



# National Bank of Kuwait Investor Presentation

April 2020

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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 5.60% as of January 2020)</li> <li>NBK's market capitalisation at 31 December 2019 was USD 22.8 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      |
|---|------------------|-------------------|--------------|
|  | Aa3              | a3                | Under Review |
|  | A                | a-                | Stable       |
|  | AA-              | a-                | Stable       |

## Financial snapshot

| USD million                         | 2017   | 2018   | 2019   |
|-------------------------------------|--------|--------|--------|
| Total Assets                        | 85,909 | 90,506 | 96,587 |
| Loans, advances & Islamic financing | 47,855 | 51,158 | 54,620 |
| Customer Deposits                   | 45,470 | 47,480 | 52,567 |
| Total Equity                        | 11,751 | 12,214 | 14,054 |
| Net Operating Income                | 2,715  | 2,914  | 2,955  |
| Net Profit attributable             | 1,064  | 1,223  | 1,324  |
| Cost to Income (%)                  | 32.3%  | 31.3%  | 34.0%  |
| Net Interest Margin (%)             | 2.61%  | 2.69%  | 2.56%  |
| NPL Ratio (%)                       | 1.42%  | 1.38%  | 1.10%  |
| Loan Loss Coverage Ratio (%)        | 287.5% | 228.1% | 272.2% |
| Return on Average Equity (%)        | 10.8%  | 12.0%  | 12.3%  |
| Tier 1 Ratio (%)                    | 15.8%  | 15.3%  | 15.9%  |
| Capital Adequacy Ratio (%)          | 17.8%  | 17.2%  | 17.8%  |

Notes: Through out the investor presentation, the USD/KD exchange rate used is for year-end figures is .30305 and .30855 for quarterly figures. The rate is based on the Central Bank of Kuwait's closing exchange rates as of 31/12/2019 and 31/3/2020 .

# 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 - 10                    |
| Egypt - 2007                                | Subsidiary - 53                   |
| 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 2019, 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 1.10% at end-2019
- 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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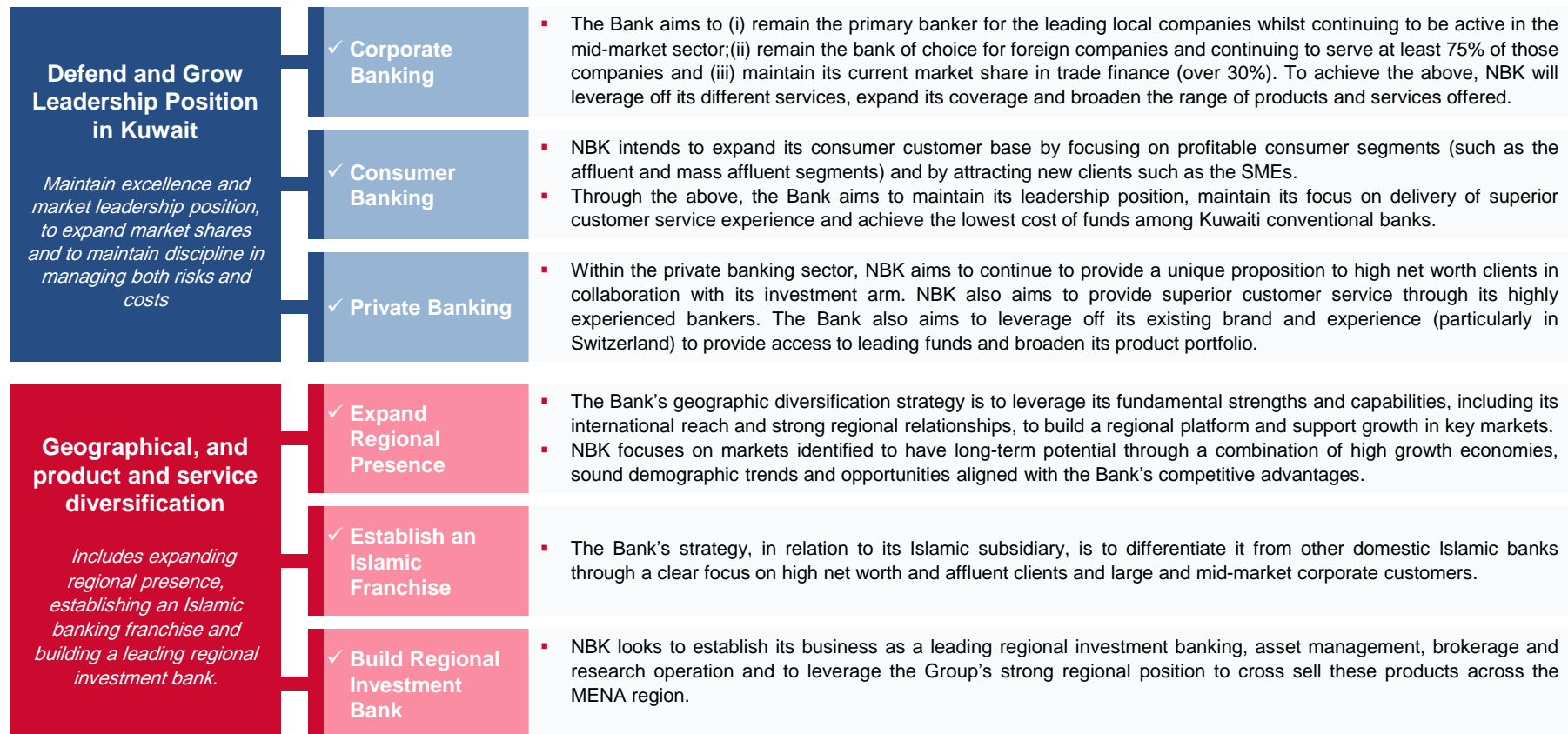
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# NBK's strategy

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  | Consumer Banking  | Private Banking   |
|--|---|---|
| <ul style="list-style-type: none"> <li>▪ Remain the primary banker for most of the local blue-chip companies, and an active player in the mid-market</li> <li>▪ Remain bank of choice among foreign corporations and continue serving 75% of them active in the Kuwaiti market</li> <li>▪ Maintain current market share in excess of 30% in trade finance in Kuwait</li> <li>▪ Offer differentiated services to large corporate clients leveraging other NBK units</li> <li>▪ Increase market share in medium corporate segment through focused teams and relationship management</li> <li>▪ Focus on Government mega projects benefiting from NBK's large capital base</li> <li>▪ Maintain asset quality with emphasis on credit control and risk management</li> </ul> | <ul style="list-style-type: none"> <li>▪ Maintain undisputed leadership in retail banking with leading market share and the highest customer penetration among conventional banks</li> <li>▪ Maintain focus on customer service</li> <li>▪ 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</li> <li>▪ Achieve lowest cost of funds among Kuwaiti commercial banks</li> <li>▪ Pioneer innovative multi-channel solutions including state of the art internet, mobile banking and call center services</li> <li>▪ 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</li> </ul> | <ul style="list-style-type: none"> <li>▪ Continue to provide a unique proposition to HNW clientele in collaboration with NBK Capital and the bank's international network</li> <li>▪ Provide access to best of breed international funds leveraging NBK Banque Privee's wealth management expertise</li> <li>▪ Provide the best service with a dedicated team of over 30 well qualified and experienced private bankers</li> <li>▪ Leverage NBK's strong brand to acquire new clients and retain onshore relationships</li> <li>▪ Broaden the product portfolio to accommodate growing needs</li> </ul> |

