

A large, stylized graphic of a globe dominates the background. The globe is rendered in shades of red and blue, with white grid lines representing latitude and longitude. The globe is tilted, showing the Middle East and parts of Africa and Europe. The overall design is modern and professional.

# National Bank of Kuwait Investor Presentation

January 2019

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## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2018

## Section 6

Appendix

## 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 more than 30% market share of assets.</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 only one shareholder holding owning more than 5% of the Bank's share capital (PIFSS owns 5.53% as of December 2017).</li> <li>NBK's market capitalisation as at 31 December 2018 was USD 16.8 bn.</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>

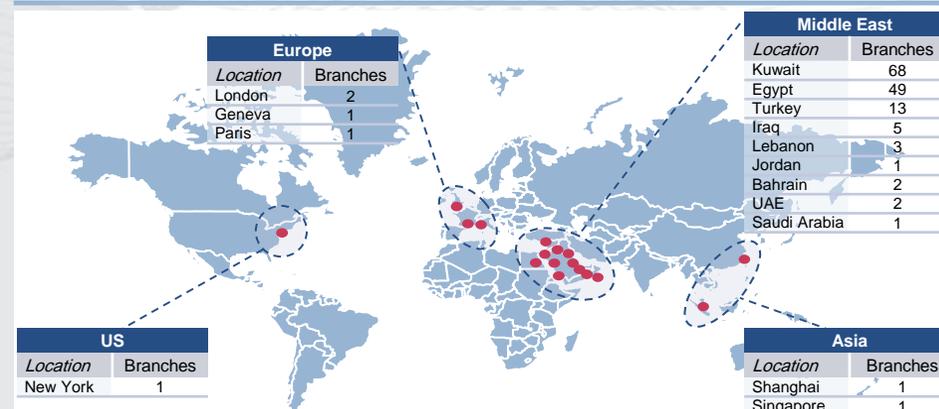
## Credit Ratings

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	2016	2017	2018
Total Assets	79,917	85,838	90,432
Loans, advances & Islamic financing	44,878	47,816	51,116
Customer Deposits	41,570	45,432	47,441
Total Equity	11,226	11,741	12,203
Net Operating Income	2,457	2,712	2,912
Net Profit attributable	973	1,063	1,222
Cost to Income (%)	33.8%	32.3%	31.3%
Net Interest Margin (%)	2.47%	2.61%	2.69%
NPL Ratio (%)	1.28%	1.42%	1.38%
Loan Loss Coverage Ratio (%)	365.2%	287.5%	228.1%
Return on Average Equity (%)	10.2%	10.8%	12.0%
Tier 1 Ratio (%)	15.7%	15.8%	15.3%
Capital Adequacy Ratio (%)	17.7%	17.8%	17.2%

## Overview of Regional and International Geographic Presence



Notes: Through out the investor presentation, the USD/KD exchange rate used is 0.30330. The rate is based on the Central Bank of Kuwait's closing exchange rate as of 31/12/2018

## 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.

## Largest Banking Group in Kuwait with Dominant Market Position

- As at 31 December 2018, 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.

## 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 1.38% at end-2018). 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.



## 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 strengthening operations in MENA region.

## 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).

*“The standalone baseline credit assessment (BCA) of a3, reflects the bank’s (1) dominant position in its domestic market, underpinning its resilient core profitability and growth prospects; and (2) robust financial fundamentals including consistently strong asset quality, as well as adequate capitalisation and liquidity.”*

**MOODY’S**

**Moody’s – 03 October 2018**

*“We view NBK’s business position as “strong,” reflecting the bank’s leading position in Kuwait. We believe NBK’s business model, which is more diversified than that of many emerging peers, will help the group exhibit resilience in the challenging economic environment..... The stable outlook reflects our expectation that NBK’s asset quality and capitalization will remain relatively stable, its market position strong, and its funding and liquidity relatively unchanged.”*

**STANDARD  
& POOR’S**

**Standard & Poor’s – 22 June 2017**

*“NBK’s Viability Rating (VR) reflects its leading franchise and diversified business model, strong management team, strong asset quality, stable profitability, solid capitalisation, stable funding and liquidity and a stable operating environment in Kuwait.”*

**FitchRatings**

**Fitch Ratings – 27 November 2018**

## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2018

## Section 6

Appendix

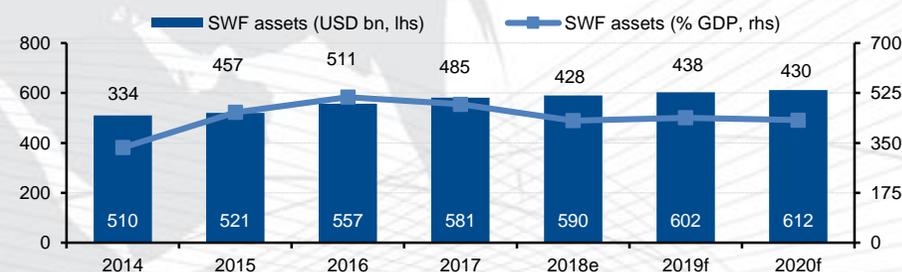
## Snapshot

<b>Overview</b>	<ul style="list-style-type: none"> <li>The State of Kuwait ("Kuwait" or the "Sovereign") is a sovereign state 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 the Emir, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah.</li> </ul>
<b>Economy</b>	<ul style="list-style-type: none"> <li>Kuwait enjoys an open economy, dominated by the government sector. Its economy is heavily dependent on oil, although contributions from other sectors is growing.</li> <li>Kuwait has one of the lowest breakeven oil prices globally, and the lowest fiscal breakeven in the GCC, making it more resilient to low oil prices. It has accumulated substantial fiscal and external surpluses over the years, which serve as a buffer.</li> </ul>
<b>Strategic Vision</b>	<ul style="list-style-type: none"> <li>Kuwait has launched a long-term vision under the banner of "Kuwait Vision 2035". The vision encompasses six strategic aims: increasing GDP growth, encouraging the private sector, supporting human and social development, promoting demographic policies, enhancing and improving the effectiveness of government administration, and consolidating the country's Islamic and Arab identity. Kuwait has set medium-term development strategies with a view to ultimately achieving this vision.</li> </ul>

## Current account recovers into surplus



## Strong sovereign balance sheet



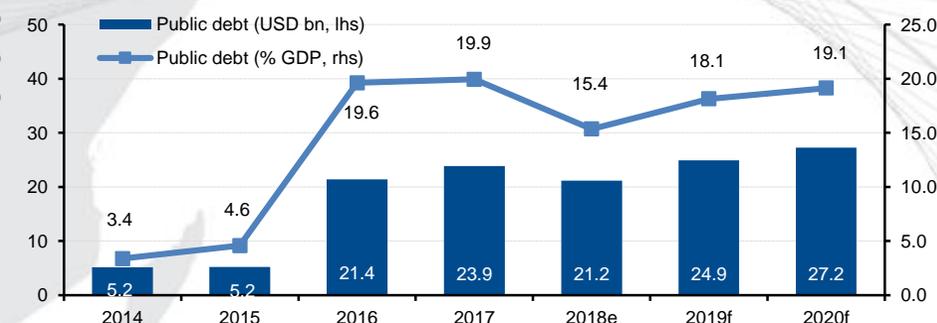
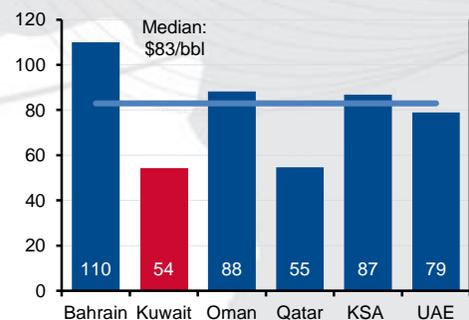
Note: Unofficial estimates

