



**National Bank of Kuwait**  
Investor Presentation

October 2019

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# NBK is Kuwait's leading banking group

## Snapshot

<b>Background</b>	<ul style="list-style-type: none"> <li>Established in 1952 as the first local and home-grown GCC bank, and first shareholding company in Kuwait</li> <li>The leading banking group in Kuwait in terms of assets, customer deposits and customer loans and advances</li> <li>More than 30% market share of assets in Kuwait</li> <li>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</li> </ul>
<b>Ownership</b>	<ul style="list-style-type: none"> <li>Established by a group of leading Kuwaiti merchants, NBK has retained the same core shareholder base since its inception</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 2018)</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%

Notes: Through out the investor presentation, the USD/KD exchange rates used are .30330 for year-end figures and .30405 for quarterly figures. The rates are based on the Central Bank of Kuwait's closing exchange rates as of 31/12/2018 and 30/09/2019 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 – 3

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)

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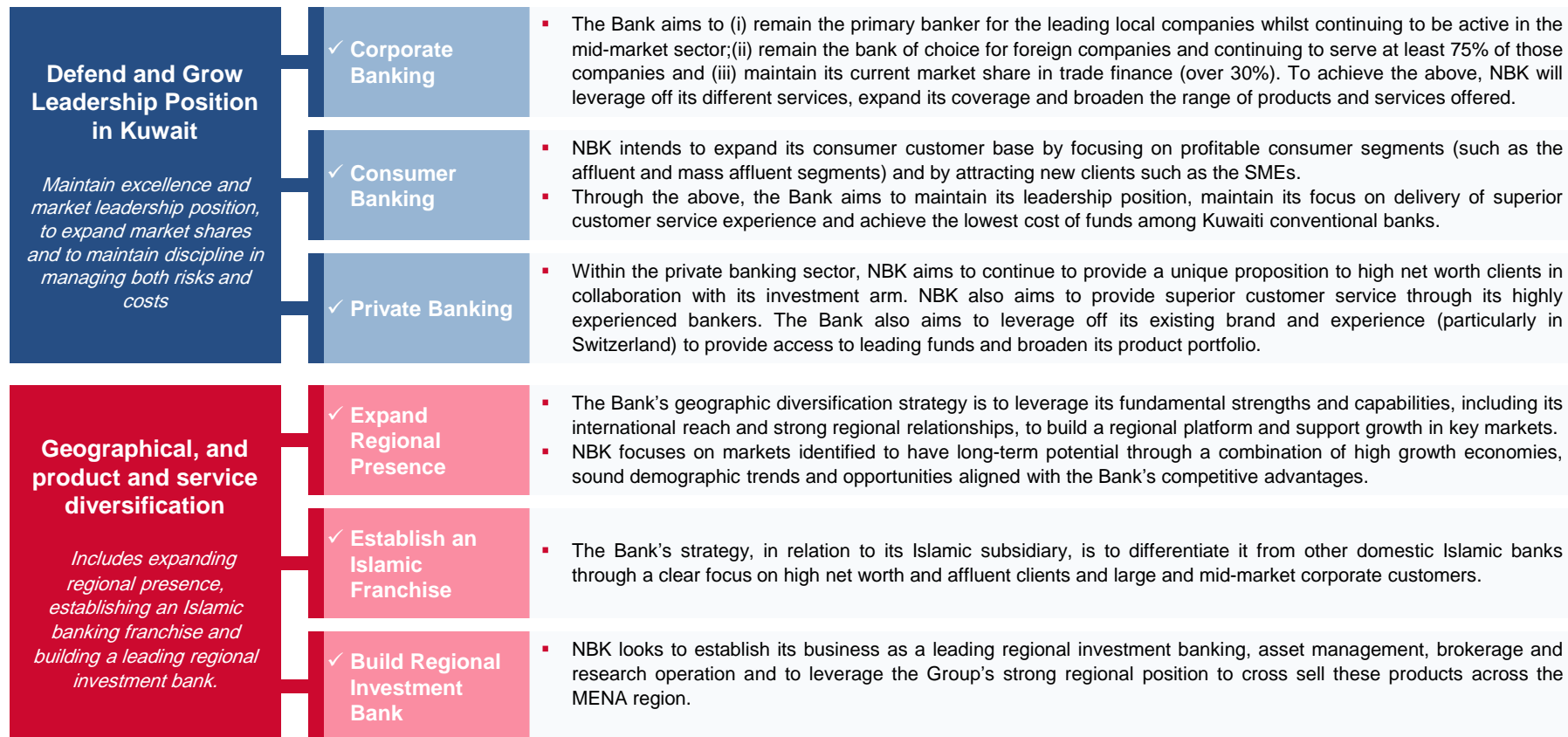
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# NBK's strategy

The Group's strategy, which is based on two main pillars, focuses on defending and growing its leadership position in Kuwait whilst also diversifying its business





# 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

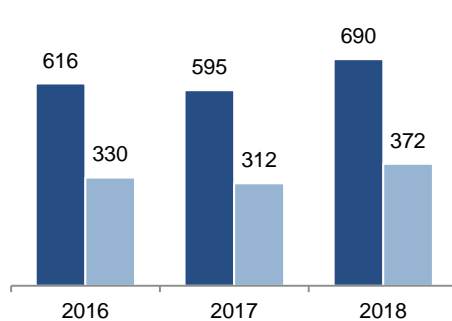
## International Operations

- 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

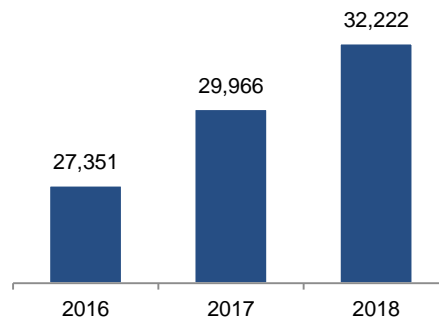
### Revenue Trends (USD mn)

