



**National Bank of Kuwait**  
**Investor Presentation**  
3Q 2018 Earnings Call

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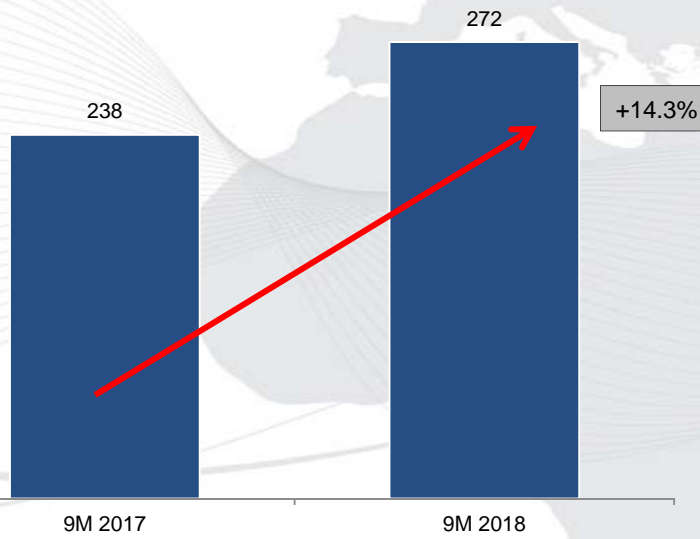
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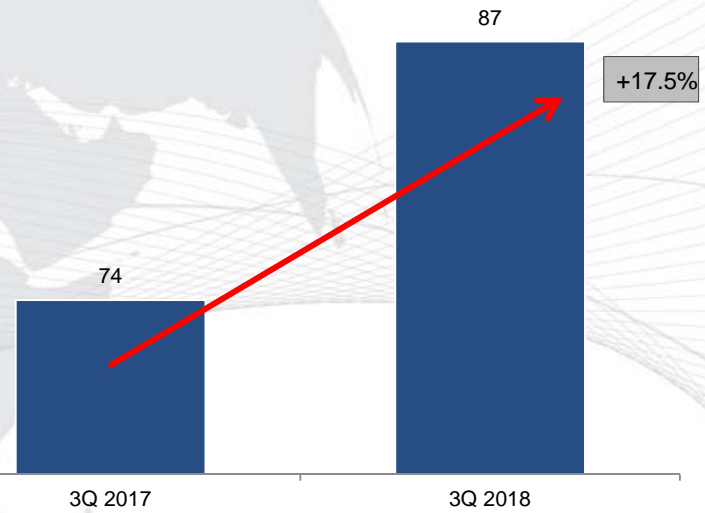
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# Net Profits 9M 2018

Net Profit 9M 2018 (KDm)



Net Profit 3Q 2018 (KDm)



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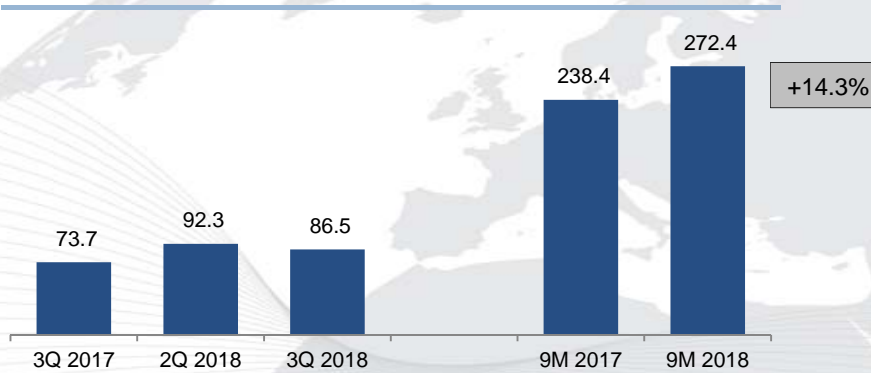
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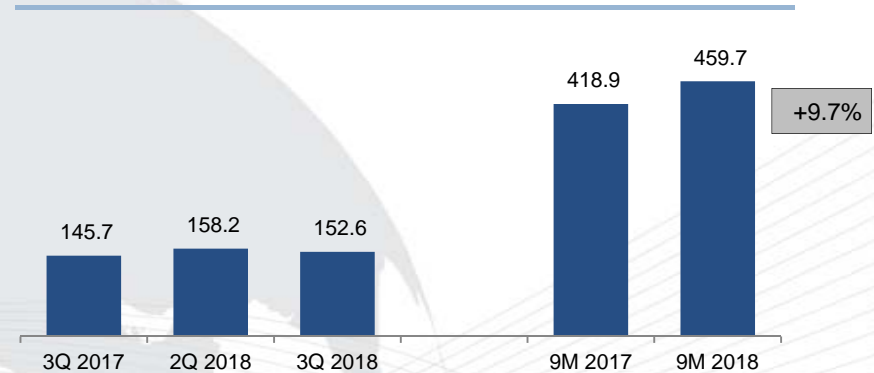
# Operating Performance 9M 2018



