Industrial Bank of Kuwait

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1
Viability Rating	bb+
Support Rating	1
Support Rating Floor	A+

Sovereign Risk

Long-Term Foreign-Currency IDR	AA
Long-Term Local-Currency IDR	AA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Industrial Bank of Kuwait

	31 Dec 17	31 Dec 16
Total assets (USDm)	2,224.7	2,144.1
Total assets (KWDm)	671.3	656.3
Total equity (KWDm)	234.6	234.2
Operating profit (KWDm)	12.8	11.8
Net income (KWDm)	12.5	11.6
Comprehensive income (KWDm)	6.4	12.0
Operating ROAA (%)	1.9	1.8
Operating ROAE (%)	5.4	5.1
Cash dividends/net income (%)	48.0	51.7
Fitch Core Capital/ weighted risk assets (%)	41.5	44.2
Tier 1 ratio (%)	39.8	42.0

Related Research

Fitch 2018 Outlook: Gulf Cooperation Council Banks (November 2017)

GCC Banks: 2017 Compendium (November 2017)

Kuwaiti Banks' Results Dashboard (August 2017)

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Key Rating Drivers

Support Drives Ratings: Industrial Bank of Kuwait's (IBK) Issuer Default Ratings (IDRs) reflect an extremely high probability of support from the Kuwaiti sovereign if needed. The Viability Rating (VR) reflects IBK's unique company profile in Kuwait, strong funding, high capital ratios, stable profitability and resilient asset quality. It also considers concentration and market risks, and IBK's sensitivity to the operating environment and cycles.

Unique Company Profile: IBK's VR is highly influenced by its company profile as Kuwait's sole development bank. IBK's primary focus is the provision of concessionary medium- and long-term financing for the establishment, expansion and modernisation of private-sector industries. The bank also provides commercial banking, mainly in the form of working capital, and its risk profile therefore differs from that of commercial banks. Nevertheless, IBK is not immune from concentration risk.

Operating Environment Affects Business: The domestic operating environment is not shielded from oil prices' volatility and lower public spending. IBK's ability to originate new business is sensitive to changes in the operating environment, as well as structural challenges in the industrial sector and the interest-rate environment.

Strong Funding Profile: Funding is almost exclusively in the form of a KWD300 million 20-year subordinated loan from the Kuwaiti government maturing in 2027 and expected to be renewed upon maturity. IBK is restricted from taking retail deposits but can take corporate deposits.

High Loan Concentrations: There is little flexibility to change the bank's sensitivity to sector and single borrower loan concentrations given its restricted mandate. At end-2017, the eight largest borrowers accounted for 45% of total loans. This exposes IBK to significant event risk.

Exposure to Market Risk: IBK's investments are mainly in Kuwaiti government securities, but they also include international managed private equity funds and stakes in local industrial companies, which could lead to volatility in earnings.

Stable Profitability: IBK has maintained stable profitability, as loan growth and increasing margins have offset rising operating costs (the cost/income ratio was 41.1% in 2017) and high loan impairment charges/pre-impairment profit (35.4% in 2017).

High Capital Ratios: IBK's solid capital ratios are necessary given the bank's sensitivity to concentration risk and economic cycles.

Rating Sensitivities

Change in Sovereign Support: IBK's IDRs are sensitive to a change in Fitch Ratings' assumptions around the Kuwaiti authorities' propensity or ability to provide timely support to the banking sector or the bank. We do not consider there is much likelihood of any change.

Change in Company or Funding Profile: IBK's VR could be upgraded if there were a significant strengthening of the bank's company profile, leading to improved financial metrics. A loss of its government funding, although highly unlikely, would lead to a downgrade.

Support

IDRs Based on Sovereign Support

The Kuwaiti sovereign has a strong ability to support the banking system due to its superior financial flexibility. Fitch's view also incorporates the banking system's average size relative to the economy, its moderate vulnerability to large losses in a downturn and its predominantly stable local-currency funding.