■ Net Operating Income ■ Net Profit



### Balance Sheet Trends (USD mn)

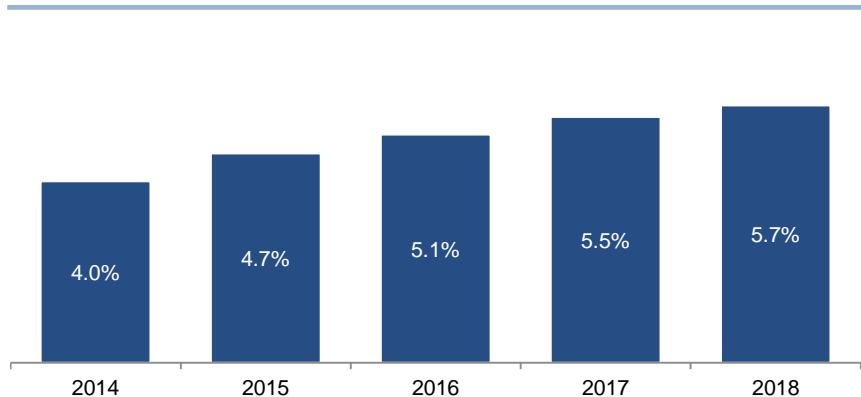
■ Segment Assets



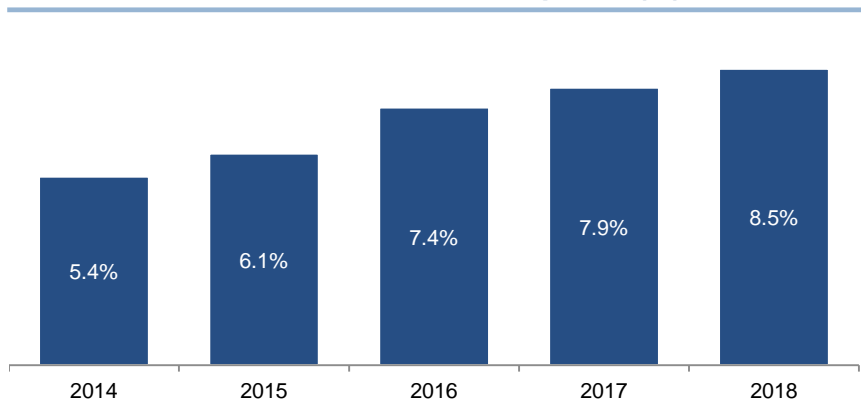
	Established or acquired	Branches	Legal structure
<b>International</b>			
London	1983	2	Subsidiary
New York	1984	1	Branch
Geneva	1984	1	Subsidiary
Singapore	1984	1	Branch
Paris	1987	1	Subsidiary
Shanghai	2005	1	Branch
<b>MENA region</b>			
Bahrain	1987	2	Branch
Lebanon	1996	3	Subsidiary
Jordan	2004	1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

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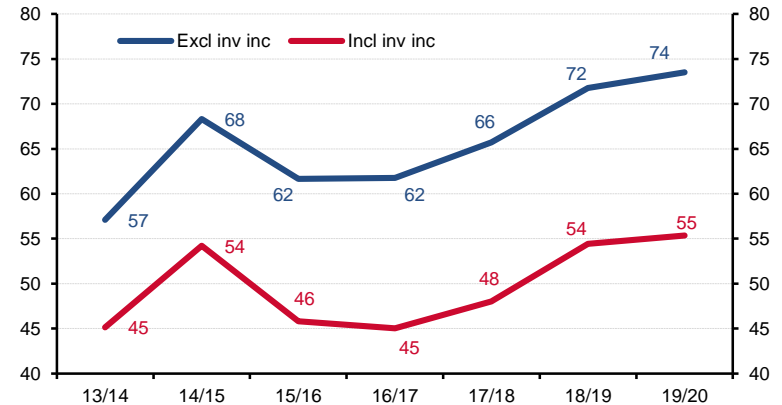
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# Overview of Kuwait

## 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 a fiscal breakeven lower than some other GCC countries, 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)	47%	46%
Public Debt (% GDP)	13%	16%

# Kuwait's Economy

## Recent Developments

### GDP Growth

- Real GDP is estimated to have expanded by 1.8% in 2018 but will be noticeably softer in 2019 due to 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% over 2019-21, supported by elevated government and consumer spending.
- Public spending on projects, as well as wages, will be 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

- Currently at 1.2% (August), inflation will remain low below 2%, supporting real purchasing power. Strong KD will help keep price pressures in check.
- Spending growth has picked up this year with POS/ATM transactions steadied 4% y/y in 2Q19 but could be higher with the acceleration of online spending.
- Decent jobs growth and strong growth in personal consumption lending remains a positive for the consumer spending outlook.

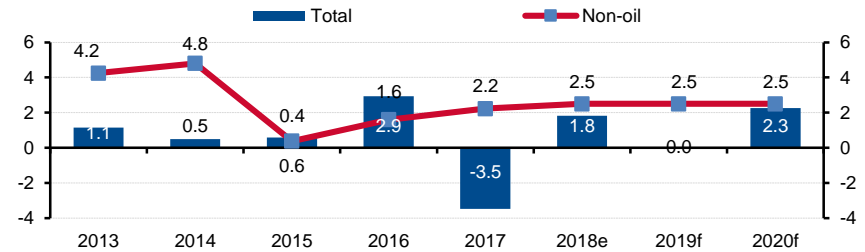
### Credit Growth

- Private credit growth stood at 4.6% y/y in August and will maintain around that pace over the next year, amid: (i) moderate growth in corporate lending and housing loans; and (ii) soaring personal consumption lending (more than 30% y/y in August) due to CBK's relaxation of household lending restrictions late in 2018;
- Deposit growth eased to 0.8% y/y in August amid softness in private deposits; government deposits have been volatile but are now up 8% y/y.