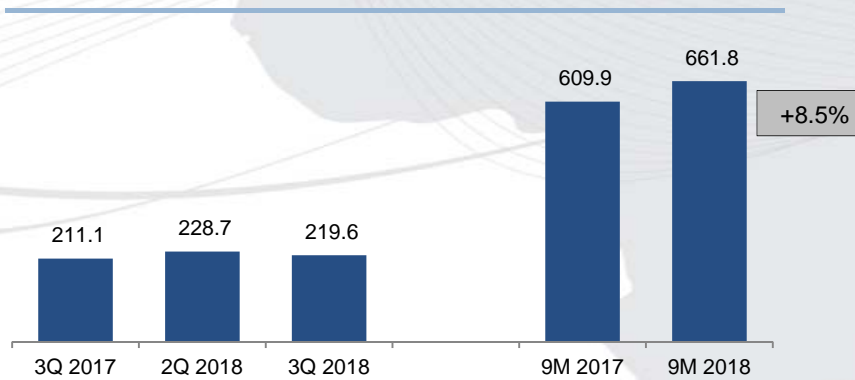
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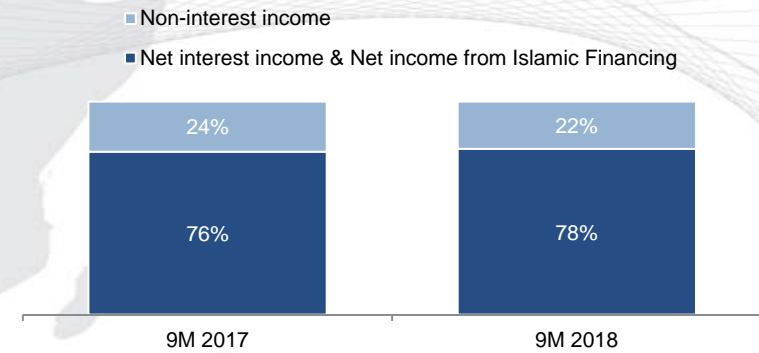
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Operating Income (KDm)



