

BUSINESS

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Kuwait Times 55th Anniversary

Why should you add gold to your investment portfolio Page 22

Markets digest another Trump volte-face Page 25



Al-Mazaya Holding, Boubyan Bank sign partnership deal

26

AMAZON, FLIPKART BATTLE FOR E-COMMERCE'S 'LAST FRONTIER' IN INDIA

Page 27

NBK REPORTS NET PROFITS OF KD 85.4M FOR Q1 2017 NET PROFIT GROWTH OF 8.1% YEAR-ON-YEAR

KUWAIT: National Bank of Kuwait (NBK) reported net profits of KD 85.4 million (\$280.1 million) for the first quarter of 2017 compared with KD 78.9 million (\$259.0 million) for the same period in 2016. Net operating income grew at 9.0 percent year on year to reach KD 195.4 million (\$641.1 million).

Total assets as of end of March 2017 reached KD 24.8 billion (\$81.4 billion) up 0.6 percent compared to end of March 2016, while total shareholders' equity increased by 6.8 percent to KD 2.8 billion (\$9.3 billion). Customer loans and advances reached KD 14.0 billion (\$46.1 billion) as of end of March 2017, growing at 3.6 percent year-on-year, while customer deposits grew by 7.2 percent for the same period to reach KD 13.2 billion (\$43.2 billion).

NBK asset quality remained exceptionally strong with NPLs/Gross loans at 1.27 percent as of end of March 2017 compared to 1.32 percent a year ago, and NPL coverage increasing to 348 percent from 335 percent in March 2016.

Nasser Al-Sayer, NBK's Chairman, said "NBK's first quarter profits reflects the continuation of the improving operating environment along with NBK's strong financial position, conservative management and clear market dominance."

Al-Sayer affirmed that the strong set of results in 1Q 2017 are driven mainly by operating and fundamental banking revenue, confirming the Bank's strong position to seize growth opportunities locally and regionally. Al-Sayer also added that "Kuwait has not suffered from a slowdown in eco-

nomie activity similar to regional economies due to the large drop in oil prices. The need for infrastructure projects led to accelerated capital spending activity and strong macro-economic outlook backed by ample buffers and liquidity in the system which filtered down directly to creating business opportunities for banks."

Competitive advantage

Isam Al-Sager, NBK's Group Chief Executive Officer said, "A competitive advantage that NBK embraces is hav-



Nasser Musaed Al-Sayer

ing access to conventional banking in addition to Islamic banking in Kuwait since turning Boubyan bank into a fully consolidated subsidiary of NBK Group in 2012 with a 58.4 percent ownership. Boubyan Bank is a key element of the Group's strategy going forward as we focus on diversifying income sources and expanding market share. Boubyan Bank will continue to focus on implementing NBK's culture whereas NBK commits

to fully support Boubyan to increment and strengthen market position while preserving the independence of both banks."

Al-Sager also added that our non-Kuwait business delivered solid and sound financial performance and increased its contribution to NBK Group's total profits. Our International asset push was focused on profitable and stable markets with most of our operations creating added value to the Group. Contribution from outside Kuwait



Isam Al-Sager

reached 28.4 percent of total Group profits in 1Q 2017 affirming the Banks' successful strategy of regional and international diversification.

"We continue to see selective opportunities in some of the markets we operate in and continue to strengthen our position in those markets focusing on promising growth opportunities to achieve complementarity and integration across international operations" Al-Sager added.

During 2016, NBK increased its capital base through a 6.5 percent rights issue. The issuance is in line with the bank's plans to maintain healthy capitalization ratios following the implementation of Basel III and the regulations of the Central Bank of Kuwait (CBK) in this regards. Also, this increase will allow the bank to continue capturing growth opportunities, especially in Kuwait as the government's capital spending plan remains intact and as NBK continues to be the market leader in the project finance segment.

As of end-March 2017, NBK's capital adequacy ratio (CAR) reached 17.8 percent comfortably exceeding regulatory requirements. NBK continues to enjoy collectively one of 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 eleventh consecutive time and was awarded as the Best Bank in Kuwait in 2016 by the Banker, Euromoney and Global Finance.

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).

Highlights

- **Al-Sayer: NBK continued delivering solid performance reflecting its strong financial position and successful strategy**
- **Q1 2017 solid results are primarily driven by core banking activity and strong business volume trends**
- **The impact of lower oil prices on the Kuwaiti economy has been limited compared to peers in the region**
- **Al-Sager: NBK continues to seek selective opportunities in all the markets where it operates, in line with the Bank's diversification strategy**
- **Total assets grew by 0.6% YoY to KD 24.8 billion and shareholders' equity by 6.8% to KD 2.8 billion**
- **Customer loans and advances reached KD 14.0 billion, up 3.6% YoY and customer deposits reached KD 13.2 billion, up 7.2% YoY**
- **NPLs/Gross loans at 1.27% and coverage ratio at 348%**

85.4

Million KD Net Profit for the 1st Quarter, 2017

31/03/2017

Net Profit

85.4
Million KD

Net Operating Income

195.4
Million KD

Shareholders' Equity

2.8
Billion KD

Total Assets

24.8
Billion KD

Moody's
Aa3

FitchRatings
AA-

Standard & Poor's
A+

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