

A stylized graphic of the Earth is the central focus, rendered in a gradient of red and blue. The continents are shown in white. The globe is surrounded by a network of thin, light blue lines that create a grid-like pattern, suggesting global connectivity or data flow. The background is white.

National Bank of Kuwait

Investor Presentation

1Q 2019 Earnings Call

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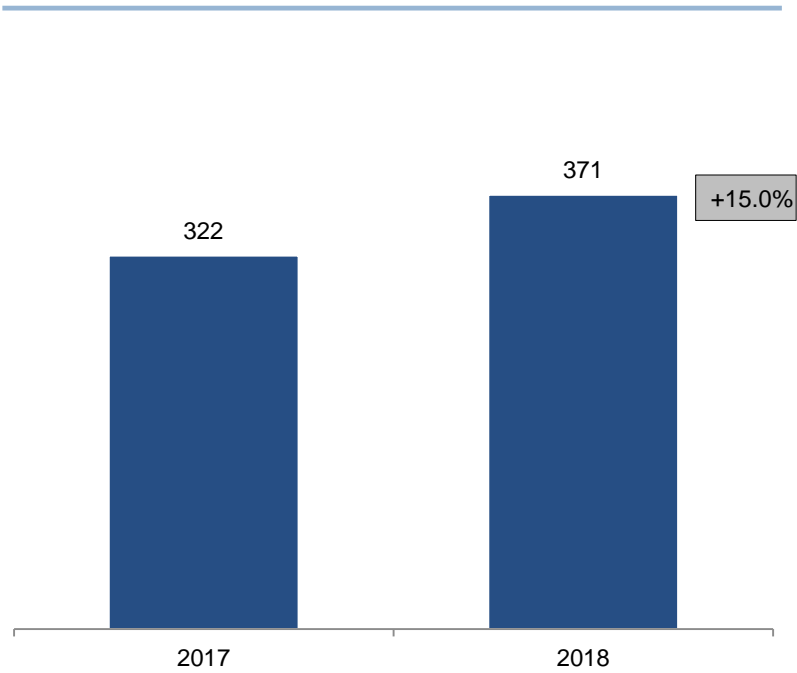
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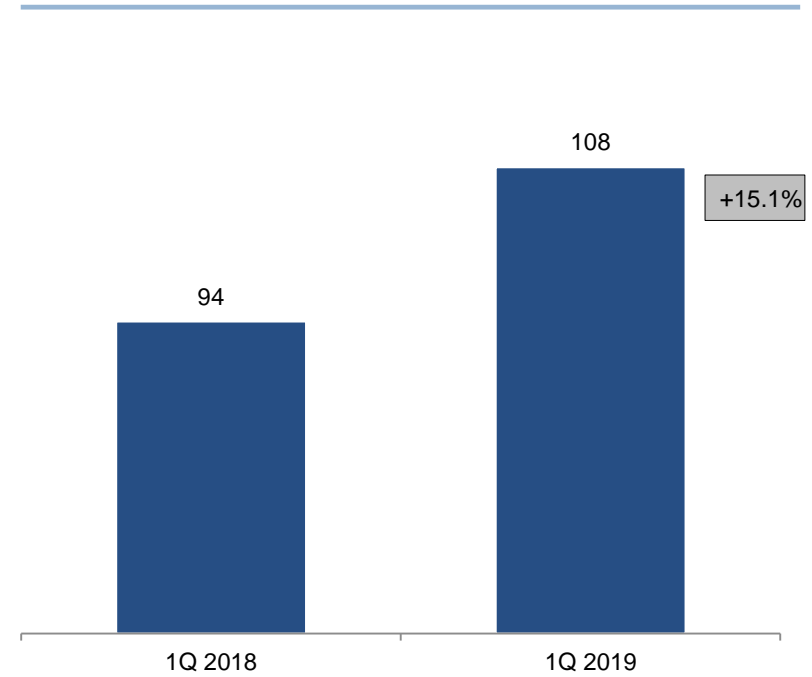
Questions

Net Profits 1Q 2019

Net Profit 2018 (KDm)



Net Profit 1Q 2019 (KDm)



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, 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 Islamic Franchise

✓ Build Regional Investment Bank

Stable Credit Ratings

Rating Agency	Long-term Rating	Standalone Rating	Outlook	Key Rating Drivers
	Aa3	a3	Stable	<ul style="list-style-type: none"> • Dominant domestic position • Resilient profitability and growth outlook • Robust asset quality, capitalization and liquidity
	A+	a-	Stable	<ul style="list-style-type: none"> • Leading position in Kuwait • More diversified business model • Exceptional asset quality and capitalization
	AA-	a-	Stable	<ul style="list-style-type: none"> • Leading franchise • Diversified business model and strong management team • Strong asset quality, solid capitalization and stable funding and liquidity