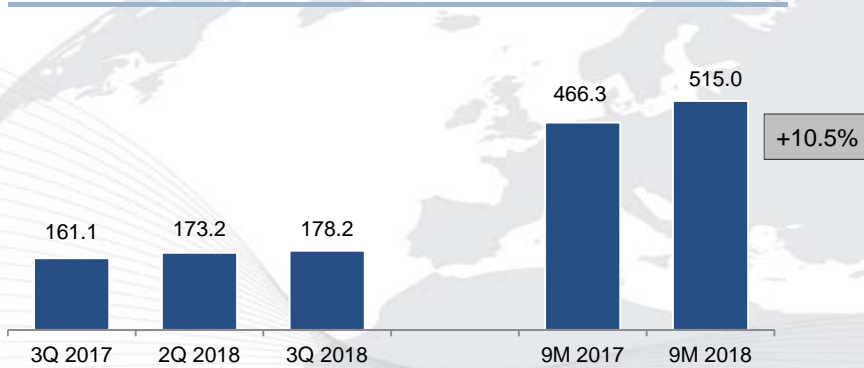
Operating Income



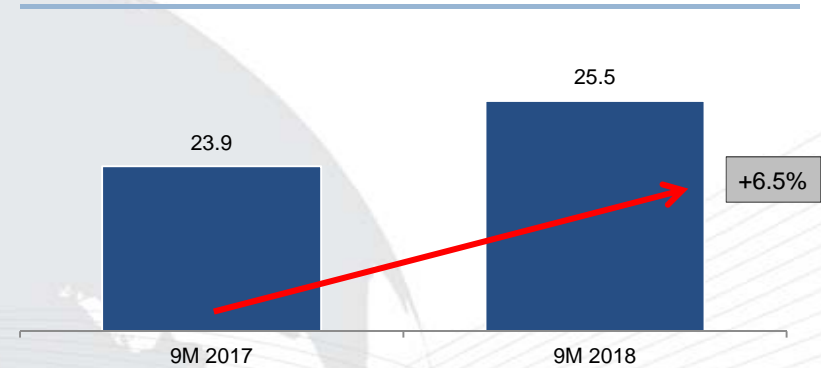
# Operating Performance 9M 2018



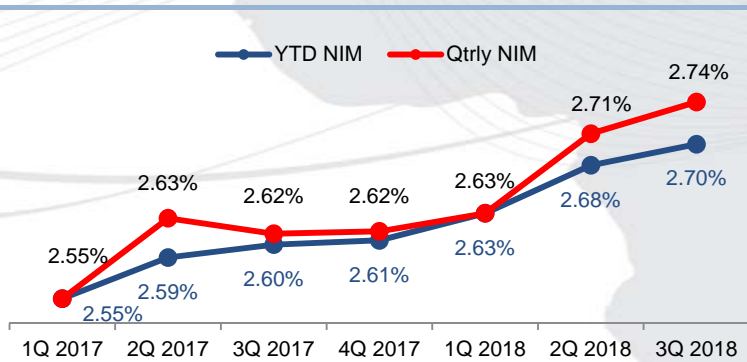
### Net Interest Income (KDm)



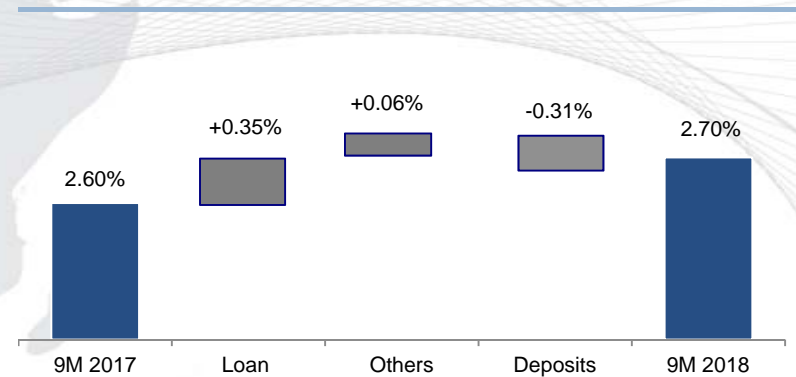
### Average Interest Earning Assets (KDbn)