## Key Figures

## GCC fiscal breakeven oil price

## Public debt remains relatively low as a share of GDP

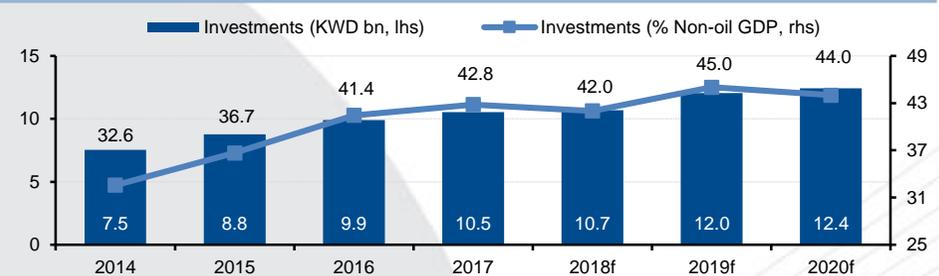
Key Indicators	2019F	2020F
GDP (\$ billion)	138	143
Sovereign Ratings	Aa2 / AA / AA (M / S / F)	
Current Account	\$14.2 bn	\$13.2 bn
Gov Revenues (%GDP)	46	45
Public Debt (% GDP)	18.1	19.1



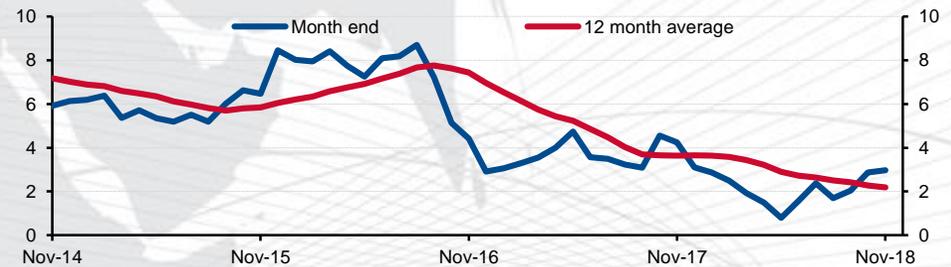
## Recent Developments

<b>GDP Growth</b>	<ul style="list-style-type: none"> <li>Real GDP is estimated to have expanded by 2.9% in 2018 before slowing to around 2.0% in 2019 and 2020, mostly on lower oil production as Kuwait adheres to OPEC's latest cuts.</li> </ul>
<b>Public Finance and Inflation</b>	<ul style="list-style-type: none"> <li>Non-oil growth is set to expand at a moderate pace of 3% over the forecast period, supported by capital and consumer spending.</li> <li>Public spending on projects, as well as wages, will remain supportive. Overall spending is set to increase by 5% in FY 18/19, while CAPEX was budgeted to increase by 10%.</li> <li>After averaging 0.6% in 2018, inflation will remain modest around 2.0-2.5%, supporting real purchasing power. Strong KD will help keep price pressures in check</li> </ul>
<b>Consumer Sector</b>	<ul style="list-style-type: none"> <li>Consumer spending growth, which supported 2017&amp;18 recovery, may have peaked, but remains supported by steady employment and low inflation.</li> <li>The sector was up on average 5% in 2018 according to our NBK consumer spending index.</li> </ul>
<b>Credit Growth</b>	<ul style="list-style-type: none"> <li>Private credit is estimated to end 2018 up around 4% y/y and will maintain that pace in 2019, supported by:                             <ul style="list-style-type: none"> <li>a pick-up in project awards</li> <li>the CBK's relaxation of household lending restrictions late in 2018</li> <li>the recovery in business lending, helped by the unwinding of base effects – mainly corporate repayments at the end of 2017</li> </ul> </li> </ul>
<b>Real Estate Activity</b>	<ul style="list-style-type: none"> <li>Real estate market sales and prices are gradually recovering, with noticeable improvements in the residential and investment (apartments) sectors. As of Nov 2018, year-to-date total RE sales are up 46% y/y.</li> </ul>

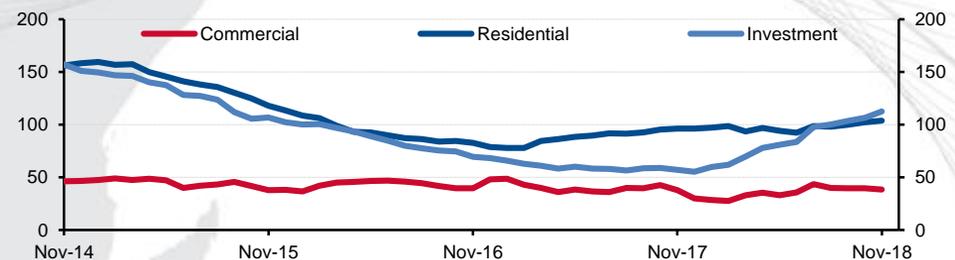
## Investment



## Private credit (change, %/y)



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



# Overview of the Kuwaiti Banking Sector

## Snapshot

- **The Kuwaiti banking sector comprises 23 banks**, including 11 domestic banks (five conventional, five Shariah-compliant and one specialized), and branches of 12 international banks (11 conventional and one Islamic).
- **The sector is well regulated by the Central Bank of Kuwait** (“CBK”) with a number of regulations and supervisory norms to ensure the safety of the banking sector including through strict supervision and imposition of prudential ratios, such as lending limits and concentrations, investment limits, liquidity and capital adequacy.
- **The banking sector has demonstrated strong resilience and elevated levels of financial soundness over the past 10 years.** In fact, the sector is very well capitalized, with a 5-year Capital Adequacy Ratio average of 18.0%, 5.0% higher than the required minimum. Non-performing loans to total financing stood at 2.1% in 1Q18.

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



Sources: Central Bank of Kuwait

<sup>1</sup>Loans refers to total credit facilities to resident and deposits refer to private resident deposits, all as reported by the Central Bank of Kuwait

## 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

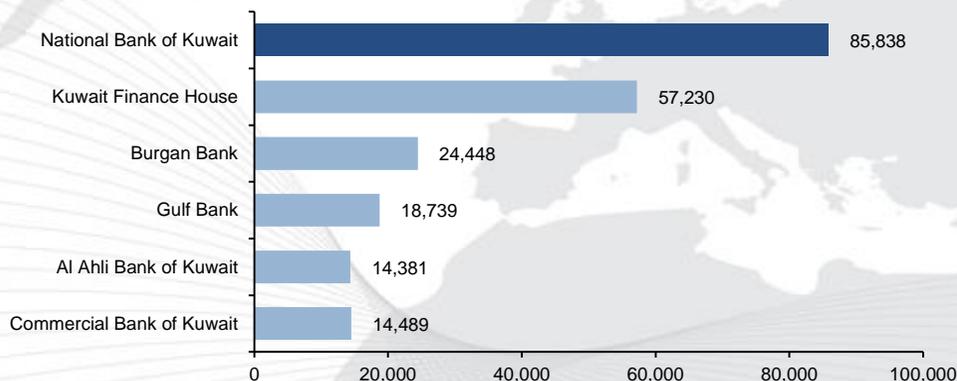
- Kuwait's minimum capital requirements are more stringent, being 2.5% higher than the Basel III guidance with full phase-in required by December 2016 (as compared to Basel III's Jan-2019 deadline)

