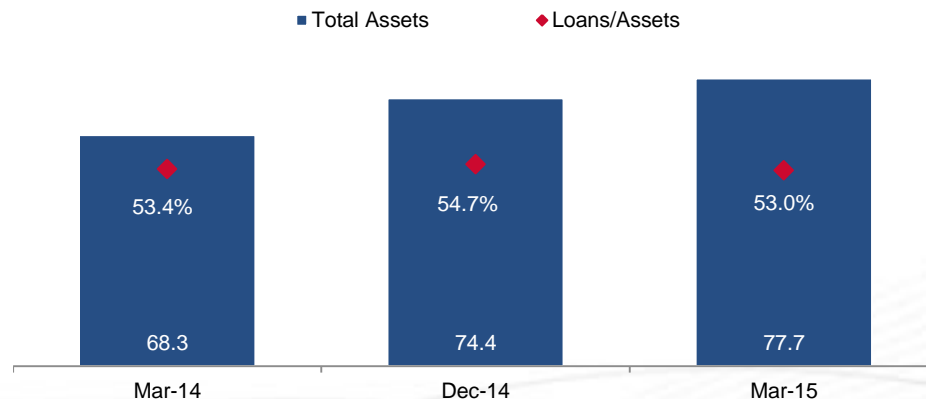


# 1Q 2015 Key Performance Extracts (Continued)

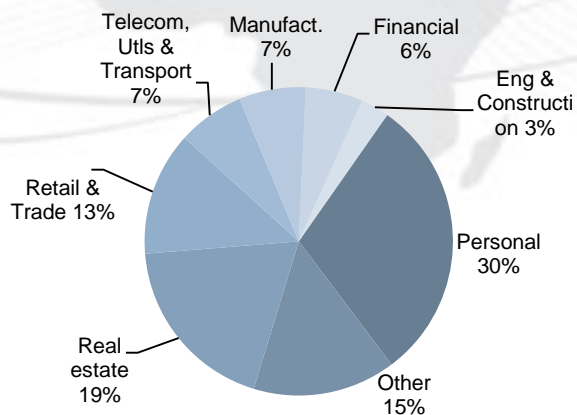
## Net Loan Portfolio (USD bn)



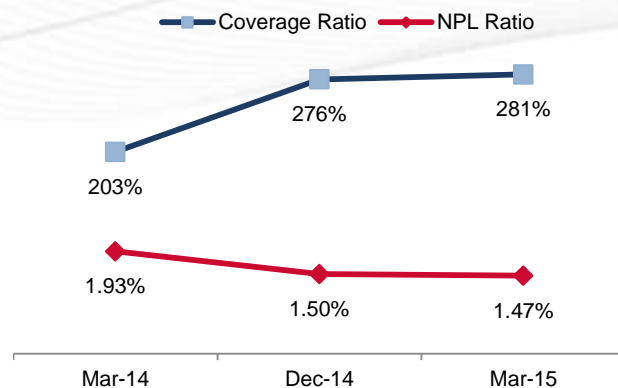
## Loans to Assets (USD bn)



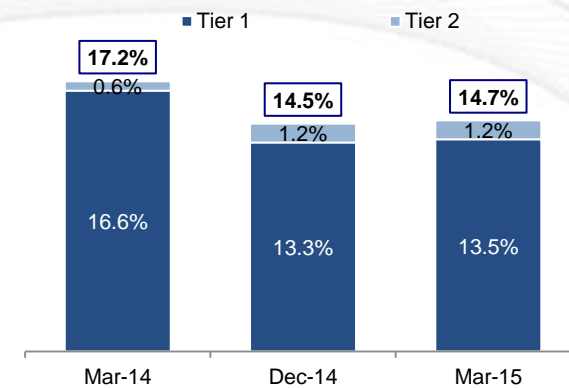
## Loan exposure by sector (%)



## Non-Performing Loans



## Prudent Capitalization (%)





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Transaction Summary & Structure Overview

