

A large, stylized graphic of a globe dominates the background. The globe is rendered in shades of red and blue, with white grid lines representing latitude and longitude. The globe is tilted, showing the Middle East and parts of Africa and Europe. The overall design is modern and professional.

# National Bank of Kuwait Investor Presentation

February 2017

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## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2016

## Section 6

Appendix

# NBK at a Glance

## Snapshot

<b>Background</b>	<ul style="list-style-type: none"> <li>National Bank of Kuwait S.A.K.P. ("NBK" or the "Bank") was established in 1952 as the first local bank and the first shareholding company in Kuwait and as the first indigenous bank in the GCC.</li> <li>The Bank is the leading banking group in Kuwait in terms of assets, customer deposits and customer loans and advances.</li> <li>NBK is the dominant bank in Kuwait with more than 30% market share of assets as of 31 December 2016.</li> <li>The Bank was ranked amongst the 50 safest banks in the world by Global Finance and was named the most valuable banking brand in Kuwait and among the top 10 in the region by Brand Finance.</li> </ul>
<b>Ownership</b>	<ul style="list-style-type: none"> <li>The Bank was established by a group of leading Kuwaiti merchants and it has retained the same core shareholder base since that time.</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 October 2016).</li> <li>NBK's market capitalisation as at 31 December 2016 was USD 11.8 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>

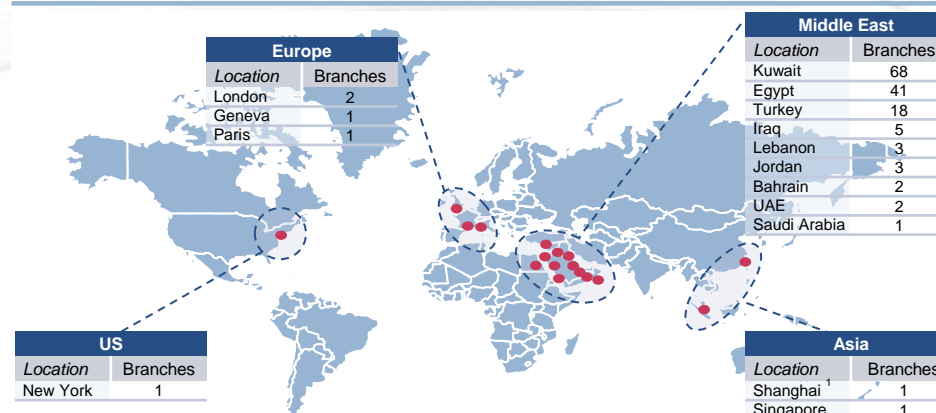
## Credit Ratings

Rating Agency	Long Term Rating	Standalone Rating	Outlook
<b>MOODY'S</b>	Aa3	a3	Negative
<b>STANDARD &amp; POOR'S</b>	A+	a-	Stable
<b>FitchRatings</b>	AA-	a	Stable

## Financial Snapshot

USD million	2014	2015	2016
Total Assets	71,178	77,104	79,085
Loans, advances & Islamic financing	38,911	44,277	44,475
Customer Deposits	36,791	39,403	41,196
Total Equity	9,379	10,472	11,125
Net Operating Income	2,160	2,381	2,435
Net Profit attributable	855	922	964
Cost to Income (%)	32.5%	32.2%	33.8%
Net Interest Margin (%)	2.45%	2.42%	2.47%
NPL Ratio (%)	1.50%	1.34%	1.28%
Loan Loss Coverage Ratio (%)	276.1%	322.4%	365.2%
Return on Average Equity (%)	10.5%	10.5%	10.2%
Tier 1 Ratio (%)	13.3%	14.7%	15.7%
Capital Adequacy Ratio (%)	14.5%	16.8%	17.7%

## Overview of Regional and International Geographic Presence



Notes: Through out the investor presentation, the USD/KD exchange rate used is 0.30605. The rates are based on the Central Bank of Kuwait's closing exchange rates as of 31/12/2016.

<sup>1</sup>Shanghai is currently a representative office.



# Key Strengths

## High Credit Ratings and among the Top Brand Values Regionally

- NBK has one of the highest credit ratings in the MENA region.
- The Bank was ranked amongst the 50 safest banks in the world by Global Finance and was named the most valuable banking brand in Kuwait and among the top 10 in the Middle East by Brand Finance.

## Sound and Consistent Financial Performance

- NBK has a long history of profitability and remained profitable throughout the global financial crisis.
- The Bank also boasts an excellent asset quality (NPL ratio at 1.28 % at end-2016). NBK also maintains strong liquidity which serves as a buffer in times of needs.

## Stable Shareholder Base and Strong Management Team

- The Bank was established in 1952 by a group of leading Kuwaiti merchants and has retained the same core shareholder base since then.
- 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.

## Largest Banking Group in Kuwait with Dominant Market Position

- As at 31 December 2016, 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.

## 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

- NBK has a strong regional and international presence, with 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).

# Rating Excerpts

*“The standalone baseline credit assessment (BCA) of a3, reflects the bank's (1) dominant position in its domestic market, underpinning its resilient core profitability and growth prospects; and (2) robust financial fundamentals including consistently good asset quality metrics, as well as strong capitalisation and liquidity.”*

MOODY'S

Moody's – 17 May 2016

*“We view NBK's business position as "strong," reflecting the bank's leading position in Kuwait, good and stable performance through the full economic cycle, and sound management..... The stable outlook reflects Standard & Poor's Ratings Services' expectation that NBK's asset quality will remain stable, its market share strong, and its funding and liquidity in line with that of peers over the next two years. ”*

STANDARD  
& POOR'S

Standard & Poor's – 28 July 2016

*“NBK's Viability Rating (VR) reflects its solid company profile, which supports its revenue generation capacity and ability to finance better-quality assets than peers. It also considers strong management, consistent strategy and a solid funding profile. ”*

FitchRatings

Fitch Ratings – 21 March 2016

## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2016

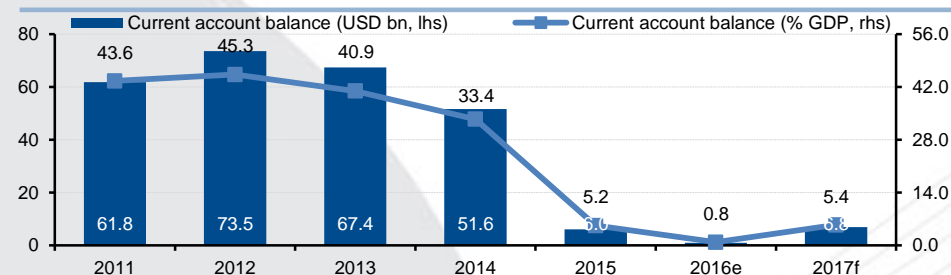
## Section 6

Appendix

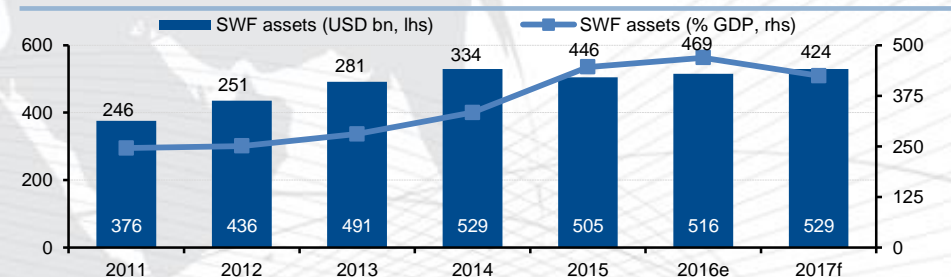
## Snapshot

<b>Overview</b>	<ul style="list-style-type: none"> <li>The State of Kuwait ("Kuwait" or the "Sovereign") is a sovereign state on the coast of the Arabian Gulf, covering a total area of 17,818 square kilometers.</li> <li>Kuwait is a constitutional monarchy, headed by His Highness the Emir, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah.</li> </ul>
<b>Economy</b>	<ul style="list-style-type: none"> <li>Kuwait enjoys an open economy, dominated by the government sector. Its economy, while primarily dependent on the oil industry, has witnessed an increasing contribution from non-oil sectors.</li> <li>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 registered substantial fiscal and external surpluses over the years, which serve as a buffer.</li> </ul>
<b>Strategic Vision</b>	<ul style="list-style-type: none"> <li>Kuwait has launched a long-term policy vision under the banner of "Kuwait Vision 2035". The vision 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. Kuwait has set medium-term development strategies with a view to ultimately achieving this vision.</li> </ul>