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)		

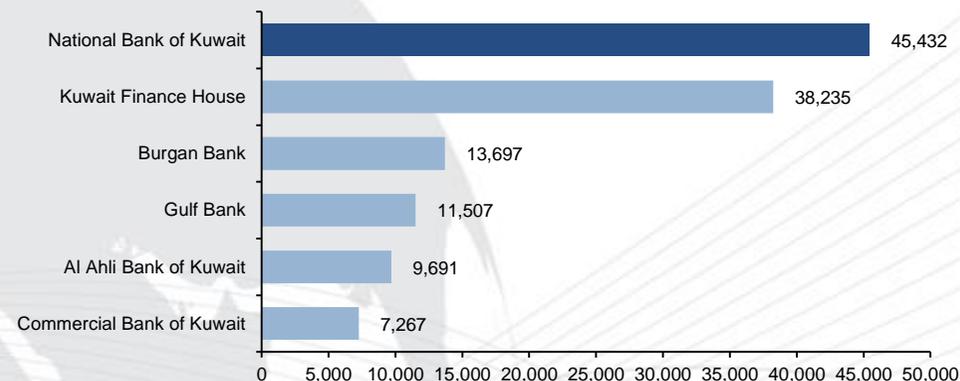
# The Dominant Kuwaiti Franchise

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

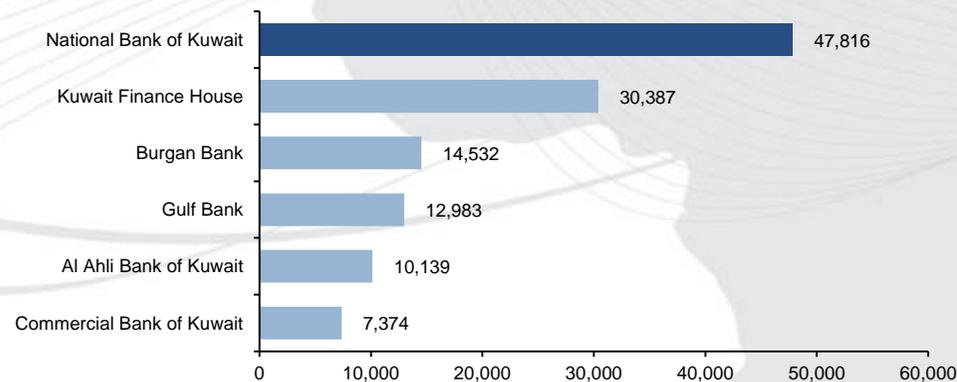
### Total Assets (USD million)



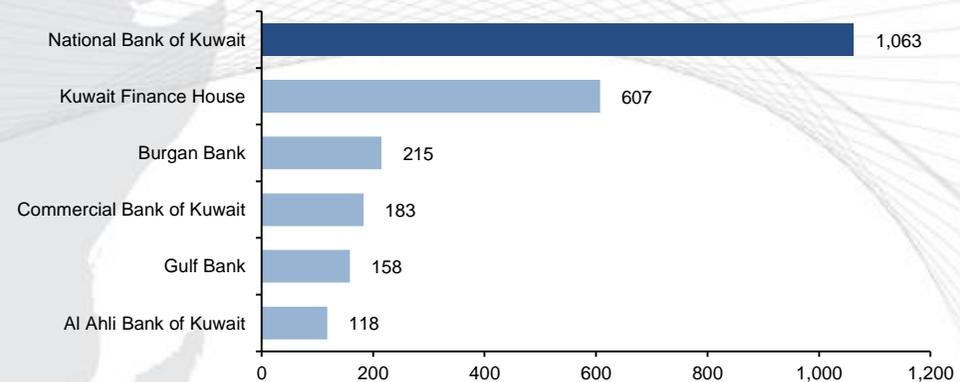
### Customer Deposits (USD million)



### Customer Loans & Advances (USD million)



### Net Profit attributable (USD million)



Sources: Bank's annual reports. All data as of 31 December 2017(for Balance Sheet items) or for 2017(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.

## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2018

## Section 6

Appendix

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.

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	Consumer Banking	Private Banking
<ul style="list-style-type: none"> <li>▪ Remain the primary banker for most of the local blue-chip companies, and an active player in the mid-market</li> <li>▪ Remain bank of choice among foreign corporations and continue serving 75% of them active in the Kuwaiti market</li> <li>▪ Maintain current market share in excess of 30% in trade finance in Kuwait</li> <li>▪ Offer differentiated services to large corporate clients leveraging other NBK units</li> <li>▪ Increase market share in medium corporate segment through focused teams and relationship management</li> <li>▪ Focus on Government mega projects benefiting from NBK's large capital base</li> <li>▪ Maintain asset quality with emphasis on credit control and risk management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maintain undisputed leadership in retail banking with leading market share and the highest customer penetration among conventional banks</li> <li>▪ Maintain focus on customer service</li> <li>▪ 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</li> <li>▪ Achieve lowest cost of funds among Kuwaiti commercial banks</li> <li>▪ Pioneer innovative multi-channel solutions including state of the art internet, mobile banking and call center services</li> <li>▪ 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</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to provide a unique proposition to HNW clientele in collaboration with NBK Capital and the bank's international network</li> <li>▪ Provide access to best of breed international funds leveraging NBK Banque Privee's wealth management expertise</li> <li>▪ Provide the best service with a dedicated team of over 30 well qualified and experienced private bankers</li> <li>▪ Leverage NBK's strong brand to acquire new clients and retain onshore relationships</li> <li>▪ Broaden the product portfolio to accommodate growing needs</li> </ul>

**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**

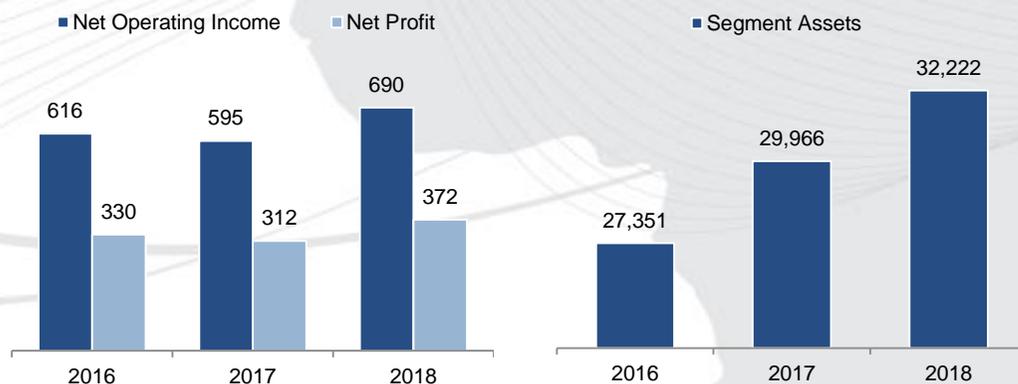
## International Operations

- NBK's international operations currently contributed to circa 30% 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)