**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**

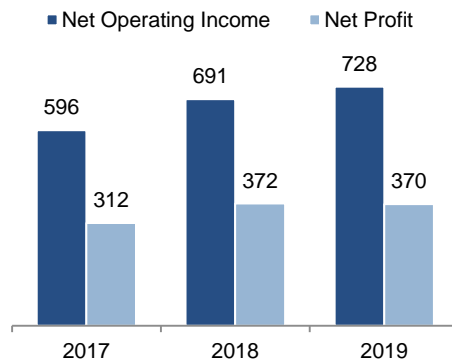
# International Operations

## International Operations

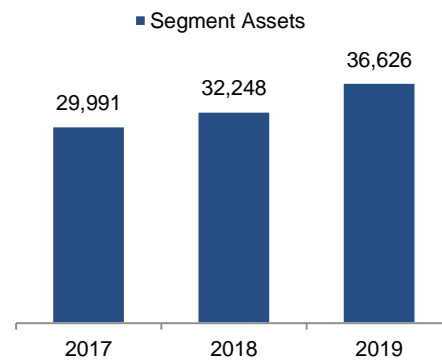
- NBK's international operations has been traditionally contributing up to circa 30% of the Group's bottom line with the Bank aspiring to increase this contribution.
- The Bank generally aims to maintain a majority stake in its subsidiaries or at least maintain a decision making role.
- NBK's international 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)



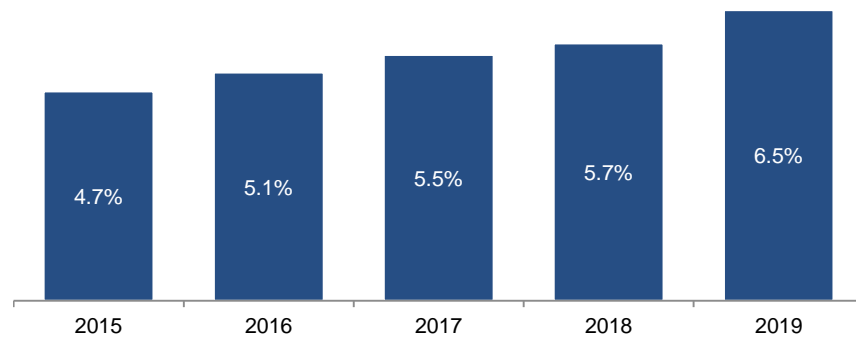
### Balance Sheet Trends (USD mn)



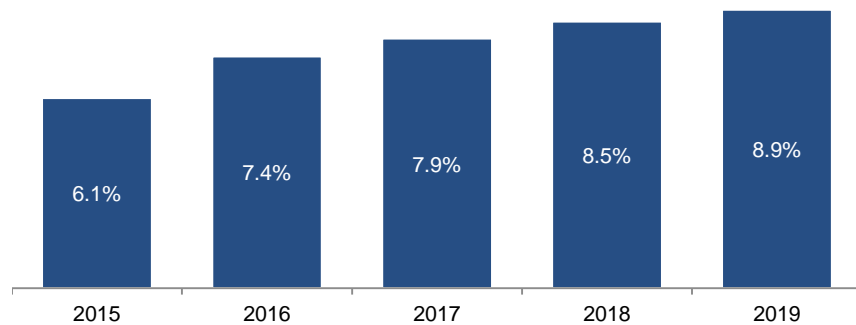
|                      | Established or acquired | Branches | Legal structure |
|----------------------|-------------------------|----------|-----------------|
| <b>International</b> |                         |          |                 |
| London               | 1983                    | 2        | 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                    | 3        | Branch          |
| Egypt                | 2007                    | 53       | Subsidiary      |
| Turkey               | 2007                    | 10       | 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 2019.
- 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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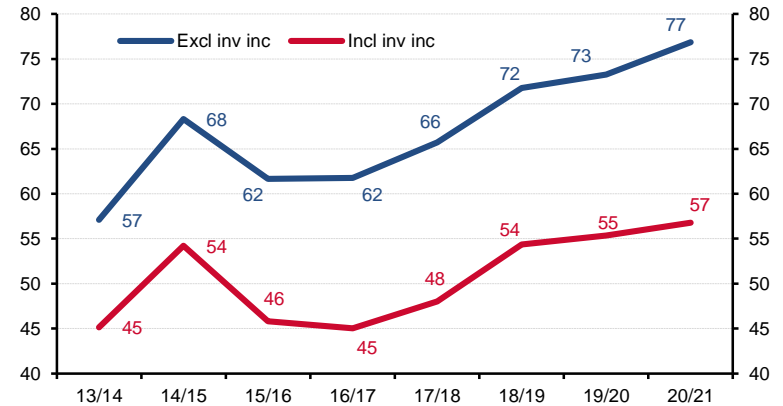
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# Overview of Kuwait

## Overview

- The State of Kuwait is a sovereign state on the coast of the Arabian Gulf with a population of 4.8 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      | \$22.1 bn                  | -\$3.2 bn |
| Gov Revenues (% GDP) | 44%                        | 31%       |
| Public Debt (% GDP)* | 11%                        | 14%       |

