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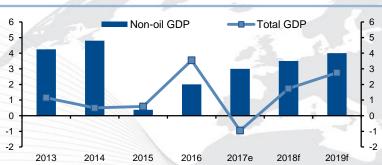


Section 1 Overview of Operating Environment Section 2 Overview of NBK **Section 3** Financial Performance 1Q 2018 **Section 4** Appendix

Overview of Kuwait (Continued)





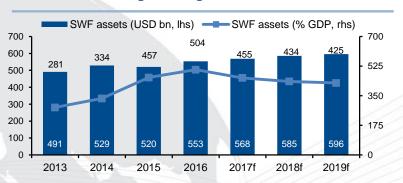


Private credit (change, %y/y)

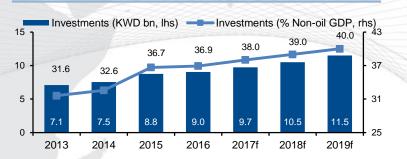


Sources: Central Bank of Kuwait, Central Statistical Bureau, Ministry of Finance, IIF and NBK estimates

Strong sovereign balance sheet



Investment





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NBK Key Strengths



High Credit Ratings and among the Top Brand Values Regionally

Largest Banking Group in Kuwait with Dominant Market Position

Sound and Consistent Financial Performance

Stable Shareholder Base and Strong Management Team



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

A Strong Regional and International Network

Strong Investment Banking Capability

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

Consumer Banking

✓ Private Banking

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

✓ Establish an IslamicFranchise

Build Regional Investment Bank

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

International Operations



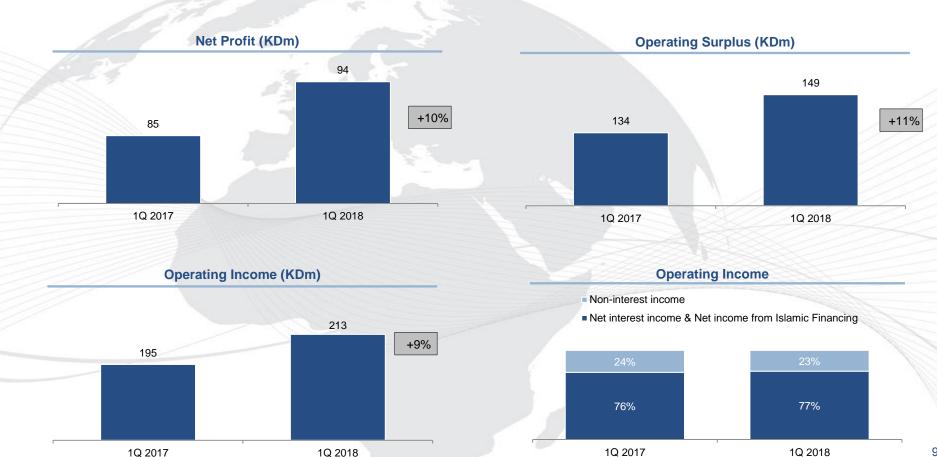
International Operations

Legal structure						
International						
Subsidiary						
Branch						
Subsidiary						
Branch						
Branch						
Branch						
MENA region						
Branch						
Subsidiary						
Branch						
Subsidiary						
Branch						
Subsidiary						
Associate						
Branch						

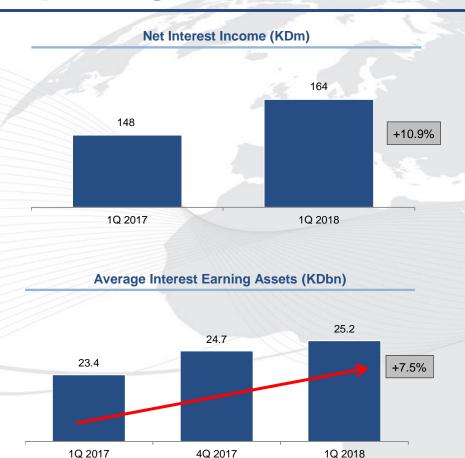


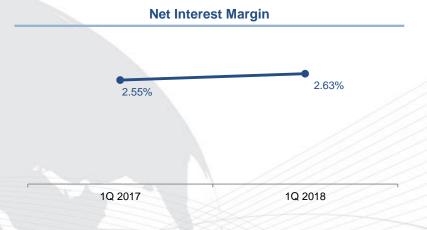
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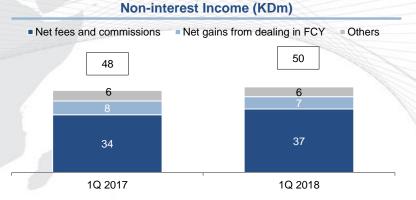