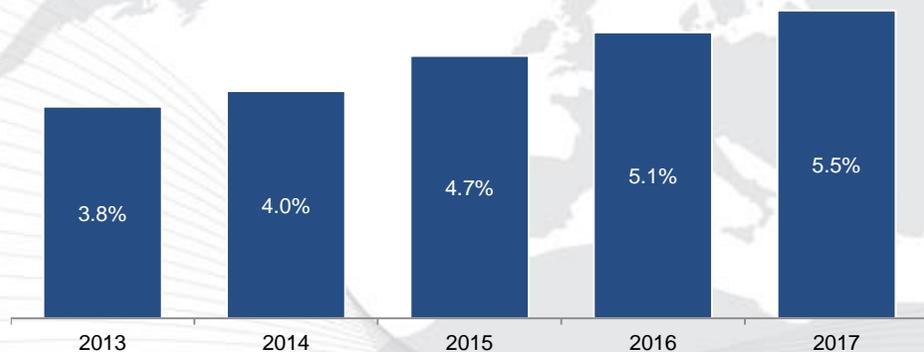
### Balance Sheet Trends (USD mn)



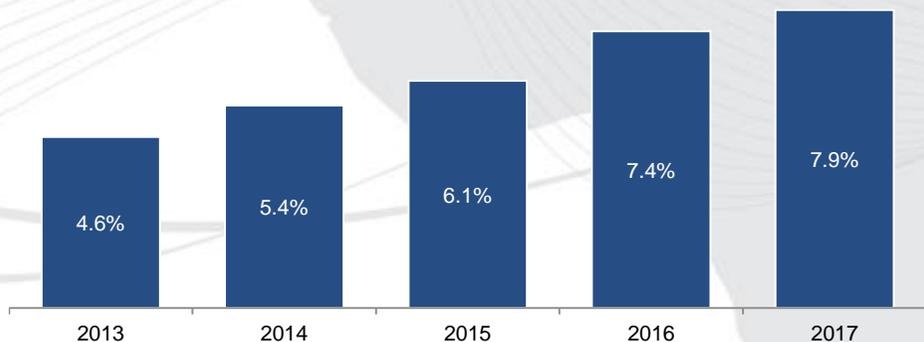
	Established or acquired	Branches	Legal structure
<b>International</b>			
 London	1983	2	Subsidiary
 New York	1984	1	Branch
 Geneva	1984	1	Subsidiary
 Singapore	1984	1	Branch
 Paris	1987	1	Subsidiary
 Shanghai	2005	1	Branch
<b>MENA region</b>			
 Bahrain	1987	2	Branch
 Lebanon	1996	3	Subsidiary
 Jordan	2004	1	Branch
 Iraq	2005	5	Subsidiary
 Saudi Arabia	2006	1	Branch
 Egypt	2007	49	Subsidiary
 Turkey	2007	13	Associate
 UAE	2008	2	Branch

# Boubyan Bank (59.5% owned subsidiary)

## Market share of Total Assets(%)



## Market share of Total Deposits (%)



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

## 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 2017.
- 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.

## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

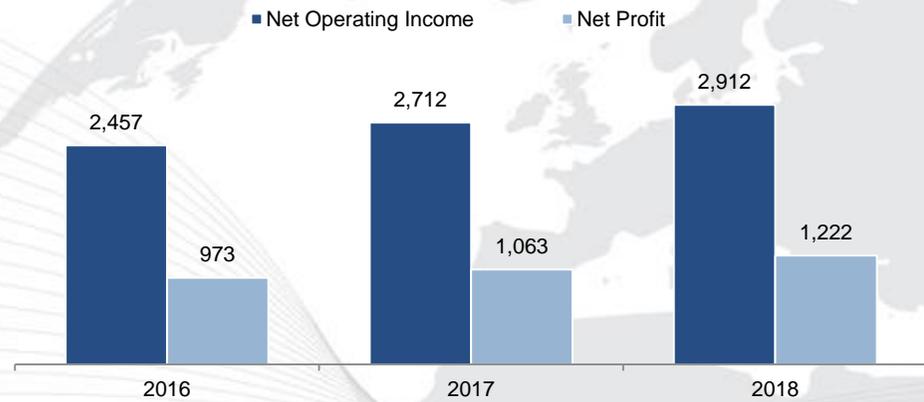
Performance Overview FY 2018

## Section 6

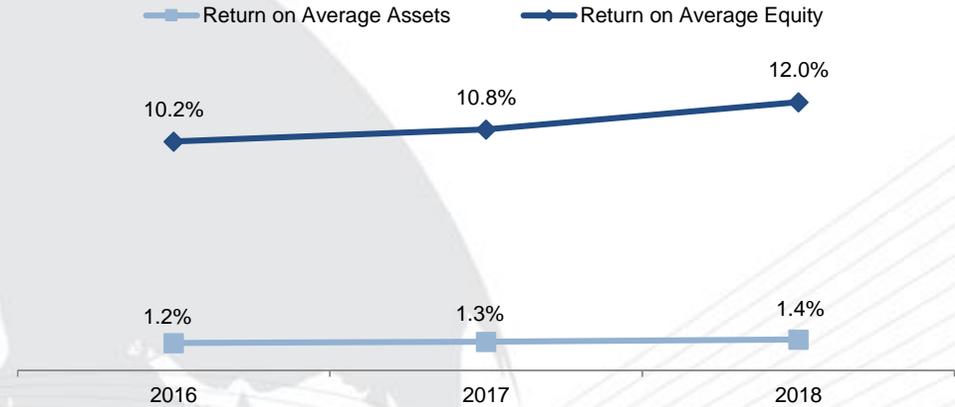
Appendix

# Operating Performance & Profitability

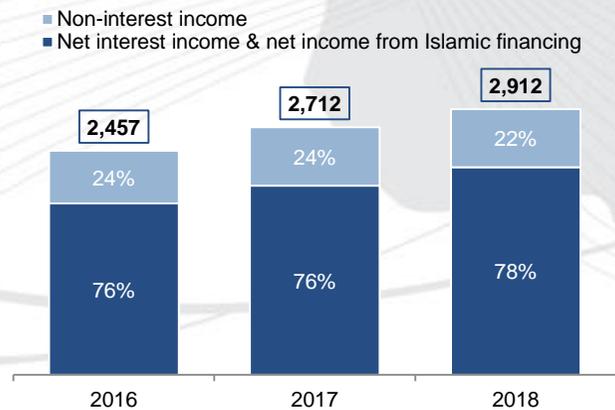
### Resilient Profitability (USD mn)



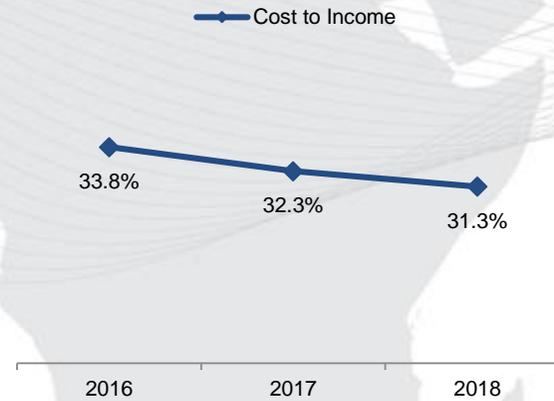
### Stable Returns (%)



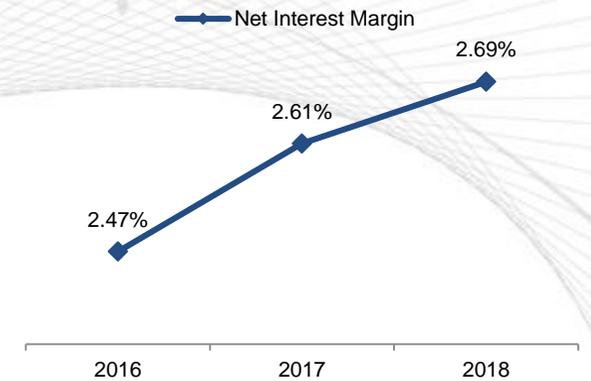
### Operating Income Composition (USD mn)