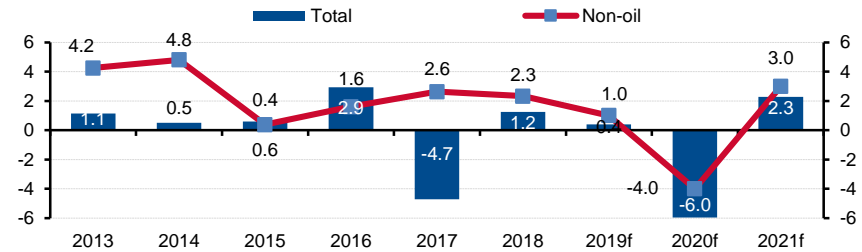
\* Assumes no debt issued in FY20/21

# Kuwait's Economy

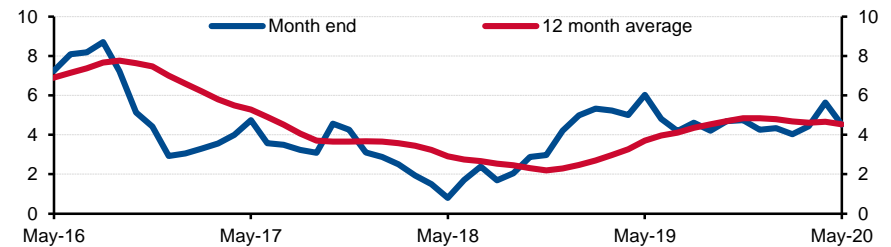
## Recent Developments

|                                     |   |
|-------------------------------------|---|
| <b>GDP Growth</b>                   | <ul style="list-style-type: none"> <li>Real GDP is projected to decline 6% in 2020 due to sharply lower oil production as Kuwait adheres to OPEC+ cuts. Growth could rebound to 2.3% in 2021 as these cuts are partially reversed.</li> <li>Non-oil growth is seen at -4.0 in 2020 on fallout from the Covid pandemic, with the large government sector limiting the drop.</li> </ul>   |
| <b>Public Finance and Inflation</b> | <ul style="list-style-type: none"> <li>The government is however looking to cut spending to address the fiscal deficit. The draft budget for FY20/21 is under review and outlays on capex are likely to be curtailed.</li> <li>Currently at 1.9% (May), inflation will remain low at below 2%, supporting real purchasing power. There is some downside risk from potential softness in residential real estate rents.</li> </ul> |
| <b>Consumer Sector</b>              | <ul style="list-style-type: none"> <li>Consumer spending took a major hit during the lockdown months, but seems to be recovering rapidly. POS/ATM spending was down only 3% y/y in June, with online spending up sharply.</li> <li>The large number of nationals in stable public sector jobs should support the spending outlook, as will loan payment deferrals.</li> </ul>   |
| <b>Credit Growth</b>                | <ul style="list-style-type: none"> <li>Private credit growth has held up relatively well so far in 2020 at 4.5% y/y in May helped by (i) loan repayment deferrals and (ii) rising loans to retail firms. The policy rate has been cut to 1.5%.</li> <li>Deposit growth picked up to 2.7% y/y in May helped by stronger private deposits; government deposits have been solid so far this year, now up 3% y/y.</li> </ul>          |
| <b>Real Estate Activity</b>         | <ul style="list-style-type: none"> <li>Property sales were at decent levels early on in the year, but will have been hit by government and business shutdowns. The residential sector could hold up well given solid demand base.</li> </ul>  |

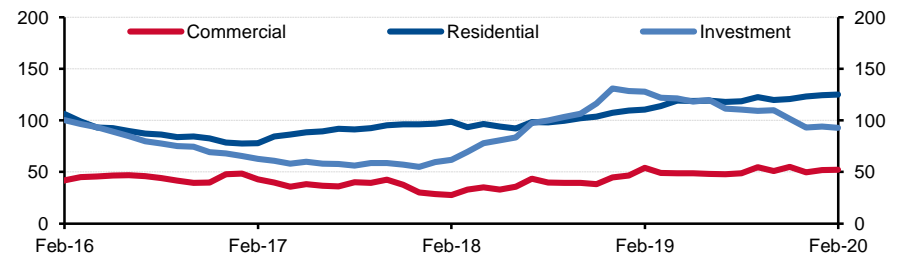
## Real GDP (% y/y)



## Private credit (change, %/y)



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

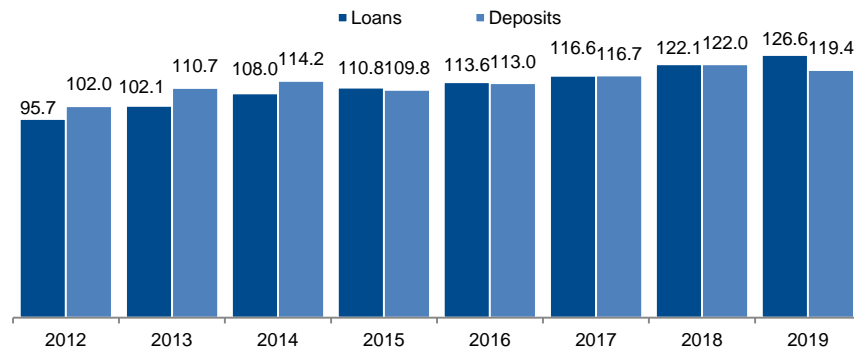


# Kuwait's banking sector

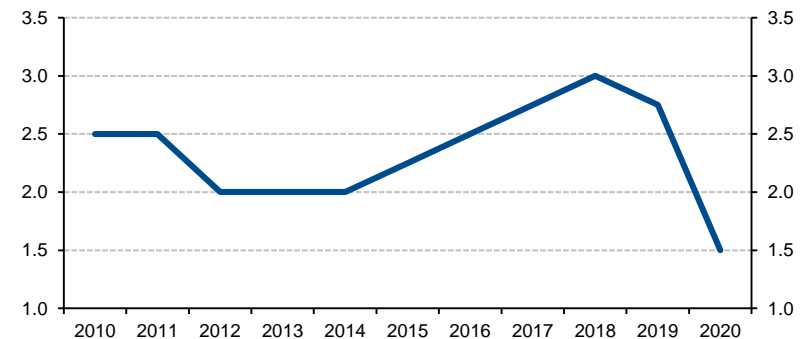
## Snapshot

- **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 18.0% in the four quarters to 4Q19, 5% higher than the required minimum (since dropped to 10.5%). Non-performing loans to total loans stood at 1.5% in 4Q19.

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



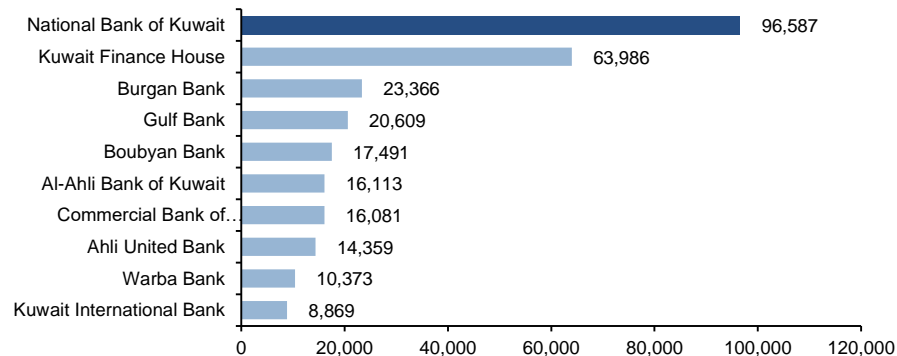
Development of the Discount rate (% , end year<sup>2</sup>)



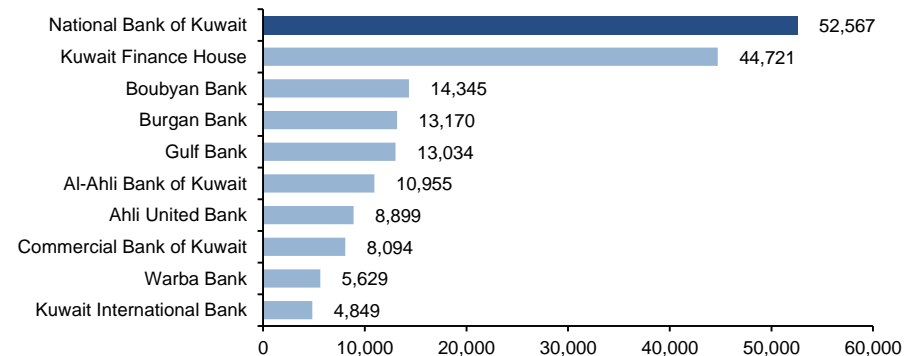
# The Dominant Kuwaiti Franchise

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

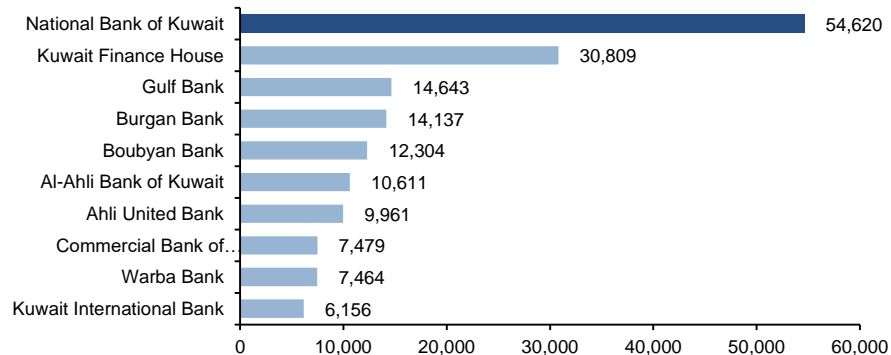
### Total Assets (USD million)



