

Business

NBK's AGM approves distribution of 30% cash dividends, 5% bonus shares

NBK Group achieved solid growth across all business segments in 2017



KUWAIT: NBK's Chairman Nasser Al-Sayer addresses Bank's Ordinary (AGM) and Extraordinary (EGM) General Assembly meeting yesterday.

KUWAIT: NBK's Chairman Nasser Al-Sayer affirmed that "NBK Group has achieved strong performance across all business segments during the year 2017. The Group witnessed a remarkable increase in profitability while continuing to maintain its leading position in the domestic market through providing a comprehensive range of financial products and ultimately delivering a more complete experience to its customers."

This came in Al-Sayer's message at NBK's Ordinary (AGM) and Extraordinary (EGM) General Assembly meeting that was held yesterday, at which there was a quorum of 78,079 percent. The AGM and EGM approved the Board of Directors' recommendation to distribute 30 percent cash dividend to shareholders (equivalent to 30 fils per share) and the distribution of 5 percent bonus shares (5 shares for every 100 shares owned).

"NBK continued to benefit from Kuwait's solid economy, which remains largely influenced by public sector spending", said Al-Sayer. "NBK is proud of playing a vital role in driving the growth of the national economy through participating in the financing of most of the country's major public/private projects, in Oil and Gas as well as other sectors."

Al-Sayer added that "NBK is keen to enhance its contribution to the economic development embodied in Kuwait's future vision - 'New Kuwait 2035'. The country remains a financial safe haven in a region experiencing both economic and political uncertainty. This is borne out by the strong sovereign ratings that have been issued by Moody's, Standard & Poor's and Fitch."

Solid Performance

"NBK continued its strong performance during 2017 achieving net profits of KD 322.4 million growing at 9.2 percent year-on-year. The solid results confirm the Bank's successful conservative strategy, prudent risk management in addition to the Bank's commitment in applying the highest standards across the different business sectors," said Al-Sayer.

"The Bank continues to enjoy a leading position in the domestic market given its strong financial position and its deep understanding of customers' needs. NBK continues to provide its clients with innovative and diversified products and services while still maintaining the Bank's unique position in leading and financing development projects."

"Growth in revenues from Islamic Banking continued through Boubyan Bank, our fully consolidated Kuwaiti subsidiary, leading to a growing contribution to Group consolidated profits. In 2017, Boubyan Bank's Total Assets grew by 14.0 percent. The Bank is led by a highly experienced and committed management team, which is fully aligned with NBK's corporate culture."

"NBK's International operations saw another year of sustained growth and stability. Our international operations remained highly profitable contributing 27.7 percent of the Group's total profits through improving synergies and business optimization. This reflects the strength of the Bank's franchise and reputation across the world."

Financial Performance

NBK's Group CEO Isam Al-Sager said that "despite a prevailing backdrop of low but stabilizing



NBK Chairman Nasser Al-Sayer

- NBK plays a key role in supporting economic growth domestically
- The solid performance reflects the success of the bank's conservative strategy, its prudent risk management practices and adoption of highest standards
- NBK is keen to continue contributing to the overall economic development and to Kuwait's future vision - 'New Kuwait 2035'
- The Bank continues to be the market leader domestically and enjoys a strong position in leading and financing development projects
- We support Boubyan Bank's positioning in the Islamic Banking market with preserving its total independence

oil prices, NBK maintained leadership across core banking segments in Kuwait, defending our position as the country's foremost financial services provider."

"NBK profits accounted for 40 percent of the banking system's profits in 2017. On the other hand, the Bank accounted for around 43 percent of the system dividends."

"Total assets as of year-end 2017 reached KD 26.0 billion (\$86.3 billion) up 7.4 percent compared to year-end 2016 while customer deposits grew by 9.3 percent year-on-year to reach KD 13.8 billion (\$45.7 billion). Customer loans and advances reached KD 14.5 billion (\$48.1 billion) as of year-end 2017, 6.5 percent up from last year's levels," Al-Sager added.