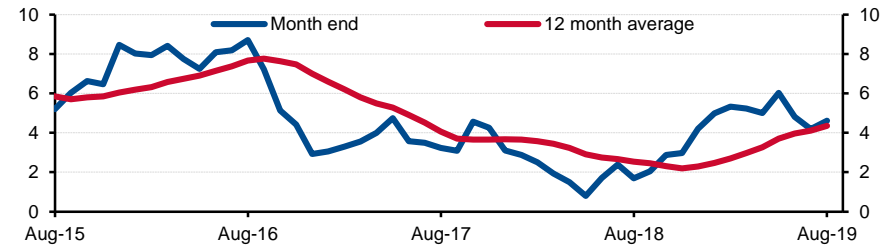
### Real Estate Activity

- Real estate sales have sustained most of the gains made last year (which was a four-year high). Home prices are trending higher, but apartment prices remain soft amid oversupply.

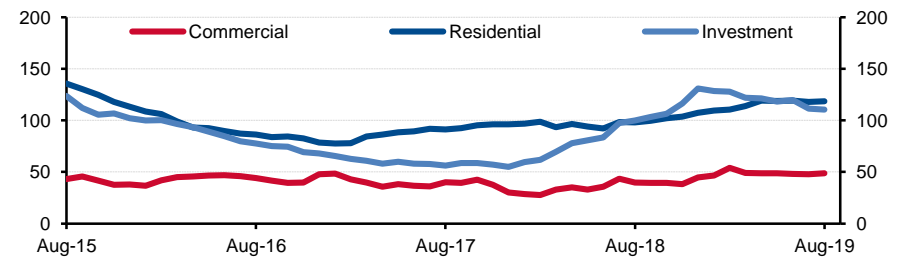
## Real GDP (% y/y)



## Private credit (change, %/y)



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

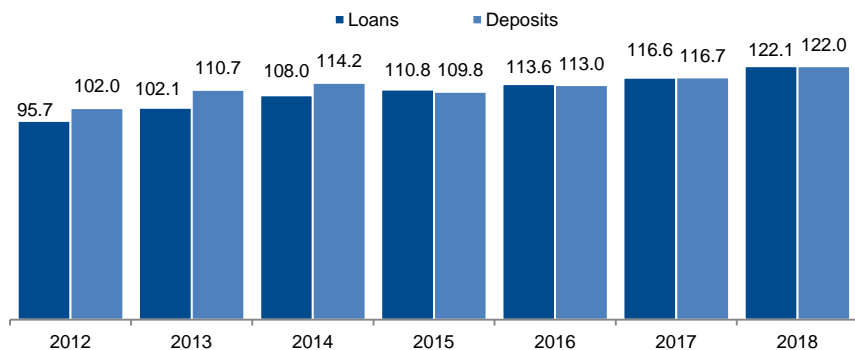


# Kuwait's banking sector

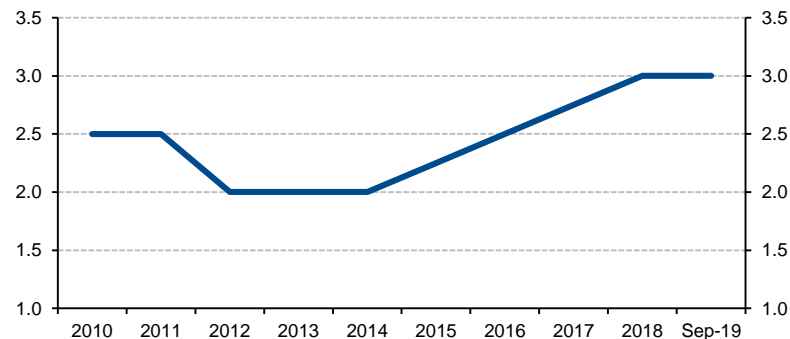
## Snapshot

- **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 1Q19, 5% higher than the required minimum. Non-performing loans to total loans stood at 1.8% in 1Q19.

### Key indicators<sup>1</sup> (USD bn, end year)



### Development of the Discount rate (% , end year)

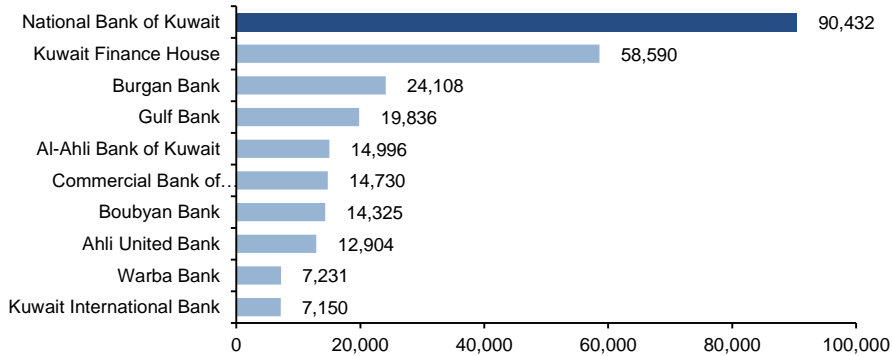




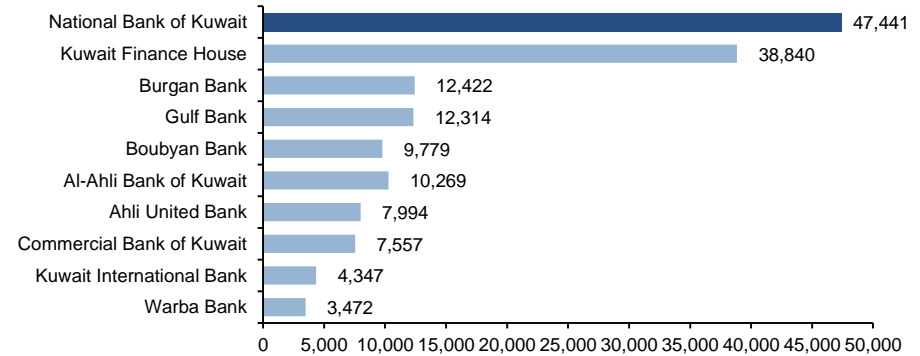
# The Dominant Kuwaiti Franchise

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

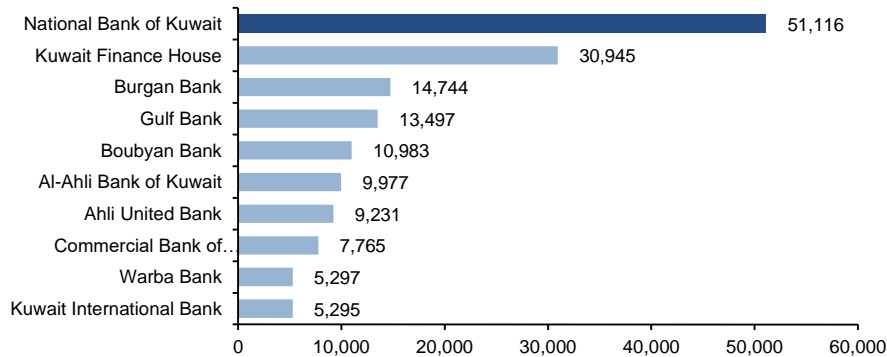
### Total Assets (USD million)



