



National Bank of Kuwait
Investor Presentation

July 2019

Disclaimer

THE INFORMATION SET OUT IN THIS PRESENTATION AND PROVIDED IN THE DISCUSSION SUBSEQUENT THERETO DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. This presentation has been prepared by (and is the sole responsibility of) National Bank of Kuwait S.A.K.P. (the “Bank”).

The information herein may be amended and supplemented and may not as such be relied upon for the purposes of entering into any transaction. This presentation may not be reproduced (in whole or in part), distributed or transmitted to any other person without the Bank's prior written consent.

The information in this presentation and the views reflected therein are those of the Bank and are subject to change without notice. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of the matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and, to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance. These materials are not intended to provide the basis for any recommendation that any investor should subscribe for or purchase any securities.

This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction.

Past performance is not indicative of future results. National Bank of Kuwait is under no obligation to update or keep current the information contained herein. No person shall have any right of action against the Bank or any other person in relation to the accuracy or completeness of the information contained in this presentation. No person is authorised to give any information or to make any representation not contained in and not consistent with this presentation, and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Bank.

This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including for the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed.

Certain statements in this presentation may constitute forward-looking statements. These statements reflect the Bank's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements. The Bank does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

Operating Environment

Section 4

Financial Performance Highlights

Section 5

Appendix

NBK is Kuwait's leading banking group

Snapshot

| | |
|-------------------|---|
| Background | <ul style="list-style-type: none"> Established in 1952 as the first local and home-grown GCC bank, and first shareholding company in Kuwait The leading banking group in Kuwait in terms of assets, customer deposits and customer loans and advances More than 30% market share of assets in Kuwait Ranked amongst the 50 safest banks in the world by Global Finance, named the most valuable banking brand in Kuwait, and top 10 bank in the region by Brand Finance |
| Ownership | <ul style="list-style-type: none"> Established by a group of leading Kuwaiti merchants, NBK has retained the same core shareholder base since its inception 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 2018) NBK's market capitalisation as at 31 December 2018 was USD 16.8 bn |
| Operations | <ul style="list-style-type: none"> The Bank's core businesses are (i) consumer and private banking, (ii) corporate banking, (iii) Islamic banking and (iv) investment banking and asset management The Bank operates across 15 countries with a predominant focus on the MENA region. |

Credit Ratings

| Rating Agency | Long Term Rating | Standalone Rating | Outlook |
|------------------------------|------------------|-------------------|---------|
| MOODY'S | Aa3 | a3 | Stable |
| STANDARD & POOR'S | A+ | a- | Stable |
| FitchRatings | 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% |

Notes: Through out the investor presentation, the USD/KD exchange rates used are .30330 for year-end figures and .30315 for quarterly figures. The rates are based on the Central Bank of Kuwait's closing exchange rates as of 31/12/2018 and 30/06/2019 respectively

Regional and International Geographic Presence

| Europe | |
|---|-----------------------------------|
| <u>Location - Year established/acquired</u> | <u>Legal Structure - Branches</u> |
| London – 1983 | Subsidiary – 2 |
| Geneva – 1984 | Subsidiary – 1 |
| Paris – 1987 | Subsidiary – 1 |

| Middle East | |
|---|-----------------------------------|
| <u>Location - Year established/acquired</u> | <u>Legal Structure - Branches</u> |
| Kuwait – 1952 | Parent – 68 |
| Turkey – 2007 | Associate – 11 |
| Egypt – 2007 | Subsidiary – 50 |
| Iraq – 2005 | Subsidiary – 5 |
| Lebanon – 1996 | Subsidiary – 3 |
| Jordan – 2004 | Branch – 1 |
| Bahrain – 1987 | Branch – 2 |
| UAE – 2008 | Branch – 2 |
| Saudi Arabia - 2006 | Branch – 2 |

| US | |
|---|-----------------------------------|
| <u>Location - Year established/acquired</u> | <u>Legal Structure - Branches</u> |
| New York - 1984 | Branch – 1 |

| Asia | |
|---|-----------------------------------|
| <u>Location - Year established/acquired</u> | <u>Legal Structure - Branches</u> |
| Shanghai – 2005 | Branch – 1 |
| Singapore - 1984 | Branch – 1 |

Key strengths

High credit ratings and among the top brand values regionally

- NBK has one of the highest credit ratings in the MENA region
- Ranked amongst the 50 safest banks in the world by Global Finance, named 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

- Long history of profitability, even throughout the global financial crisis
- Excellent asset quality with an NPL ratio standing at 1.38% at end-2018
- Strong liquidity serving as a buffer in times of need

Stable shareholder base and strong management team

- Established in 1952 by a group of leading Kuwaiti merchants and has retained the same core shareholder base since
- 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

- 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)

Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

Operating Environment

Section 4

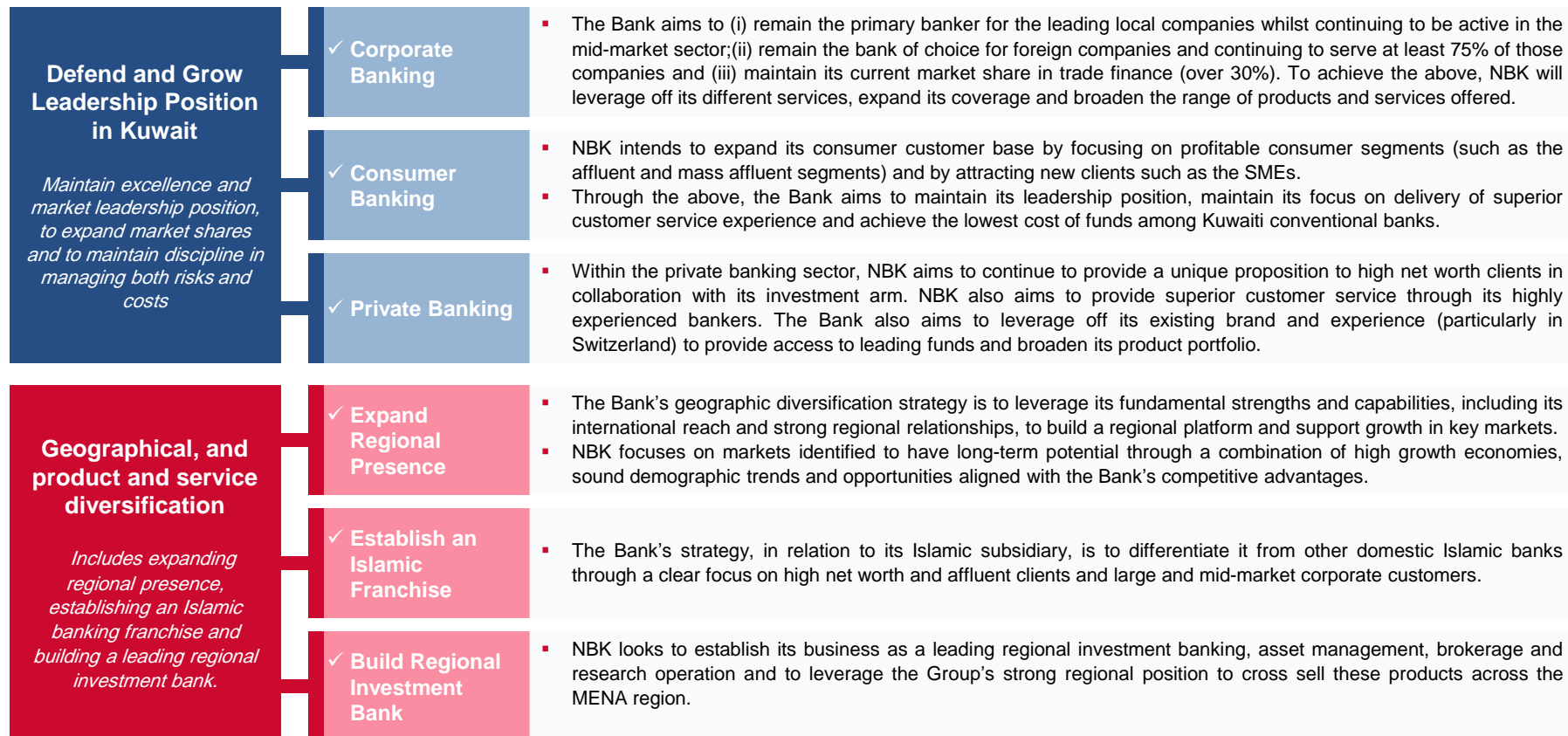
Financial Performance Highlights

Section 5

Appendix

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



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 has been traditionally contributing up to circa 30% of the Group's 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.

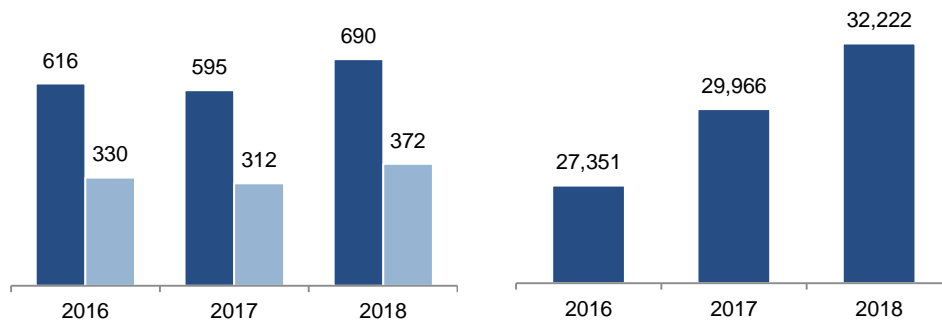
Overview of Performance

Revenue Trends (USD mn)

Balance Sheet Trends (USD mn)

■ Net Operating Income ■ Net Profit

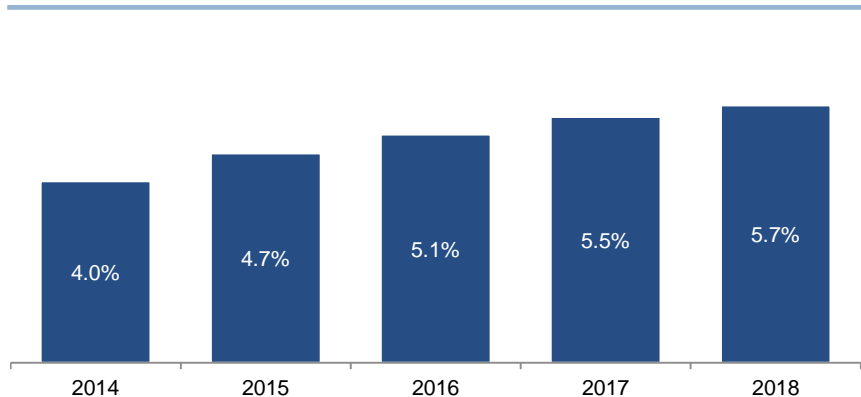
■ Segment Assets



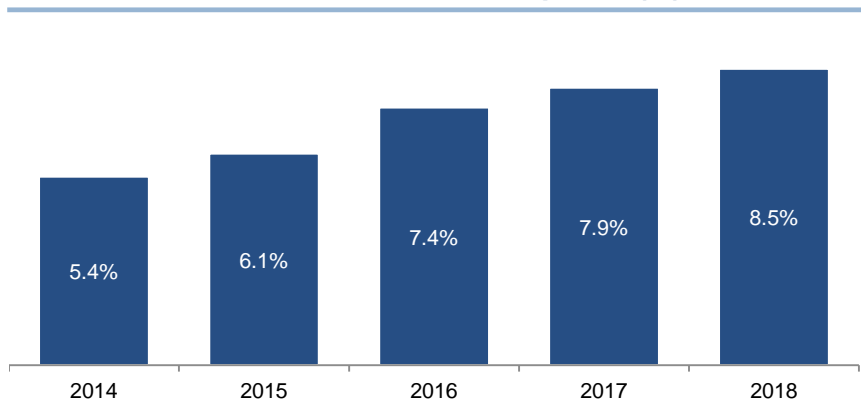
| | Established or acquired | Branches | Legal structure |
|----------------------|-------------------------|----------|-----------------|
| International | | | |
| London | 1983 | 2 | Subsidiary |
| New York | 1984 | 1 | Branch |
| Geneva | 1984 | 1 | Subsidiary |
| Singapore | 1984 | 1 | Branch |
| Paris | 1987 | 1 | Subsidiary |
| Shanghai | 2005 | 1 | Branch |
| MENA region | | | |
| Bahrain | 1987 | 2 | Branch |
| Lebanon | 1996 | 3 | Subsidiary |
| Jordan | 2004 | 1 | Branch |
| Iraq | 2005 | 5 | Subsidiary |
| Saudi Arabia | 2006 | 2 | Branch |
| Egypt | 2007 | 50 | Subsidiary |
| Turkey | 2007 | 11 | Associate |
| UAE | 2008 | 2 | Branch |

Boubyan Bank (59.9% owned subsidiary)

Market share of Total Assets(%)



Market share of Total Deposits (%)



Highlights

- Islamic banking has been gaining ground in the Kuwaiti market, representing close to 40% of assets and deposits at year-end 2018.
- 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 a 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.

Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

Operating Environment

Section 4

Financial Performance Highlights

Section 5

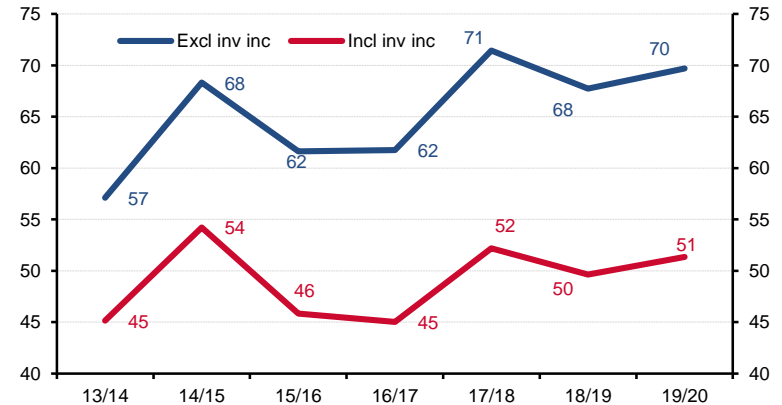
Appendix

Overview of Kuwait

Overview

- The State of Kuwait is a sovereign state on the coast of the Arabian Gulf with a population of 4.6 million
- Kuwait is a constitutional monarchy, headed by His Highness the Emir, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
- Kuwait enjoys an open economy, dominated by the government sector. Its economy is primarily dependent on the oil industry, but has witnessed growing contribution from non-oil sectors
- Kuwait has one of the lowest industry 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, which serve as a buffer against volatile market conditions
- Kuwait has a long-term policy vision under the banner of “**Kuwait Vision 2035**”. It 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

Fiscal breakeven oil price



Key economic indicators

| Key Indicators | 2019F | 2020F |
|---------------------|---------------------------|----------|
| Sovereign Ratings | Aa2 / AA / AA (M / S / F) | |
| Current Account | \$10.7 bn | \$9.7 bn |
| Gov Revenues (%GDP) | 48% | 47% |
| Public Debt (% GDP) | 13% | 15% |

Kuwait's Economy

Recent Developments

GDP Growth

- Real GDP is estimated to have expanded by 1.8% in 2018 and will range between 1.0-2.5% in 2019 and 2020, affected by lower oil production as Kuwait adheres to OPEC's latest cuts.

Public Finance and Inflation

- Non-oil growth is expected at a moderate 2.5-3.0% over 2019-21, supported by capital and consumer spending.
- Public spending on projects, as well as wages, will remain supportive. Spending is budgeted to rise 5% in FY19/20. Budgeted capex is unchanged, but could actually rise after a soft FY18/19.

Consumer Sector

- After averaging 0.6% in 2018, inflation will remain low at no more than 2%, supporting real purchasing power. Strong KD will help keep price pressures in check.
- Consumer spending growth has decelerated from peaks seen in 2017&18 with growth in POS/ATM transactions at 4% y/y in 1Q19.
- However the NBK consumer spending index points to a slight pick-up in 2Q19 with support from decent jobs growth and stronger consumer lending.

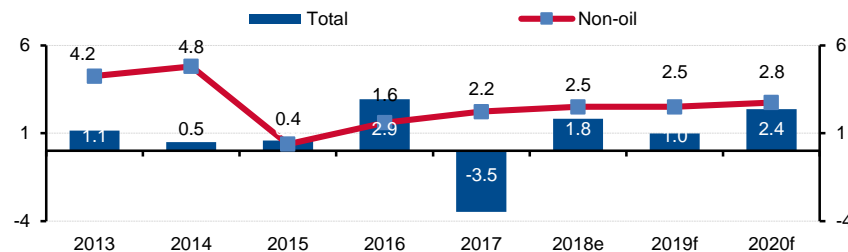
Credit Growth

- Private credit growth stood at 5.0% y/y in April and will maintain around that pace in 2019, supported by:
 - a pick-up in project awards
 - the CBK's relaxation of household lending restrictions late in 2018
- Deposit growth eased to 1.3% y/y in April on a fall in government deposits (reversing earlier strong inflows), with private deposit growth at a stronger 2.2%.

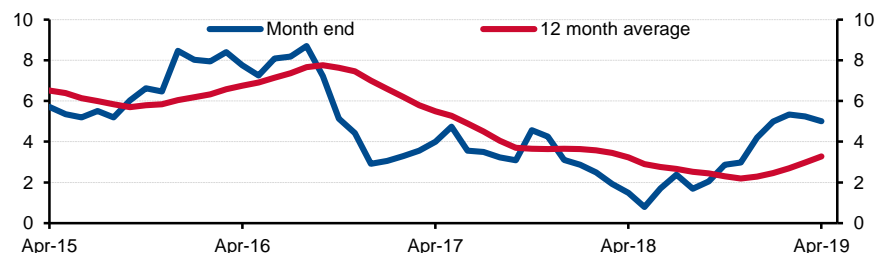
Real Estate Activity

- Real estate sales were up 56% to a four-year high last year and have largely held onto those gains so far in 2019. Prices are also trending higher other than in the apartment sector, amid still-high vacancy rates.

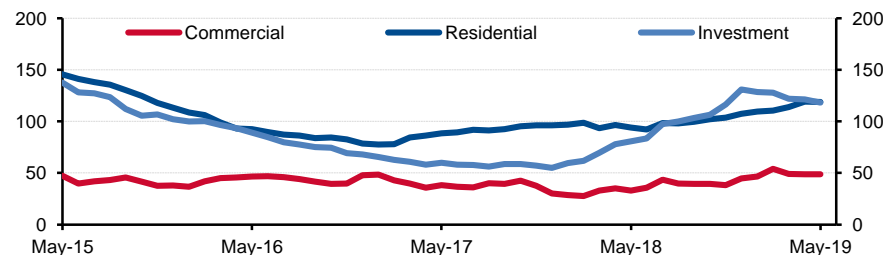
Real GDP (% y/y)



Private credit (change, %/y)



Real estate sales 12m average (KD mn)

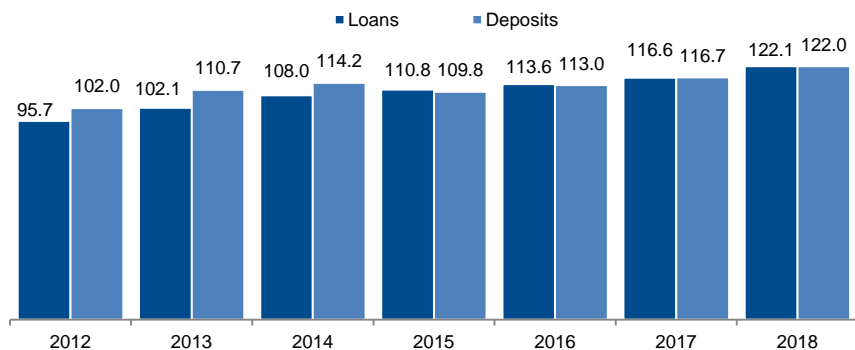


Kuwait's banking sector

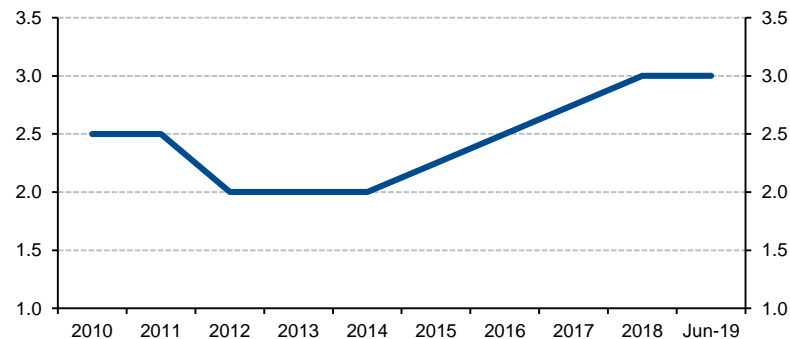
Snapshot

- **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 an average Capital Adequacy Ratio of 18.1% in the four quarters to 4Q18, 5% higher than the required minimum. Non-performing loans to total loans stood at 1.6% in 4Q18.