### Net Interest Margin



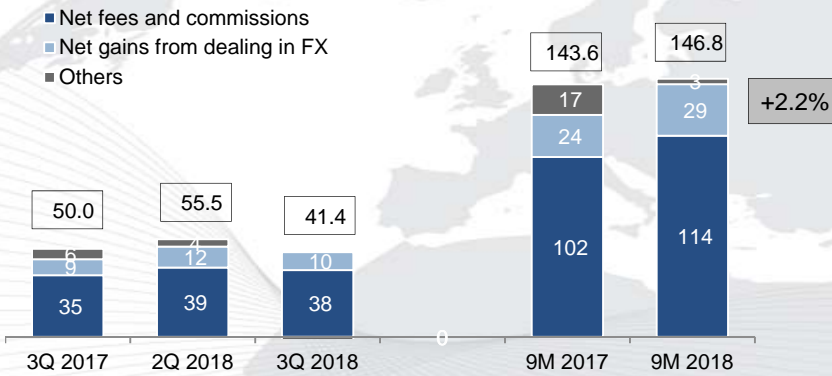
### Net Interest Margin drivers



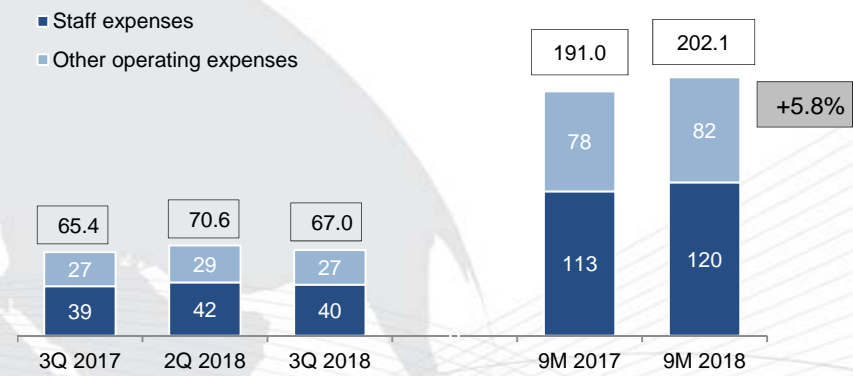
# Operating Performance 9M 2018



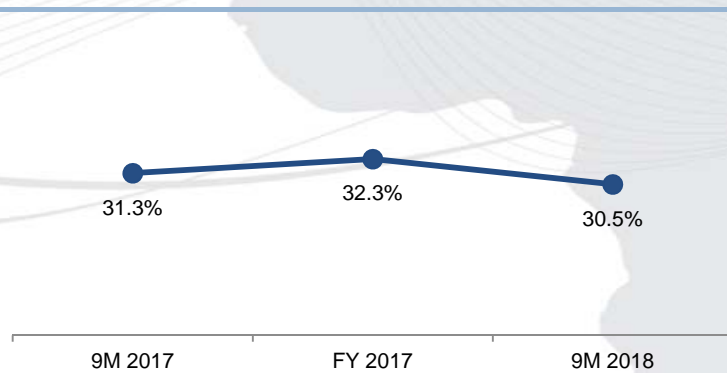
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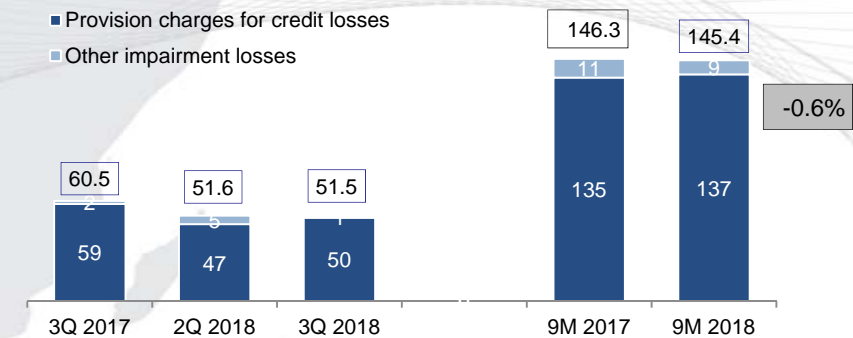
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### Cost to Income ratio