In Fitch's view, propensity to support the banking sector remains very high in Kuwait. The Central Bank of Kuwait (CBK) operates a strict regime with hands-on monitoring to ensure the banks' viability and has acted swiftly to provide support where needed. There is high contagion risk given the small number and high concentration of banks in the system. Any bank failure would entail a significant reputation risk to Kuwait.

Fitch believes that franchise or level of government ownership should not necessarily lead to a difference in banks' Support Rating Floors (SRFs) in the case of Kuwait. There is an extremely high probability that any Kuwaiti bank that required support would receive it, irrespective of franchise and ownership. Therefore, all Fitch-rated banks (with the exception of National Bank of Kuwait (NBK), the flagship bank) have SRFs equal to the country domestic systemically important banks' SRF in Kuwait.

Operating Environment

Stable Sovereign Ratings

Kuwait's exceptionally strong external balance sheet and high sovereign net foreign assets (estimated at about 500% of GDP) underpin the sovereign's ratings. Government debt/GDP and debt/revenue ratios are low. However, Fitch expects more sovereign debt issuance in 2018 if the parliament approves the new debt law increasing the borrowing cap to KWD25 billion. Kuwait is more resilient than most Gulf Cooperation Council (GCC) countries to the fall in the oil price due to its low production costs and break-even oil price.

The economy is heavily dependent on oil, which contributed about 90% of exports and 70% of budget revenue in 2017. The economic policy framework is a weakness compared with peers, and Kuwait's institutions have been slow to tackle the country's structural challenges. The private sector remains heavily dependent on government projects, subsidies and public-sector employment. Weak measures of governance, competitiveness and ease of doing business, with some geopolitical risks, are also important sovereign rating weaknesses.

Slow Growth Recovery

The non-oil economy expanded by 2% in 2016, with steady growth in the services sector and in manufacturing (excluding refining) outweighing sagging construction and retail trade activities. Fitch expects annual real GDP growth to rise to 1.8% in 2018 and 2.9% in 2019 amid higher government spending. Higher oil prices, muted inflation and continuation of government spending should help retail trade and confidence indicators recover from their dip in the middle of 2016. The record number of land grants under the government's housing programme in 2016 will support residential construction. Infrastructure spending should also support lending and financing growth, both directly and through its effect on the broader private sector. Fitch expects bank credit to the private sector to expand by the mid-single digits in 2018.

Stable Banking Sector

The domestic banking system is highly concentrated and interconnected. The two largest banks, NBK and Kuwait Finance House, together held about 45% of total domestic assets at end-2017. Banks are largely domestically owned. Generally, the Kuwaiti sovereign owns a stake via its related entities, albeit not a majority stake. The private sector, especially well-known Kuwaiti merchant families and local financial institutions, holds fairly large stakes. Foreign banks represent a small part of the banking system due to high barriers to entry.

Related Criteria

Bank Rating Criteria (March 2018)

There is segregation between conventional and Islamic banking activities, with Islamic windows not allowed. Some banks are more complex due to their large geographical expansion. The banking sector remains healthy, with resilient asset quality, sustained profitability, acceptable capitalisation, and stable funding and liquidity. However, banks remain constrained by the narrow domestic economy and exposed to event risk due to single-obligor and sector concentrations. Kuwait's financial markets are developing but lack size and liquidity.

Sound Regulatory Framework

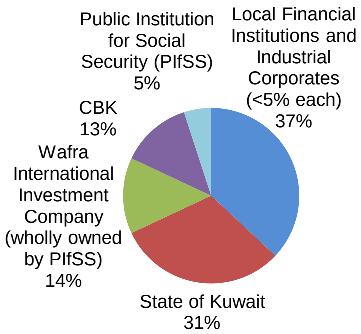
CBK has good oversight across the Kuwaiti banking sector, with sound supervision and hands-on monitoring, especially to ensure compliance with prudential limits. These include Basel III capital, leverage and liquidity requirements, but also financing caps (single obligor, share financing, real estate, related parties and retail) and corporate governance rules.