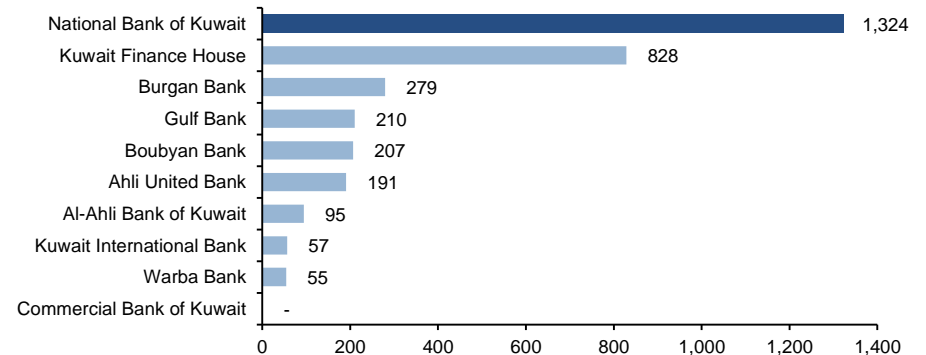
### Customer Deposits (USD million)



### Customer Loans & Advances (USD million)



### Net Profit attributable (USD million)





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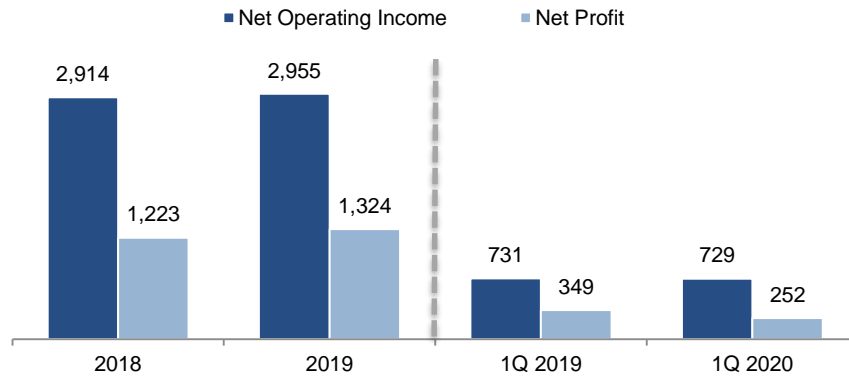
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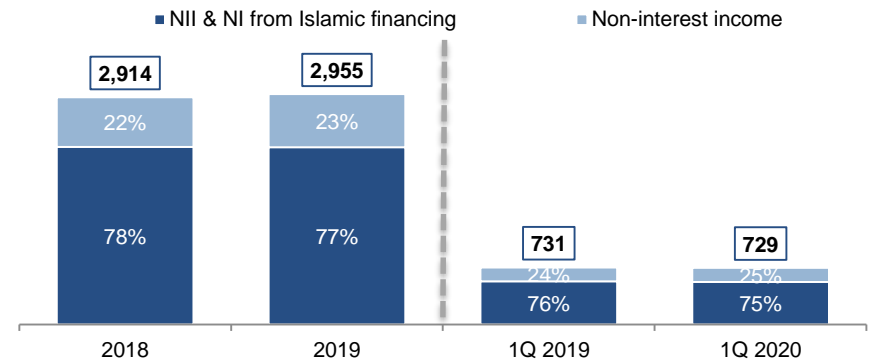
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# Operating Performance & Profitability

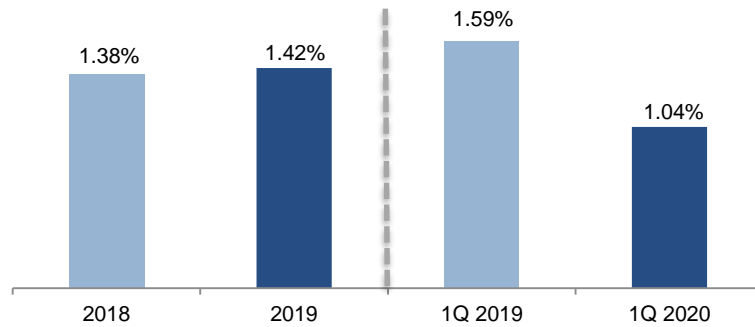
## Profitability (USD mn)



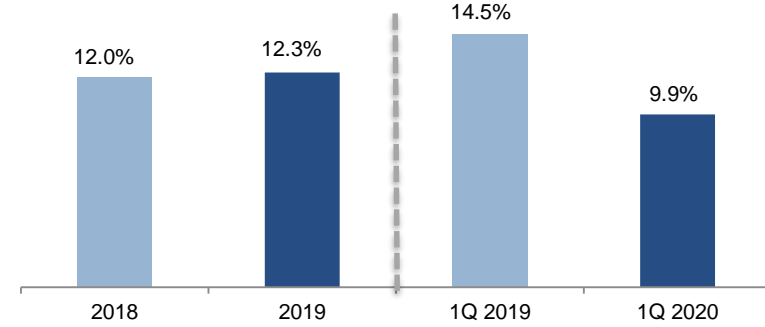
## Operating Income Composition (USD mn)



## Return on average assets (%)

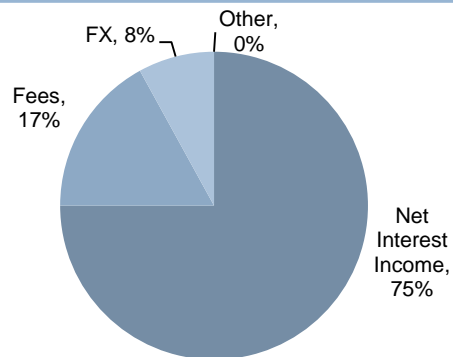


## Return on average equity (%)

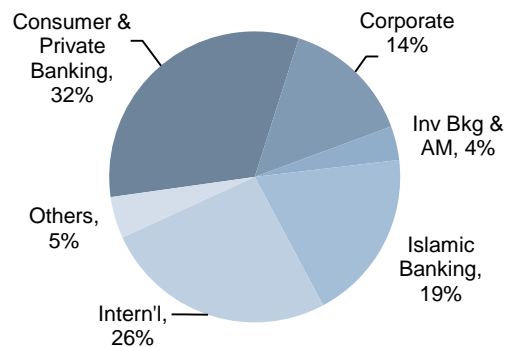


# Operating Performance & Profitability (Cont'd)

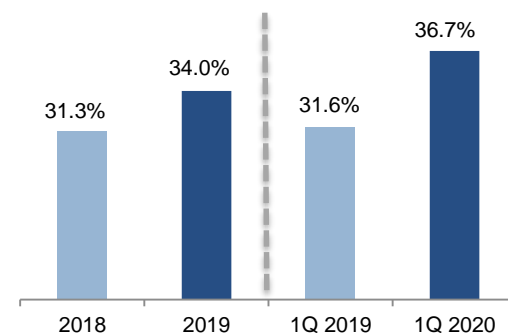
1Q 2020 Op. income by type (%)