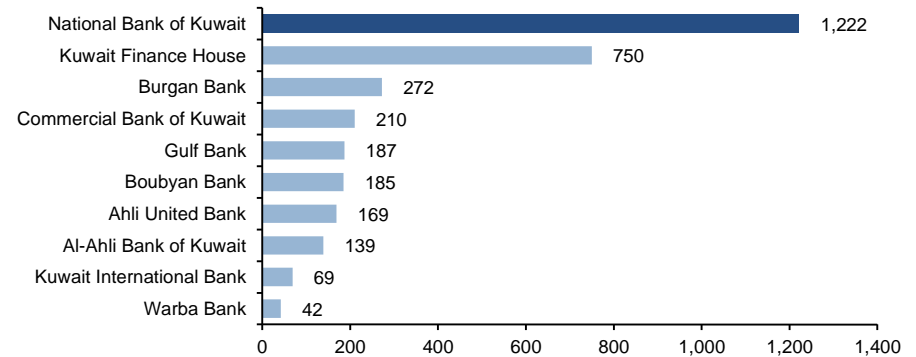
### Customer Deposits (USD million)



### Customer Loans & Advances (USD million)



### Net Profit attributable (USD million)



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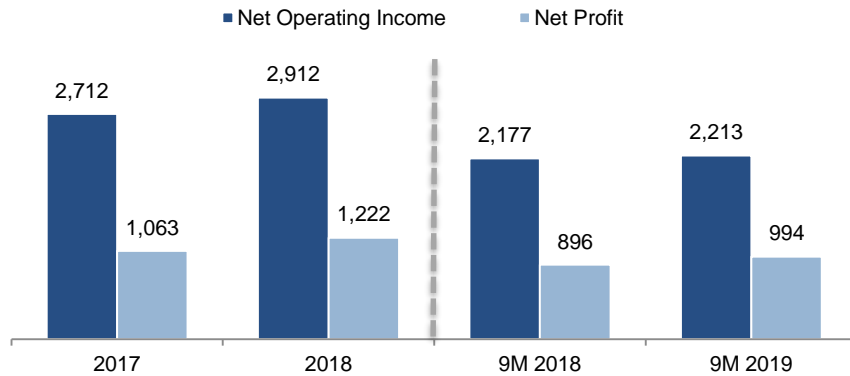
Financial Performance Highlights

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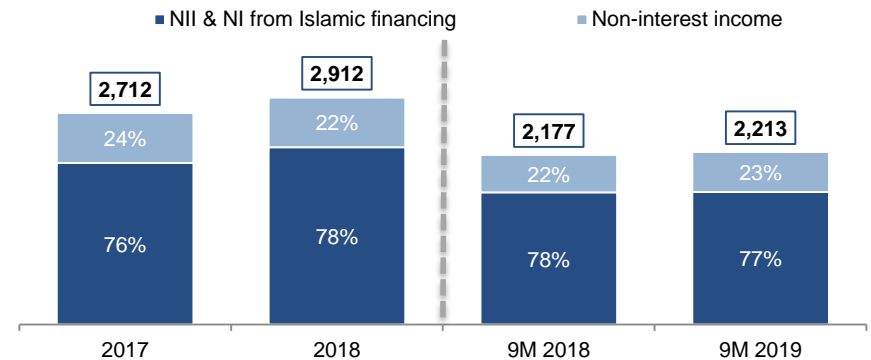
Appendix

# Operating Performance & Profitability

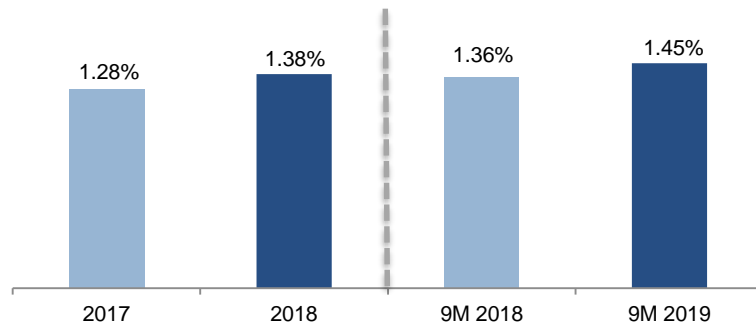
## Resilient Profitability (USD mn)



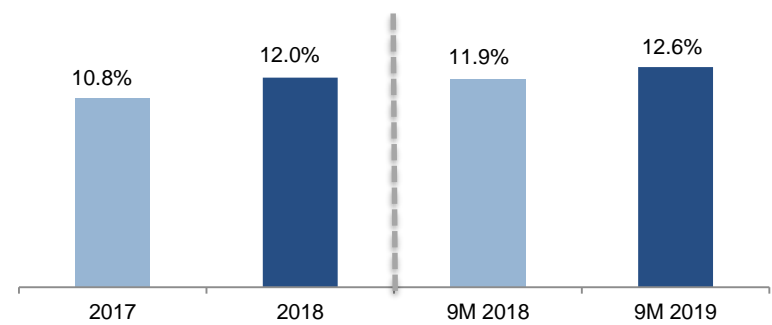
## Operating Income Composition (USD mn)