### Operating Efficiency (%)

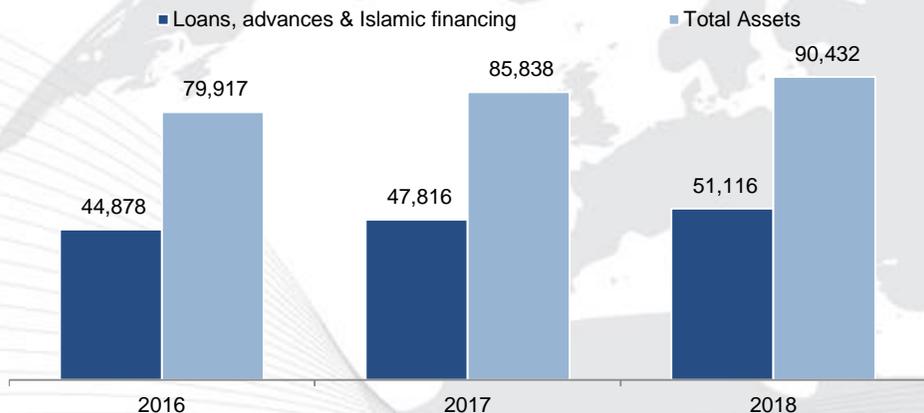


### Interest Margins (%)

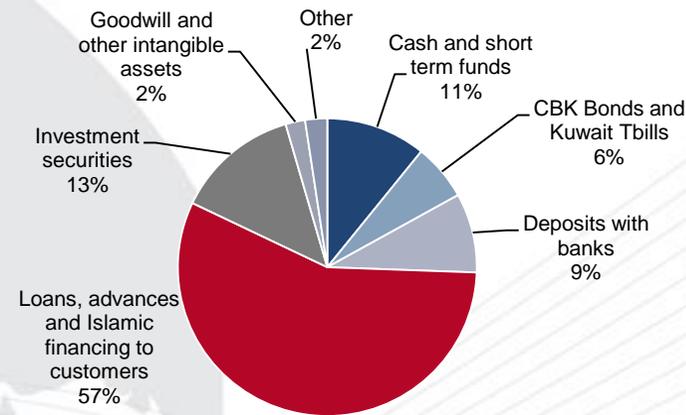


# Balance Sheet Parameters

## Assets & Loans and Advances (USD mn)



## Breakdown of Assets by Type (As at 31 December 2018)



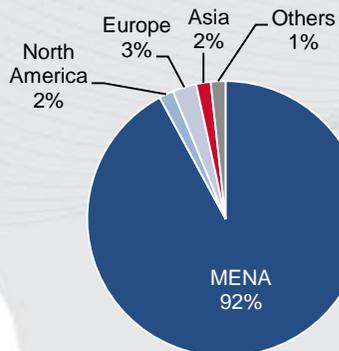
## Breakdown of Gross Loans and Advances

### By Type - As at 31 December 2018



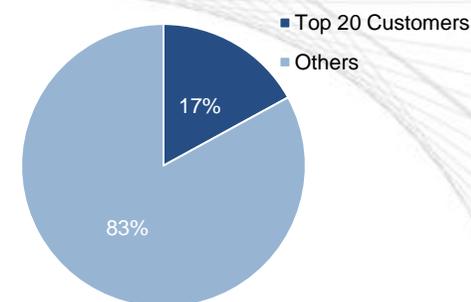
## Breakdown of Gross Loans and Advances

### By Geography - As at 31 December 2018



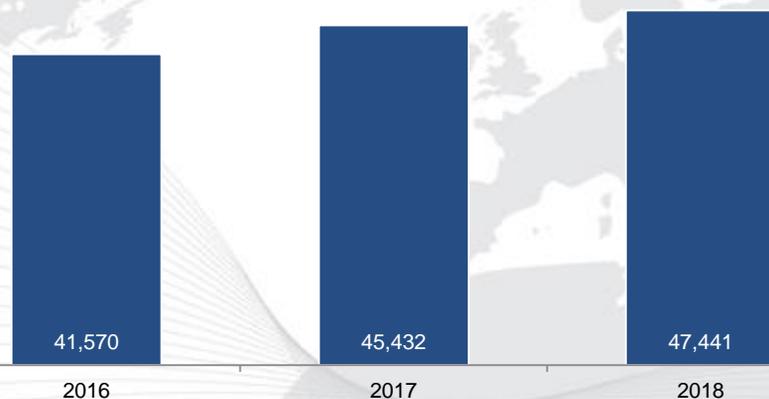
## Low loan concentrations

### As at 31 December 2018

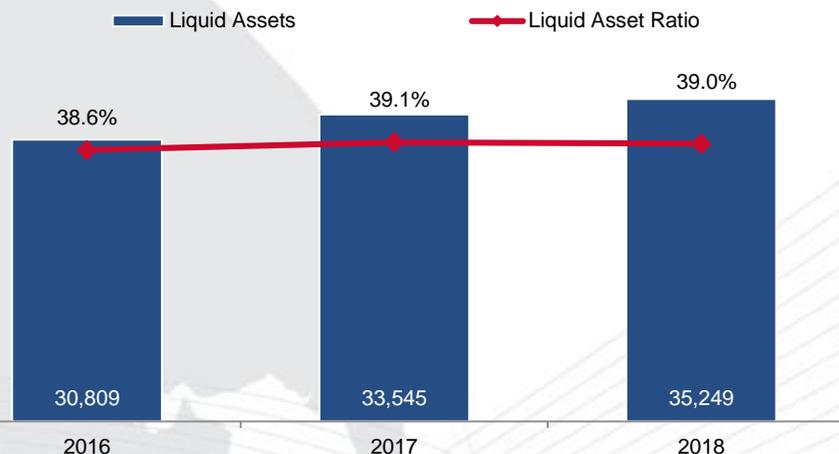


# Funding and Liquidity Positions

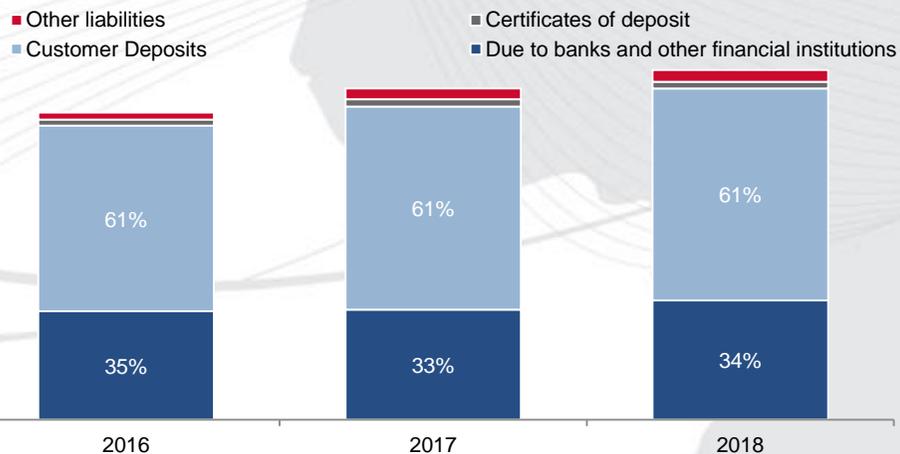
### Customer Deposits (USD mn)