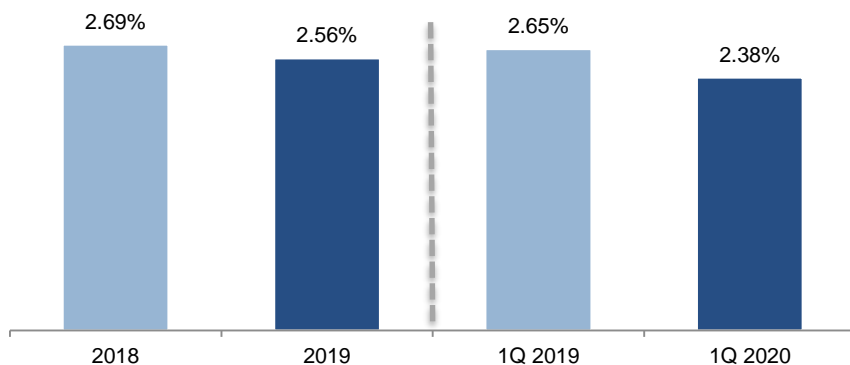
1Q 2020 Op. income by business line (%)



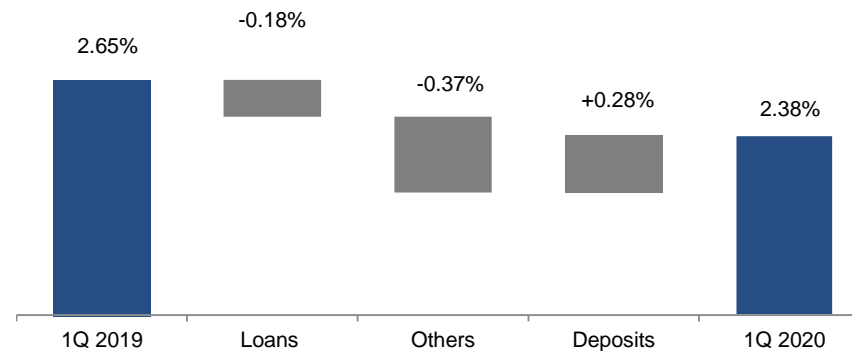
Cost to income (%)



Net Interest Margin (%)

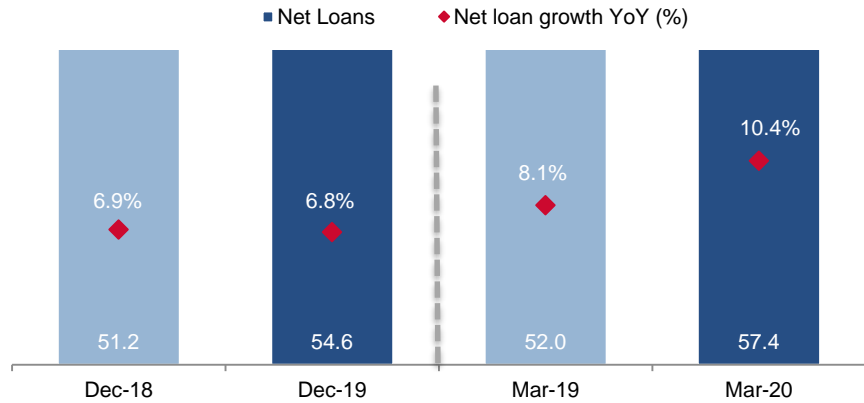


Net Interest Margin drivers

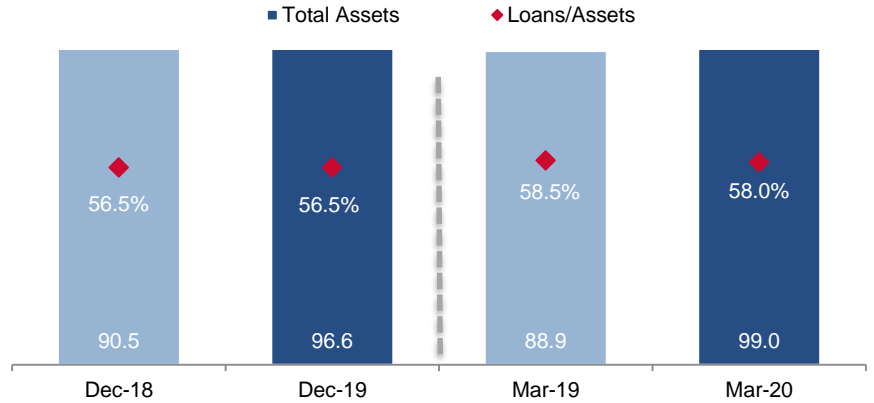


# Balance Sheet Parameters

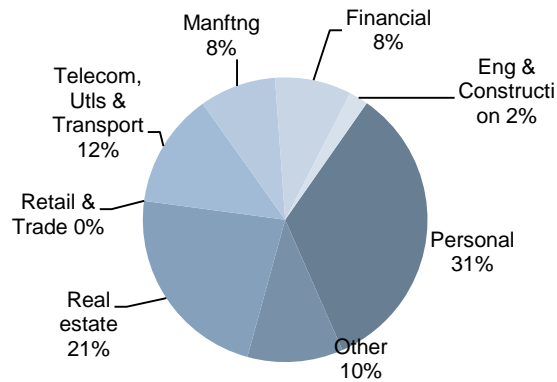
## Net loan portfolio (USD bn)



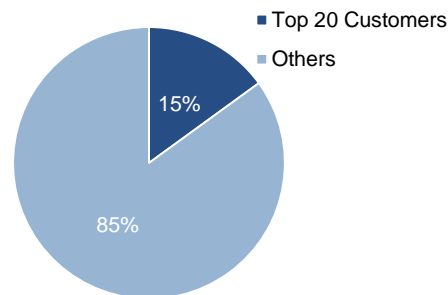
## Loans to assets (USD bn)



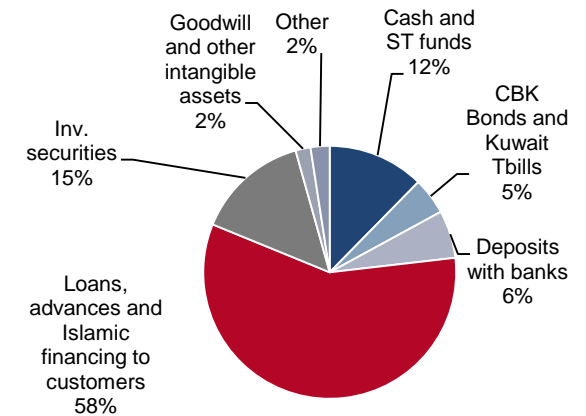
## Loan exposure by sector (%) (as at 31 Mar. 2020)