Key indicators¹ (USD bn, end year)



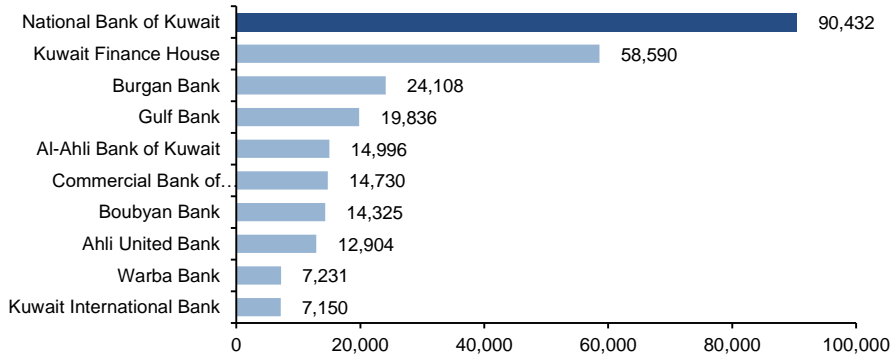
Development of the Discount rate (% , end year)



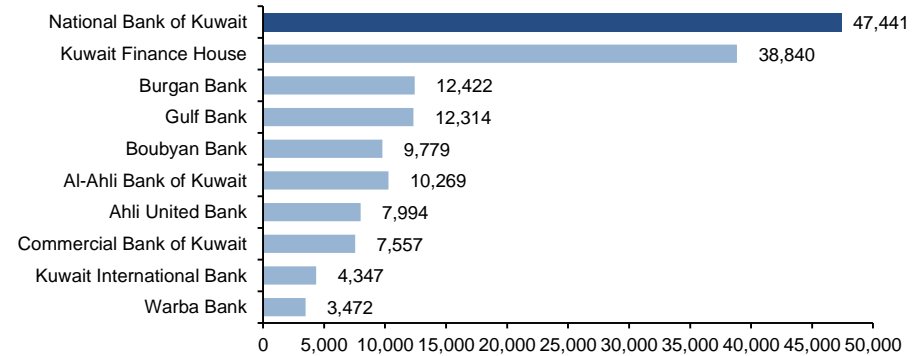
The Dominant Kuwaiti Franchise

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

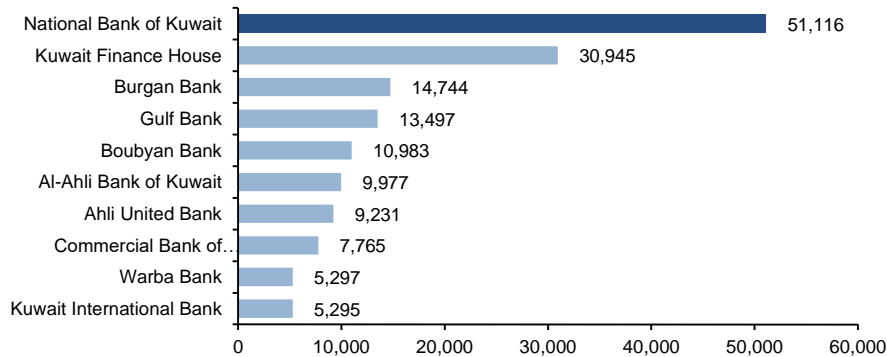
Total Assets (USD million)



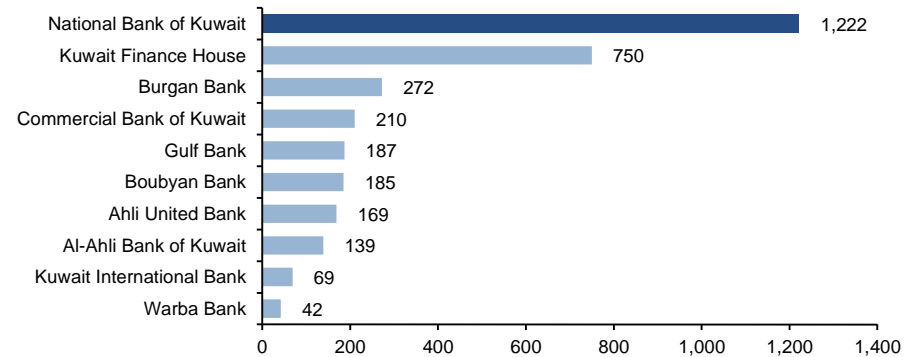
Customer Deposits (USD million)



Customer Loans & Advances (USD million)



Net Profit attributable (USD million)



Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

Operating Environment

Section 4

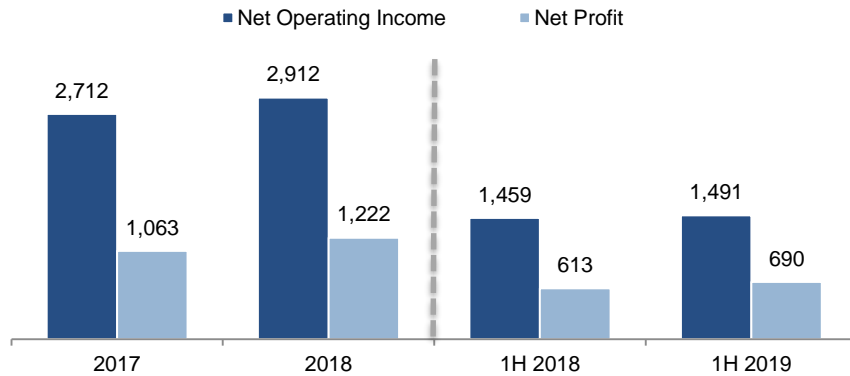
Financial Performance Highlights

Section 5

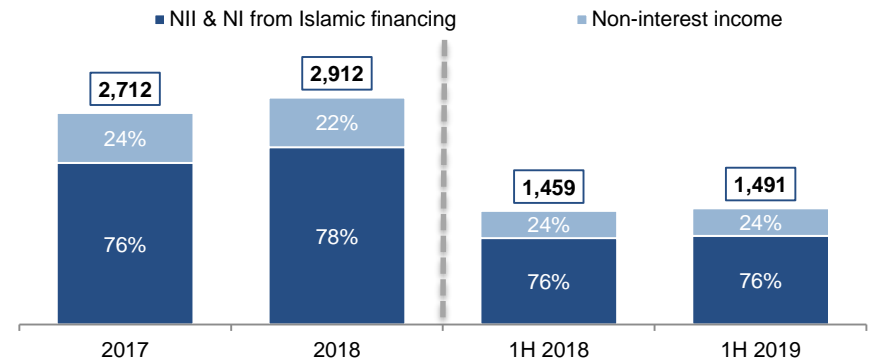
Appendix

Operating Performance & Profitability

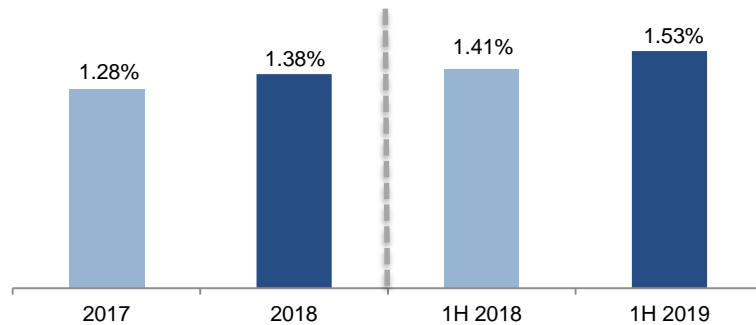
Resilient Profitability (USD mn)



