

Business



A view of the NBK's general assembly.

oil. This is an expression of optimism about the positive prospects of the local economy, thanks to Kuwait's strong financial position, substantial buffers and low sovereign debt which puts the country on a more sustainable economic path.

On the project financing side, NBK has been and will continue to be at the forefront of this market segment as the largest and most capable institution in Kuwait in structuring and underwriting large transactions. During 2017, NBK played a role in financing several mega transactions among them are Kuwait Airport Expansion (KD 1.3 billion) and KNPC's LNG Import and Regasification (\$2.9 billion).

"NBK is one of the few financial institutions in the country to have a specialized project financing unit managed and operated by a large group of highly qualified and experienced staff with an exceptional track record in projects finance," Al-Bahar noted.

During the course of 2017, the Bank engaged in a range of initiatives to further diversify sources of funding, already an area of competitive strength for the Group. A major highlight was the establishment of a \$3.0 billion Global Medium Term Notes program. As part of this program, the Group issued 5-year senior unsecured notes amounting to \$750 million, priced at a fixed interest rate of 2.75 percent per annum payable semi-annually in arrears.

The issue was well-received by the market, with bids totaling \$2.2 billion, a 2.9x oversubscription. Other initiatives included the launch of a multi-currency CD program at NBK International (UK), as well as the launch of a range of innovative deposit products for new and existing clients.

Al-Bahar stressed that the Group's focus on the formulation and wise execution of the strategy along with the commitment to the best practices in financial and risk management are the main keys to value creation for our shareholders. The Group also focuses of investing heavily in advanced technologies and innovative solutions that enhances the Bank's competitive advantage, operational efficiency and customer satisfaction.

International markets

NBK was among the first banks to capture regional and international expansion opportunities. It is a key to the Bank's diversification strategy and positions the Bank ahead of competition with one of the largest international banking network.

Regionally, NBK focuses on Saudi Arabia and the United Arab Emirates. The Bank's offering in those two markets is mainly focused on the general macro-economic backdrop with more emphasis on wholesale banking while building corporate relationships with blue chip companies and GREs.

Other than the Bank's GCC offering, as Egypt emerges from a period of instability and while the economic reform program starts to deliver stability, it represents a strong growth opportunity for NBK going forward. Egypt is among the largest in the Middle Eastern markets, with a well-diversified economic base and the largest population in the region. That offers NBK a great opportunity in Egypt with the very low banking penetration rate that currently exists.

Under NBK's presence in international key markets (London, New York, Paris, China and Singapore), we continue to see strong inflows of capital and deposits from HNWIs, financial institutions, oil companies, correspondent banks and government agencies; all seeking the safety and stability of NBK. The Bank continues to leverage our strong



NBK Deputy GCEO Shaikha Al-Bahar

- NBK Group was the largest player in financing the development projects in 2017
- Optimistic about the Kuwaiti economy and its ability to continue with capital spending policy
- Government accelerating pace of capital expenditure despite low oil prices
- The GMTN issuance confirmed the attractiveness of NBK's name among global investors
- NBK plays a primary role in financing and arranging mega deals for government projects
- The Bank continues to attract deposits internationally given its leadership position and high credit ratings

franchise along with our high credit ratings to attract funds in international markets.

Leadership Position

On his behalf, NBK-Kuwait CEO, Salah Al-Fulaij said "NBK maintains a leading position in the banking sector in Kuwait across all KPIs. In order for the Bank to continue to have a long-term and positive impact on the economy, society and environment; NBK's sustainability model is based on six key pillars of focus: economic development, customers, governance, people, caring for the environment and giving back to the community."

Oil Sector

Al-Fulaij mentioned that "NBK is the proven choice and the primary partner when it comes to oil sector related financing. NBK was a mandated lead arranger for a number of prestigious projects, including the financing of KNPC's Clean fuels project (the largest Kuwaiti Dinar syndicated financing in the history of Kuwait) and around KD 1.5 billion long-term senior financing for Equate Petrochemicals for the acquisition of ME Global to become one of the leading producers of petrochemical products in the world. Furthermore, NBK was also one of the largest participants in the first global bond issuance of Equate."