## Low loan concentrations (as at 31 Mar. 2020)

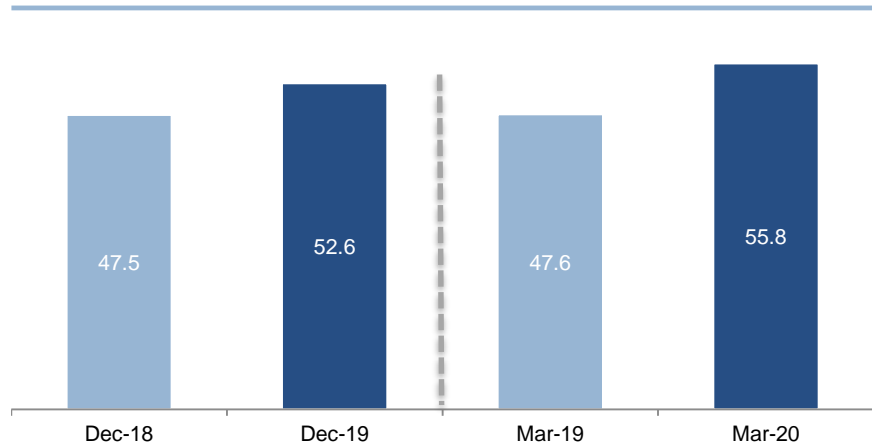


## Assets by Type (as at 31 Mar. 2020)

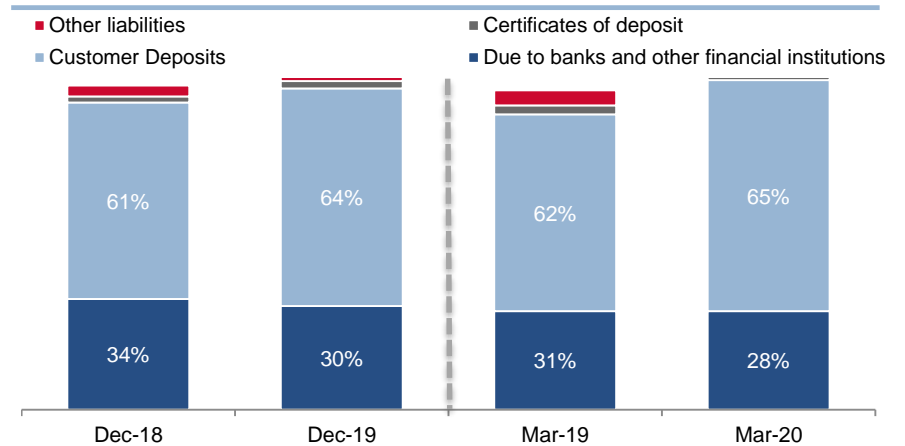


# Funding and liquidity positions

Customer Deposits (USD bn)

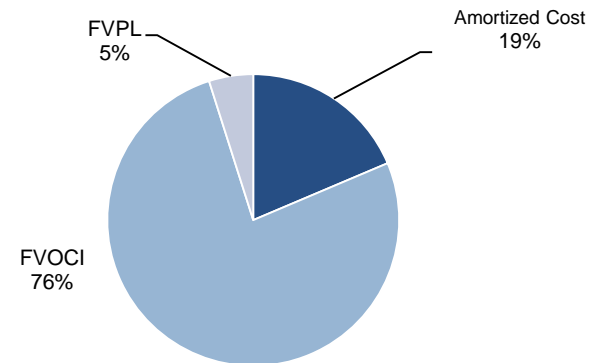
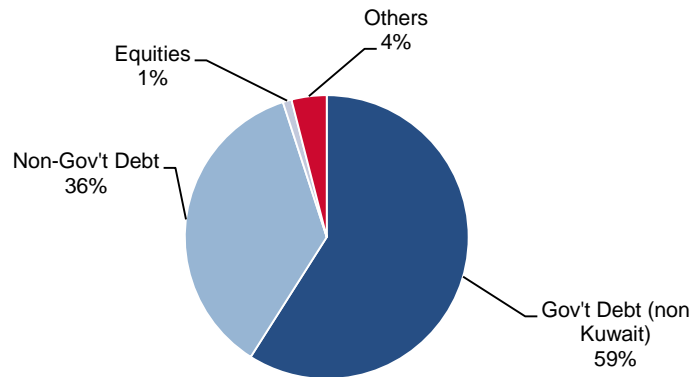


(Total Liabilities) Funding Mix (USD mn)



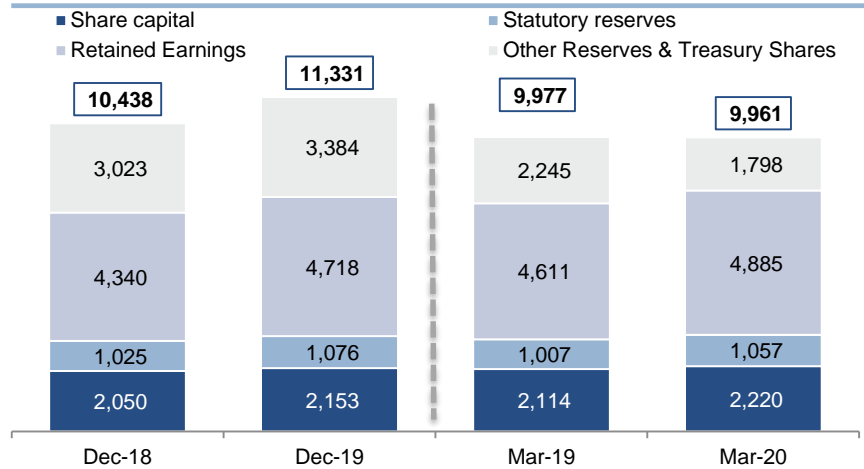
Overview of Investment Securities<sup>1</sup> – USD 13.9 bn

As at 31 December 2019

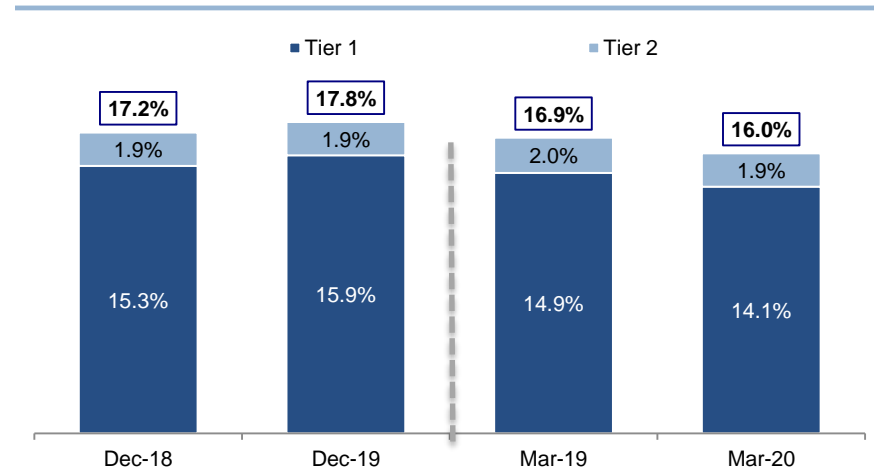


# Capitalization and asset quality

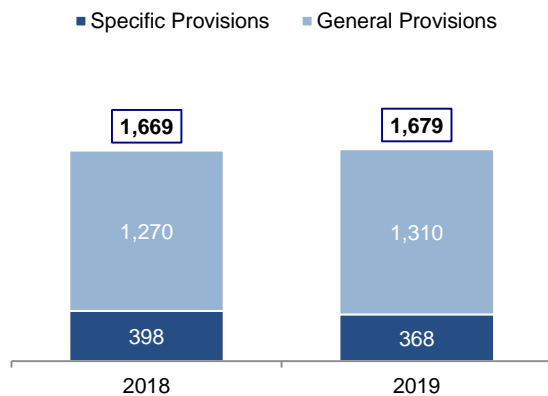
### Total Equity<sup>1</sup> Breakdown (USD mn)