## Current account remains in surplus



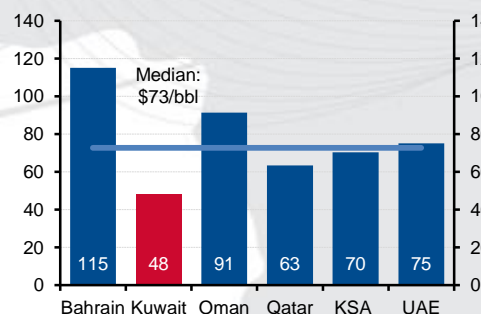
## Strong sovereign balance sheet



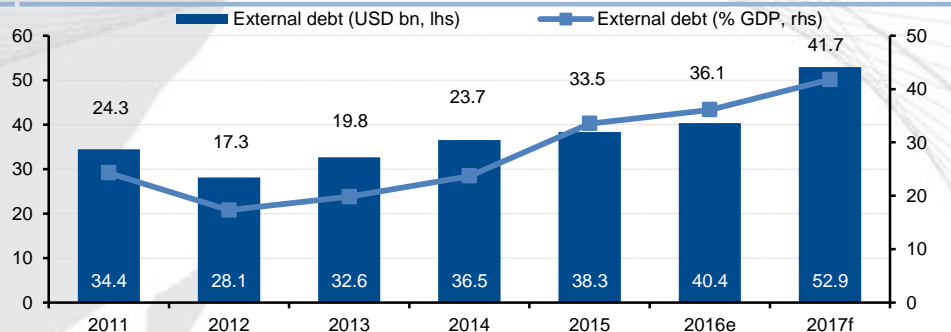
## Key Figures

Key Indicators	2015	2016F
Sovereign Ratings	Aa2 / AA / AA (M / S / F)	
Current Account	\$6.0 bn	\$2.6 bn
Gov Revenues (%GDP)	39%	41%
Public Debt (% GDP)	4.6%	12.1%

## GCC fiscal breakeven oil price



## External debt which is stable as a share of GDP

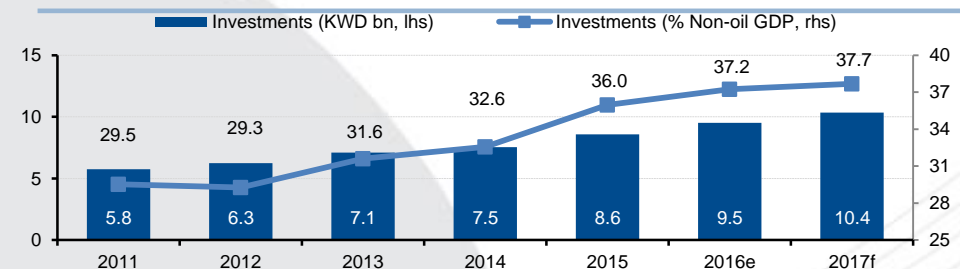




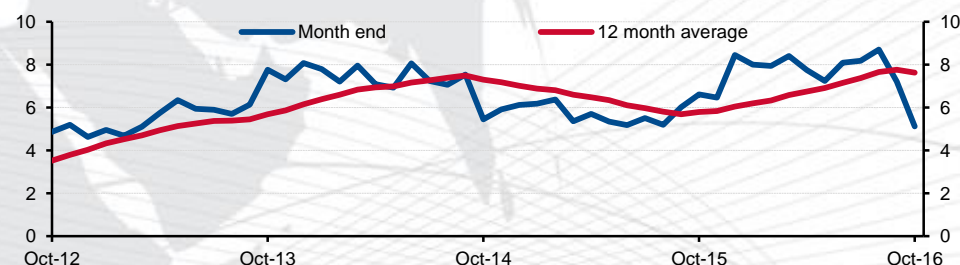
## Recent Developments

<b>GDP Growth</b>	<ul style="list-style-type: none"> <li>Economic growth is seen improving despite the drop in oil prices, as project awards pick up. Fiscal and external buffers give Kuwait ample capacity to sustain spending plans.</li> <li>Non-oil growth is expected to accelerate slightly as capital spending on projects improves. Non-oil growth is expected to be around 3.5-4% in 2017 and 2018.</li> </ul>
<b>Public Finance</b>	<ul style="list-style-type: none"> <li>Fiscal deficits are expected in the near term given the lower oil revenues, but should remain manageable given ample buffers.</li> <li>Inflation is expected to rise slightly in 2017 on subsidy reform; limited global inflation, a stronger dinar, and steady domestic pressures will be offset by higher utility tariffs; inflation is likely to ease once again in 2018.</li> </ul>
<b>Household Debt</b>	<ul style="list-style-type: none"> <li>Household debt growth has moderated notably in 2016, dropping below 8% for the first time in years.</li> <li>Kuwaiti employment remained healthy in 2016. Growth in government spending on wages and salaries is expected to moderate, but remain positive.</li> </ul>
<b>Credit Growth</b>	<ul style="list-style-type: none"> <li>Credit growth remained strong in 2016, as government project implementation boosted borrowing, though a one-time corporate debt repayment in Oct brought the rate down. Growth stood at 5% y/y in Oct. We expect growth of 7-9% in 2017 and 2018.</li> <li>Government project awards have accelerated and the pipeline of tenders remains strong. The government has indicated it will not cancel or delay any planned projects.</li> </ul>
<b>Real Estate Activity</b>	<ul style="list-style-type: none"> <li>Real estate activity continued to cool from a strong 2014; sales were off by 27% at KD 2.3 billion in the 12-months ending November 2016. Real estate prices have also seen a moderate correction.</li> </ul>

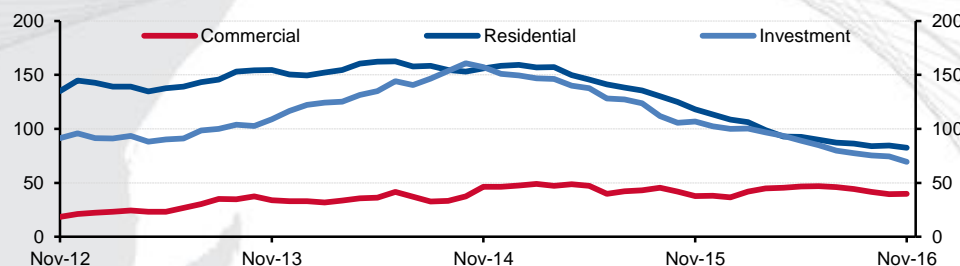
## Investment



## Private credit (change, %/y)



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



# Overview of the Kuwaiti Banking Sector

## Snapshot

- **The Kuwaiti banking sector comprises 23 banks**, including 11 domestic banks (five conventional, five Shariah-compliant and one specialized), and 12 branches of international banks (11 conventional and one Islamic).
- **Highly regulated sector by the Central Bank of Kuwait** (“CBK”) with a number of regulations and supervisory norms in place monitoring interest rates charged, lending limits and concentrations, investment limits, liquidity and capital adequacy.
- **The government’s financial strengths underpins its capacity to provide support** to the banking sector with historical evidence of support. Most recently, in 2008, the state offered capital support to one bank as well as introduced a blanket guarantee on deposits following the global financial crisis.