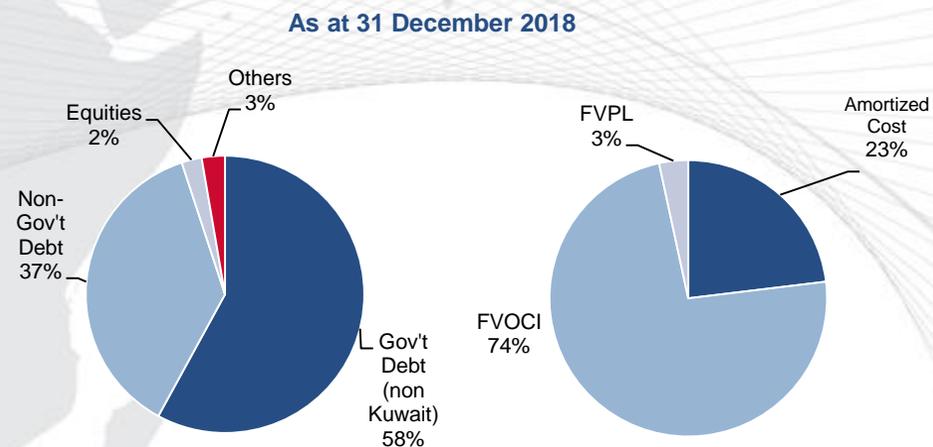
### Strong Liquidity Position (USD mn)



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



### Overview of Investment Securities<sup>1</sup> – USD 12.1 bn

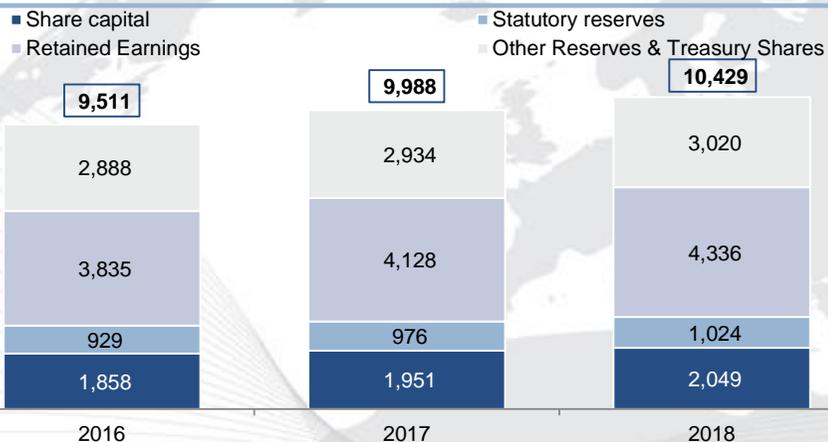


Notes:

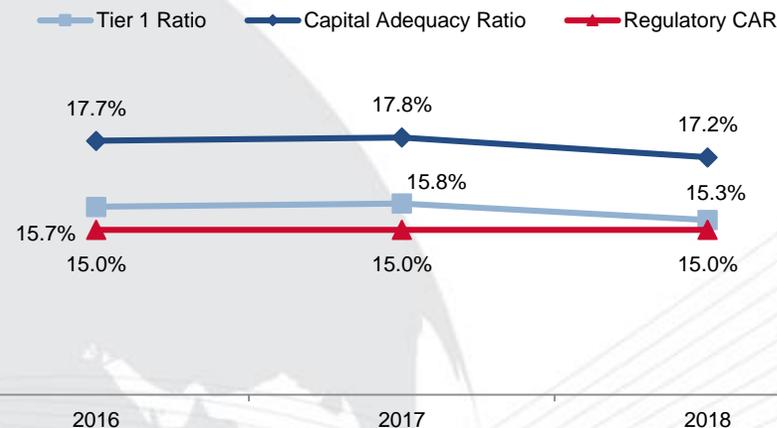
<sup>1</sup>Excludes investments in Central Bank of Kuwait Bonds and Kuwait Government Treasury Bonds

# Capitalization and Asset Quality

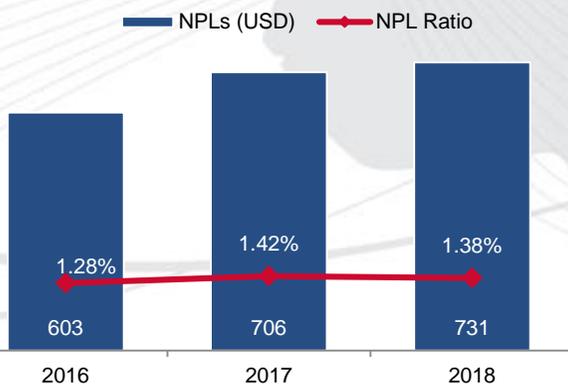
### Total Equity<sup>1</sup> Breakdown (USD mn)



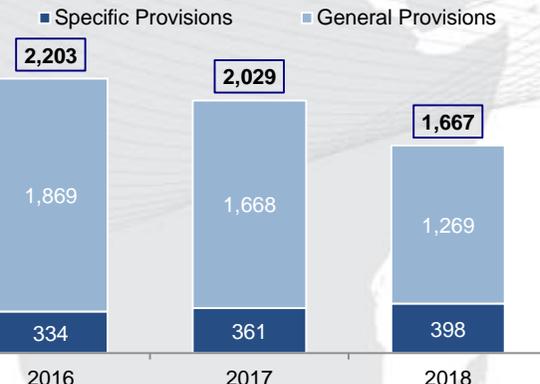
### Capital Adequacy (%)



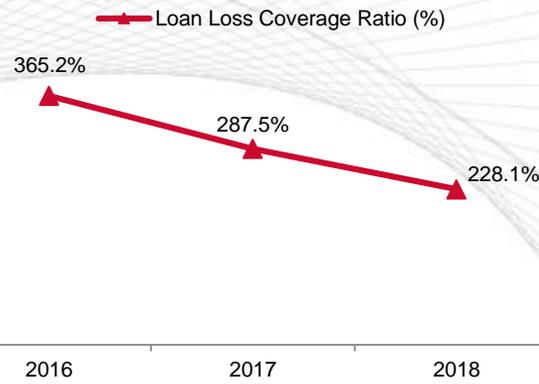
### Non-Performing Loans



### Prudent Provisioning (USD mn)



### Loan Loss Coverage Ratio (%)



Notes:  
<sup>1</sup>Equity here refers to total equity attributable to the shareholders of National Bank of Kuwait S.A.K.P.

## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

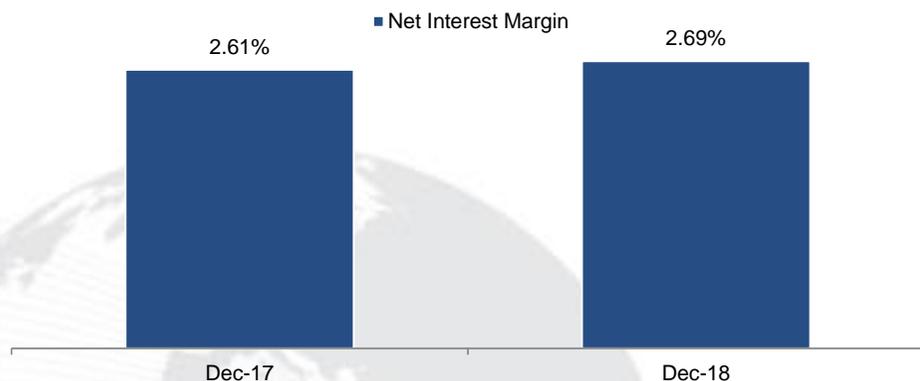
Performance Overview FY 2018

## Section 6

Appendix

# FY 2018 Key Performance Extracts

## Interest Margins (%)

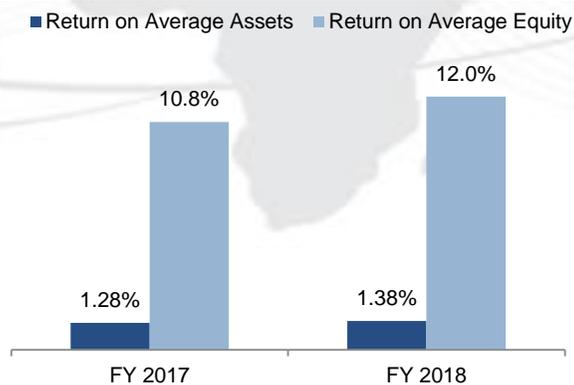


## Income Statement Key Highlights (USDmn)

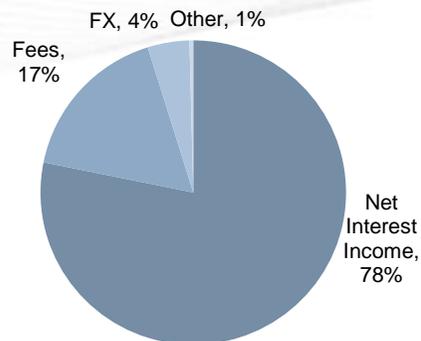
USD million	FY 2017	FY 2018
Net Interest Inc. & net inc. from Islamic financing	2,074	2,276
Fees and Commissions	457	495
<b>Net Operating Income</b>	<b>2,712</b>	<b>2,912</b>
Total Operating Expenses	875	911
<b>Operating Surplus</b>	<b>1,837</b>	<b>2,001</b>
Provision charge for credit & impairment losses	621	592
Taxation	88	110
Non-Controlling Interests	66	77
<b>Profit Attributable to Shareholders</b>	<b>1,063</b>	<b>1,222</b>

## Strong returns and well-diversified earnings

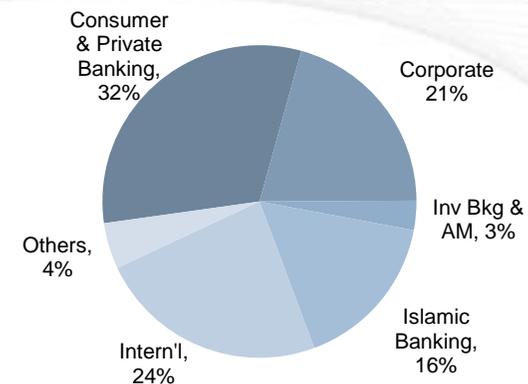
### Strong Returns (%)



### Operating Income by type



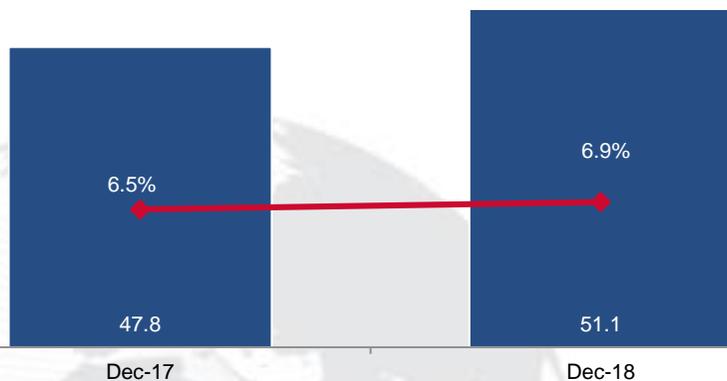
### Operating Income by Business Line



# FY 2018 Key Performance Extracts (Continued)

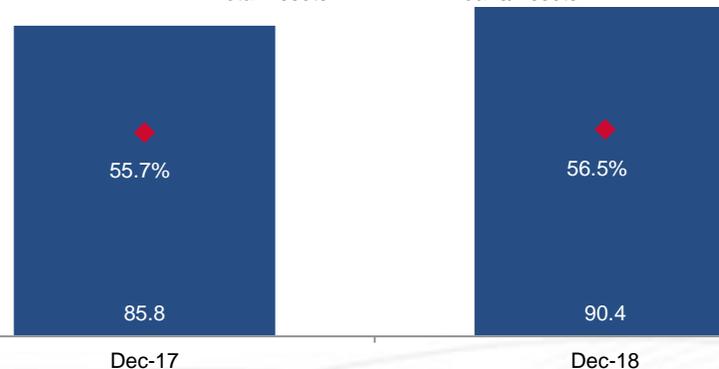
## Net Loan Portfolio (USD bn)

■ Net Loans    ◆ Net loan growth YoY (%)