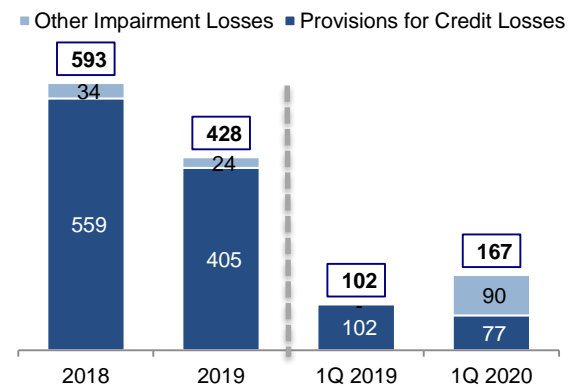
### Prudent capitalization (%)



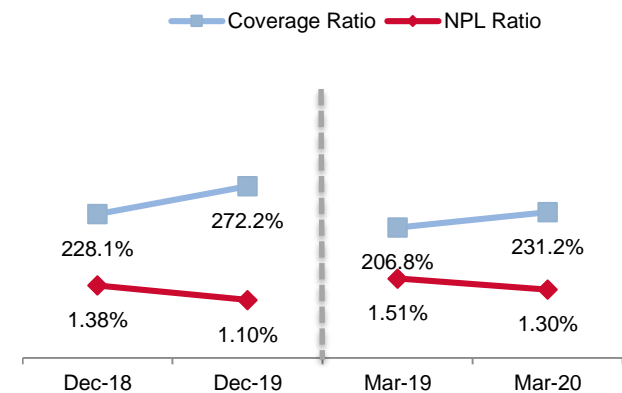
### Prudent Provisioning (USD mn)



### Provisions and Impairments (USD mn)



### Non-performing loans (NPLs)



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

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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 28%. Major infrastructure works for 18,519 units is 73% complete, for 4,999 units is 62% complete and for 4,770 units is 89% complete. P-1 to P-3 completion expected by 2020.  |
| Jahra & Sulabiya Low Cost Housing City                        | Housing       | 0.6           | Low cost housing project north of Kuwait City; 824 Hectares   | <b>Underway:</b> Progress at 11%. Infrastructure works contract awarded and expected to complete in May 2021. Project is scheduled to complete in 2030. Project was in the execution stage as per latest update in August-19.                                     |
| New Refinery Project (NRP)                                    | Oil & gas     | 3.90          | New 615,000 bpd refinery by KNPC  | <b>Underway:</b> Progress at 99%. Technology provider appointed. Construction works are complete on P-1 to P-5. The project is expected to be completed by June 2020 and to operate by end-2021 from 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>Complete:</b> Overall progress 100%. Construction works completed. Lowest bid for mechanical maintenance contract submitted for \$312.7 million.   |
| 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. The invitation to bid for JPF-6 and 7 are not yet issued. JPF-4 & 5 bidding have been placed on hold. |
| Petrochemical Facility at Al-Zour                             | Oil & gas     | 2.0           | Petrochemical plant to be integrated with Al-Zour refinery.   | <b>Planning:</b> FEED works completed. Project tendering could be postponed by KIPIC due to capex restructuring. 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 96%. Construction works are underway and scheduled to complete by June-2020. Technology provider has been appointed. PQ for maintenance and operation contract completed and awaits tendering.                                       |
| 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>Complete/Planning:</b> Overall progress 53%. P-1 is complete. P-4 & P-5 are under study. KAPP extended bids submission for P-2 & P-3 to 23 July 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 & P-3 are still in the study phase. KAPP extended bids submission for main contract to 23 July 2020.   |
| 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 signed the award letter and final agreements. Construction is yet to commence.  |
| 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> The project has been put on hold and the client is likely to cancel the project.  |
| Al-Dibdibah Solar PP  | Power & water | 0.5           | Capacity to produce 1GW solar project   | <b>Bidding/Planning:</b> Lowest bid submitted for KD 439 mn. KNPC is weighing options to proceed with awarding, retendering or cancellation given capex restructuring due to the COVID-19 pandemic.   |
| 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%. Construction works ongoing on Terminal. P-2 contract for landside works is yet to be awarded. Crossroads contract bid submission deadline extended to 5-May 2020.  |



# Consolidated financials 1Q 2020 (USD million)

| <i>Income Statement (USD million)</i>                    | 1Q-2019    | 1Q-2020    | YoY Growth (%) | <i>Balance sheet (USD million)</i>                 | Mar-2019      | Mar-2020      | YoY Growth (%) |
|--|------------|------------|----------------|--|---------------|---------------|----------------|
| Interest Income  | 795        | 739        | (7%)           | Cash and short term funds                          | 8,988         | 12,227        | 36%            |
| Interest Expense   | 336        | 300        | (11%)          | Central Bank of Kuwait bonds                       | 2,649         | 2,678         | 1%             |
| <b>Net Interest Income</b>                               | <b>459</b> | <b>439</b> | <b>(4%)</b>    | Kuwait Government Treasury bonds                   | 2,740         | 1,984         | (28%)          |
| Murabaha and other Islamic financing income              | 161        | 189        | 18%            | Deposits with banks                                | 5,702         | 6,043         | 6%             |
| Distribution to depositors and Murabaha costs            | 65         | 80         | 24%            | Loans, advances and Islamic financing to customers | 52,005        | 57,423        | 10%            |
| <b>Net Income from Islamic financing</b>                 | <b>96</b>  | <b>109</b> | <b>14%</b>     | Investment securities                              | 12,706        | 14,323        | 13%            |
| <b>NII and NI from Islamic financing</b>                 | <b>555</b> | <b>548</b> | <b>(1%)</b>    | Investment in associates                           | 111           | 21            | (81%)          |
| Net fees and commissions                                 | 121        | 124        | 2%             | Land, premises and equipment                       | 1,328         | 1,459         | 10%            |
| Net investment income                                    | 21         | (11)       | (151%)         | Goodwill and other intangible assets               | 1,882         | 1,896         | 1%             |
| Net gains from dealing in foreign currencies             | 32         | 63         | 95%            | Other assets                                       | 740           | 929           | 25%            |
| Other operating income                                   | 1          | 4          | 204%           | <b>Total Assets</b>                                | <b>88,851</b> | <b>98,983</b> | <b>11%</b>     |
| <b>Non-interest income</b>                               | <b>176</b> | <b>180</b> | <b>2%</b>      | Due to banks and other financial institutions      | 23,777        | 23,797        | 0%             |
| <b>Net Operating Income</b>                              | <b>731</b> | <b>729</b> | <b>0%</b>      | Customer deposits                                  | 47,568        | 55,812        | 17%            |
| Staff expenses   | 136        | 148        | 9%             | Certificates of deposit issued                     | 2,186         | 1,967         | (10%)          |
| Other administrative expenses                            | 72         | 92         | 28%            | Global Medium Term Notes (GMTN)                    | 727           | 768           | 6%             |
| Depreciation of premises and equipment                   | 20         | 26         | 30%            | Subordinated Tier 2 bonds                          | 404           | 405           | 0%             |
| Amortisation of intangible assets                        | 3          | 1          | (47%)          | Sukuk issued                                       | -             | 752           | NM             |
| <b>Operating Expenses</b>                                | <b>231</b> | <b>267</b> | <b>16%</b>     | Other liabilities                                  | 2,443         | 2,787         | 14%            |
| <b>Pre-provision profits (and impairments)</b>           | <b>500</b> | <b>461</b> | <b>(8%)</b>    | <b>Total Liabilities</b>                           | <b>77,105</b> | <b>86,287</b> | <b>12%</b>     |
| Provision charge for credit losses and impairment losses | 102        | 167        | 64%            | Share capital                                      | 2,114         | 2,220         | 5%             |
| <b>Operating profit before taxation</b>                  | <b>399</b> | <b>294</b> | <b>(26%)</b>   | Proposed bonus shares                              | -             | -             | NM             |
| Taxation   | 30         | 29         | (4%)           | Statutory reserve                                  | 1,007         | 1,057         | 5%             |
| Non-controlling interest                                 | 19         | 13         | (29%)          | Share premium account                              | 2,603         | 2,603         | 0%             |
| <b>Profit attributable to shareholders of the Bank</b>   | <b>349</b> | <b>252</b> | <b>(28%)</b>   | Treasury shares                                    | (212)         | (127)         | (40%)          |
|  |            |            |                | Treasury share reserve                             | 45            | 81            | 79%            |
|  |            |            |                | Other reserves                                     | 4,420         | 4,126         | (7%)           |
|  |            |            |                | <b>Equity attributable to shareholders</b>         | <b>9,977</b>  | <b>9,961</b>  | <b>0%</b>      |
|  |            |            |                | Perpetual Tier 1 Capital Securities                | 683           | 1,421         | 108%           |
|  |            |            |                | Non-controlling interests                          | 1,085         | 1,314         | 21%            |
|  |            |            |                | <b>Total equity</b>                                | <b>11,746</b> | <b>12,695</b> | <b>8%</b>      |
|  |            |            |                | <b>Total liabilities and equity</b>                | <b>88,851</b> | <b>98,983</b> | <b>11%</b>     |