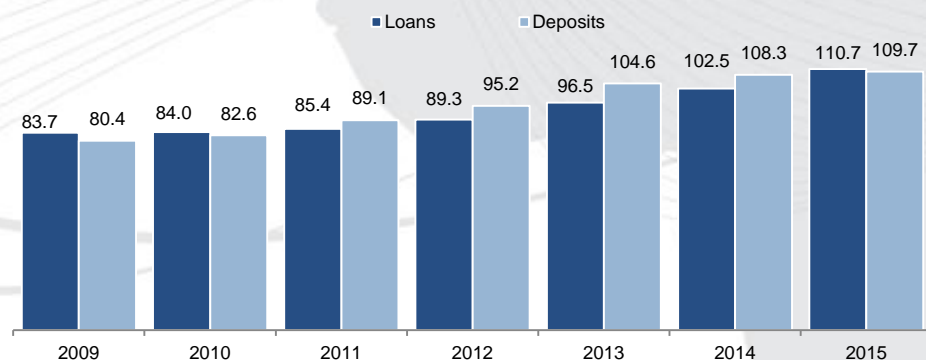
## Overview of Basel III Implementation in Kuwait

- In June 2014, the Central Bank of Kuwait announced the implementation of the Instructions of Basel III Capital Adequacy Framework in its final format to all local banks.

### Minimum Capital Requirements

- Kuwait’s minimum capital requirements are more stringent, being 2.5%, higher than the Basel III guidance with full phase-in required by December 2016 (as compared to Basel III’s Jan-2019 deadline)

## Key Indicators<sup>1</sup> (USD bn)



Phase-in Arrangements	Dec-2014	Dec-2015	Dec- 2016
<b>Total Common Equity Tier 1</b>	<b>8.5%</b>	<b>9.0%</b>	<b>9.5%</b>
Additional Tier 1	1.5%	1.5%	1.5%
<b>Tier 1</b>	<b>10.0%</b>	<b>10.5%</b>	<b>11.0%</b>
Tier 2	2.0%	2.0%	2.0%
<b>Total minimum CAR</b>	<b>12.0%</b>	<b>12.5%</b>	<b>13.0%</b>
D-SIB	0.5%-2.5% as part of CET1 (by 2016)		

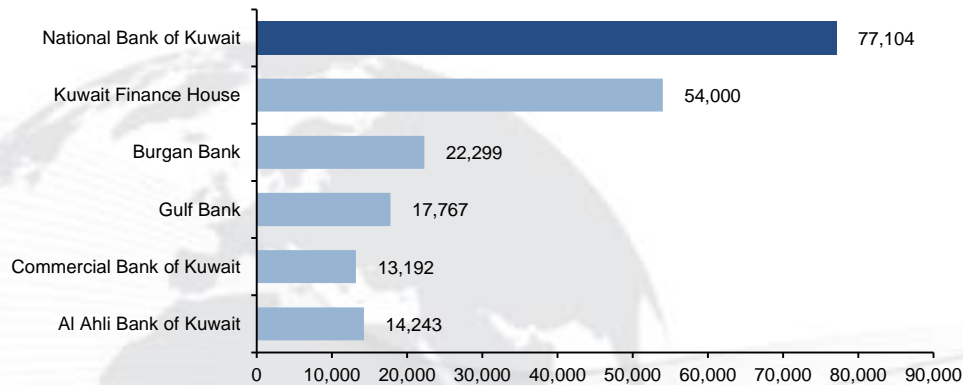
Sources: Central Bank of Kuwait

<sup>1</sup>Loans refers to total credit facilities to resident and deposits refer to private resident deposits , all as reported by the Central Bank of Kuwait

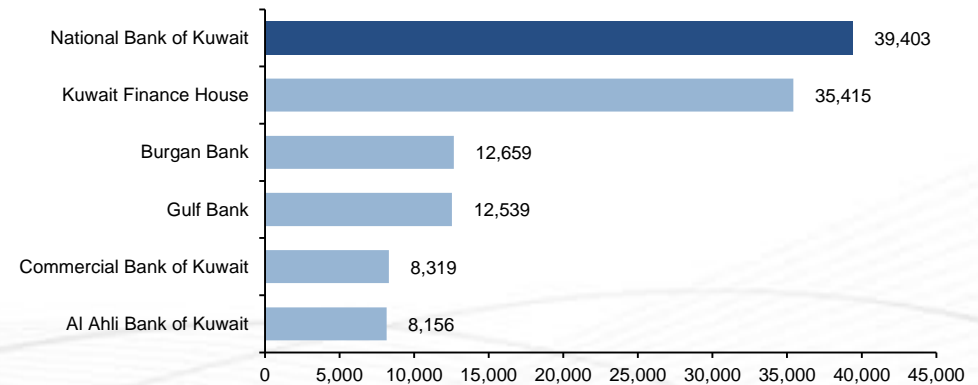
# The Dominant Kuwaiti Franchise

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

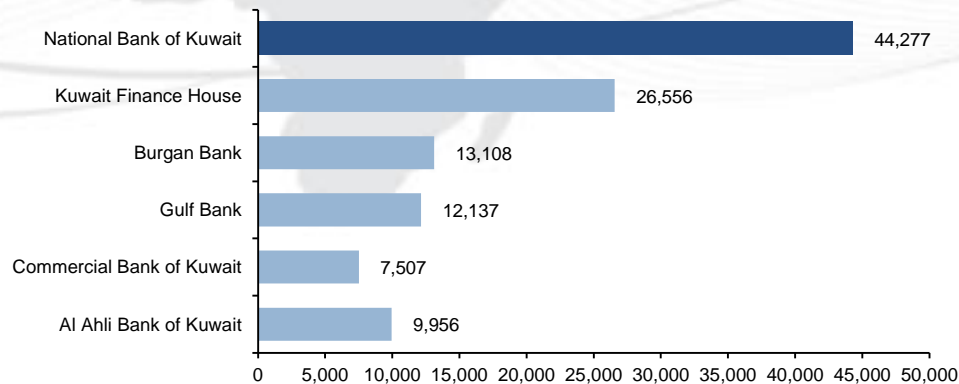
### Total Assets (USD million)



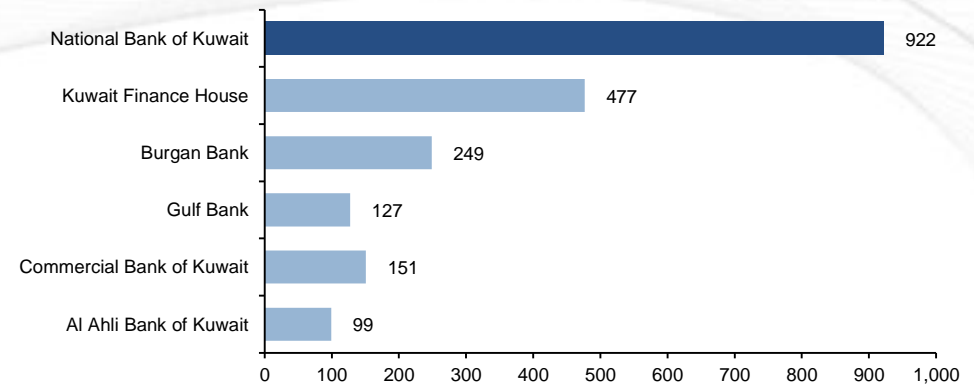
### Customer Deposits (USD million)



### Customer Loans & Advances (USD million)



### Net Profit attributable (USD mn)



Sources: Bank's annual reports. All data as of 31 December 2015 (for Balance Sheet items) or for 2015 (for Income Statement Items).

Note: Kuwait Finance House is an Islamic bank while Burgan Bank, Gulf Bank, Commercial Bank of Kuwait, Al Ahli Bank of Kuwait are conventional banks.

## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2016

## Section 6

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

## 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

- The Bank aims to (i) remain the primary banker for the leading local companies whilst continuing to be active in the mid-market sector;(ii) remain the bank of choice for foreign companies and continuing to serve at least 75% of those companies and (iii) maintain its current market share in trade finance (over 30%). To achieve the above, NBK will leverage off its different services, expand its coverage and broaden the range of products and services offered.

### ✓ Consumer Banking

- NBK intends to expand its consumer customer base by focusing on profitable consumer segments (such as the affluent and mass affluent segments) and by attracting new clients such as the SMEs.
- Through the above, the Bank aims to maintain its leadership position, maintain its focus on delivery of superior customer service experience and achieve the lowest cost of funds among Kuwaiti conventional banks.