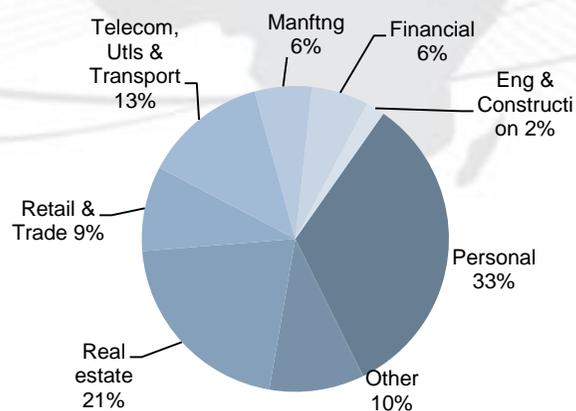


## Loans to Assets (USD bn)

■ Total Assets    ◆ Loans/Assets

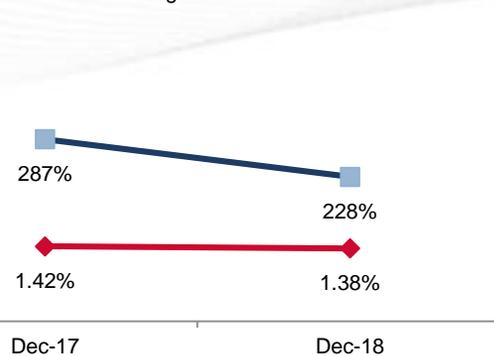


## Loan exposure by sector (%)



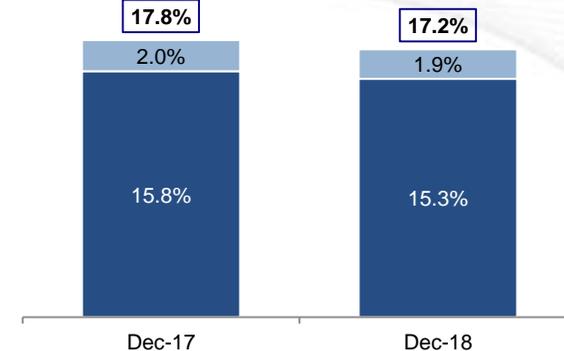
## Non-Performing Loans

■ Coverage Ratio    ◆ NPL Ratio



## Prudent Capitalization (%)

■ Tier 1    ■ Tier 2



## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2018

## Section 6

Appendix

# Kuwait Selected Mega Projects

Project	Sector	Value (KD bn)	Scope	Status
South Al Mutlaa City	Housing	2.33	30,000 residential units, schools and other facilities	<b>Underway:</b> Overall progress 17%. Infrastructure works on main transformer stations has been awarded. P-1 completion Sep-2020, P-2 completion Sep-2019 and P-3 completion 2020 and its main contract bids are under evaluation.
New Refinery Project (NRP)	Oil & gas	3.90	New 615,000 bpd refinery by KNPC	<b>Underway:</b> The project has progressed by 83%. KNPC is understood to be in talks with companies for taking 20% strategic stake in the refinery project.
Clean Fuels Project (CFP)	Oil & gas	3.70	Specification upgrade and expansion of 2 existing refineries to produce 800,000 b/d.	<b>Underway:</b> The overall project has progressed by 85%. Partial operation commenced in July-2018. Package 2&3 are expected to complete by end-2018. Full operation by April-2019.
Jurassic Non Associated Oil & Gas Reserves Expansion: Phase 2	Oil & gas	1.22	Production of 120,000 b/d of wet crude and more than 300 million cubic feet a day (cf/d) of sour gas	<b>Underway:</b> Progress 52%. Construction is ongoing and completion of P-2 is expected end-2018. P-1 was cancelled earlier in the year.
Petrochemical Facility at Al-Zour	Oil & gas	2.0	Petrochemical plant to be integrated with Al-Zour refinery.	<b>Planning:</b> FEED works are delayed and scheduled to be completed by 3Q 2019. KIPIC to tender the project in 3 phases. The submission date for the PQ documents was extended to December 20, 2018.
LNG Import and Regasification Terminal	Oil & gas	0.80	4 full containment LNG tanks each with a working capacity of 225,500 m <sup>3</sup> and a regasification plant with capacity of 1500 BBTU/day	<b>Underway:</b> Progress is at 65%. Construction expected to be completed in 2020. KIPIC will borrow KD 700 million to fund the project (KD 380 from domestic banks). Approvals received for the development of LNG terminal and pipeline.
Offshore Drilling	Oil & gas	0.90	6 new drilling locations to boost the daily oil production by 700,000 b/d and gas production to 1 bn cubic feet.	Bidding: Awarding postponed till end-June 2018. Drilling shall start by end-2018.
Al-Zour North (IWPP) – P2 & P3	Power & water	0.5	1800 MW of power generation capacity and 464,100m <sup>3</sup> /day of desalination capacity	<b>Planning:</b> P2 & P3 are in the main contract PQ stage. MoEW received in Nov-2018 EOI for Design Build Finance Operate Transfer (DBFOT) contract. Request for Proposal has been issued by KAPP for transaction advisory services.
Al-Khairan Power & Desalination Plant (IWPP)	Power & water	0.51	Net capacity of a min 1,500 MW of power and a min 125 MIGD of desalinated water	<b>Bidding/Planning:</b> KAPP has issued RFP for transaction advisor. It is understood that project will progress after the awarding of Al-Zour North P2&3.
Umm Al Hayman Waste Water (PPP)	Power & water	0.47	Initial treatment capacity of 500,000 m <sup>3</sup> /d. Plant may replace Riqqa WWTP in future	<b>Underway:</b> Project progressed by 32%. KAPP and MoPW signed the main contract with contractor.
Kabd Municipal Solid Waste Project	Power & water	0.3	Waste to energy facility; 50% of all the municipal solid waste produced in Kuwait will be processed at the facility	<b>On Hold:</b> KAPP and Kuwait Municipality sent relevant documents to the Audit Bureau for final approval. However, the tender was rejected.
Al-Dibdibah Solar PP	Power & water	0.5	Capacity to produce 1GW solar project	<b>Bidding/Planning:</b> Signing is expected by 1Q 2019. Bidding consortiums asked for bid submission extension of 3 months. Official bid closing date is December 16, 2018.
Airport Expansion (New Passenger Building)	Transport	1.90	To increase the annual handling capacity of the airport to 20 million passengers and new runways and infrastructure expansion	<b>Underway/Planning:</b> Overall progress at 57%. Aircraft parking/corridors (P-1) on hold and will resume upon completion of P-3. P-2 is to be completed by 2020. KAPP assigned to appoint an organization to operate the project.
Kuwait National Railroad (PPP)	Transport	2.40	Railroad system linking Kuwait to rest of GCC	<b>Planning:</b> KAPP has not yet issued the request for RFPs. MoC plans to re-conduct feasibility study. PART to appoint an international technical advisor. By 2Q 2019.

# Consolidated Statement Of Income *(USD million)*

<i>USD million</i>	2016	2017	2018
Interest Income	2,193	2,448	2,958
Interest Expense	625	738	1,091
<b>Net Interest Income</b>	<b>1,568</b>	<b>1,711</b>	<b>1,867</b>
Murabaha and other Islamic financing income	422	514	614
Finance cost and Distribution to depositors	112	151	204
<b>Net Income from Islamic financing</b>	<b>310</b>	<b>363</b>	<b>409</b>
<b>Net interest income and net income from Islamic financing</b>	<b>1,878</b>	<b>2,074</b>	<b>2,276</b>
Net fees and commissions	438	457	495
Net investment income	21	65	7
Net gains from dealing in foreign currencies	117	111	129
Other operating income	3	5	5
<b>Non-interest income</b>	<b>579</b>	<b>639</b>	<b>636</b>
<b>Net Operating Income</b>	<b>2,457</b>	<b>2,712</b>	<b>2,912</b>
Staff expenses	474	509	527
Other administrative expenses	288	306	325
Depreciation of premises and equipment	54	50	48
Amortisation of intangible assets	14	10	10
<b>Operating Expenses</b>	<b>831</b>	<b>875</b>	<b>911</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>1,626</b>	<b>1,837</b>	<b>2,001</b>
Provision charge for credit losses	414	577	558
Impairment losses	88	44	34
<b>Operating profit before taxation</b>	<b>1,124</b>	<b>1,217</b>	<b>1,408</b>
Taxation	95	88	110
Non-controlling interest	56	66	77
<b>Profit attributable to shareholders of the Bank</b>	<b>973</b>	<b>1,063</b>	<b>1,222</b>

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



<i>USD million</i>	2016	2017	2018
Cash and short term funds	8,859	9,046	9,781
Central Bank of Kuwait bonds	2,469	2,162	2,670
Kuwait Government treasury bonds	1,626	3,548	2,875
Deposits with banks	7,939	8,204	7,795
Loans, advances and Islamic financing to customers	44,878	47,816	51,116
Investment securities	10,480	11,042	12,127
Investment in associates	243	208	104
Land, premises and equipment	841	1,069	1,196
Goodwill and other intangible assets	1,918	1,919	1,909
Other assets	664	824	859
<b>Total Assets</b>	<b>79,917</b>	<b>85,838</b>	<b>90,432</b>
Due to banks and other financial institutions	24,226	24,627	26,675
Customer deposits	41,570	45,432	47,441
Certificates of deposit issued	1,372	1,618	1,487
Global medium term notes (GMTN)	-	729	726
Subordinated Tier 2 bonds	411	411	411
Other liabilities	1,113	1,279	1,488
<b>Total Liabilities</b>	<b>68,691</b>	<b>74,097</b>	<b>78,228</b>
Share capital	1,858	1,951	2,049
Proposed bonus shares	93	98	102
Statutory reserve	929	976	1,024
Share premium account	2,648	2,648	2,648
Treasury shares	(257)	(257)	(216)
Treasury share reserve	46	46	46
Other reserves	4,193	4,527	4,776
<b>Equity attributable to shareholders of the bank</b>	<b>9,511</b>	<b>9,988</b>	<b>10,429</b>
Perpetual Tier 1 Capital Securities	695	695	695
Non-controlling interests	1,020	1,058	1,079
<b>Total equity</b>	<b>11,226</b>	<b>11,741</b>	<b>12,203</b>
<b>Total liabilities and equity</b>	<b>79,917</b>	<b>85,838</b>	<b>90,432</b>