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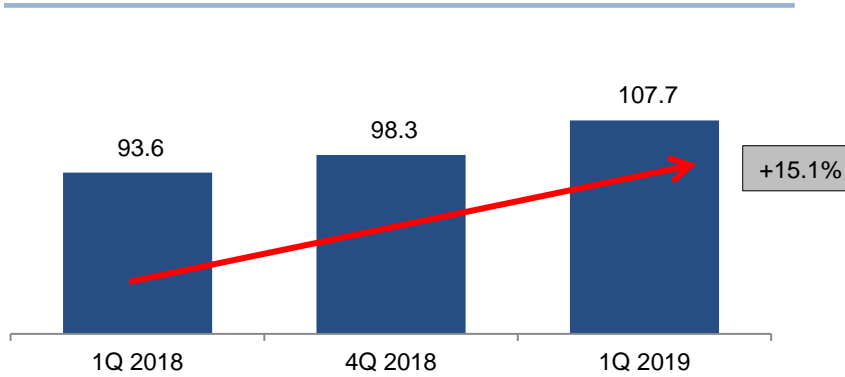
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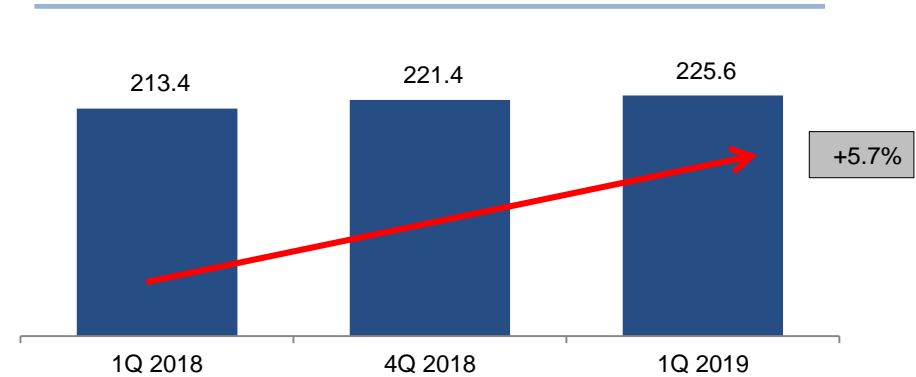
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Operating Performance 1Q 2019

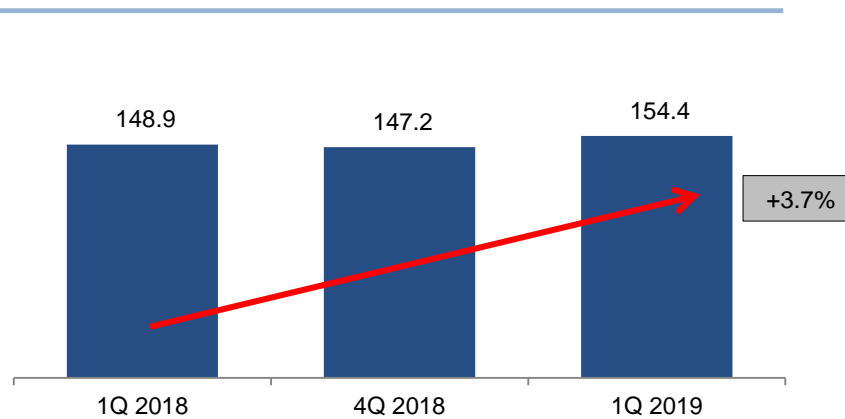
Net Profit (KDm)



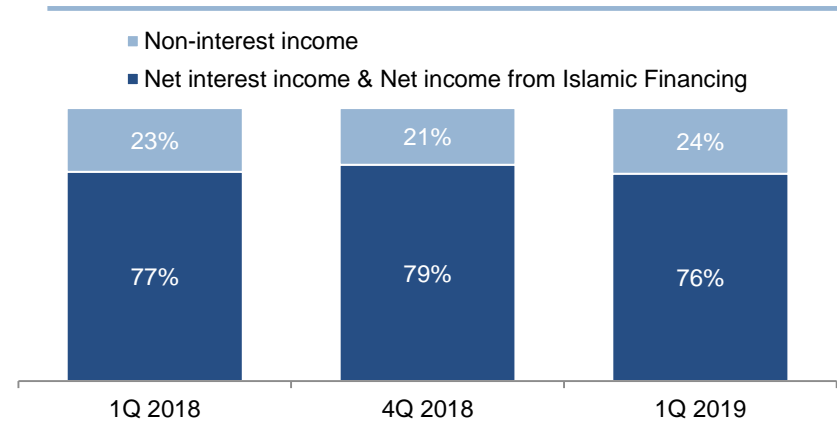
Operating Income (KDm)