### Provisions and Impairments (KDm)

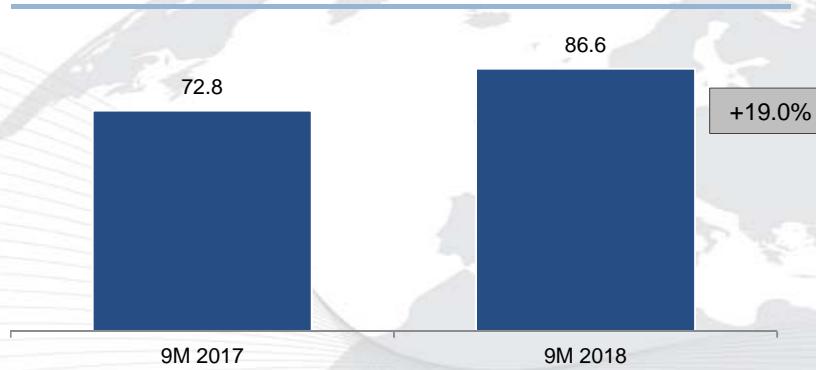




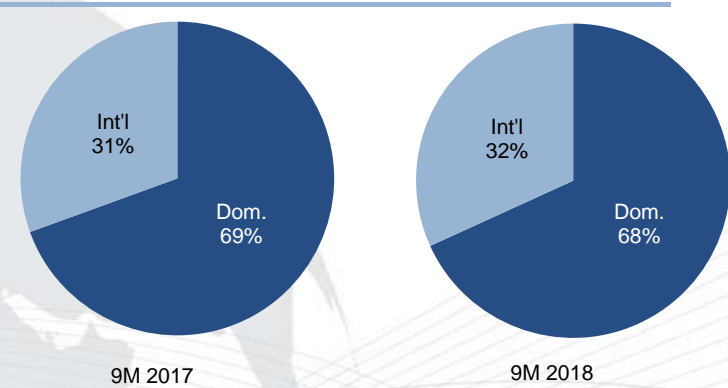
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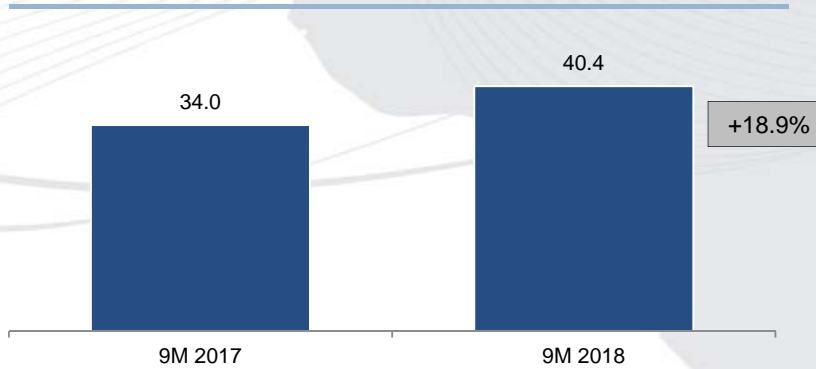
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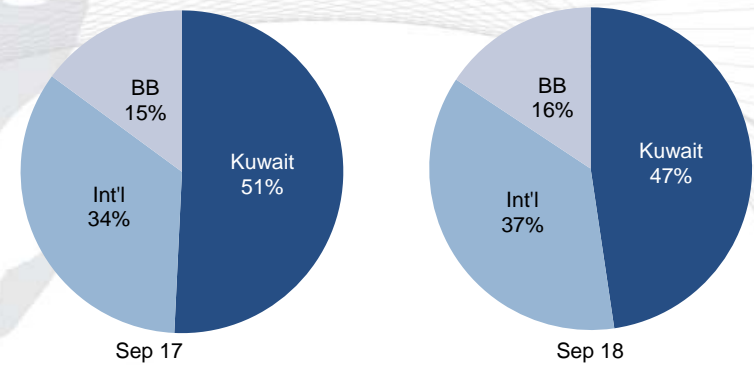
Net Profit (KDm) – Domestic / International



