



IRAN GEARS UP FOR TRADE AND INVESTMENT BOOM

NBK REPORTS KD 163.4M PROFITS FOR H1 2015

12.8% YEAR-ON-YEAR GROWTH

KUWAIT: National Bank of Kuwait (NBK) reported net profits of KD 163.4 million (\$541 million) for the first half of 2015 compared with KD 144.8 million (\$479.4 million) for the same period in 2014, growing 12.8 percent year-on-year. NBK Group 1Q 2015 net profits included the gain from the sale of NBK's 30 percent stake in IBQ with a net impact of KD 22.5 million (\$75 million). Net profits for the 2Q 2015 reached KD 66.9 million (\$21.4 million), a year-on-year increase of 9.9 percent.

Total assets as of end-June 2015 reached KD 23 billion (\$76 billion) up 14.6 percent compared to June 2014, while total shareholders equity increased by 6 percent to KD 2.7 billion (\$8.8 billion). Customer loans and advances reached KD 12.7 billion (\$42.1 billion) as of end-June 2015, growing by 12.9 percent year-on-year, while customer deposits grew by 10.1 percent in the same period to reach KD 12 billion (\$39.8 billion). NBK maintained a low NPL/Gross Loans ratio of 1.55 percent as of end-June 2015 down from 1.81 percent a year ago, and NPL coverage ratio increased to 277 percent, up from 230 percent a year ago.

Nasser Al-Sayer, NBK's Chairman, said "NBK continued to deliver solid growth and healthy performance with net profits growing at 12.8 percent year-on-year during the 1H 2015. This reflects NBK's strong financial position, conservative management practices and the bank's successful strategy".

Sayer added that the solid results of the 1H 2015 reflect strong growth in the Group's core banking businesses. During the 1H 2015, net operating income grew by 12.5 percent year-on-year to KD 373.1 million (\$1,235.5 million) confirming NBK's strong domestic and regional market positions. The growth in net operating income is mainly attributed to solid growth in the bank's net interest income and fees and commissions income with year-on-year growth rates reaching 12.6



Nasser Al-Sayer

Isam Al-Sager

percent and 8.7 percent, respectively.

"The overall operating environment in Kuwait continues to witness improvements. We see acceleration in the process of tendering, award and execution of the large infrastructure projects, which has reflected positively on NBK's operational income and loan growth. As the leading bank in Kuwait, NBK continues to play a main role in the financing of these mega infrastructure projects," Sayer added.

Sayer also highlighted that "The outlook for Kuwait and the GCC remains very positive despite the sharp drop in oil prices and the turbulence in Europe mainly due to the huge reserves and solid financial positions of these GCC economies. This allows for continuation of capital expenditure plans and spending on the development projects that Kuwait and the GCC have embarked upon."

Isam Al-Sager, NBK's Group Chief Executive Officer reaffirmed NBK's strategic direction as a leading bank in Kuwait and the region with the aim of further diversifying its income

sources. "In Kuwait, the bank continued to strengthen its market position, maintaining its leading market share and growing across all business lines. Additionally, the acquisition of controlling stake in Boubyan Bank in 2012 continues to position NBK ahead of competition in Kuwait as Boubyan remains to offer strong growth outlook for the Group."

"On the regional front, NBK's main focus remains on GCC markets as they continue to benefit from their strong sovereign positions and offer strong growth potential on the back of ongoing Government spending plans. Other than the GCC, the Egyptian market positive outlook presents growth potential for the Group. NBK seeks to strengthen its position in the Egyptian market on the back of positive developments in terms of security level and political environment", Sager highlighted.

Sager also highlighted that during the 1H 2015, NBK successfully concluded the issuance of \$700 million additional Tier 1 securities at a rate of 5.75 percent which is



considered among the lowest for global institutions considering the current environment. The issuance of the securities attracted significant interest from fixed income investors around the world as the issuance saw two times coverage in a record timing of 6 days. This reflects the confidence that investors have in NBK. The securities issuance is the first in the Middle East and North Africa (MENA) region that is rated and carries an investment grade rating from an international rating agency. The additional Tier 1 securities boosted NBK's capitalization levels with its Capital Adequacy Ratio reaching 16.1 percent as of end-June 2015 under the Basel III regime, which is comfortably higher than regulatory requirements.

NBK continues to enjoy collectively the

highest ratings among all banks in the Middle East from the three international rating agencies Moody's, Fitch Ratings and Standard and Poor's. The Bank's ratings are supported by its high capitalization, prudent lending policies, and its disciplined approach to risk management, in addition to its highly recognized and very stable management team. NBK was also named among Global Finance's list of the 50 safest banks in the world for the ninth consecutive time.

NBK enjoys the widest banking presence with a local and international network reaching 4 continents. NBK's international presence spans many of the world's leading financial centers including New York, Europe, GCC, Middle East, Singapore as well as China (Shanghai).

163.4 Million KD

Net Profit for the 1st half - 2015

	30/06/2015	Growth
Net Profit	163.4 Million KD	12.8%
Net Operating Income	373.1 Million KD	12.5%
Shareholders' Equity	2.7 Billion KD	6.0%
Total Assets	23.0 Billion KD	14.6%

Moody's

Aa3

FitchRatings

AA-

Standard & Poor's

A+



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