Operating Surplus (KDm)

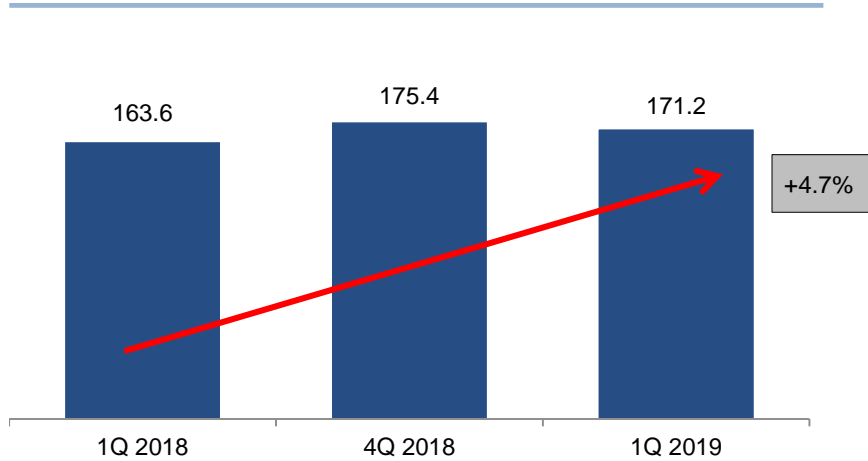


Operating Income (KDm)

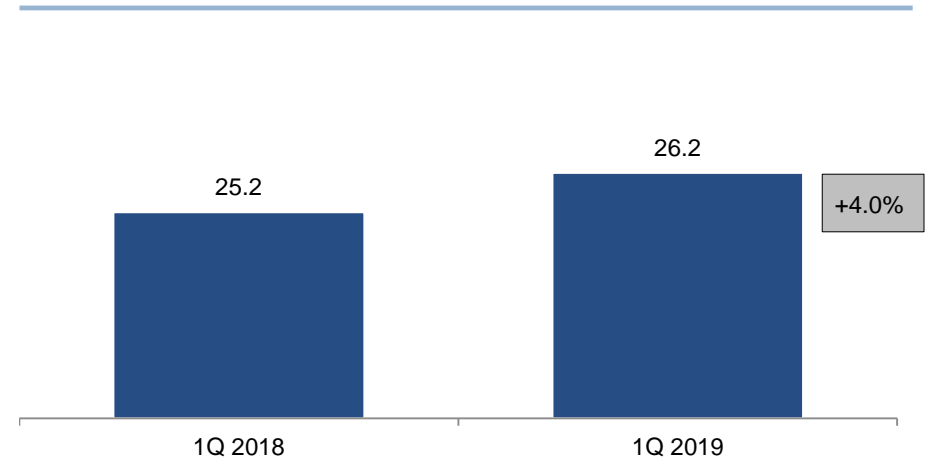


Operating Performance 1Q 2019

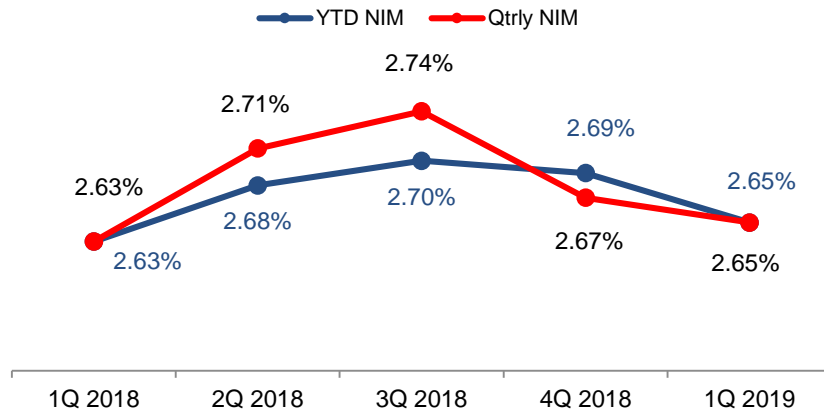
Net Interest Income (KDm)