Net profit (KDm) - Boubyan Bank



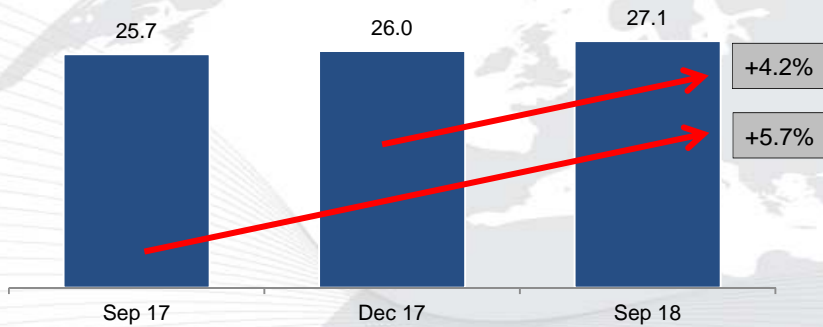
Total Assets (KD'bn) – Kuwait/ International / Boubyan Bank



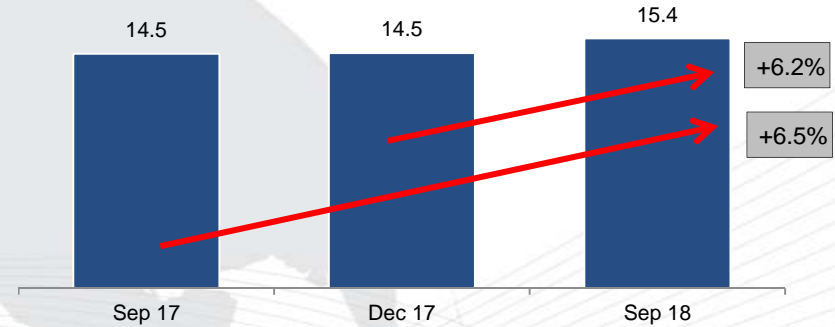
# Operating Performance 9M 2018



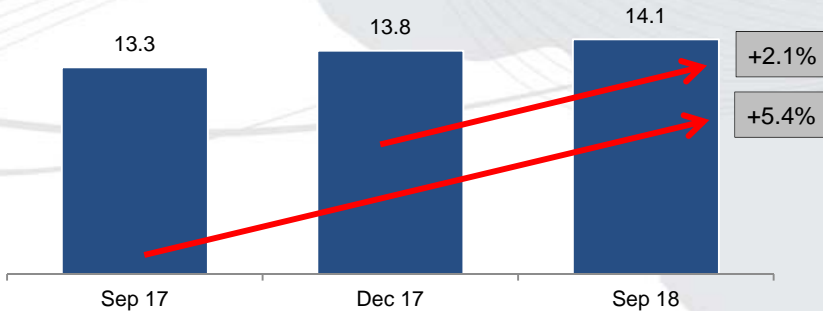
### Total Assets (KDbn)



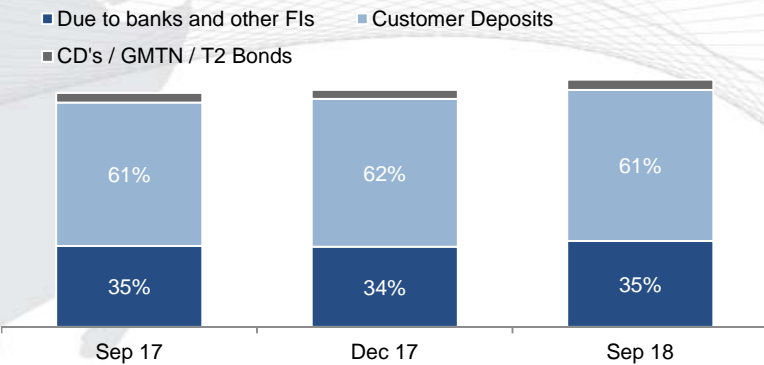
### Loans, Advances and Islamic Financing (KDbn)