## Return on average assets (%)

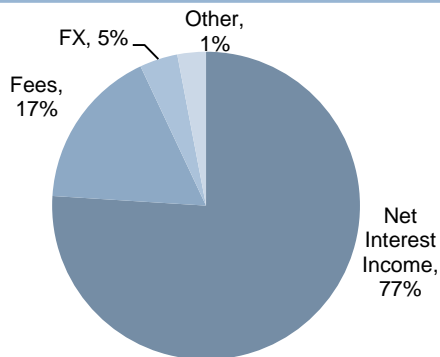


## Return on average equity (%)

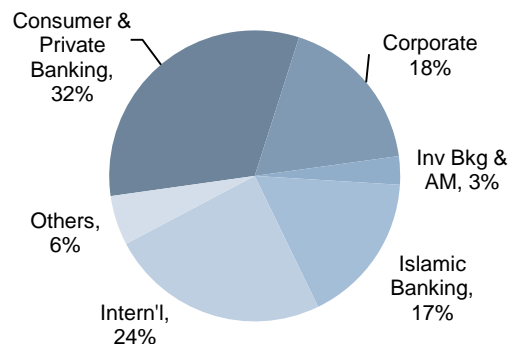


# Operating Performance & Profitability (Cont'd)

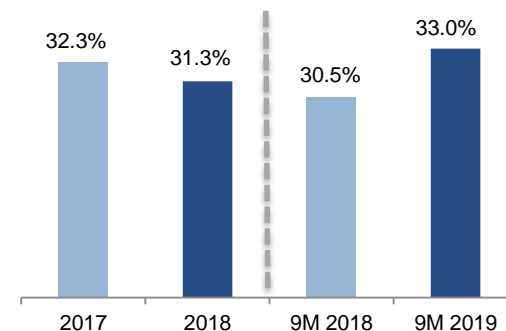
### 9M 2019 Op. income by type (%)



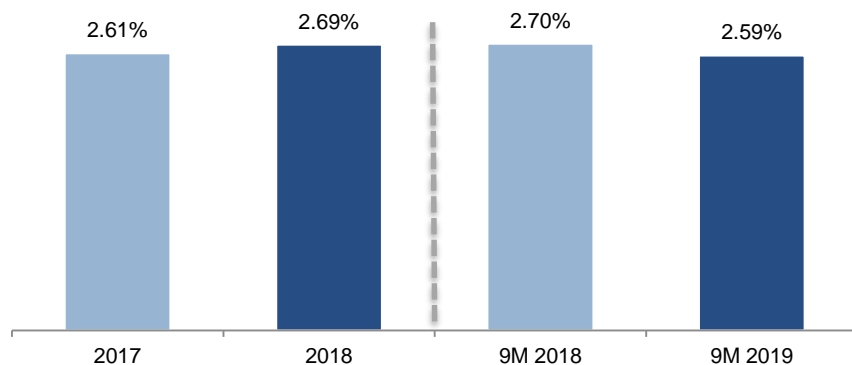
### 9M 2019 Op. income by business line (%)



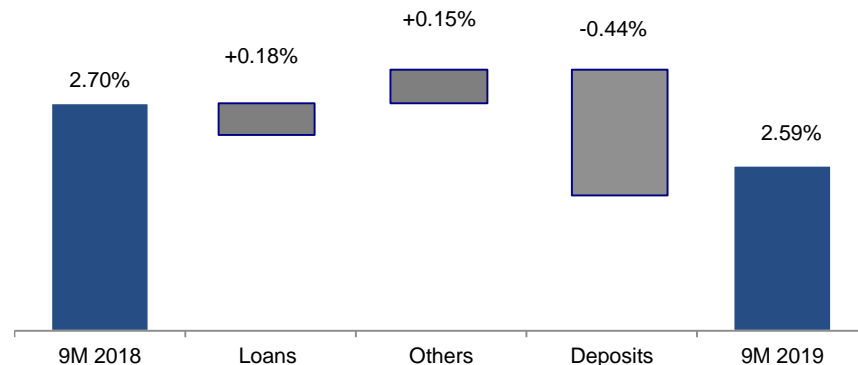
### Cost to income (%)