### ✓ Private Banking

- Within the private banking sector, NBK aims to continue to provide a unique proposition to high net worth clients in collaboration with its investment arm. NBK also aims to provide superior customer service through its highly experienced bankers. The Bank also aims to leverage off its existing brand and experience (particularly in Switzerland) to provide access to leading funds and broaden its product portfolio.

## Geographical, and product and service diversification

*Includes expanding regional presence, establishing an Islamic banking franchise and building a leading regional investment bank.*

### ✓ Expand Regional Presence

- The Bank's geographic diversification strategy is to leverage its fundamental strengths and capabilities, including its international reach and strong regional relationships, to build a regional platform and support growth in key markets.
- NBK focuses on markets identified to have long-term potential through a combination of high growth economies, sound demographic trends and opportunities aligned with the Bank's competitive advantages.

### ✓ Establish an Islamic Franchise

- The Bank's strategy, in relation to its Islamic subsidiary, is to differentiate it from other domestic Islamic banks through a clear focus on high net worth and affluent clients and large and mid-market corporate customers.

### ✓ Build Regional Investment Bank

- NBK looks to establish its business as a leading regional investment banking, asset management, brokerage and research operation and to leverage the Group's strong regional position to cross sell these products across the MENA region.

# 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 HNWI 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

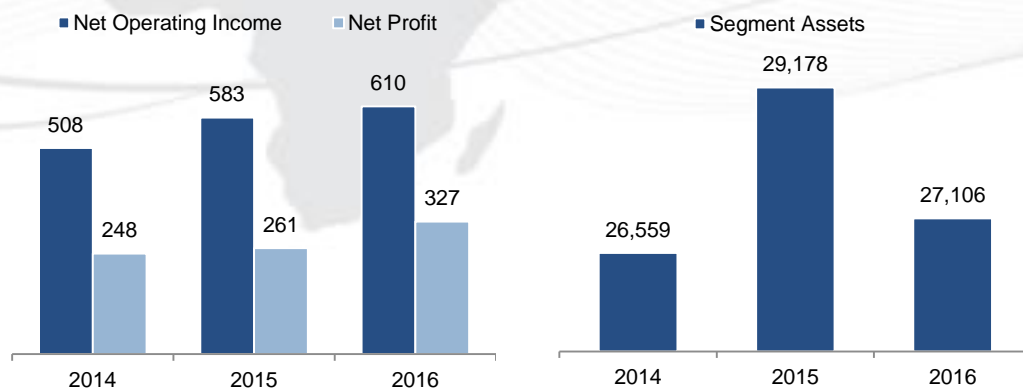
## International Operations

- NBK's international operations currently contributed to circa 30% of its 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)

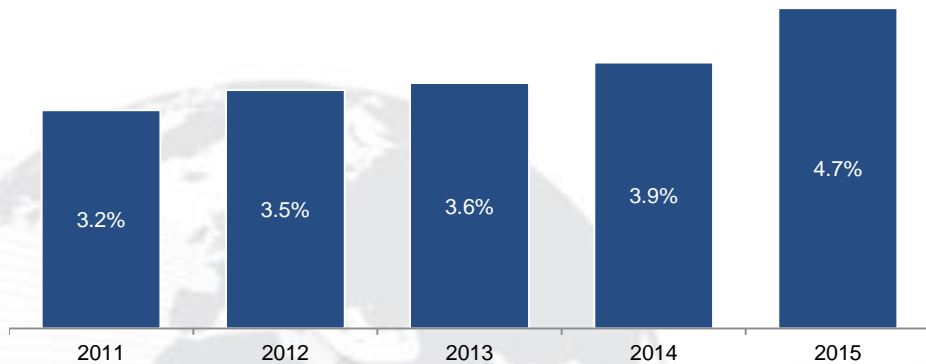
### Balance Sheet Trends (USD mn)



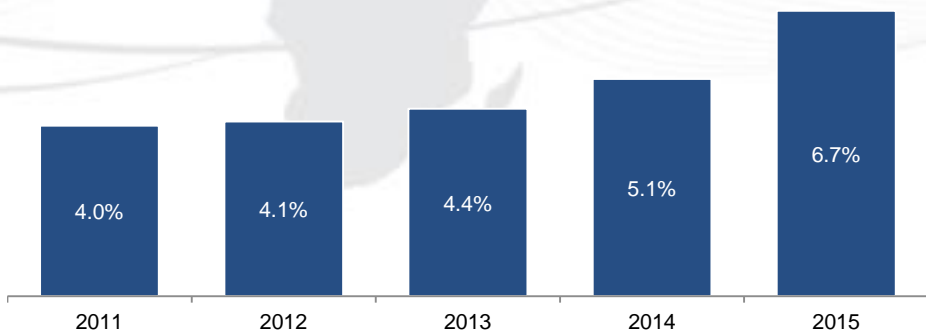
	Established or acquired	Branches	Legal structure
<b>International</b>			
London	1983	2	Subsidiary
New York	1984	1	Branch
Geneva	1984	1	Subsidiary
Singapore	1984	1	Branch
Paris	1987	1	Branch
Shanghai	2005	1	Rep office
<b>MENA region</b>			
Bahrain	1987	2	Branch
Lebanon	1996	3	Subsidiary
Jordan	2004	3	Branch
Iraq	2005	5	Subsidiary
Saudi Arabia	2006	1	Branch
Egypt	2007	41	Subsidiary
Turkey	2007	18	Associate
UAE	2008	2	Branch

# Boubyan Bank (58.4% owned subsidiary)

## Market share of Total Assets(%)



## Market share of Total Deposits (%)



## Key Highlights

- Islamic banking has been gaining strong grounds in the Kuwaiti market in recent years, representing close to 40% of assets and deposits at year-end 2015.
- 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 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.

Notes: Market share data based on the consolidated data of all banks operating in Kuwait



## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

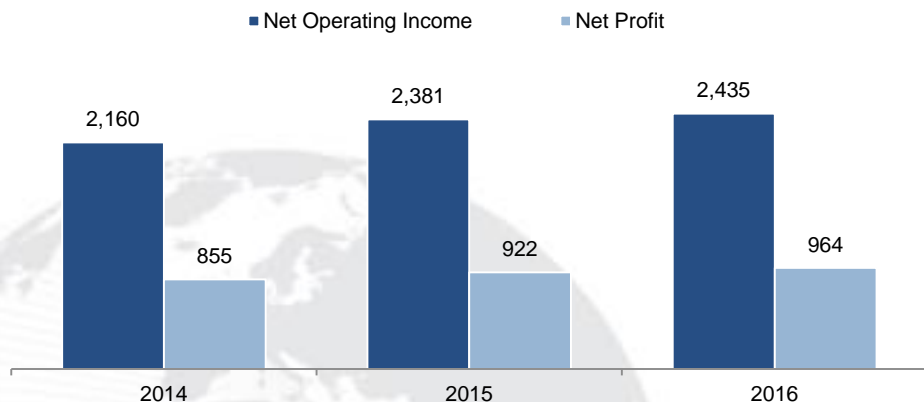
Performance Overview FY 2016

## Section 6

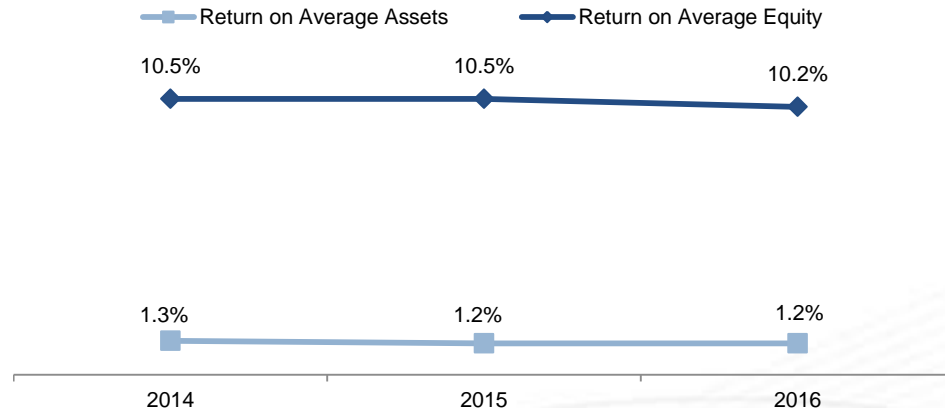
Appendix

# Operating Performance & Profitability

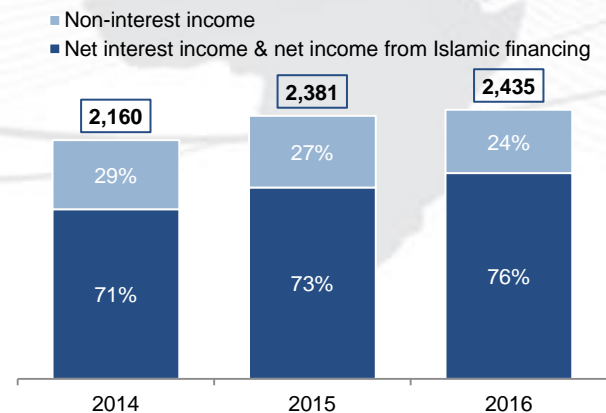
## Resilient Profitability (USD mn)



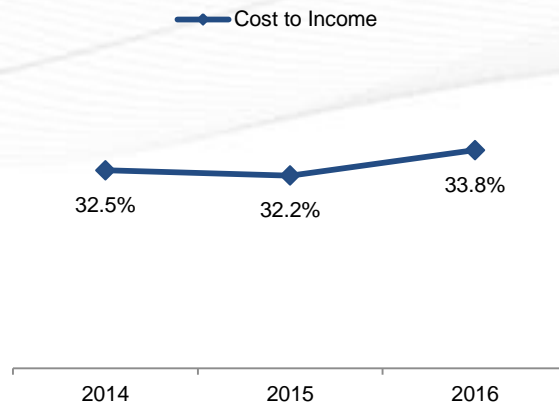
## Stable Returns (%)



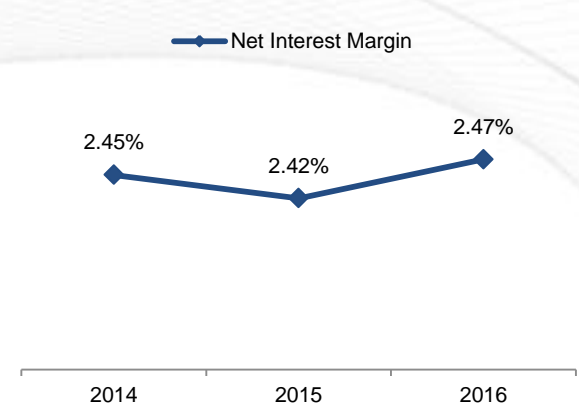
## Operating Income Composition (USD mn)



## Operating Efficiency (%)

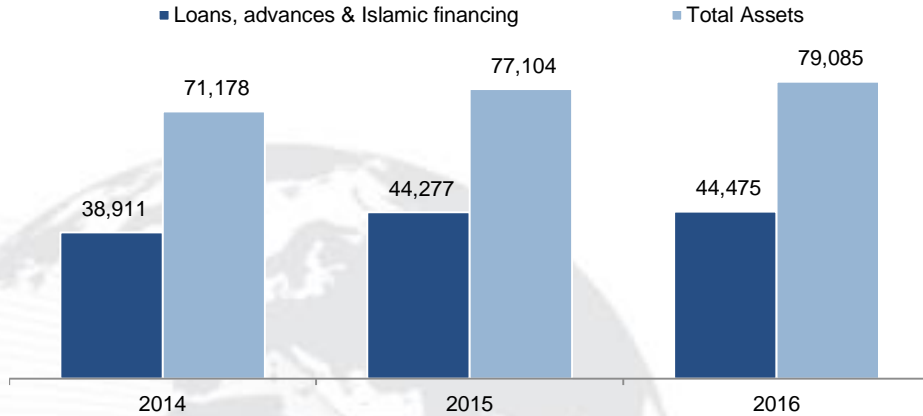


## Interest Margins (%)

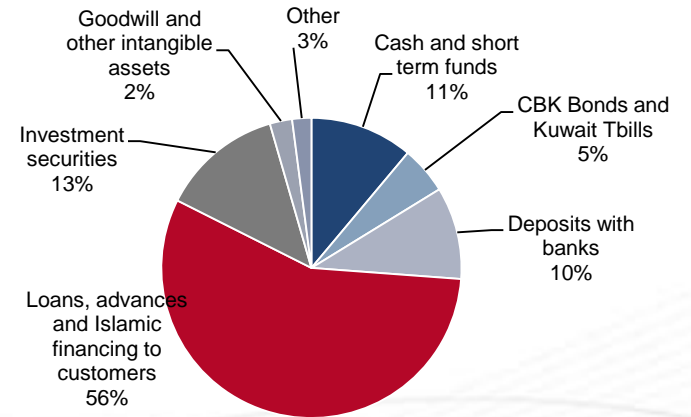


# Balance Sheet Parameters

## Assets & Loans and Advances (USD mn)

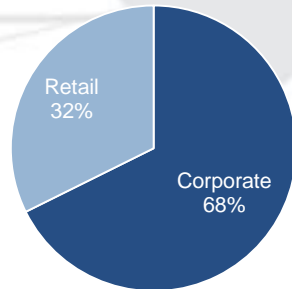


## Breakdown of Assets by Type (As at 31 December 2016)



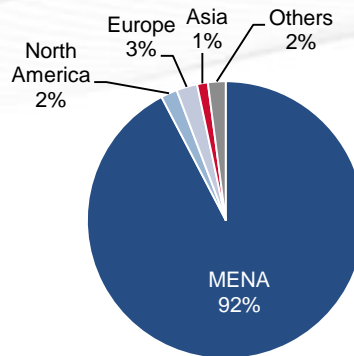
## Breakdown of Gross Loans and Advances

### By Type - As at 31 December 2016



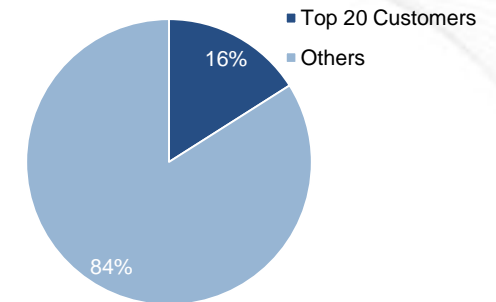
## Breakdown of Gross Loans and Advances