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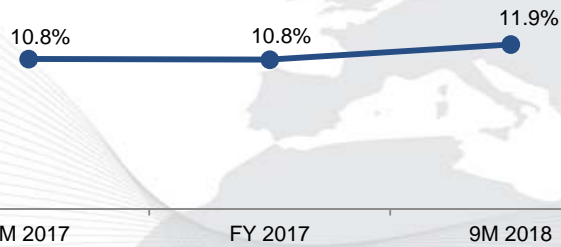
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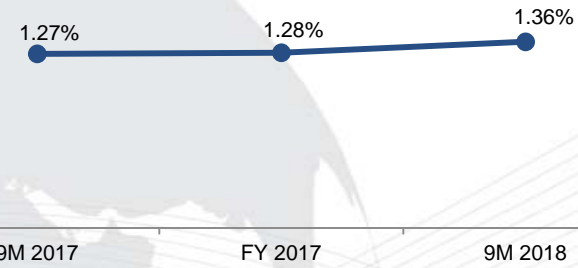
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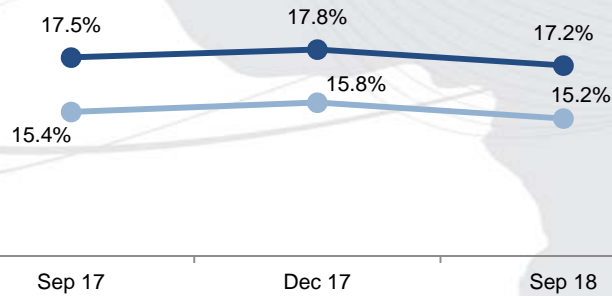
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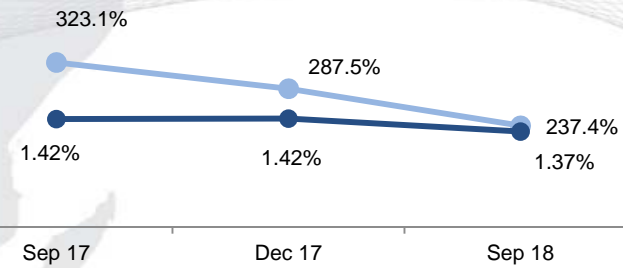
### Return on Average Assets



### Capital Adequacy Ratios



### Asset Quality Ratios



● Tier 1 Ratio ● Capital Adequacy Ratio

● Loan Loss Coverage Ratio ● NPL Ratio

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# Consolidated Financials 9M 2018 *(KD million)*



<i>Income Statement (KWD million)</i>	9M 2017	9M 2018	<i>Balance sheet (KWD million)</i>	Sep 2017	Sep 2018
Interest Income	546	658	Cash and short term funds	2,744	2,944
Interest Expense	161	236	Central Bank of Kuwait bonds	608	798
<b>Net Interest Income</b>	<b>385</b>	<b>422</b>	Kuwait Government Treasury bonds	1,109	868
Murabaha and other Islamic financing income	114	137	Deposits with banks	2,314	2,306
Distribution to depositors and Murabaha costs	33	43	Loans, advances and Islamic financing to customers	14,464	15,407
<b>Net Income from Islamic financing</b>	<b>81</b>	<b>93</b>	Investment securities	3,271	3,566
<b>Net interest income and net income from Islamic financing</b>	<b>466</b>	<b>515</b>	Investment in associates	65	34
Net fees and commissions	102	114	Land, premises and equipment	302	352
Net investment income	16	1	Goodwill and other intangible assets	583	580
Net gains from dealing in foreign currencies	24	29	Other assets	209	270
Other operating income	2	2	<b>Total Assets</b>	<b>25,669</b>	<b>27,126</b>
<b>Non-interest income</b>	<b>144</b>	<b>147</b>	Due to banks and other financial institutions	7,550	8,010
<b>Net Operating Income</b>	<b>610</b>	<b>662</b>	Customer deposits	13,348	14,070
Staff expenses	113	120	Certificates of deposit issued	550	620
Other administrative expenses	64	69	Global Medium Term Notes (GMTN)	224	216
Depreciation of premises and equipment	11	11	Subordinated Tier 2 bonds	125	125
Amortisation of intangible assets	2	2	Other liabilities	391	446
<b>Operating Expenses</b>	<b>191</b>	<b>202</b>	<b>Total Liabilities</b>	<b>22,188</b>	<b>23,486</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>419</b>	<b>460</b>	Share capital	592	621
Provision charge for credit losses and impairment losses	146	145	Proposed bonus shares	-	-
<b>Operating profit before taxation</b>	<b>273</b>	<b>314</b>	Statutory reserve	282	296
Taxation	20	25	Share premium account	803	803
Non-controlling interest	14	17	Treasury shares	(78)	(65)
<b>Profit attributable to shareholders of the Bank</b>	<b>238</b>	<b>272</b>	Treasury share reserve	14	14
			Other reserves	1,340	1,437
			<b>Equity attributable to shareholders</b>	<b>2,953</b>	<b>3,106</b>
			Perpetual Tier 1 Capital Securities	211	211
			Non-controlling interests	317	323
			<b>Total equity</b>	<b>3,481</b>	<b>3,639</b>
			<b>Total liabilities and equity</b>	<b>25,669</b>	<b>27,126</b>