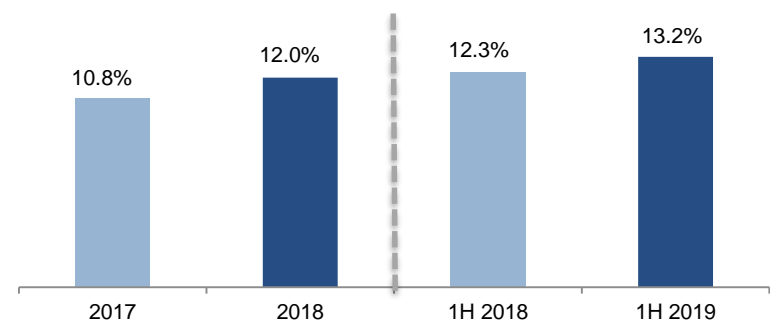
Operating Income Composition (USD mn)



Return on average assets (%)

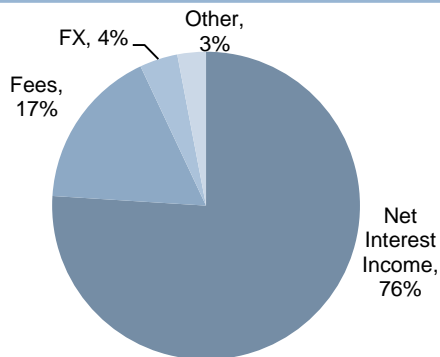


Return on average equity (%)

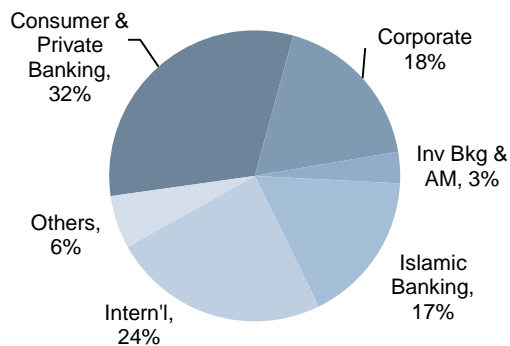


Operating Performance & Profitability (Cont'd)

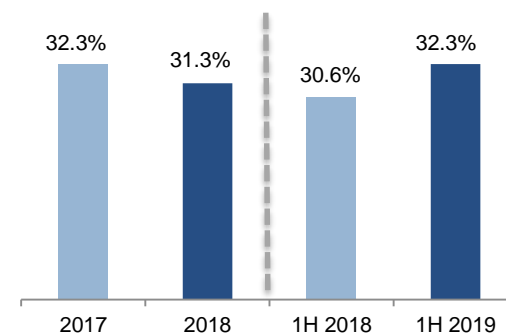
1H 2019 Op. income by type (%)



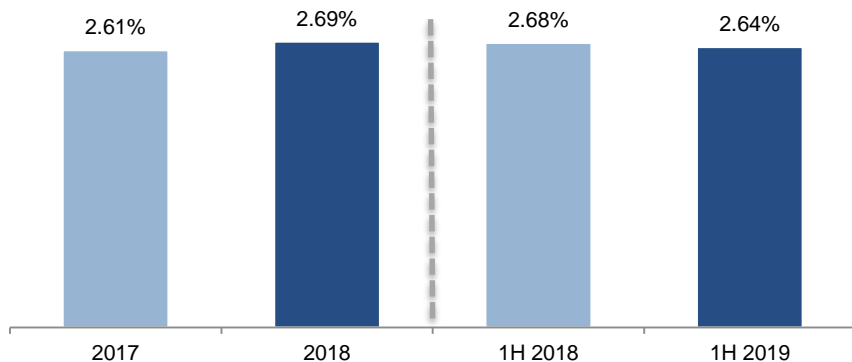
1H 2019 Op. income by business line (%)



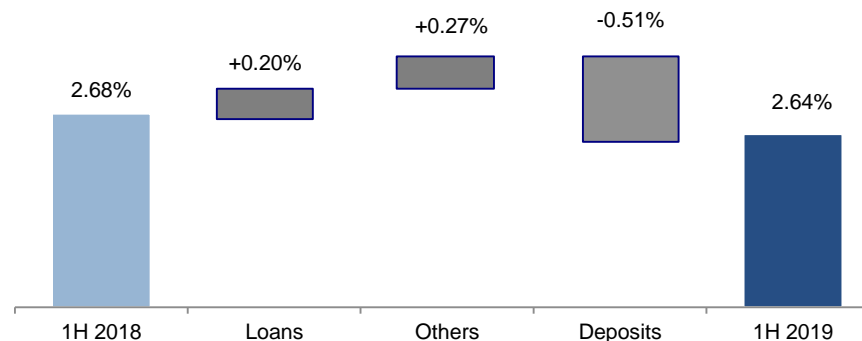
Cost to income (%)



Net Interest Margin (%)