### Net Interest Margin (%)

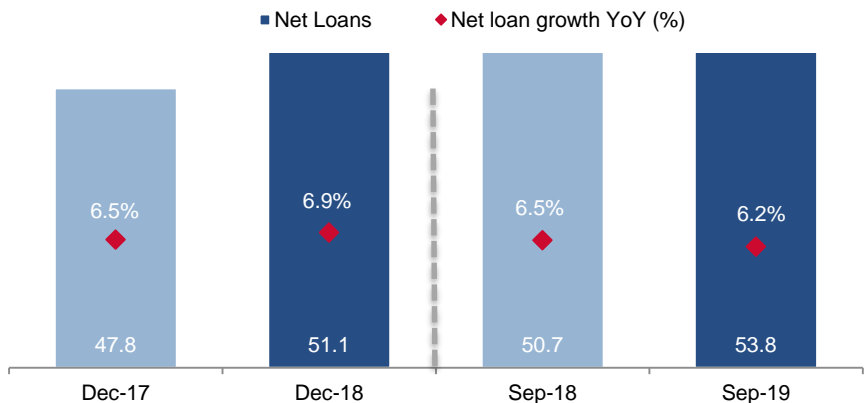


### Net Interest Margin drivers

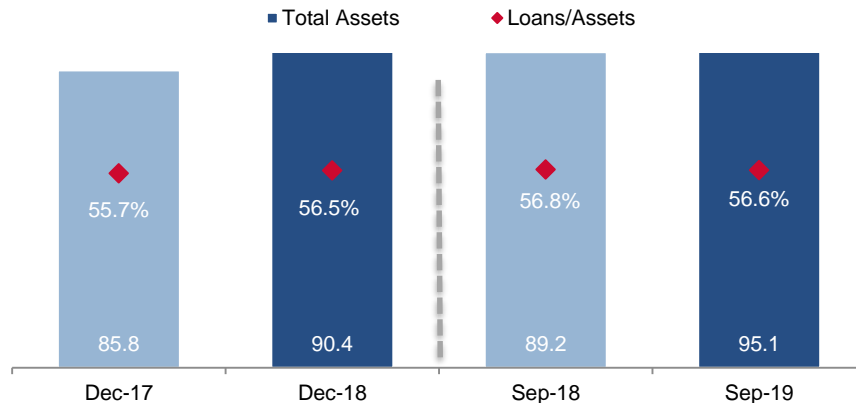


# Balance Sheet Parameters

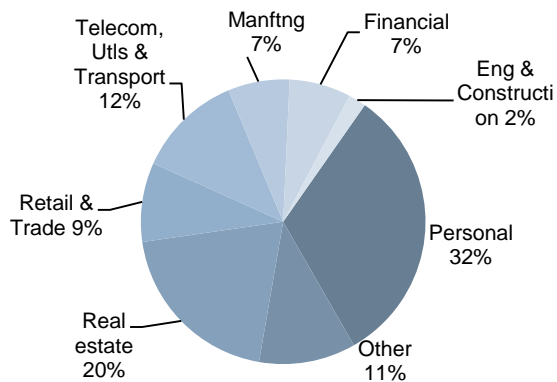
### Net loan portfolio (USD bn)



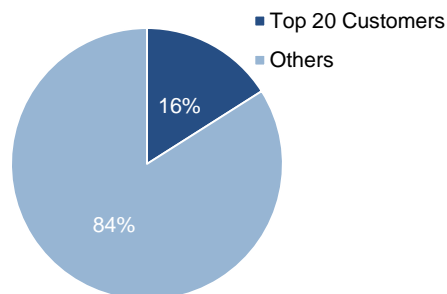
### Loans to assets (USD bn)



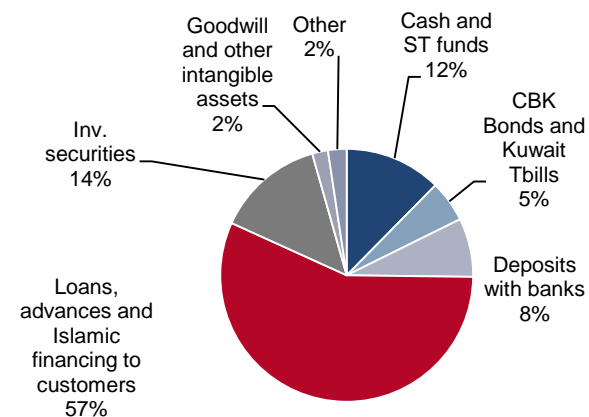
### Loan exposure by sector (%) (as at 30 Sep. 2019)



### Low loan concentrations (as at 30 Sep. 2019)

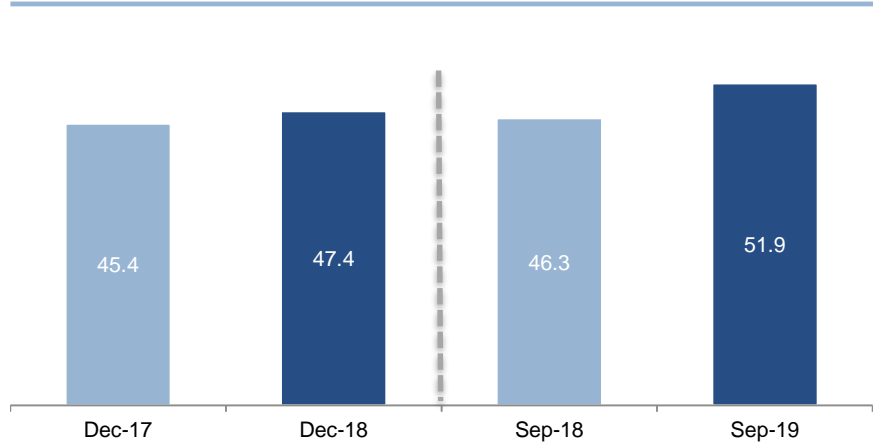


### Assets by Type (as at 30 Sep. 2019)

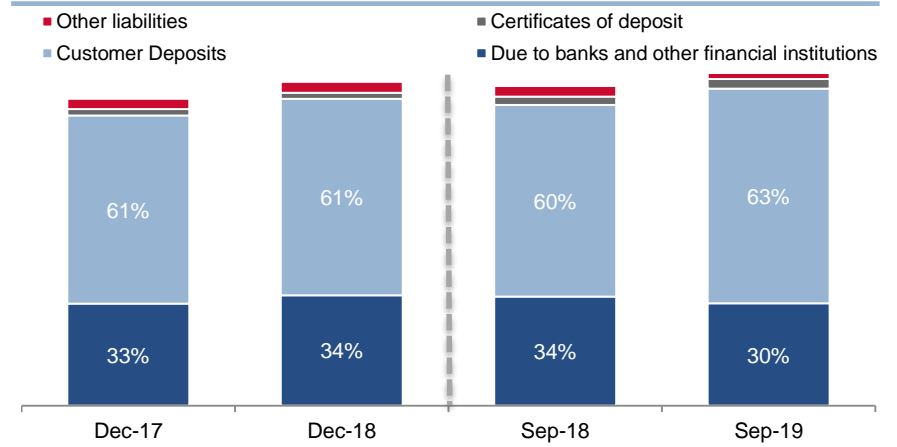


# Funding and liquidity positions

## Customer Deposits (USD bn)

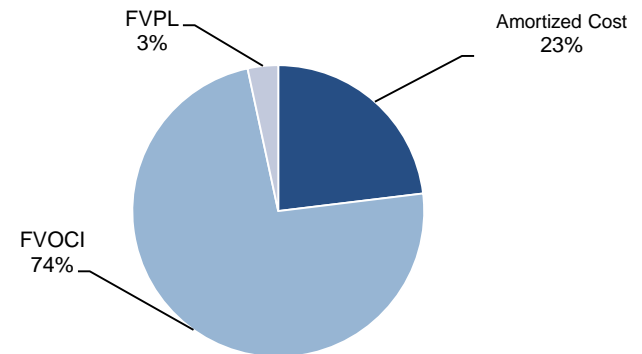
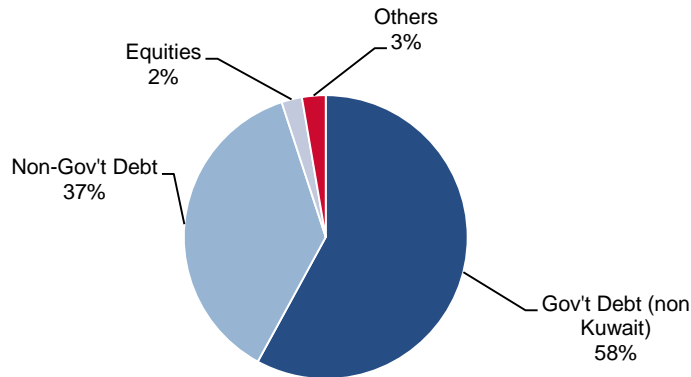