# Performance Measures 9M 2018



%	9M 2017	9M 2018
Return on average assets	1.27%	1.36%
Return on average equity	10.8%	11.9%
Net interest margin	2.60%	2.70%
Cost to income	31.3%	30.5%
NPLs to gross loans	1.42%	1.37%
Loan loss reserves to NPLs	323.1%	237.4%
Common equity tier 1 capital (CET1)	13.9%	13.7%
Tier 1 capital	15.4%	15.2%
Tier 2 capital	2.1%	2.0%
Capital adequacy ratio	17.5 %	17.2 %

# Consolidated Statement Of Income *(KD million)*



<i>KWD million</i>	2015	2016	2017
Interest Income	585	665	743
Interest Expense	139	190	224
<b>Net Interest Income</b>	<b>446</b>	<b>476</b>	<b>519</b>
Murabaha and other Islamic financing income	106	128	156
Distribution to depositors and Murabaha costs	22	34	46
<b>Net Income from Islamic financing</b>	<b>84</b>	<b>94</b>	<b>110</b>
<b>Net interest income and net income from Islamic financing</b>	<b>530</b>	<b>570</b>	<b>629</b>
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
<b>Non-interest income</b>	<b>199</b>	<b>176</b>	<b>194</b>
<b>Net Operating Income</b>	<b>729</b>	<b>745</b>	<b>823</b>
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
<b>Operating Expenses</b>	<b>235</b>	<b>252</b>	<b>265</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>494</b>	<b>493</b>	<b>557</b>
Provision charge for credit losses	130	126	175
Impairment losses	34	27	13
<b>Operating profit before taxation</b>	<b>330</b>	<b>341</b>	<b>369</b>
Taxation	33	29	27
Non-controlling interest	14	17	20
<b>Profit attributable to shareholders of the Bank</b>	<b>282</b>	<b>295</b>	<b>322</b>

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



<i>KWD million</i>	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
<b>Total Assets</b>	<b>23,598</b>	<b>24,239</b>	<b>26,035</b>
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
<b>Total Liabilities</b>	<b>20,407</b>	<b>20,834</b>	<b>22,474</b>
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
<b>Equity attributable to shareholders of the bank</b>	<b>2,756</b>	<b>2,885</b>	<b>3,029</b>
Perpetual Tier 1 Capital Securities	211	211	211
Non-controlling interests	224	309	321
<b>Total equity</b>	<b>3,191</b>	<b>3,405</b>	<b>3,561</b>
<b>Total liabilities and equity</b>	<b>23,598</b>	<b>24,239</b>	<b>26,035</b>



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**Thank you**