Despite its developmental focus, IBK is regulated by the CBK and is largely subject to the same regulations as commercial banks, but with some exceptions. As it has no customer deposit base, it is exempt from regulations stipulating the maximum loans-to-deposits ratio.

Company Profile

Kuwait's Sole Development Bank

Shareholding Structure



Source: IBK; Fitch

IBK was established in 1973 on the initiative of the government of Kuwait to promote domestic industrial development. It plays a key role in financing Kuwait's industrial sector. The state is IBK's largest shareholder, with its 63% direct and indirect ownership.

Five of IBK's 10 directors are government appointees, reinforcing the links to the state. However, the bank operates relatively independently and has a commercial focus despite its policy role. The bank operates from its head office in the capital and one branch in the Kuwaiti industrial district of Sabhan.

Focus on Kuwait's Industrial Sector

IBK offers financing to Kuwaiti industrial enterprises through either medium- and long-term industrial loans (52% of gross loans at end-2017; usually ranging from five to seven years, including a two-year grace period) at a preferential 3.5% fixed-rate or commercial loans (48%; largely short-term working capital to industries) that are priced closer to market rates.

Other activities include investments and treasury, aimed at deploying surplus liquidity and diversifying revenue, mainly due to growth constraints in IBK's core business. The bank primarily invests in CBK and domestic government bonds (22% of total assets at end-2017). IBK also has available-for-sale investments (10% of total assets at end-2017), primarily in international private equity (managed by third-party asset managers) and in domestic and foreign corporate bonds. This activity has been supplemented by the bank taking equity stakes in local industrial companies (1% of total assets at end-2017, being 20% and 30% ownership in three companies).

The bank also manages three government trust portfolios that have developmental aims. One is for investing in agricultural development projects, another is for smaller entrepreneurs and artisanal projects, and the third is a sharia-compliant trust for industrial development. Portfolio funds under management totalled KWD313.3 million at end-2017.

Management and Strategy

Narrow Scope of Operations

As a development bank, strategic objectives are mostly dictated by the policy role and public mandate of the bank. This has been reflected in previous periods by low and volatile credit demand in the industrial sector, which translated into difficulties expanding and stabilising the lending base. Growth of gross loans has been volatile since 2014. This has also pushed IBK to explore new opportunities to broaden lending sectors beyond industrial loans, which remains subject to approval from the Kuwaiti government and parliament. Management has a high degree of stability and tenure within the bank across various functions.

Business Model Constrains Execution

Execution of IBK's objectives is constrained by lending opportunities in the industrial sector and the interest-rate environment. Low interest rates mean that commercial banks' rates would be broadly in line with IBK's concessionary industrial loan rates, and the latter would therefore become uncompetitive. However, IBK's lending has relatively benefitted from rising interest rates (which Fitch expects to continue in 2018) and from the release of additional industrial classified lands by the government in 2017.

Corporate Governance

Corporate governance issues in Kuwait are related to the structure of the economy, where several wealthy family-owned groups have wide business interests and dominate the private sector (including holding stakes in banks). These groups are some of the largest borrowers from banks. Representatives of these families also have a presence on the boards of many banks, raising concerns over board independence and related-party lending.

IBK's corporate governance standards are adequate and lending appears to be driven by business and mandate factors, both backed up by feasibility studies, rather than relationship, with appropriate lending framework and process.

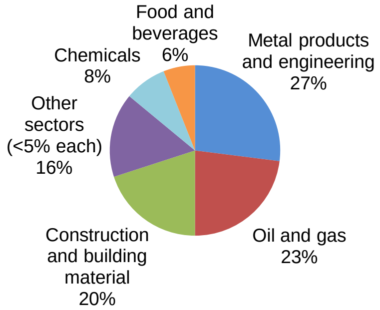
Risk Appetite

Concentration Risks

IBK's underwriting standards are pre-set by its mandate. The bank only lends to domestic industrial companies. The bank's loan book is split almost evenly between industrial loans and commercial loans. IBK uses the relationships developed by its industrial loans to garner new commercial customers.