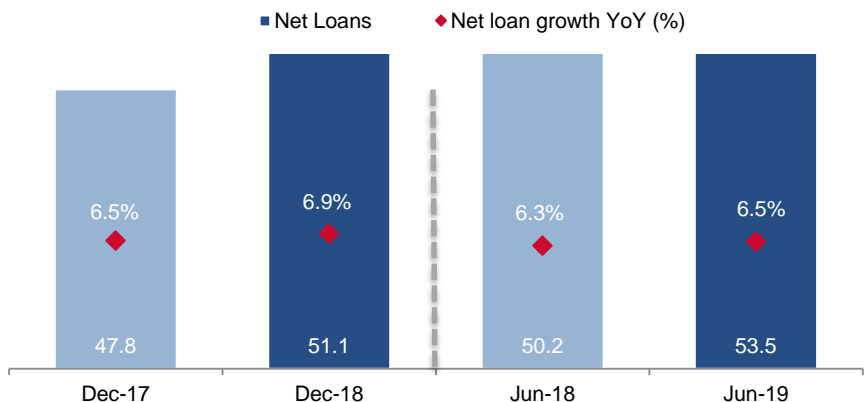


1H 2019 Net Interest Margin drivers

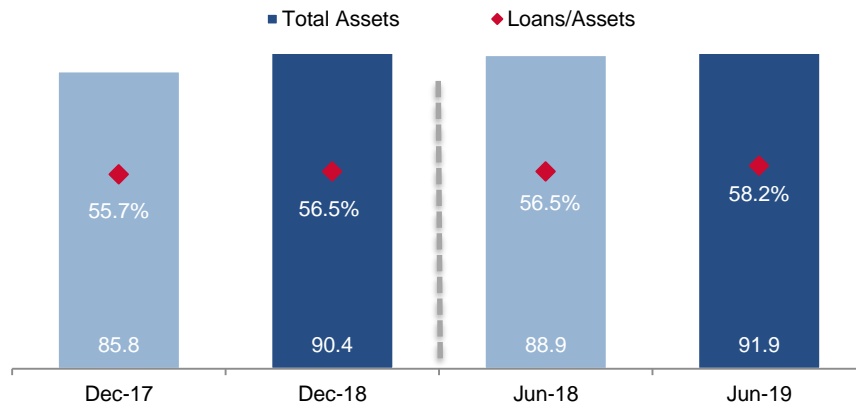


Balance Sheet Parameters

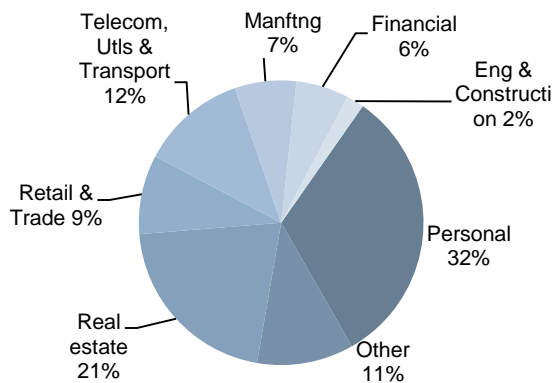
Net loan portfolio (USD bn)



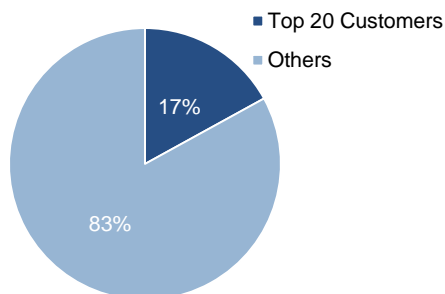
Loans to assets (USD bn)



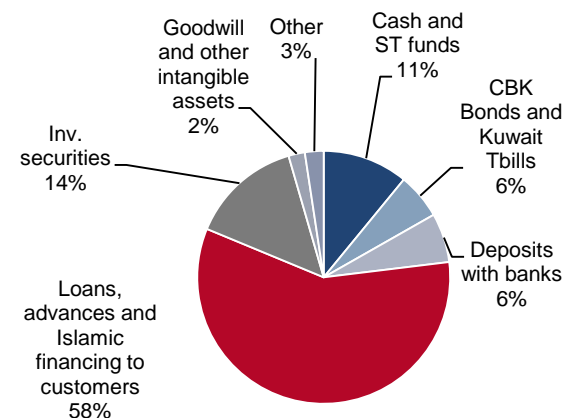
Loan exposure by sector (%) (as at 30 June 2019)



Low loan concentrations (as at 30 June 2019)

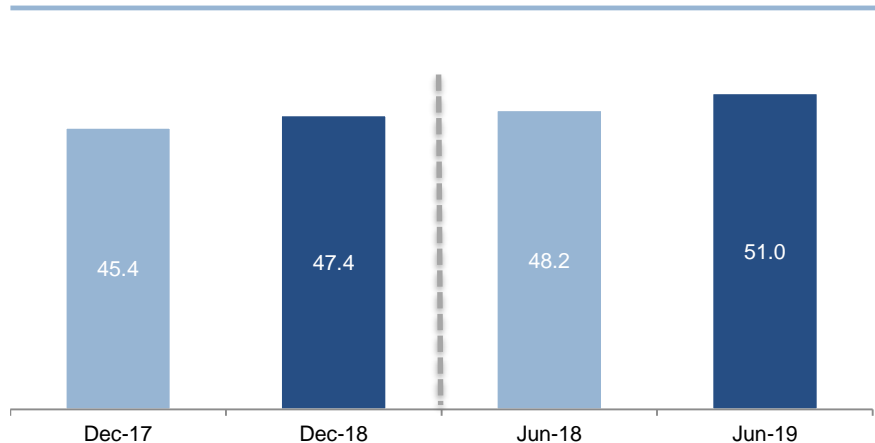


Assets by Type (as at 30 June 2019)

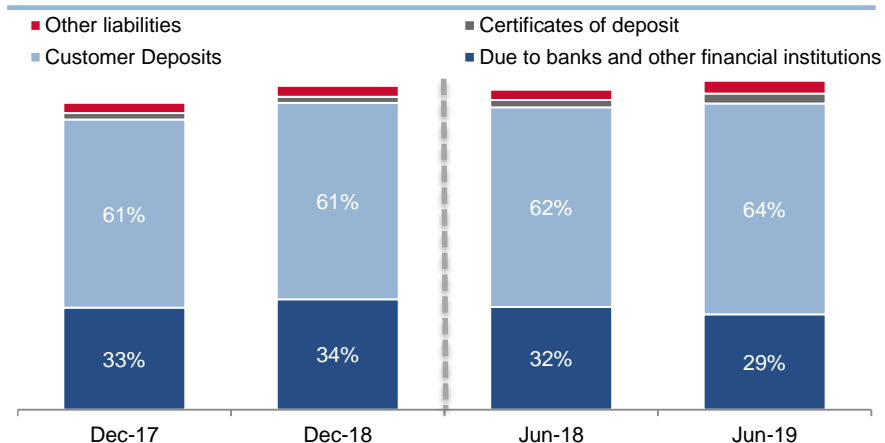


Funding and liquidity positions

Customer Deposits (USD bn)

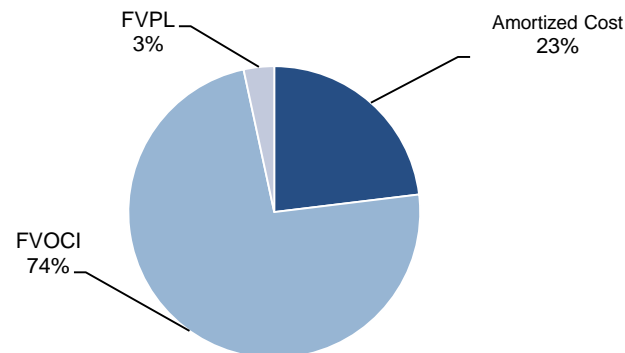
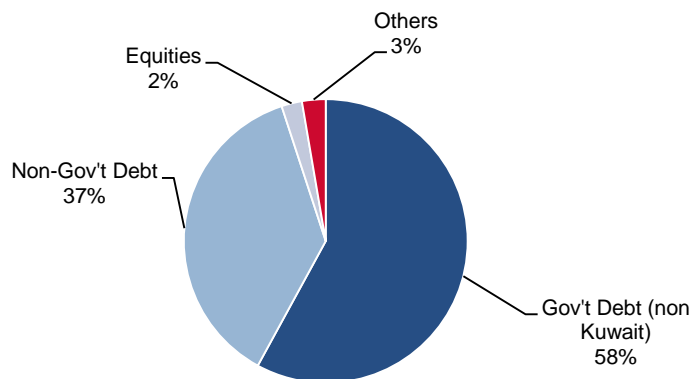