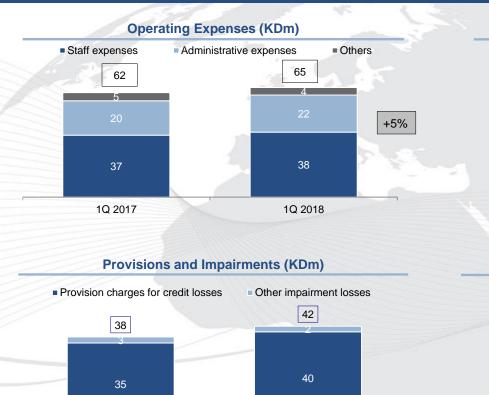








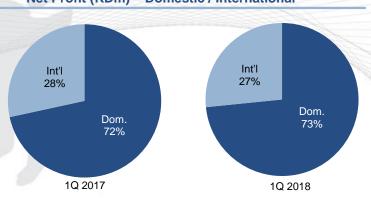




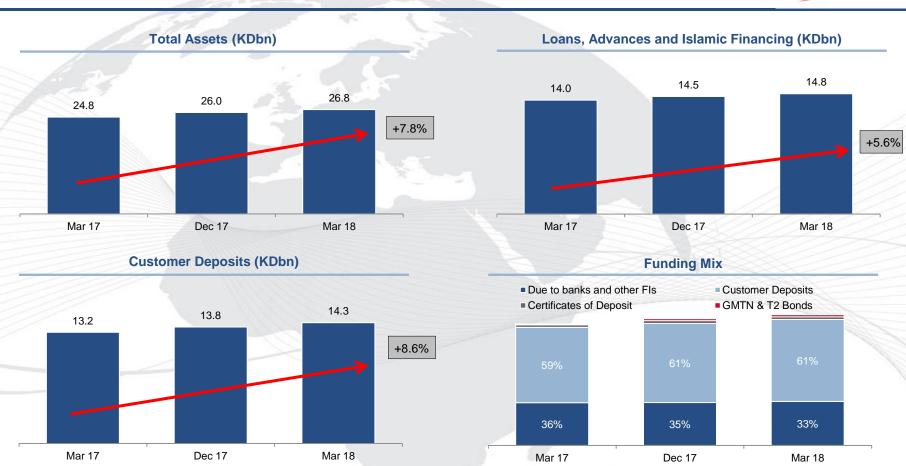
1Q 2018

1Q 2017



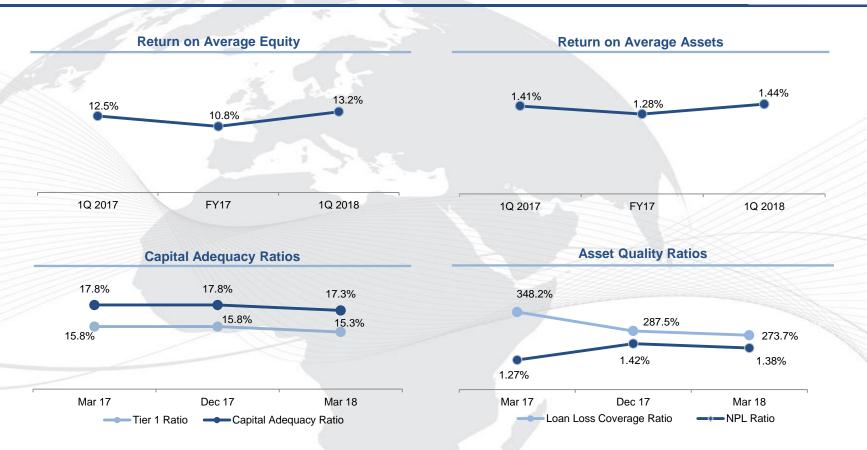






Performance and Asset Quality ratios 1Q 2018







Section 1 Overview of Kuwait Section 2 Overview of NBK **Section 3** Financial Performance 1Q 2018 **Section 4** Appendix

Consolidated Financials 1Q 2018 (KWD million)



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

Balance sheet (KWD million)	1Q-17	1Q-18
Cash and short term funds	2,705	3,216
Central Bank of Kuwait bonds	739	719
Kuwait Government Treasury bonds	767	1,015
Deposits with banks	2,322	2,584
Loans, advances and Islamic financing to customers	14,049	14,838
Investment securities	3,158	3,178
Investment in associates	72	59
Land, premises and equipment	261	333
Goodwill and other intangible assets	586	582
Other assets	187	260
Total Assets	24,845	26,784
Due to banks and other financial institutions	7,432	7,671
Customer deposits	13,151	14,278
Certificates of deposit issued	450	477
Global Medium Term Notes (GMTN)		216
Subordinated Tier 2 bonds	125	125
Other liabilities	340	573
Total Liabilities	21,499	23,339
Share capital	592	621
Proposed bonus shares	200	_
Statutory reserve	282	296
Share premium account	803	803
Treasury shares	(78)	(68)
Treasury share reserve	14	14
Other reserves	1,214	1,246
Equity attributable to shareholders	2,827	2,913
Perpetual Tier 1 Capital Securities	211	211
Non-controlling interests	309	322
Total equity	3,347	3,445
Total liabilities and equity	24,845	26,784

Performance Measures 1Q 2018



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

Consolidated Statement Of Income (KWD million)

KWD million	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)

KWD million	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



Questions