### By Geography - As at 31 December 2016



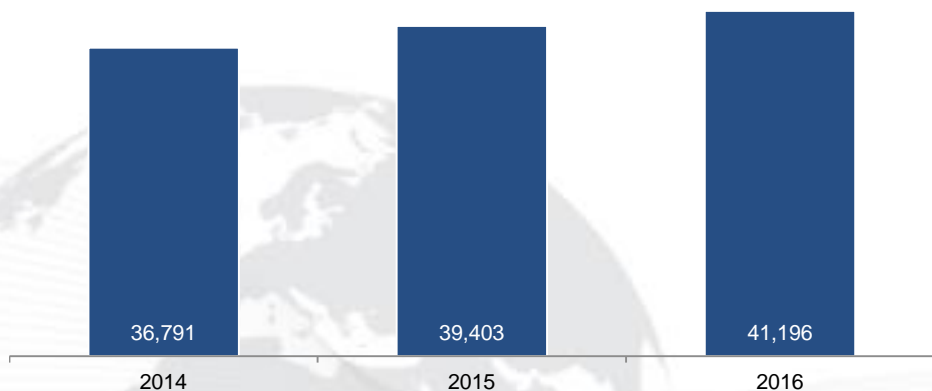
## Low loan concentrations

### As at 31 December 2016

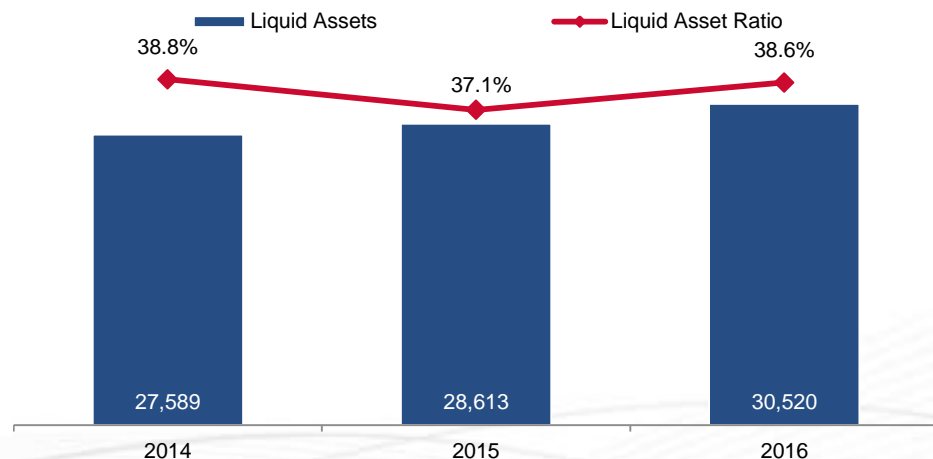


# Funding and Liquidity Positions

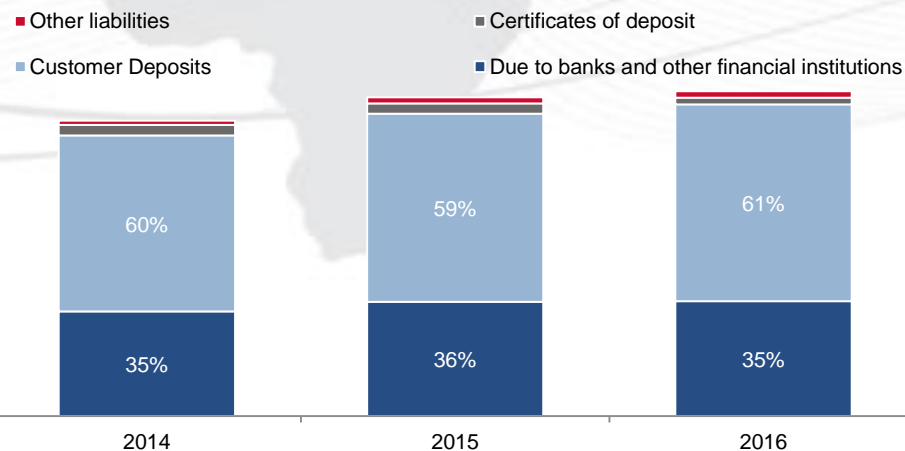
## Customer Deposits (USD mn)



## Strong Liquidity Position (USD mn)

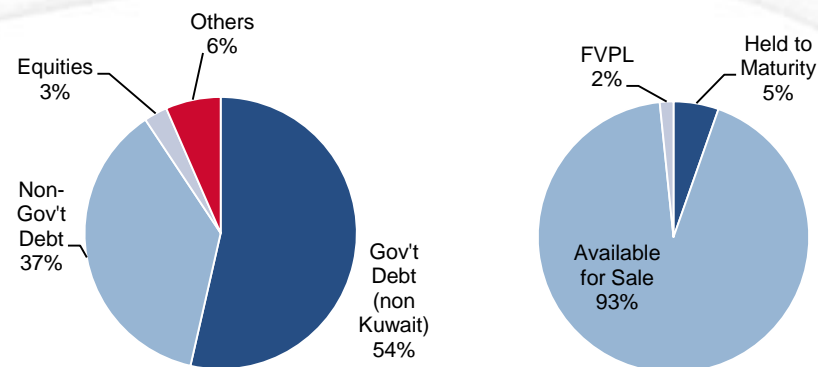


## (Total Liabilities) Funding Mix (USD mn)



## Overview of Investment Securities<sup>1</sup> – USD 10.3 bn

As at 31 December 2016



Notes:

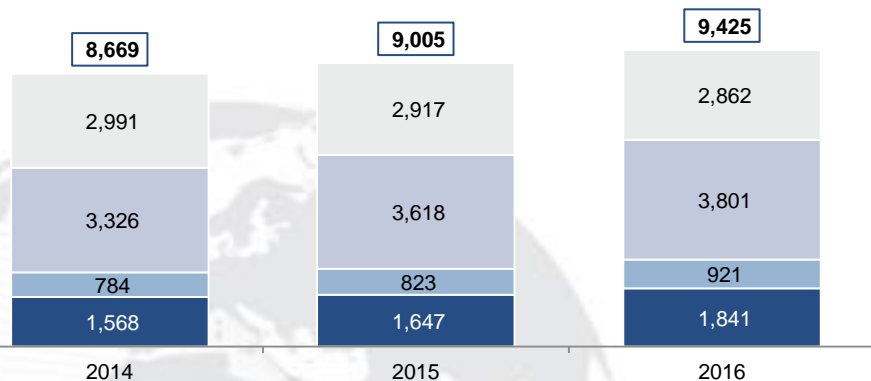
<sup>1</sup>Excludes investments in Central Bank of Kuwait Bonds and Kuwait Government Treasury Bonds



# Capitalization and Asset Quality

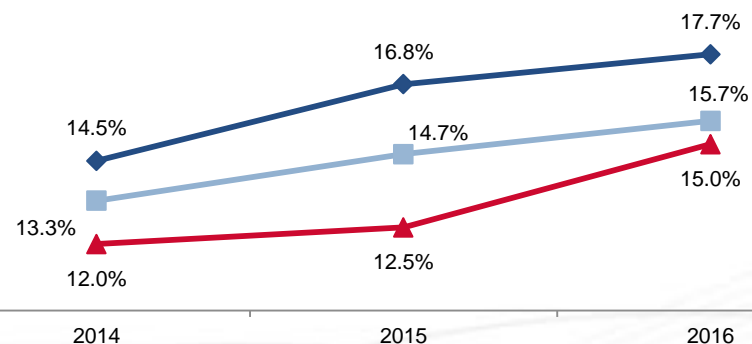
## Total Equity<sup>1</sup> Breakdown (USD mn)

- Share capital
- Retained Earnings
- Statutory reserves
- Other Reserves & Treasury Shares



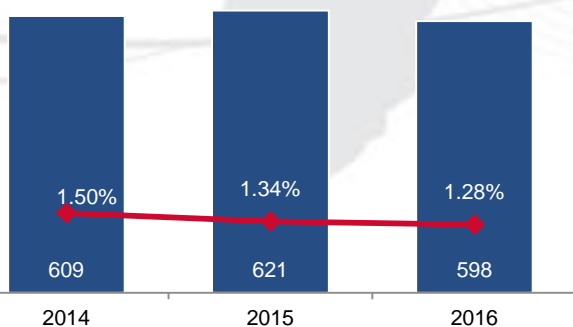
## Capital Adequacy (%)

- Tier 1 Ratio
- Capital Adequacy Ratio
- Regulatory CAR



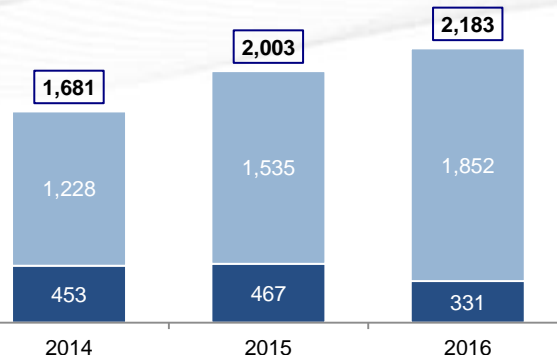
## Non-Performing Loans

- NPLs (USD)
- NPL Ratio



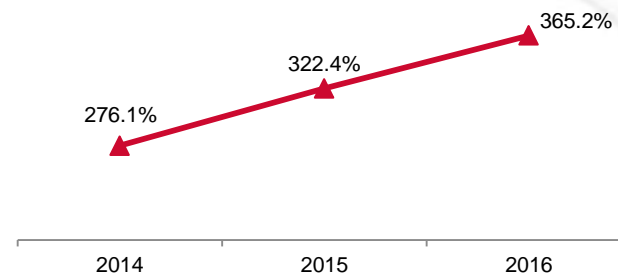
## Prudent Provisioning (USD mn)

- Specific Provisions
- General Provisions



## Loan Loss Coverage Ratio (%)

- Loan Loss Coverage Ratio (%)



Notes:

<sup>1</sup>Equity here refers to total equity attributable to the shareholders of National Bank of Kuwait S.A.K.P.

## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

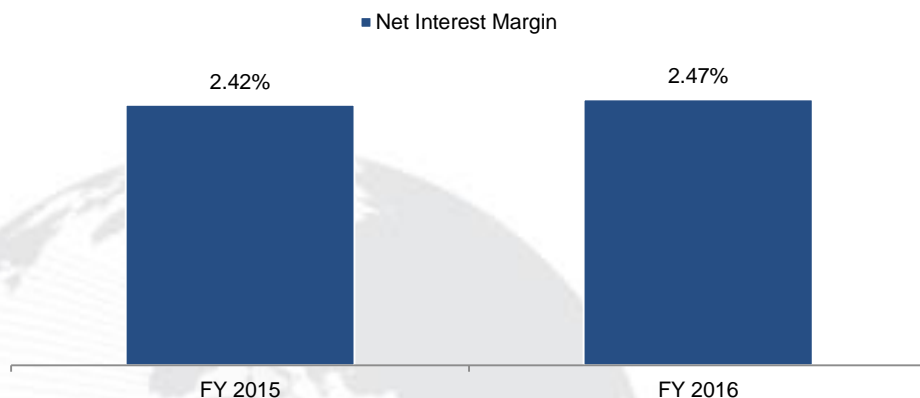
Performance Overview FY 2016

## Section 6

Appendix

# FY 2016 Key Performance Extracts

## Interest Margins (%)

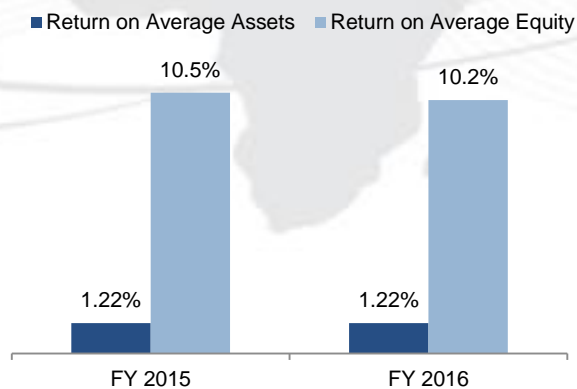


## Income Statement Key Highlights (USD mn)

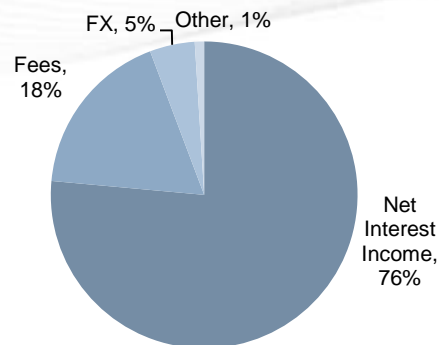
USD million	FY 2015	FY 2016
Net Interest Inc. & net inc. from Islamic financing	1,732	1,862
Fees and Commissions	424	434
<b>Net Operating Income</b>	<b>2,381</b>	<b>2,435</b>
Total Operating Expenses	767	823
<b>Operating Surplus</b>	<b>1,614</b>	<b>1,612</b>
Provision charge for credit & impairment losses	537	498
Taxation	108	94
Non-Controlling Interests	47	55
<b>Profit Attributable to Shareholders</b>	<b>922</b>	<b>964</b>

## Strong returns and well-diversified earnings

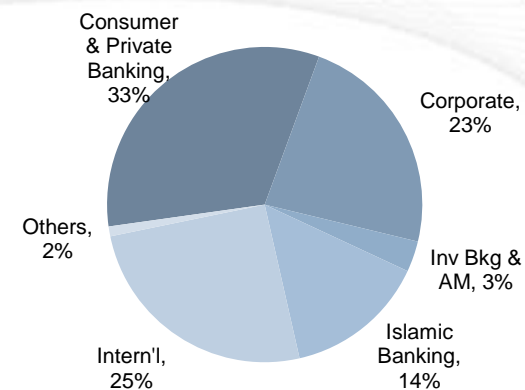
### Strong Returns (%)



### Operating Income by type



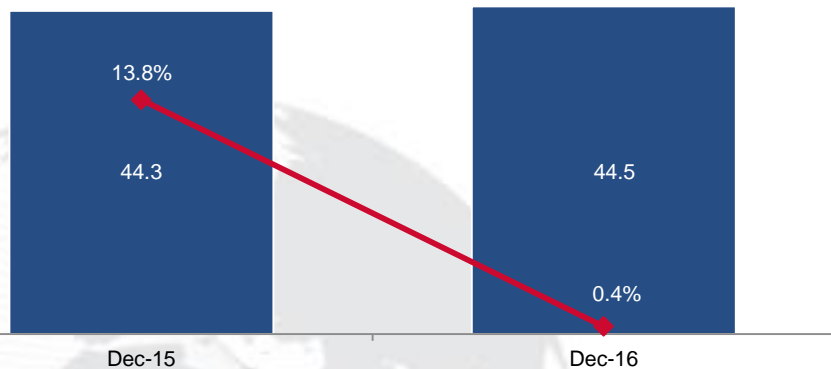
### Operating Income by Business Line



# FY 2016 Key Performance Extracts (Continued)

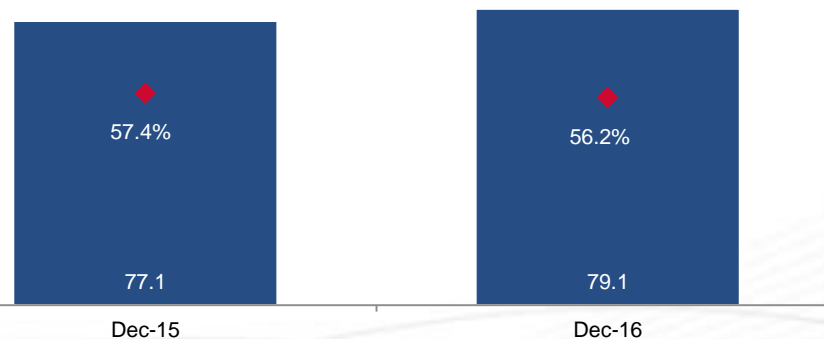
## Net Loan Portfolio (USD bn)

■ Net Loans    ◆ Net loan growth YoY (%)