Industrial loans are subsidised, generally medium- to long-term, and extended to new industrial projects or the expansion of existing ones. IBK finances up to 65% of any new project's total costs and up to 80% of expansion costs. Loans are secured by a charge on the fixed assets being financed. Interest is charged at a low fixed rate for the duration of the financing. The bank's subsidised lending is domestic.

Gross Loans by Industrial Sub-Sectors at End-2017



Source: IBK; Fitch

Commercial loans are offered at market rates. These loans are typically for working-capital facilities and trade finance.

Bridging facilities are offered, pending approval of subsidised loans from the industrial development lending department. The bank performs feasibility studies for new projects and supports clients in the planning stage. IBK is continuously looking for ways to widen the scope of its mandate, which it interprets in relatively broad terms to include lending to investment companies as long as they reinvest the funds in industrial enterprises.

However, the undiversified nature of business and lending leads to unavoidable high sector and single-borrower concentration. Therefore, IBK is more sensitive to event risk than domestic commercial banks. The eight largest obligors represented about 45% of total gross loans at end-2017. Nevertheless, IBK has achieved some diversification into several sub-sectors.

Most of IBK's fixed-income investments relate to Kuwaiti government or CBK bonds, which totalled KWD223.1 million (66% of total securities at end-2017). These are held for revenue and liquidity purposes. IBK also holds additional available-for-sale investments that are diversified by geography and by asset class. Excess liquidity is managed conservatively by investing in sovereign debt and lending to the interbank market.

Good Risk Controls

In Fitch's view, IBK has reasonably good credit-risk-management systems and controls. It uses a 10-grade internal rating scale to classify its loan exposures. Internal ratings are reviewed regularly. Other lines of defence include committees to assess the main risks taken by the bank. Like other Kuwaiti banks, IBK is using the standardised approach to credit risk under Basel III.

Sensitive Growth

Loan growth has been positive since 2015, relatively benefiting from the higher-interest-rate environment and from the release of additional industrial classified lands. This trend is unlikely to continue due to the lack of lending opportunities in Kuwait and strong competition by commercial banks. Growth prospects will remain dependent on the interest-rate environment, availability of lands for industrial usage, public administrative procedures and the general operating environment.

Acceptable Market Risk

Through its investment portfolio, IBK is exposed to market risk. Available-for-sale assets, exposed to market risk, represent a small fraction of total assets (11% at end-2016). Mark-to-market revaluation losses accounted under other comprehensive income represented about 50% of net income in 2017 and affected the growth of equity, although this represented a small 2%-3% of common equity.

The bank is not actively involved in equity or bond trading and derivatives are only used for hedging purposes. IBK did not have any derivative financial assets and liabilities at end-2017. The bank holds small local equity investments made by IBK's subsidiary, Kuwait Industrial Projects Company, as part of IBK's development role. The subsidiary invests directly in local industrial companies. A 10% change in the Kuwait Stock Exchange index would have had a small impact of about 8% and 0.4% on net profit and equity, respectively, in 2017. The non-Kuwaiti investments are diversified, with no strong correlation to a particular equity index.

Interest-rate risk is low. IBK is almost exclusively funded by a KWD300 million 20-year loan from the Kuwaiti government. IBK pays a fixed annual interest rate of 0.5% on the amounts of industrial loan exposures (either disbursed amounts or undrawn commitments) and these loans are granted by the bank at preferential fixed lending rates; margins on industrial loans are therefore not correlated with market rates. IBK pays three months' KIBOR-floating rate on the balance of the KWD300 million loan unused for industrial loans; these funds are deployed in floating-rate commercial loans.