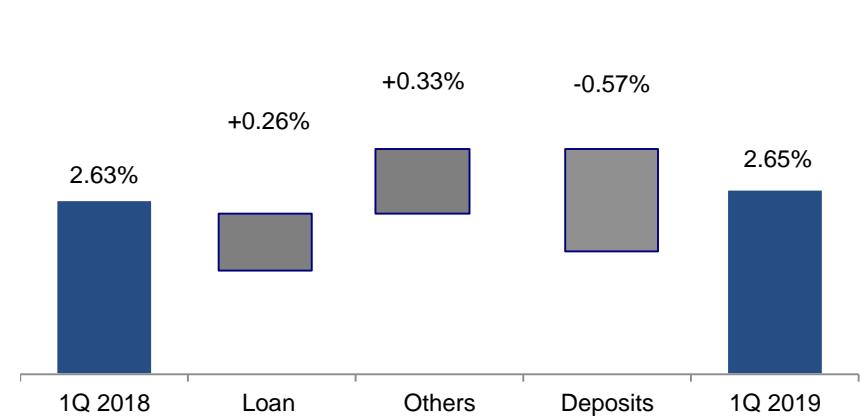
Average Interest Earning Assets (KDbn)



Net Interest Margin

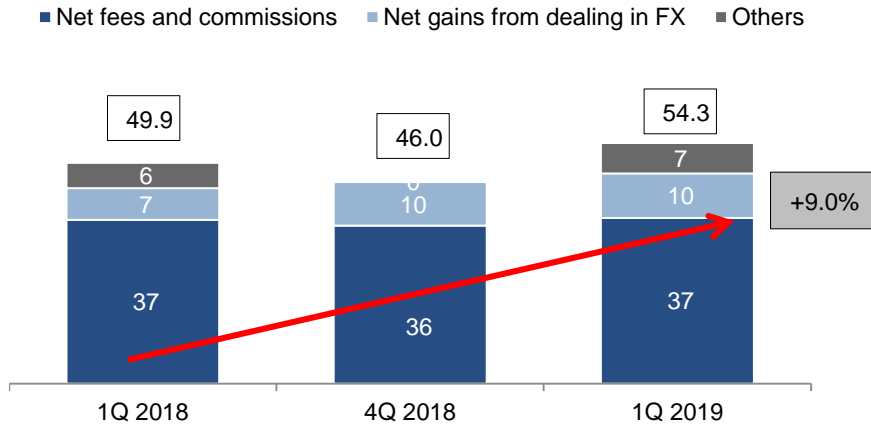


Net Interest Margin drivers

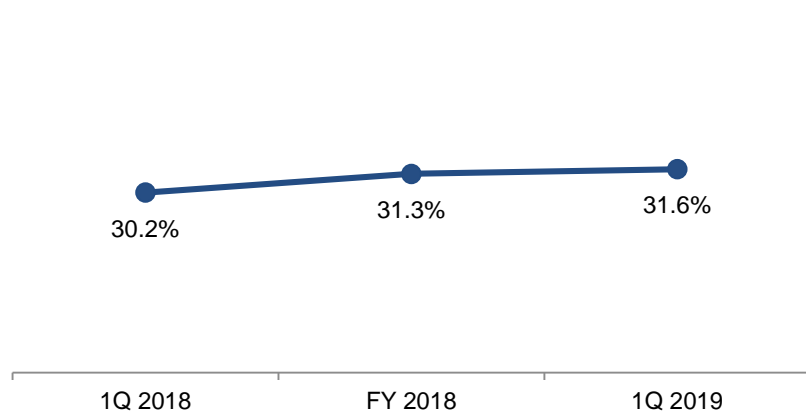


Operating Performance 1Q 2019

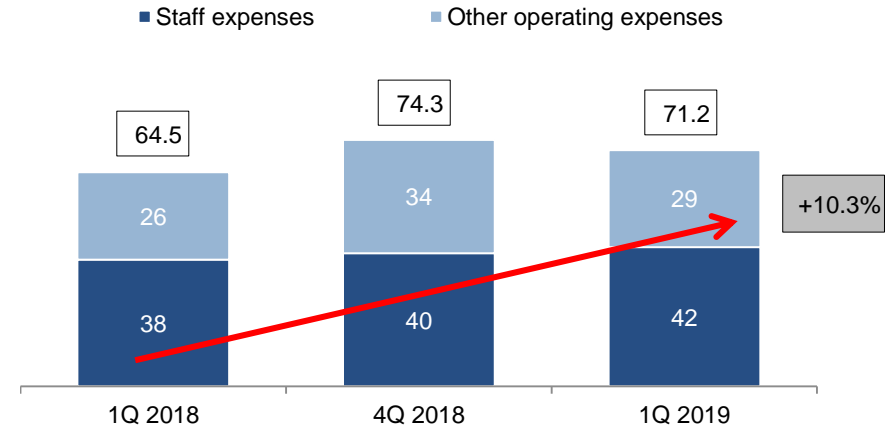
Non-interest income (KDM)