Al-Sager also mentioned that the Group reported net profits of KD 322.4 million (\$1,068 million) for the period, a 9.2 percent increase on 2016. The growth in operating surplus (Net Operating Income less Operating Expenses) was particularly strong, growing 13.0 percent year-on-year to KD 557.2 million (\$1,847 million).

The contribution to Group earnings from Islamic Banking continued to demonstrate the benefits of NBK's long-established strategy of earnings diversifi-

cation, NBK recorded solid and continued growth at the Bank's Islamic banking subsidiary, Boubyan Bank. Profits at Boubyan Bank grew by 15.9 percent, to KD 47.6 million (\$157.8 million).

International Operations

In the context of international operations, earnings from international operations contributed to 27.7 percent of 2017 Group earnings. The Bank is committed to develop its international operations to further diversify its income and minimize risks.

Al-Sager added that "the strong growth achieved by the Bank in Egypt confirms its continued success in enhancing its position in the Egyptian market, which is one of the main growth markets for NBK Group. NBK-Egypt recorded a net profit of EGP 1,503 million in 2017 compared to EGP 849 million in 2016; growing at 77.07 percent, the highest growth rate in the Egyptian banking sector."

Al-Sager pointed that the strength of NBK-Egypt profits are derived from operating profits resulting from the improvement in the business environment in Egypt and confirming the relevant stability in the market. NBK Group's investments in Egypt are strategic long-term investments and represents approximately one third of the Group's profits from international operation. This reflects the confidence that the Group has in the Egyptian market and pushes for further commitment by the Group to expand in Egypt.

"NBK continues to signify judicious and strategic identification of new and profitable markets. This was translated in 2017 where we began the process of establishing our wealth management business in Saudi Arabia. Having completed the licensing requirements, a CMA-regulated entity will launch in 2018. This new franchise, which will marry the services of both our Private Banking unit and NBK Capital, is designed to tap into the GCC's largest economy, as well as into its considerable depth of investible assets."

"NBK has also been granted an approval SAMA to open two new branches in Saudi Arabia in addition to our existing branch in Jeddah; a branch in Riyadh and a branch in Dammam. Likewise, in China, we opened a new branch in Shanghai, which will service the financing requirements of Chinese contractors participating in Kuwait's strong pipeline of infrastructure projects" said Al-Sager.

Capital and Ratings

The Group maintained a strong level of capitalization throughout the year. NBK's capital adequacy ratio at year-end was 17.8 percent (17.7 percent in 2016). This level of capitalization is in keeping with NBK's risk appetite, and is comfortably in excess of NBK's Basel III capital adequacy requirement as determined by the Central Bank of Kuwait.

"Despite the challenging operating environment, NBK maintained its leadership in the banking sector in Kuwait. 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



NBK Group CEO Isam Al-Sager

- NBK Group strengthened its position as the best financial services provider in Kuwait
- Our profits remain the largest among Kuwaiti corporates and among the highest in the region
- International operations contribution to profits at 27.7%
- NBK Group maintained high levels of capitalization with BASEL III CAR at 17.8% in 2017
- Special focus on the Egyptian market given the growth opportunities it offers for the Group
- 77.07% growth in NBK-Egypt profits; the highest growth rate in the Egyptian banking sector
- Expanding into Saudi Arabia through our newly established wealth management entity

recognized and very stable management team," mentioned Al-Sager. Moreover, NBK was named among Global Finance's list of the 50 safest banks in the world for twelve consecutive times.

Development Plan

Commenting on the operating environment and the macro outlook, NBK's Deputy GCEO Shaikha Al-Bahar said "In terms of economic development, we remain committed to supporting the program of the government of Kuwait, as outlined by New Kuwait 2035. NBK continues to play a leading role in financing a wide range of mega projects: from clean fuels to education, infrastructure and housing. We have a long history of contributing positively to Kuwait's economic growth and look forward to doing so in the years to come."

Al-Bahar added that "implementation of Kuwait's development plan has been moving rapidly in the last few years. The country's needs are more urgent, and the government is, and has been more dedicated. As a result, project financing opportunities have been more plentiful, in oil and non-oil areas. The sectors that benefitted the most are construction, power and