Foreign-exchange risk is also limited. About 90% of IBK's assets are denominated in local currency (the balance being principally in US dollars) and funding is principally in Kuwaiti dinars. Foreign-exchange exposures are largely confined to USD/KWD positions and the risks are reduced by the relative stability of the exchange rate, with the dinar pegged to a dollar-dominated basket of currencies. A 1% change in the US dollar and the euro would have had a small impact of about 5% on net profit in 2017 (0.3% of equity at end-2017).

Financial Profile

Asset Quality

Resilient Asset Quality; Concentration Risks

Main Asset-Quality Metrics

(%)	End-2017	End-2016	End-2015	End-2014
Growth of gross loans	8.5	13.8	4.3	-8.1
Impaired loans/gross loans	0.1	0.2	0.3	0.5
Reserves for impaired loans/impaired loans	8,900.0	4,371.4	2,460.0	1,286.7
Reserves for impaired loans/gross loans	4.9	9.1	8.4	6.8
Loan impairment charges/average gross loans	1.8	1.9	1.7	0.8
Pre-impairment operating profit/average gross loans	5.5	6.1	6.0	5.7

Source: IBK; Fitch

IBK's loan-quality metrics remain sound and resilient, as reflected by a very low impaired loans ratio. However, its sensitivity to economic cycles, particularly with the volatility and uncertainty of oil prices, and high loan concentrations create risks for a quick build-up of problem assets. High written-off loans of KWD23 million in 2017 reflected pressures on the loan book and backed the low impaired loans ratio. Reserves for impaired loans are good, which is a necessity given IBK's exposure to event risk. Financial investments support sound asset-quality metrics as they mainly comprise high-quality Kuwaiti government and CBK bonds.

Earnings and Profitability

Stable Profitability; Sensitive to Interest-Rate Cycles

Main Earnings and Profitability Metrics

(%)	2017	2016	2015	2014
Net interest income/average earning assets	2.7	2.7	2.3	2.3
Non-interest expense/gross revenue	41.1	33.7	35.6	36.6
Loans and securities impairment charges/pre-impairment operating profit	35.4	38.5	44.8	33.9
Operating profit/average total assets	1.9	1.8	1.5	1.7
Operating profit/risk-weighted assets	2.3	2.2	2.0	2.3
Net income/average equity	5.3	5.0	4.1	4.6

Source: IBK; Fitch

Profitability is not the main goal for IBK due to its mandate. Nonetheless, IBK's performance improved in 2016 and was stable in 2017, benefiting from both a volume effect (increase in the loan book) and a margin effect (slightly higher-interest-rate environment in 2016 and 2017). However, higher operating costs in 2017, primarily due to indemnity and social security contributions, have undermined IBK's profitability. Loan impairment charges remain high as a proportion of gross loans and consumed about 35% of the bank's pre-impairment operating profit in 2017. The Kuwaiti banks' provisioning policy is largely driven by the CBK, which stipulates the amount of precautionary reserves for each bank based on their assessment of the bank's risk profile. We expect IBK to maintain a fairly stable performance in 2018 given the expected increases in interest rates.

Revenues are mainly in the form of net interest income (55% of the total operating income in 2017), while the contribution from net fees and commissions is just 14%. Net gains from investments remained high in 2017, at 33% of total operating income. This can generate volatility in the bank's results. Ideally, the bank will look to further increase its loan book and its contribution of net interest income.

Capitalisation and Leverage

High Capital Ratios; Concentration Risks

Main Capitalisation and Leverage Metrics

(%)	End-2017	End-2016	End-2015	End-2014
Fitch Core Capital/FCC-adjusted RWAs	41.5	44.2	47.0	48.0
Tangible common equity/tangible assets	35.0	35.7	36.6	34.2
Tier 1 regulatory capital ratio	39.8	42.0	45.7	46.3
Total regulatory capital ratio	41.0	43.2	46.9	47.4
Impaired loans less reserves/Fitch Core Capital	-7.5	-12.8	-10.3	-7.8

Source: IBK; Fitch

IBK has very high capital ratios by international standards. High ratios are prudent and a necessity in our view to support the capital's risk-absorption capacity given the bank's exposure to concentration risks. IBK's total capital adequacy ratio stopped benefiting from the subordinated loan from the state in 2014 with the implementation of Basel III in Kuwait. Despite this, IBK's capital adequacy ratio remains among the highest in the region. The dividend pay-out ratio is relatively high but constantly decreasing to support the Fitch Core Capital ratio.