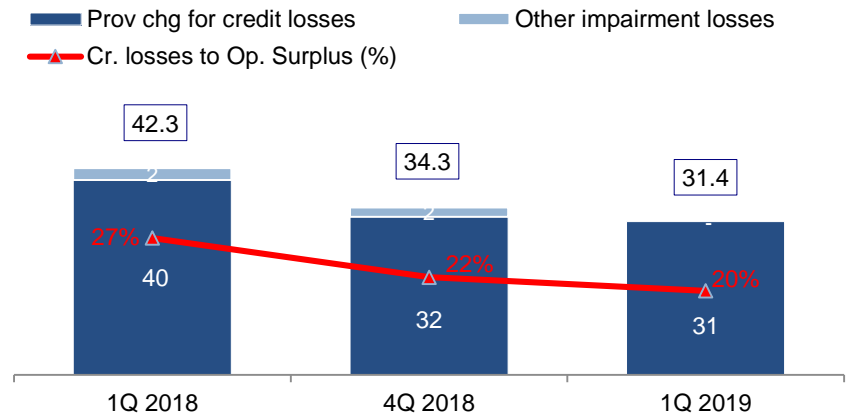
Cost to Income ratio



Operating Expenses (KDM)

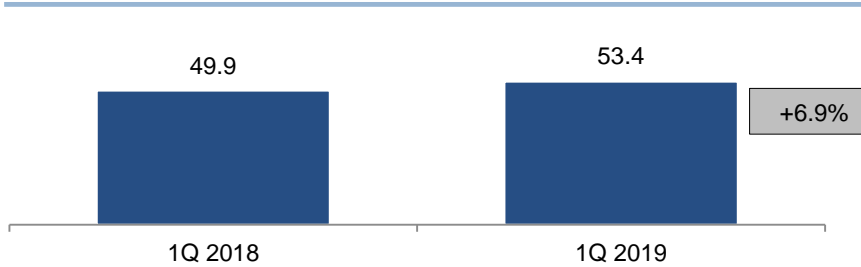


Provisions and Impairments (KDM)

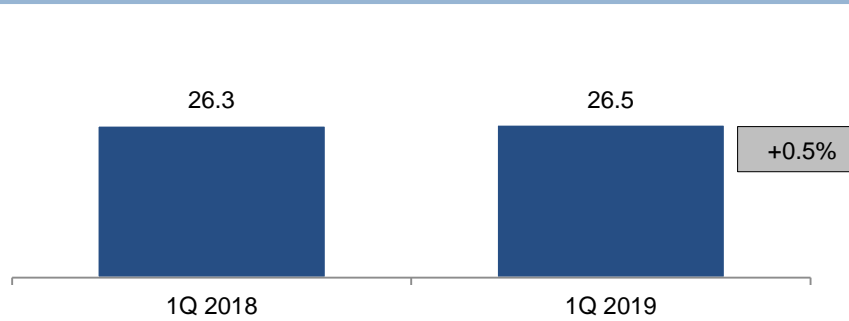


Operating Performance 1Q 2019

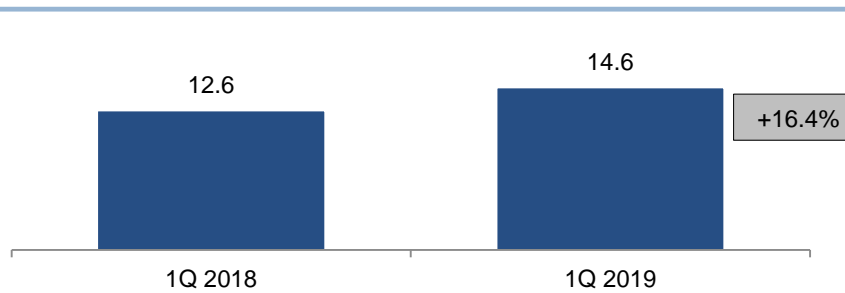
Operating Income (KDm) - International



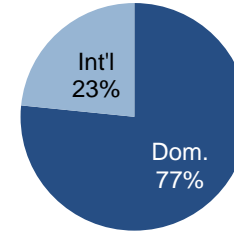
Net profit (KDm) - International



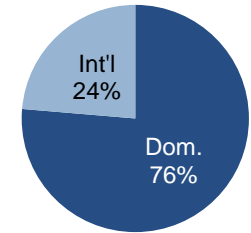
Net profit (KDm) - Boubyan Bank



Operating Income (KDm)