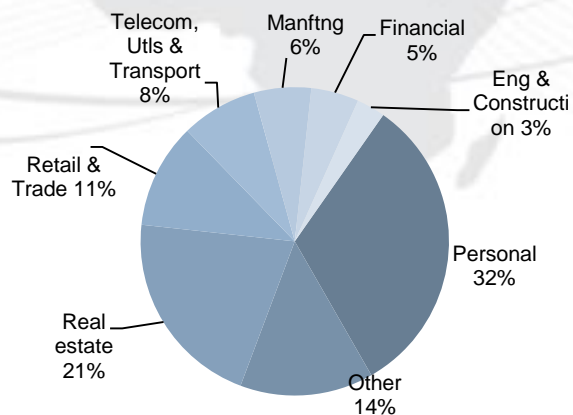


## Loans to Assets (USD bn)

■ Total Assets    ◆ Loans/Assets

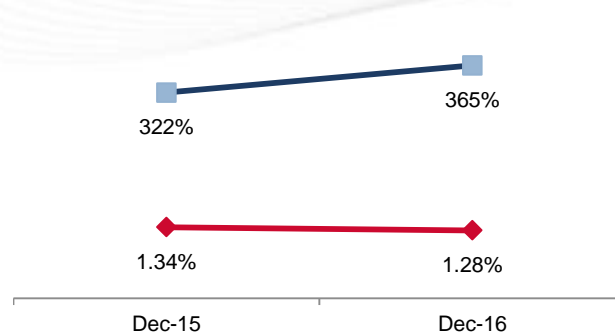


## Loan exposure by sector (%)



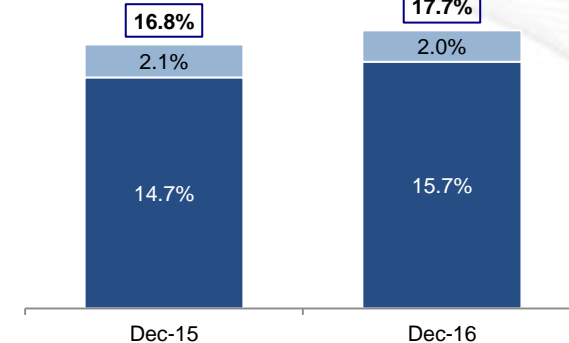
## Non-Performing Loans

■ Coverage Ratio    ◆ NPL Ratio



## Prudent Capitalization (%)

■ Tier 1    ■ Tier 2



## Section 1

Overview of NBK

## Section 2

Overview of Operating Environment

## Section 3

Strategy and Business Overview

## Section 4

Financial Performance (Historical)

## Section 5

Performance Overview FY 2016

## Section 6

Appendix

# Kuwait Selected Mega Projects

Project	Sector	Value (KD bn)	Scope	Status
South Al Mutlaa City	Housing	2.33	29,000 residential units, schools and other facilities	<b>Underway:</b> The main contract bid submission is on 8 December 2016. Package 1 is expected to be complete by September 2019.
New Refinery Project (NRP)	Oil & gas	3.90	New 615,000 bpd refinery by KNPC	<b>Underway:</b> Construction works have commenced on Package 4 (Tankage). FEED pipeline tender not yet issued. Project completion expected in 2019.
Olefins III Project	Oil & gas	2.10	Petrochemical plant to be integrated with New Refinery Project (Al Zour Refinery)	<b>Planning:</b> Stage of project has been changed from FEED to Study. Schedule of tender (FEED & EPC) has not been decided. Engineering study contracts to be awarded in 1Q17.
Clean Fuels Project (CFP)	Oil & gas	3.70	Specification upgrade and expansion of 2 existing refineries	<b>Underway:</b> NBK Capital named exclusive financial advisor. Installations for the expansion of the refineries are currently in progress.
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> All three contracts have now been awarded. Construction is ongoing.
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> Engineering works are underway. The overall duration of the project is five years. Financial advisor has been hired.
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:</b> The tenders for the project are expected to be issued by end of 4Q 2016.
Al Zour North IWPP – Phase 2 (PPP)	Power & water	0.81	1,800 MW power generation capacity, 464,100m <sup>3</sup> desalination capacity	<b>Bidding:</b> The technical bids are under evaluation and the commercial bids are not yet opened.
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>Bidding:</b> Technical bids were submitted in September 2016 and are under evaluation. Commercial bids are yet to be done.
Kabd Municipal Solid Waste Project	Power & water	0.26	Waste to energy facility; 50% of all the municipal solid waste produced in Kuwait will be processed at the facility	<b>Bidding:</b> Bids were submitted in September 2016 and are under evaluation.
Al-Abdaliya (ISCC) Power Plant (CSP)	Power & water	0.22	280MW integrated solar combined cycle (ISCC) power plant, out of which 220MW will be powered by gas turbines and 60MW from solar energy	<b>Bidding:</b> The bid submission date has been extended to 4 January 2017.
Airport Expansion (New Passenger Building)	Transport	1.31	To increase the annual handling capacity of the airport to 20 million passengers	<b>Underway:</b> Construction works are ongoing. Expected completion by 2022.
Kuwait Metro (PPP)	Transport	2.10	160km long, running across Kuwait. 10% of the project is underground	<b>Planning:</b> BOT contract will be issued in 2017; project is in feasibility study. KAPP is planning to establish a General Authority for Road and Land Transportation to execute the project.
Kuwait National Railroad (PPP)	Transport	2.40	Railroad system linking Kuwait to rest of GCC	<b>Planning:</b> BOT contract will be issued in 2017; project is in feasibility study. KAPP is planning to establish a General Authority for Road and Land Transportation to execute the project.



# Consolidated Statement Of Income *(USD million)*

<i>USD million</i>	2014	2015	2016
Interest Income	1,678	1,912	2,174
Interest Expense	373	456	620
<b>Net Interest Income</b>	<b>1,305</b>	<b>1,456</b>	<b>1,554</b>
Murabaha and other Islamic financing income	284	348	418
Distribution to depositors and Murabaha costs	56	71	111
<b>Net Income from Islamic financing</b>	<b>228</b>	<b>276</b>	<b>308</b>
<b>Net interest income and net income from Islamic financing</b>	<b>1,534</b>	<b>1,732</b>	<b>1,862</b>
Net fees and commissions	398	424	434
Net investment income	133	105	21
Net gains from dealing in foreign currencies	89	108	116
Other operating income	6	11	3
<b>Non-interest income</b>	<b>626</b>	<b>649</b>	<b>574</b>
<b>Net Operating Income</b>	<b>2,160</b>	<b>2,381</b>	<b>2,435</b>
Staff expenses	400	448	470
Other administrative expenses	237	252	286
Depreciation of premises and equipment	50	50	54
Amortisation of intangible assets	17	16	14
<b>Operating Expenses</b>	<b>703</b>	<b>767</b>	<b>823</b>
<b>Op. profit before provision for credit losses and impairment losses</b>	<b>1,457</b>	<b>1,614</b>	<b>1,612</b>
Provision charge for credit losses	443	425	411
Impairment losses	36	113	87
<b>Operating profit before taxation</b>	<b>978</b>	<b>1,077</b>	<b>1,114</b>
Taxation	84	108	94
Non-controlling interest	39	47	55
<b>Profit attributable to shareholders of the Bank</b>	<b>855</b>	<b>922</b>	<b>964</b>

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

<i>USD million</i>	2014	2015	2016
Cash and short term funds	10,234	11,375	8,779
Central Bank of Kuwait bonds	1,747	2,627	2,447
Kuwait Government treasury bonds	1,126	1,242	1,611
Deposits with banks	6,700	4,662	7,868
Loans, advances and Islamic financing to customers	38,911	44,277	44,475
Investment securities	8,148	9,098	10,373
Investment in associates	390	303	241
Land, premises and equipment	665	740	833
Goodwill and other intangible assets	2,275	2,214	1,901
Other assets	531	567	557
Investment in an associate held for sale	452	-	-
<b>Total Assets</b>	<b>71,178</b>	<b>77,104</b>	<b>79,085</b>
Due to banks and other financial institutions	21,911	23,873	24,009
Customer deposits	36,791	39,403	41,196
Certificates of deposit issued	2,206	2,141	1,359
Subordinated Tier 2 bonds	-	407	407
Other liabilities	892	853	989
<b>Total Liabilities</b>	<b>61,799</b>	<b>66,677</b>	<b>67,961</b>
Share capital	1,568	1,647	1,841
Proposed bonus shares	78	82	92
Statutory reserve	784	823	921
Share premium account	2,287	2,287	2,624
Treasury shares	(257)	(254)	(254)
Treasury share reserve	49	46	46
Other reserves	4,161	4,374	4,156
<b>Equity attributable to shareholders of the bank</b>	<b>8,669</b>	<b>9,005</b>	<b>9,425</b>
Perpetual Tier 1 Capital Securities	-	688	688
Non-controlling interests	710	733	1,011
<b>Total equity</b>	<b>9,379</b>	<b>10,427</b>	<b>11,125</b>
<b>Total liabilities and equity</b>	<b>71,178</b>	<b>77,104</b>	<b>79,085</b>