## (Total Liabilities) Funding Mix (USD mn)



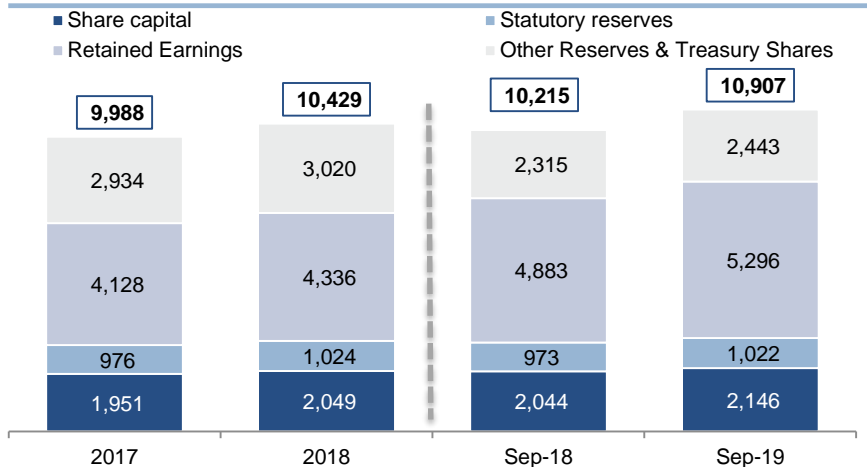
## Overview of Investment Securities<sup>1</sup> – USD 12.1 bn

As at 31 December 2018

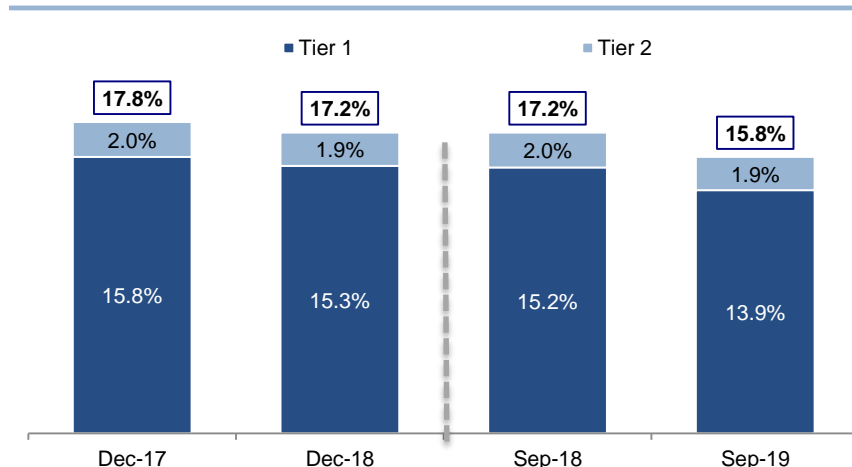


# Capitalization and asset quality

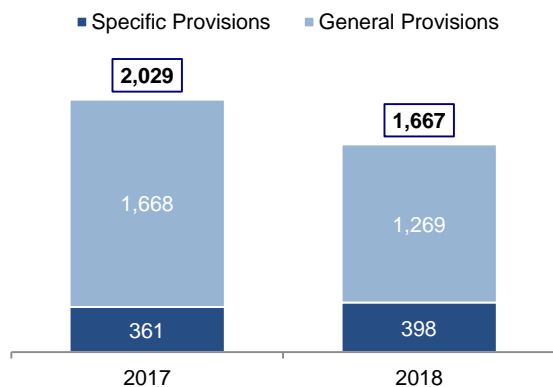
## Total Equity<sup>1</sup> Breakdown (USD mn)



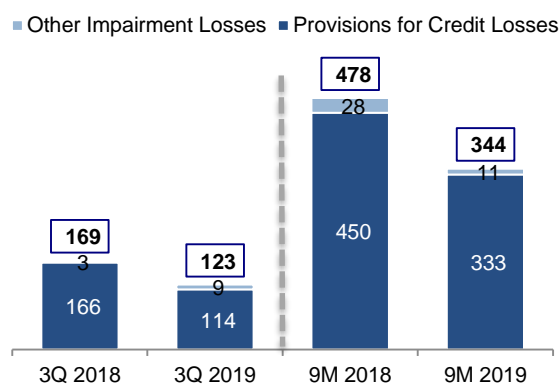
## Prudent capitalization (%)



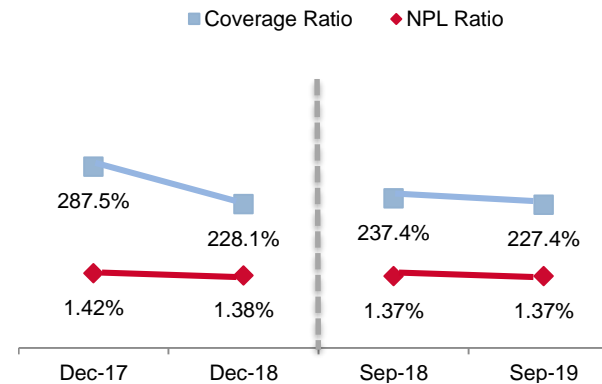
## Prudent Provisioning (USD mn)