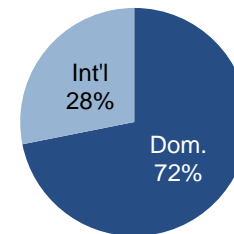


1Q 2018

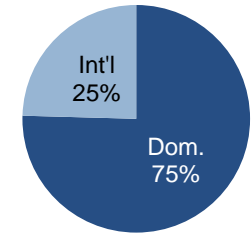


1Q 2019

Net Profit (KDm)

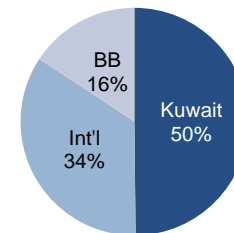


1Q 2018

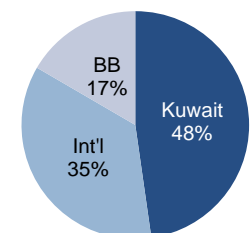


1Q 2019

Total Assets (KD'bn)



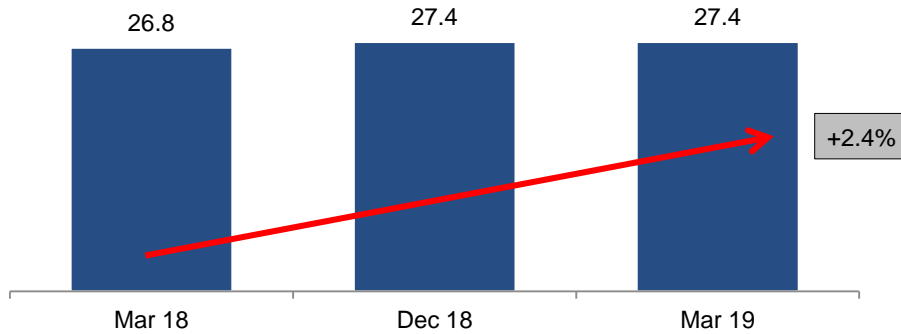
Mar 18



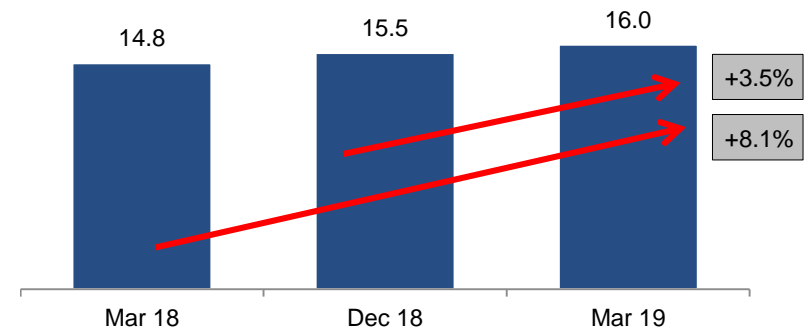
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Operating Performance 1Q 2019

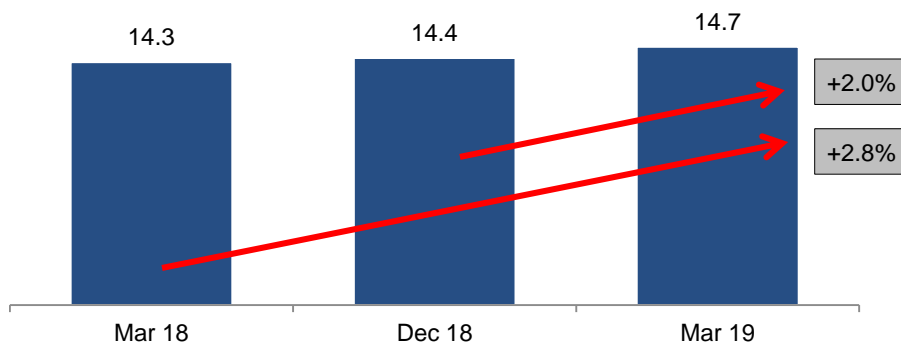
Total Assets (KDbn)