(Total Liabilities) Funding Mix (USD mn)



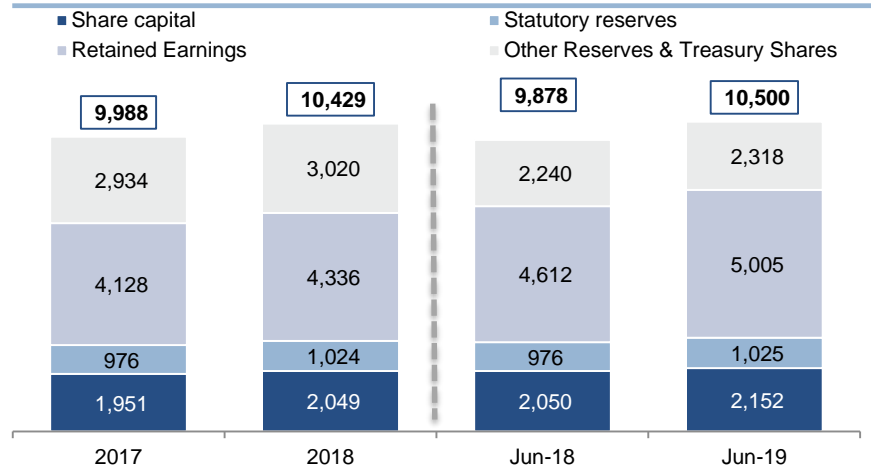
Overview of Investment Securities¹ – USD 12.1 bn

As at 31 December 2018

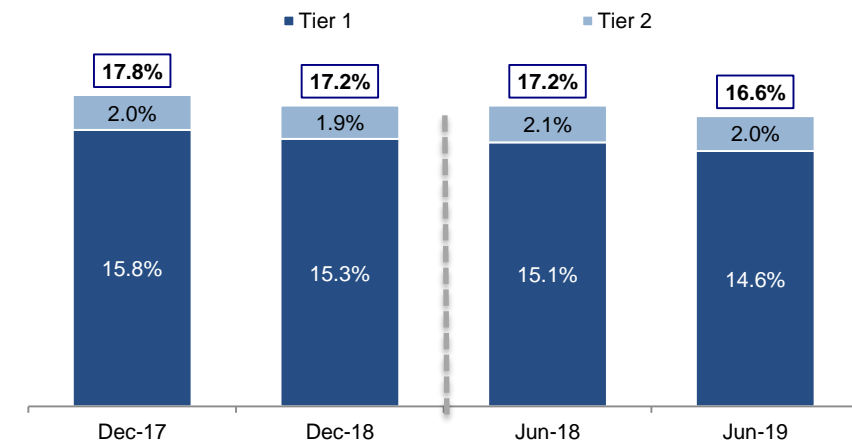


Capitalization and asset quality

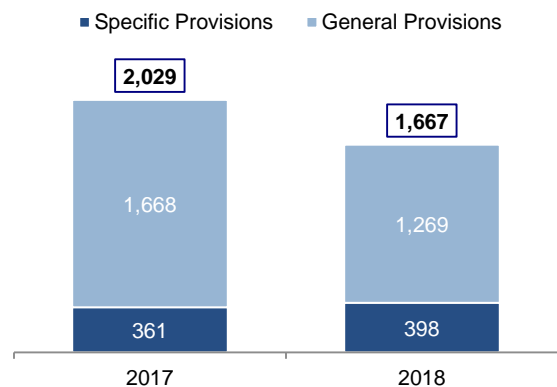
Total Equity¹ Breakdown (USD mn)



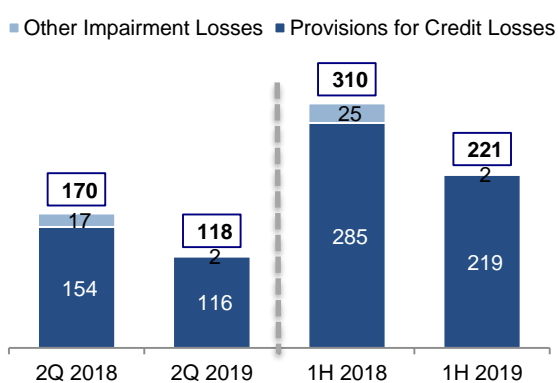
Prudent capitalization (%)



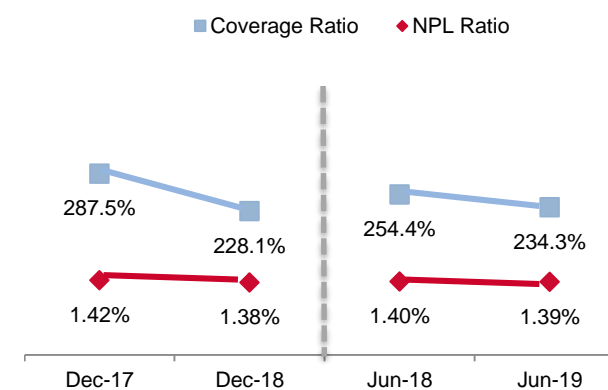
Prudent Provisioning (USD mn)



Provisions and Impairments (USD mn)



Non-performing loans (NPLs)



Contents

Section 1

Overview of NBK

Section 2

Strategy and Business Overview

Section 3

Operating Environment

Section 4

Financial Performance Highlights

Section 5

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 | Underway: Overall progress 20%. Major infrastructure works contract 1 is 57% complete, contract 2 is 29% complete. P-1 and P-3 completion expected by 2020, P-2 completion Sep-2019. |
| New Refinery Project (NRP) | Oil & gas | 3.90 | New 615,000 bpd refinery by KNPC | Underway: Progress at 83%. Construction works are underway on P-1, P-2 and P-3 feed pipeline projects. P-4 expected to be completed in 2020, P-5 in 4Q 2019. service consultancy contract to be issued in July-2019. Engineering services contract awarded in May-2019. |
| Clean Fuels Project (CFP) | Oil & gas | 3.70 | Specification upgrade and expansion of 2 existing refineries to produce 800,000 b/d. | Underway: Overall progress 85%. Construction works completed on P-1 and ongoing on P-2 & P-3. Standby service contract construction at 50% and scheduled to complete by 2023. |
| 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 | Underway: Progress at 57%. Construction activities completed on West and East Raudhatain field and commissioning is underway. JPF-4 and JPF-5 prequalification completed and invitation to bid will be by mid-June 2019. JPF-6 and JPF-7 tenders are expected later this year. |
| Petrochemical Facility at Al-Zour | Oil & gas | 2.0 | Petrochemical plant to be integrated with Al-Zour refinery. | Planning: KPC is in the process of shortlisting the pre-qualified companies till June-2019. The tendering process is facing delays due to some changes in design and configuration. Bidding is expected in 1Q 2020 |
| LNG Import and Regasification Terminal | Oil & gas | 0.80 | 4 full containment LNG tanks each with a working capacity of 225,500 m ³ and a regasification plant with capacity of 1500 BBTU/day | Underway: Progress at 76%. Construction works are underway and scheduled to complete in June-2020. |
| 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 was postponed since end-June 2018. |
| Al-Zour North (IWPP) – P2 & P3 | Power & water | 0.5 | 1800 MW of power generation capacity and 464,100m ³ /day of desalination capacity | Planning: P-1 (power & water desalination plant) is complete. P-2 and P-3 are in the main contract PQ stage. The project management consultancy contract has been awarded with a contract value of \$15.6 million |
| 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 | Bidding/Planning: P-1: Bids submitted for Transaction Advisory Services. P-2 and P-3 still under study. The main contract tender is expected to be issued by 2020 for power plant and desalination project. |
| Umm Al Hayman Waste Water (PPP) | Power & water | 0.47 | Initial treatment capacity of 500,000 m ³ /d. Plant may replace Riqqa WWTP in future | Underway: Projects suffering from setbacks. KAPP has now signed the award letter but construction is yet to commence reportedly due to ongoing negotiations. |
| 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 | On Hold: The project has been revived and the main contract tender has been issued with the last date of bid submission on June 30, 2019. |
| Al-Dibdibah Solar PP | Power & water | 0.5 | Capacity to produce 1GW solar project | Bidding/Planning: Bids submission extended to April 2019. |
| 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 | Underway/Planning: Overall progress at 59%. Terminal 2 to be completed in 2022. Bids submission deadline for P-2 has been extended to July 7, 2019. |
| Kuwait National Railroad (PPP) | Transport | 2.40 | Railroad system linking Kuwait to rest of GCC | Planning: 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 financials 1H 2019 *(USD million)*