## Provisions and Impairments (USD mn)



## Non-performing loans (NPLs)





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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	<b>Underway:</b> Overall progress 22%. Major infrastructure works contract 1 is 75% complete, contract 2 is 73% complete. P-1 to P-3 completion expected by 2020.
Jahra & Sulaihiya Low Cost Housing City	Housing	0.6	Low cost housing project north of Kuwait City; 824 Hectares	<b>Underway:</b> Progress at 5%. Infrastructure works contract awarded and expected to complete in May 2021. Project is scheduled to complete in 2030.
New Refinery Project (NRP)	Oil & gas	3.90	New 615,000 bpd refinery by KNPC	<b>Underway:</b> Progress at 88%. 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. Technology provider appointed and the project is expected to operate by June-2021.
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> Overall progress 85%. Construction works completed on P-1 & P-2 and ongoing on P-3 (98% complete). Standby service contract construction at 33% 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	<b>Underway:</b> Progress at 57%. Construction activities completed on West and East Raudhatain field, Sabriyah and Umm Niqa and commissioning is underway. KOC is expected to issue the invitation to bid for JPF-4 and JPF-5 in early November 2019; while 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.	<b>Planning:</b> The tendering process is facing delays due to some changes in design and configuration. ITB for P-1 to P-3 is expected to be issued by mid 2020 while FEED activities are underway. NBK Capital appointed as financial advisor
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 at 82%. Construction works are underway and scheduled to complete in June-2020. Technology provider has been appointed.
Al-Zour North (IWPP) – P2 to P5	Power & water	0.5	1800 MW of power generation capacity and 464,100m <sup>3</sup> /day of desalination capacity	<b>Planning:</b> P-1 (power & water desalination plant) is complete. P-2 to P-5 are under study and transaction advisory services contract yet to be appointed. Main contract tenders to be issued by April 2020.
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> P-1 is in the main contract PQ stage. P-2 and P-3 still under study. The main contract tender is expected to be issued by Jan-2020 for power plant and desalination project.
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> KAPP has now signed the award letter but construction is yet to commence reportedly due to ongoing negotiations and expected final agreements by the end of the 4Q 2019.
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> Project has been revived and KAPP is negotiating the agreements with the preferred consortium. The main contract award is expected in November 2019.
Al-Dibdibah Solar PP	Power & water	0.5	Capacity to produce 1GW solar project	<b>Bidding/Planning:</b> Bidders extended their guarantees as KNPC have extended its valuation period to mid-2020.
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 61%. The main contract tender is yet to be issued for Airside works on T-2. Bids submission deadline for P-2 has been extended to October 15, 2019.

# Consolidated financials 9M 2019 *(USD million)*

<i>Income Statement (USD million)</i>	9M-18	9M-19	YoY Growth (%)	<i>Balance sheet (USD million)</i>	Sep-18	Sep-19	YoY Growth (%)
Interest Income	2,163	2,436	13%	Cash and short term funds	9,683	11,774	22%
Interest Expense	775	1,036	34%	Central Bank of Kuwait bonds	2,626	2,714	3%
<b>Net Interest Income</b>	<b>1,388</b>	<b>1,401</b>	<b>1%</b>	Kuwait Government Treasury bonds	2,856	2,332	(18%)
Murabaha and other Islamic financing income	449	511	14%	Deposits with banks	7,585	7,136	(6%)
Distribution to depositors and Murabaha costs	143	211	48%	Loans, advances and Islamic financing to customers	50,673	53,804	6%
<b>Net Income from Islamic financing</b>	<b>306</b>	<b>300</b>	<b>(2%)</b>	Investment securities	11,728	13,141	12%
<b>NII and NI from Islamic financing</b>	<b>1,694</b>	<b>1,700</b>	<b>0%</b>	Investment in associates	111	110	(1%)
Net fees and commissions	376	384	2%	Land, premises and equipment	1,158	1,389	20%
Net investment income	5	23	377%	Goodwill and other intangible assets	1,907	1,918	1%
Net gains from dealing in foreign currencies	96	102	6%	Other assets	888	762	(14%)
Other operating income	5	3	(39%)	<b>Total Assets</b>	<b>89,215</b>	<b>95,081</b>	<b>7%</b>
<b>Non-interest income</b>	<b>483</b>	<b>512</b>	<b>6%</b>	Due to banks and other financial institutions	26,344	24,684	(6%)
<b>Net Operating Income</b>	<b>2,177</b>	<b>2,213</b>	<b>2%</b>	Customer deposits	46,274	51,922	12%
Staff expenses	394	426	8%	Certificates of deposit issued	2,039	2,292	12%
Other administrative expenses	227	233	3%	Global Medium Term Notes (GMTN)	711	752	6%
Depreciation of premises and equipment	36	63	76%	Subordinated Tier 2 bonds	410	410	0%
Amortisation of intangible assets	8	8	3%	Other liabilities	1,466	2,140	46%
<b>Operating Expenses</b>	<b>665</b>	<b>729</b>	<b>10%</b>	<b>Total Liabilities</b>	<b>77,245</b>	<b>82,200</b>	<b>6%</b>
<b>Pre-provision profits (and impairments)</b>	<b>1,512</b>	<b>1,483</b>	<b>(2%)</b>	Share capital	2,044	2,146	5%
Provision charge for credit losses and impairment losses	478	344	(28%)	Proposed bonus shares	-	-	NM
<b>Operating profit before taxation</b>	<b>1,034</b>	<b>1,139</b>	<b>10%</b>	Statutory reserve	973	1,022	5%
Taxation	81	87	7%	Share premium account	2,641	2,641	0%
Non-controlling interest	57	59	3%	Treasury shares	(215)	(148)	(31%)
<b>Profit attributable to shareholders of the Bank</b>	<b>896</b>	<b>994</b>	<b>11%</b>	Treasury share reserve	46	75	63%
				Other reserves	4,726	5,172	9%
				<b>Equity attributable to shareholders</b>	<b>10,215</b>	<b>10,907</b>	<b>7%</b>
				Perpetual Tier 1 Capital Securities	693	693	0%
				Non-controlling interests	1,062	1,281	21%
				<b>Total equity</b>	<b>11,970</b>	<b>12,881</b>	<b>8%</b>
				<b>Total liabilities and equity</b>	<b>89,215</b>	<b>95,081</b>	<b>7%</b>

# 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>

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# Contact

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## Useful information

Download copies of NBK's:

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