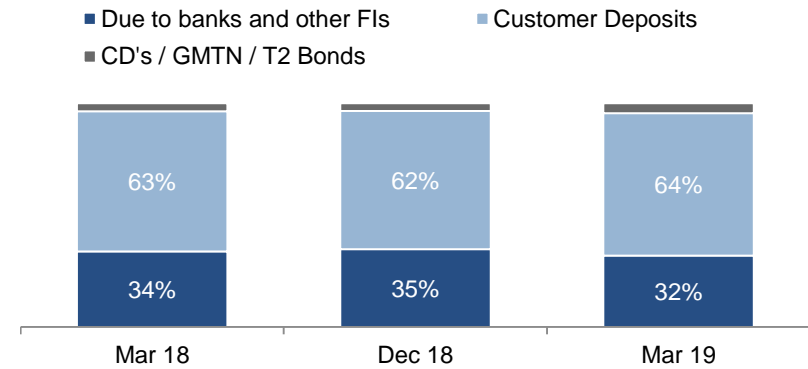
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits (KDbn)

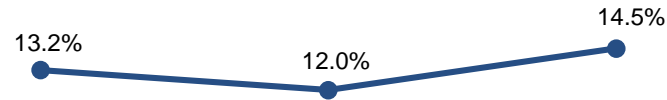


Funding Mix (%)



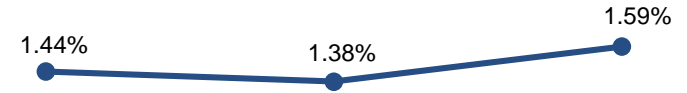
Performance and Asset Quality ratios 1Q 2019

Return on Average Equity



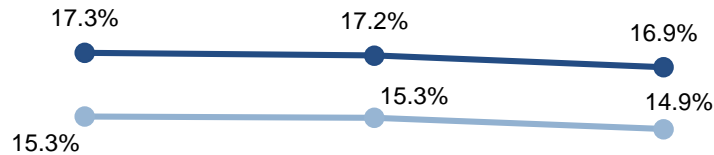
1Q 2018 FY 2018 1Q 2019

Return on Average Assets



1Q 2018 FY 2018 1Q 2019

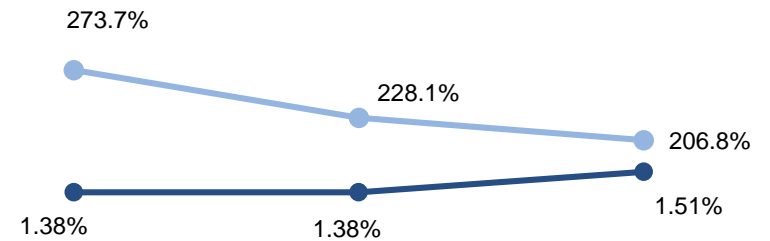
Capital Adequacy Ratios



Mar 18 Dec 18 Mar 19

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

Asset Quality Ratios



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

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Consolidated Financials 1Q 2019 (KWD million)

<i>Income Statement (KWD million)</i>	Mar-18	Mar-19	YoY Growth (%)	<i>Balance sheet (KWD million)</i>	Mar-18	Mar-19	YoY Growth (%)
Interest Income	204	245	20%	Cash and short term funds	3,216	2,773	(14%)
Interest Expense	70	104	48%	Central Bank of Kuwait bonds	719	817	14%
Net Interest Income	134	142	6%	Kuwait Government Treasury bonds	1,015	845	(17%)
Murabaha and other Islamic financing income	42	50	17%	Deposits with banks	2,584	1,759	(32%)
Distribution to depositors and Murabaha costs	13	20	53%	Loans, advances and Islamic financing to customers	14,838	16,046	8%
Net Income from Islamic financing	29	30	NM	Investment securities	3,178	3,920	23%
NII and NI from Islamic financing	164	171	5%	Investment in associates	59	34	(42%)
Net fees and commissions	37	37	1%	Land, premises and equipment	333	410	23%
Net investment income	4	7	52%	Goodwill and other intangible assets	582	581	(1%)
Net gains from dealing in foreign currencies	7	10	40%	Other assets	260	228	(12%)
Other operating income	1	0.4	(74%)	Total Assets	26,784	27,415	2%
Non-interest income	50	54	9%	Due to banks and other financial institutions	7,671	7,336	(4%)
Net Operating Income	213	226	6%	Customer deposits	14,278	14,677	3%
Staff expenses	38	42	10%	Certificates of deposit issued	477	675	42%
Other administrative expenses	22	22	2%	Global Medium Term Notes (GMTN)	216	224	4%
Depreciation of premises and equipment	4	6	68%	Subordinated Tier 2 bonds	125	125	NM
Amortisation of intangible assets	1	1	1%	Other liabilities	573	754	31%
Operating Expenses	65	71	10%	Total Liabilities	23,339	23,791	2%
Pre-provision profits (and impairments)	149	154	4%	Share capital	621	652	5%
Provision charge for credit losses and impairment losses	42	31	(26%)	Proposed bonus shares	-	-	NM
Operating profit before taxation	107	123	15%	Statutory reserve	296	311	5%
Taxation	8	9	23%	Share premium account	803	803	NM
Non-controlling interest	5	6	9%	Treasury shares	(68)	(65)	(3%)
Profit attributable to shareholders of the Bank	94	108	15%	Treasury share reserve	14	14	NM
				Other reserves	1,246	1,364	9%
				Equity attributable to shareholders	2,913	3,079	6%
				Perpetual Tier 1 Capital Securities	211	211	NM
				Non-controlling interests	322	335	4%
				Total equity	3,445	3,624	5%
				Total liabilities and equity	26,784	27,415	2%