Funding and Liquidity

Strong Funding Profile

Main Funding and Liquidity Metrics

(%)	End-2017	End-2016	End-2015	End-2014
Loans/customer deposits	633.9	782.0	654.8	451.9
Interbank assets/interbank liabilities	589.0	288.7	1,022.9	183.1
Customer deposits/total funding (excluding derivatives)	13.8	10.5	11.8	14.7

Source: IBK; Fitch

IBK's funding profile is a rating strength. The bank's licence restricts it from undertaking any form of retail activity, including taking deposits. IBK has some corporate deposits, but these were a low 14% of non-equity funding at end-2017. Depositors are also typically borrowers of the bank.

The vast majority of the bank's funding comes from a long-term KWD300 million subordinated loan from the Kuwaiti government, which matures in 2027. This loan comprised 72% of non-equity funding at end-2017. IBK considers this funding to be virtually perpetual and extensions to the loan are likely due to the bank's state ownership and development role. The loan provides low-cost funding for the bank's subsidised lending activities. IBK expects deposits to increase as the commercial banking business develops. However, the government loan will remain the main source of its funding.

Balance-sheet liquidity is strong, with cash, interbank placements, and Kuwaiti government treasury bills and bonds covering 56% of non-equity funding at end-2017 (204% if excluding the government loan). Most of IBK's liquid assets are in Kuwaiti dinars.