## Section 6

Appendix

# Kuwait Selected Mega Projects

Project	Sector	Value (KD bn)	Scope	Status
<b>Kuwait Health Assurance Co. (PPP)</b>	Healthcare	NA	Health insurance, medical treatment for non-Kuwaitis. Also, 3 hospitals & 15 clinics	<b>Awarded:</b> Founding Assembly held, a board of directors has been formed but awaits ministerial approval. Each citizen expected to receive 1000 shares.
<b>Al-Jahra Hospital</b>	Healthcare	0.4	Capacity: 1,157 beds, parking facilities for 3,000 cars	<b>Bidding:</b> The client has approved Mohammed Abdulmohsin Al Kharafi & Sons as the main contractor on the project A formal contract is yet to be signed.
<b>Khairan City</b>	Housing	3.9	140 million m <sup>2</sup> residential city, incl 10,000 houses, 22,000 apts, other facilities	<b>Planning:</b> The client has awarded a consultancy contract (\$10.2 m) to McKinsey and Company. The contract includes carrying out a governance consultation and an economic feasibility study for the project.
<b>Mutlaa City</b>	Housing	0.7	21,000 residential units, schools and other facilities	<b>Planning:</b> The client has awarded a consultancy contract (\$10.2 m) to McKinsey and Company. The contract includes carrying out a governance consultation and an economic feasibility study for the project.
<b>New Refinery Project (NRP)</b>	Oil & gas	4.0	New 615,000 bpd refinery by KNPC	<b>Planning:</b> Bids on packages 1-3 were submitted on March 8 <sup>th</sup> . All 5 packages are currently under review.
<b>Clean Fuels Project (CFP)</b>	Oil & gas	3.4	Specification upgrade and expansion of 2 existing refineries	<b>Underway:</b> for MAB - Package 2: Gulf Dredging and General Contracting, an affiliate of Heisco, has been appointed as the civil contractor by Hyundai Heavy Industries; however, the contract is yet to be signed.
<b>Al Zour North IWPP – Phase 1 (PPP)</b>	Power & water	0.6 (2.4 all phases)	1500 MW power generation capacity, 100 MIGPD desalination capacity	<b>Underway:</b> According to a company press release progress on the power plant reaches 65%; the water desalination plant 50%
<b>Umm Al Hayman Waste Water (PPP)</b>	Power & water	0.4	Initial treatment capacity of 500,000 m <sup>3</sup> /d. Plant may replace Riqqa WWTP in future	<b>Bidding:</b> A possible restart of the pre-qualification process based on the New PPP Law 116/2014 upon the issuance of its bylaws.
<b>Airport Expansion</b>	Transport	1.7	Project includes new terminal building and a new runway	<b>Bidding:</b> MPW announced the tender for the New Terminal Package has been canceled. The government is considering the option of re-tendering the project under a BOT (PPP) model.
<b>Mubarak Al-Kabeer Seaport Project– Phase 1</b>	Transport	1.4 (2.3 all phases)	Building a seaport on Bubiyan island	<b>Underway:</b> Construction work on Package one is nearly complete. Main contract tender issue for package 3A is expected in 2Q15 following the completion of the design, expected to take three months.
<b>Kuwait Metro (PPP)</b>	Transport	5.6	200km long, running across Kuwait. 10% of the project is underground	<b>Planning:</b> KAPP is once again responsible for tendering the project
<b>Kuwait National Railroad (PPP)</b>	Transport	2.0	Railroad system linking Kuwait to rest of GCC	<b>Planning:</b> KAPP is once again responsible for tendering the project; consultants are being pre-qualified for design of phase 1
<b>Sheikh Jaber Al Ahmed Al Sabah Causeway</b>	Transport	0.7	37 km causeway linking Kuwait City with Subiya area in northern Kuwait	<b>Underway:</b> Construction works on the project have progressed by 28. The work on the south has progressed over 45% and that in the north by 32%.

# Consolidated Financials 1Q 2015

USD million	Mar-14	Mar-15
Interest Income	415	456
Interest Expense	89	102
<b>Net Interest Income</b>	<b>326</b>	<b>355</b>
Murabaha and other Islamic financing income	65	81
Distribution to depositors and Murabaha costs	11	18
<b>Net Income from Islamic financing</b>	<b>54</b>	<b>63</b>
<b>Net interest income and net income from Islamic financing</b>	<b>380</b>	<b>417</b>
Net fees and commissions	97	102
Net investment income	12	101
Net gains from dealing in foreign currencies	20	25
Share of results of associates	16	1
Other operating income	3	2
<b>Non-interest income</b>	<b>148</b>	<b>231</b>
<b>Net Operating Income</b>	<b>528</b>	<b>648</b>
Staff expenses	97	103
Other administrative expenses	56	59
Depreciation of premises and equipment	12	13
Amortisation of intangible assets	4	4
<b>Operating Expenses</b>	<b>169</b>	<b>178</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>359</b>	<b>470</b>
Provision charge for credit losses	52	72
Impairment losses	0	24
<b>Operating profit before taxation</b>	<b>307</b>	<b>373</b>
Taxation	20	42
Non-controlling interest	7	10
<b>Profit attributable to shareholders of the Bank</b>	<b>280</b>	<b>321</b>