| <i>Income Statement (USD million)</i> | Jun-18 | Jun-19 | YoY Growth (%) | <i>Balance sheet (USD million)</i> | Jun-18 | Jun-19 | YoY Growth (%) |
|--|--------------|--------------|----------------|--|---------------|---------------|----------------|
| Interest Income | 1,401 | 1,624 | 16% | Cash and short term funds | 9,963 | 10,051 | 1% |
| Interest Expense | 490 | 687 | 40% | Central Bank of Kuwait bonds | 2,597 | 2,699 | 4% |
| Net Interest Income | 910 | 937 | 3% | Kuwait Government Treasury bonds | 3,050 | 2,672 | (12%) |
| Murabaha and other Islamic financing income | 291 | 335 | 15% | Deposits with banks | 7,723 | 5,785 | (25%) |
| Distribution to depositors and Murabaha costs | 90 | 136 | 50% | Loans, advances and Islamic financing to customers | 50,231 | 53,492 | 6% |
| Net Income from Islamic financing | 201 | 199 | (1%) | Investment securities | 11,192 | 13,116 | 17% |
| NII and NI from Islamic financing | 1,111 | 1,136 | 2% | Investment in associates | 169 | 111 | (34%) |
| Net fees and commissions | 252 | 260 | 3% | Land, premises and equipment | 1,121 | 1,364 | 22% |
| Net investment income | 27 | 29 | 8% | Goodwill and other intangible assets | 1,914 | 1,919 | 0% |
| Net gains from dealing in foreign currencies | 63 | 64 | 1% | Other assets | 914 | 727 | (20%) |
| Other operating income | 6 | 3 | (56%) | Total Assets | 88,873 | 91,936 | 3% |
| Non-interest income | 348 | 355 | 2% | Due to banks and other financial institutions | 24,787 | 23,014 | (7%) |
| Net Operating Income | 1,459 | 1,491 | 2% | Customer deposits | 48,229 | 50,979 | 6% |
| Staff expenses | 264 | 285 | 8% | Certificates of deposit issued | 1,797 | 2,390 | 33% |
| Other administrative expenses | 153 | 150 | (2%) | Global Medium Term Notes (GMTN) | 716 | 750 | 5% |
| Depreciation of premises and equipment | 24 | 41 | 72% | Subordinated Tier 2 bonds | 412 | 412 | 0% |
| Amortisation of intangible assets | 5 | 5 | 2% | Other liabilities | 1,321 | 1,935 | 46% |
| Operating Expenses | 446 | 481 | 8% | Total Liabilities | 77,261 | 79,480 | 3% |
| Pre-provision profits (and impairments) | 1,013 | 1,010 | 0% | Share capital | 2,050 | 2,152 | 5% |
| Provision charge for credit losses and impairment losses | 310 | 221 | (29%) | Proposed bonus shares | - | - | NM |
| Operating profit before taxation | 703 | 788 | 12% | Statutory reserve | 976 | 1,025 | 5% |
| Taxation | 54 | 61 | 13% | Share premium account | 2,649 | 2,649 | 0% |
| Non-controlling interest | 36 | 37 | 4% | Treasury shares | (216) | (189) | (13%) |
| Profit attributable to shareholders of the Bank | 613 | 690 | 12% | Treasury share reserve | 46 | 57 | 24% |
| | | | | Other reserves | 4,373 | 4,805 | 10% |
| | | | | Equity attributable to shareholders | 9,878 | 10,500 | 6% |
| | | | | Perpetual Tier 1 Capital Securities | 695 | 695 | 0% |
| | | | | Non-controlling interests | 1,040 | 1,262 | 21% |
| | | | | Total equity | 11,612 | 12,456 | 7% |
| | | | | Total liabilities and equity | 88,873 | 91,936 | 3% |

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 |
| Net Interest Income | 1,568 | 1,711 | 1,867 |
| Murabaha and other Islamic financing income | 422 | 514 | 614 |
| Finance cost and Distribution to depositors | 112 | 151 | 204 |
| Net Income from Islamic financing | 310 | 363 | 409 |
| Net interest income and net income from Islamic financing | 1,878 | 2,074 | 2,276 |
| 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 |
| Non-interest income | 579 | 639 | 636 |
| Net Operating Income | 2,457 | 2,712 | 2,912 |
| 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 |
| Operating Expenses | 831 | 875 | 911 |
| Op. profit before provision for credit losses and impairment losses | 1,626 | 1,837 | 2,001 |
| Provision charge for credit losses | 414 | 577 | 558 |
| Impairment losses | 88 | 44 | 34 |
| Operating profit before taxation | 1,124 | 1,217 | 1,408 |
| Taxation | 95 | 88 | 110 |
| Non-controlling interest | 56 | 66 | 77 |
| Profit attributable to shareholders of the Bank | 973 | 1,063 | 1,222 |

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 |
| Total Assets | 79,917 | 85,838 | 90,432 |
| 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 |
| Total Liabilities | 68,691 | 74,097 | 78,228 |
| 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 |
| Equity attributable to shareholders of the bank | 9,511 | 9,988 | 10,429 |
| Perpetual Tier 1 Capital Securities | 695 | 695 | 695 |
| Non-controlling interests | 1,020 | 1,058 | 1,079 |
| Total equity | 11,226 | 11,741 | 12,203 |
| Total liabilities and equity | 79,917 | 85,838 | 90,432 |

Contact

Contact Investor Relations

E: Investor-Relations@nbk.com

National Bank of Kuwait (NBK)
PO Box 95, 13001 Safat Kuwait
Abdullah Al Ahmad Street, Sharq
State of Kuwait.

Useful information

Download copies of NBK's:

- [Financial statements](#)
- [Earnings release](#)
- [Annual report 2018](#)