A Year of Innovation

"NBK has a long, established and celebrated track record for stability and conservatism. But this reputa-

tion does not preclude innovation for driving future growth. In 2017, the Bank's leadership and staff made considerable progress in the enhancement of internal technology and systems, as well as in the roll-out of industry-leading digital and smart banking platforms that directly benefit customers. Through constant innovation, NBK secures its future, and ensures both the acquisition and retention of customers," Al-Fulaij indicated.

Banking Technologies

"Innovation also applies to our achievements in developing in-house technology and improving digitization, both in the back-office to control costs and in the front-office to provide new services to customers. In 2017, we took a 'mobile first' approach to digital banking platforms, growing our contactless payment services through 'Tap & Pay', which allows customers to make purchases with wearables and contactless cards. Internally, we are in the process of developing a new and improved cash management offering, as well as enhancing synergy and connectivity between our global branches. The effect of this approach has been to improve cross-selling across the Bank, while delivering a more holistic customer journey. With more digital solutions in the pipeline for 2018, we are confident of maintaining our regional leadership position, distinguishing ourselves from the competition by increasing ease-of-use and our relevance to the millennial generation" Al-Fulaij added.

Human Capital

Al-Fulaij also stated that "in terms of people, we have maintained a commitment to delivering a wide range of high quality training and development programs for employees at all levels. We are proud of the opportunities that we provide for our people, because we know that our ongoing success depends on attracting and retaining the best talent. In the same vein, this year's 'I am NBK' campaign has been vital for instilling the Bank's most important values in employees, allowing them to take ownership and responsibility for the quality of their work."

"During 2017, NBK recruited 341 employees of which 267 are nationals. The Bank enjoys a nationalization percentage of 65.4 percent. This affirms NBK's pride as one of the biggest recruiter of nationals and implementing a principle of investing in young national talents at the top of the Bank's priorities."

"NBK encourages its employees to pursue higher educational and professional degrees. Thus, the Bank has tied promotions and financial incentives to certifications obtained by employees. By applying so, the Bank ensures the continuous development of its staff."

NBK is The Biggest Contributor to CSR

NBK's Chairman Al-Sayer said that "NBK is proud to be at the forefront of private sector organizations when it comes to dedications of social and humanitarian initiatives and programs. The Bank implements such programs and initiatives every year and has been the largest contributor to the community in Kuwait among all corporates in Kuwait since the Bank's inception 65 years ago."

Al-Sayer added that "NBK contributions account for 34 percent of total banking sector contributions to CSR while the Bank is also the biggest supporter for the National Employment Program with a 37 percent of total banking sector national recruitment."

"NBK's CSR activities are formed around four pillars: Social Development, Children's Care, Health and Environmental Development. Our most important



NBK-Kuwait CEO Salah Al-Fulaij

- NBK is a lead arranger for many mega projects in Kuwait
- Innovation is driving future growth through the implementation of improved technology and more digitization
- NBK is the proven first choice and the primary partner in the oil sector
- The bank made significant progress in developing in-house technologies in 2017
- NBK launched digital banking platforms to deliver a more holistic customer journey
- In the process of developing a new and improved cash management offering, as well as enhancing synergy to improve cross-selling across the Group
- Maintaining our regional leadership position with more digital solutions in the pipeline for 2018

recent community contributions include continued investment in NBK Children's Hospital, consisting of Stem Cell Therapy Unit, Pediatric Hematology and Pediatric Oncology, the 'I have a dream' initiative and last but not least the NBK Academy, which allows children and students from a wide age range to gain direct experience of - and guidance on - careers in banking. In the last two decades, NBK's social contributions have exceeded KD 180 million, and we remain committed to directly contributing to the communities in which we work."

Thanks and appreciation

Al-Sayer extended his thanks and appreciation to the authorities for their continued support of Kuwait's economic stability and growth. Thanks and appreciation was also extended to the CBK and CMA for their continuous leadership, support and guidance. He also extended his thanks to NBK's shareholders for their continuous support and faith in NBK as a leader bank in the region. Furthermore, thanks have been extended to employees across the world represented by the executive management, whom made the experience of customers so rewarding.

Distributions Date

Cash dividends and bonus shares will be distributed starting Monday, 2nd of April, 2018. The distribution will be to the shareholders on the bank's records as of the record date Thursday, 29th of March 2018.