USD million	Mar-14	Mar-15
Cash and short term funds	11,788	13,074
Central Bank of Kuwait bonds	2,368	1,995
Kuwait Government Treasury bonds	1,134	1,133
Deposits with banks	3,987	7,172
Loans, advances and Islamic financing to customers	36,484	41,197
Investment securities	8,101	9,166
Investment in associates	851	384
Land, premises and equipment	643	700
Goodwill and other intangible assets	2,326	2,280
Other assets	595	575
Investment in associate held for sale	-	-
<b>Total Assets</b>	<b>68,279</b>	<b>77,676</b>
Due to banks and other financial institutions	20,270	26,419
Customer deposits	37,038	38,923
Certificates of deposit issued	1,182	2,003
Other liabilities	853	939
<b>Total Liabilities</b>	<b>59,343</b>	<b>68,282</b>
Share capital	1,599	1,679
Proposed bonus shares	-	-
Statutory reserve	761	799
Share premium account	2,331	2,331
Treasury shares	(262)	(259)
Treasury share reserve	50	47
Other reserves	3,760	4,076
<b>Equity attributable to shareholders</b>	<b>8,238</b>	<b>8,672</b>
Non-controlling interests	699	721
<b>Total equity</b>	<b>8,937</b>	<b>9,393</b>
<b>Total liabilities and equity</b>	<b>68,279</b>	<b>77,676</b>

# Consolidated Statement Of Income

<i>USD million</i>	2012	2013	2014
Interest Income	1,678	1,671	1,754
Interest Expense	406	347	390
<b>Net Interest Income</b>	<b>1,273</b>	<b>1,324</b>	<b>1,364</b>
Murabaha and other Islamic financing income	102	252	297
Distribution to depositors and Murabaha costs	16	34	59
<b>Net Income from Islamic financing</b>	<b>86</b>	<b>218</b>	<b>239</b>
<b>Net interest income and net income from Islamic financing</b>	<b>1,359</b>	<b>1,542</b>	<b>1,603</b>
Net fees and commissions	353	379	416
Net investment income	375	64	113
Net gains from dealing in foreign currencies	82	90	93
Share of results of associates	46	56	26
Other operating income	5	9	6
<b>Non-interest income</b>	<b>861</b>	<b>597</b>	<b>655</b>
<b>Net Operating Income</b>	<b>2,220</b>	<b>2,139</b>	<b>2,258</b>
Staff expenses	349	393	418
Other administrative expenses	218	245	247
Depreciation of premises and equipment	47	50	52
Amortisation of intangible assets	14	20	17
<b>Operating Expenses</b>	<b>627</b>	<b>707</b>	<b>735</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>1,592</b>	<b>1,432</b>	<b>1,523</b>
Provision charge for credit losses	424	490	463
Impairment losses	50	18	38
<b>Operating profit before taxation</b>	<b>1,118</b>	<b>924</b>	<b>1,022</b>
Taxation	64	65	87
Non-controlling interest	12	46	41
<b>Profit attributable to shareholders of the Bank</b>	<b>1,042</b>	<b>813</b>	<b>894</b>

# Consolidated Statement Of Financial Position

<i>USD million</i>	2012	2013	2014
Cash and short term funds	5,501	8,238	10,697
Central Bank of Kuwait bonds	2,098	1,825	1,826
Kuwait Government treasury bonds	1,217	1,094	1,177
Deposits with banks	4,110	3,073	7,003
Loans, advances and Islamic financing to customers	33,677	36,528	40,672
Investment securities	5,386	8,027	8,517
Investment in associates	728	887	408
Land, premises and equipment	654	656	695
Goodwill and other intangible assets	2,469	2,391	2,378
Other assets	487	806	555
Investment in an associate held for sale	-	-	473
<b>Total Assets</b>	<b>56,327</b>	<b>63,525</b>	<b>74,399</b>
Due to banks and other financial institutions	14,191	16,888	22,902
Customer deposits	32,472	35,786	38,455
Certificates of deposit issued	-	823	2,306
Other liabilities	730	767	933
<b>Total Liabilities</b>	<b>47,392</b>	<b>54,263</b>	<b>64,596</b>
Share capital	1,487	1,561	1,639
Proposed bonus shares	74	78	82
Statutory reserve	743	781	820
Share premium account	2,390	2,390	2,390
Treasury shares	(270)	(274)	(269)
Treasury share reserve	61	55	51
Other reserves	3,802	3,977	4,349
<b>Equity attributable to shareholders of</b>	<b>8,287</b>	<b>8,568</b>	<b>9,062</b>
Non-controlling interests	647	693	742
<b>Total equity</b>	<b>8,934</b>	<b>9,262</b>	<b>9,804</b>
<b>Total liabilities and equity</b>	<b>56,327</b>	<b>63,525</b>	<b>74,399</b>