# Consolidated Statement Of Income *(USD million)*

| <i>USD million</i>   | 2017         | 2018         | 2019         |
|--|--------------|--------------|--------------|
| Interest Income  | 2,450        | 2,961        | 3,255        |
| Interest Expense   | 738          | 1,092        | 1,391        |
| <b>Net Interest Income</b>   | <b>1,712</b> | <b>1,869</b> | <b>1,864</b> |
| Murabaha and other Islamic financing income                                | 514          | 614          | 697          |
| Finance cost and Distribution to depositors                                | 151          | 204          | 287          |
| <b>Net Income from Islamic financing</b>                                   | <b>363</b>   | <b>410</b>   | <b>410</b>   |
| <b>Net interest income and net income from Islamic financing</b>           | <b>2,075</b> | <b>2,278</b> | <b>2,274</b> |
| Net fees and commissions   | 457          | 496          | 519          |
| Net investment income  | 65           | 7            | 28           |
| Net gains from dealing in foreign currencies                               | 111          | 129          | 130          |
| Other operating income   | 5            | 5            | 5            |
| <b>Non-interest income</b>   | <b>639</b>   | <b>636</b>   | <b>681</b>   |
| <b>Net Operating Income</b>  | <b>2,715</b> | <b>2,914</b> | <b>2,955</b> |
| Staff expenses   | 510          | 528          | 580          |
| Other administrative expenses  | 306          | 325          | 326          |
| Depreciation of premises and equipment                                     | 50           | 49           | 87           |
| Amortisation of intangible assets  | 10           | 10           | 11           |
| <b>Operating Expenses</b>  | <b>876</b>   | <b>912</b>   | <b>1,004</b> |
| <b>Op. profit before provision for credit losses and impairment losses</b> | <b>1,839</b> | <b>2,003</b> | <b>1,951</b> |
| Provision charge for credit losses   | 577          | 559          | 405          |
| Impairment losses  | 44           | 34           | 24           |
| <b>Operating profit before taxation</b>                                    | <b>1,218</b> | <b>1,410</b> | <b>1,523</b> |
| Taxation   | 88           | 110          | 117          |
| Non-controlling interest   | 66           | 77           | 82           |
| <b>Profit attributable to shareholders of the Bank</b>                     | <b>1,064</b> | <b>1,223</b> | <b>1,324</b> |

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

| <i>USD million</i>                                     | 2017          | 2018          | 2019          |
|--|---------------|---------------|---------------|
| Cash and short term funds                              | 9,053         | 9,789         | 12,497        |
| Central Bank of Kuwait bonds                           | 2,163         | 2,672         | 2,716         |
| Kuwait Government treasury bonds                       | 3,551         | 2,878         | 2,185         |
| Deposits with banks                                    | 8,210         | 7,801         | 6,300         |
| Loans, advances and Islamic financing to customers     | 47,855        | 51,158        | 54,620        |
| Investment securities                                  | 11,051        | 12,137        | 13,907        |
| Investment in associates                               | 209           | 104           | 116           |
| Land, premises and equipment                           | 1,070         | 1,197         | 1,431         |
| Goodwill and other intangible assets                   | 1,920         | 1,910         | 1,924         |
| Other assets   | 825           | 859           | 892           |
| <b>Total Assets</b>                                    | <b>85,909</b> | <b>90,506</b> | <b>96,587</b> |
| Due to banks and other financial institutions          | 24,647        | 26,697        | 25,019        |
| Customer deposits                                      | 45,470        | 47,480        | 52,567        |
| Certificates of deposit issued                         | 1,620         | 1,489         | 1,777         |
| Global medium term notes (GMTN)                        | 730           | 726           | 750           |
| Subordinated Tier 2 bonds                              | 412           | 412           | 412           |
| Other liabilities                                      | 1,280         | 1,489         | 2,008         |
| <b>Total Liabilities</b>                               | <b>74,158</b> | <b>78,293</b> | <b>82,533</b> |
| Share capital  | 1,953         | 2,050         | 2,153         |
| Proposed bonus shares                                  | 98            | 103           | 108           |
| Statutory reserve                                      | 976           | 1,025         | 1,076         |
| Share premium account                                  | 2,650         | 2,650         | 2,650         |
| Treasury shares  | (257)         | (216)         | (130)         |
| Treasury share reserve                                 | 46            | 46            | 83            |
| Other reserves   | 4,530         | 4,780         | 5,391         |
| <b>Equity attributable to shareholders of the bank</b> | <b>9,996</b>  | <b>10,438</b> | <b>11,331</b> |
| Perpetual Tier 1 Capital Securities                    | 695           | 695           | 1,447         |
| Non-controlling interests                              | 1,059         | 1,080         | 1,277         |
| <b>Total equity</b>                                    | <b>11,751</b> | <b>12,214</b> | <b>14,054</b> |
| <b>Total liabilities and equity</b>                    | <b>85,909</b> | <b>90,506</b> | <b>96,587</b> |

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## Contact

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### Useful information

Download copies of NBK's:

- [Financial statements](#)
- [Earnings release](#)
- [Annual report 2019](#)