Performance Measures 1Q 2019

%	1Q 2018	1Q 2019
Return on average assets	1.44%	1.59%
Return on average equity	13.2%	14.5%
Net interest margin	2.63%	2.65%
Cost to income	30.2%	31.6%
NPLs to gross loans	1.38%	1.51%
Loan loss reserves to NPLs	273.7%	206.8%
Tier 1 capital	15.3%	14.9%
Tier 2 capital	2.0%	2.0%
Capital adequacy ratio	17.3 %	16.9 %

Consolidated Statement Of Income *(KWD million)*

<i>KWD million</i>	2016	2017	2018
Interest Income	665	743	897
Interest Expense	190	224	331
Net Interest Income	476	519	566
Murabaha and other Islamic financing income	128	156	186
Finance cost and Distribution to depositors	34	46	62
Net Income from Islamic financing	94	110	124
Net interest income and net income from Islamic financing	570	629	690
Net fees and commissions	133	139	150
Net investment income	6	20	2
Net gains from dealing in foreign currencies	35	34	39
Other operating income	1	2	1
Non-interest income	176	194	193
Net Operating Income	745	823	883
Staff expenses	144	154	160
Other administrative expenses	87	93	99
Depreciation of premises and equipment	16	15	15
Amortisation of intangible assets	4	3	3
Operating Expenses	252	265	276
Op. profit before provision for credit losses and impairment losses	493	557	607
Provision charge for credit losses	126	175	169
Impairment losses	27	13	10
Operating profit before taxation	341	369	427
Taxation	29	27	33
Non-controlling interest	17	20	23
Profit attributable to shareholders of the Bank	295	322	371

Consolidated Statement Of Financial Position (*KWD million*)

<i>KWD million</i>	2016	2017	2018
Cash and short term funds	2,687	2,744	2,967
Central Bank of Kuwait bonds	749	656	810
Kuwait Government treasury bonds	493	1,076	872
Deposits with banks	2,408	2,488	2,364
Loans, advances and Islamic financing to customers	13,611	14,503	15,503
Investment securities	3,178	3,349	3,678
Investment in associates	74	63	31
Land, premises and equipment	255	324	363
Goodwill and other intangible assets	582	582	579
Other assets	201	250	260
Total Assets	24,239	26,035	27,428
Due to banks and other financial institutions	7,348	7,469	8,090
Customer deposits	12,608	13,780	14,389
Certificates of deposit issued	416	491	451
Global medium term notes (GMTN)	-	221	220
Subordinated Tier 2 bonds	125	125	125
Other liabilities	337	388	451
Total Liabilities	20,834	22,474	23,727
Share capital	564	592	621
Proposed bonus shares	28	30	31
Statutory reserve	282	296	311
Share premium account	803	803	803
Treasury shares	(78)	(78)	(65)
Treasury share reserve	14	14	14
Other reserves	1,272	1,373	1,449
Equity attributable to shareholders of the bank	2,885	3,029	3,163
Perpetual Tier 1 Capital Securities	211	211	211
Non-controlling interests	309	321	327
Total equity	3,405	3,561	3,701
Total liabilities and equity	24,239	26,035	27,428

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Questions

Thank You

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National Bank of Kuwait

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