Industrial Bank of Kuwait
Income Statement

	31 Dec 2017			31 Dec 2016		31 Dec 2015		31 Dec 2014	
	Year End USDm Audited - Unqualified	Year End KWDm Audited - Unqualified	As % of Earning Assets	Year End KWDm Audited - Unqualified	As % of Earning Assets	Year End KWDm Audited - Unqualified	As % of Earning Assets	Year End KWDm Audited - Unqualified	As % of Earning Assets
1. Interest Income on Loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Other Interest Income	69.3	20.9	3.20	18.5	2.89	16.7	2.85	16.5	2.56
3. Dividend Income	2.3	0.7	0.11	0.7	0.11	0.7	0.12	0.6	0.09
4. Gross Interest and Dividend Income	**71.6**	**21.6**	**3.30**	**19.2**	**3.00**	**17.4**	**2.97**	**17.1**	**2.65**
5. Interest Expense on Customer Deposits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6. Other Interest Expense	11.6	3.5	0.54	2.8	0.44	3.2	0.55	3.0	0.47
7. Total Interest Expense	**11.6**	**3.5**	**0.54**	**2.8**	**0.44**	**3.2**	**0.55**	**3.0**	**0.47**
8. Net Interest Income	**60.0**	**18.1**	**2.77**	**16.4**	**2.56**	**14.2**	**2.42**	**14.1**	**2.19**
9. Net Fees and Commissions	15.2	4.6	0.70	4.8	0.75	4.3	0.73	4.6	0.71
10. Net Gains (Losses) on Trading and Derivatives	(2.0)	(0.6)	(0.09)	0.5	0.08	(0.4)	(0.07)	0.1	0.02
11. Net Gains (Losses) on Assets and Liabilities at FV	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Net Gains (Losses) on Other Securities	36.1	10.9	1.67	6.7	1.05	8.0	1.36	7.4	1.15
13. Net Insurance Income	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
14. Other Operating Income	0.3	0.1	0.02	0.1	0.02	0.0	0.00	(0.5)	(0.08)
15. Total Non-Interest Operating Income	**49.7**	**15.0**	**2.29**	**12.1**	**1.89**	**11.9**	**2.03**	**11.6**	**1.80**
16. Total Operating Income	**109.7**	**33.1**	**5.06**	**28.5**	**4.46**	**26.1**	**4.45**	**25.7**	**3.99**
17. Personnel Expenses	36.8	11.1	1.70	7.5	1.17	7.1	1.21	7.4	1.15
18. Other Operating Expenses	8.3	2.5	0.38	2.1	0.33	2.2	0.38	2.0	0.31
19. Total Non-Interest Expenses	**45.1**	**13.6**	**2.08**	**9.6**	**1.50**	**9.3**	**1.59**	**9.4**	**1.46**
20. Equity-accounted Profit/ Loss - Operating	1.0	0.3	0.05	0.3	0.05	0.4	0.07	0.5	0.08
21. Pre-Impairment Operating Profit	**65.6**	**19.8**	**3.03**	**19.2**	**3.00**	**17.2**	**2.93**	**16.8**	**2.61**
22. Loan Impairment Charge	21.2	6.4	0.98	5.9	0.92	4.9	0.84	2.5	0.39
23. Securities and Other Credit Impairment Charges	2.0	0.6	0.09	1.5	0.23	2.8	0.48	3.2	0.50
24. Operating Profit	**42.4**	**12.8**	**1.96**	**11.8**	**1.85**	**9.5**	**1.62**	**11.1**	**1.72**
25. Equity-accounted Profit/ Loss - Non-operating	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
26. Goodwill Impairment	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
27. Non-recurring Income	0.0	0.0	0.00	0.0	0.00	0.0	0.00	(0.5)	(0.08)
28. Non-recurring Expense	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
29. Change in Fair Value of Own Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
30. Other Non-operating Income and Expenses	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
31. Pre-tax Profit	**42.4**	**12.8**	**1.96**	**11.8**	**1.85**	**9.5**	**1.62**	**10.6**	**1.64**
32. Tax expense	1.0	0.3	0.05	0.2	0.03	0.2	0.03	0.2	0.03
33. Profit/Loss from Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
34. Net Income	**41.4**	**12.5**	**1.91**	**11.6**	**1.81**	**9.3**	**1.59**	**10.4**	**1.61**
35. Change in Value of AFS Investments	(20.9)	(6.3)	(0.96)	0.4	0.06	(1.4)	(0.24)	1.7	0.26
36. Revaluation of Fixed Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
37. Currency Translation Differences	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
38. Remaining OCI Gains/(losses)	0.7	0.2	0.03	0.0	0.00	(0.1)	(0.02)	0.1	0.02
39. Fitch Comprehensive Income	**21.2**	**6.4**	**0.98**	**12.0**	**1.88**	**7.8**	**1.33**	**12.2**	**1.89**
40. Memo: Profit Allocation to Non-controlling Interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
41. Memo: Net Income after Allocation to Non-controlling Interests	41.4	12.5	1.91	11.6	1.81	9.3	1.59	10.4	1.61
42. Memo: Common Dividends Relating to the Period	19.9	6.0	0.92	6.0	0.94	6.0	1.02	8.0	1.24
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
		USD1 = KWD0.30175		USD1 = KWD0.3061		USD1 = KWD0.3035		USD1 = KWD0.2928	

Industrial Bank of Kuwait
Balance Sheet

	31 Dec 2017			31 Dec 2016		31 Dec 2015		31 Dec 2014	
	Year End USDm	Year End KWDm	As % of Assets	Year End KWDm	As % of Assets	Year End KWDm	As % of Assets	Year End KWDm	As % of Assets
1. Residential Mortgage Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Other Mortgage Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Other Consumer/ Retail Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Corporate & Commercial Loans	1,203.6	363.2	54.10	334.7	51.00	294.0	47.12	282.0	42.22
5. Other Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Less: Reserves for Impaired Loans	59.0	17.8	2.65	30.6	4.66	24.6	3.94	19.3	2.89
7. Net Loans	**1,144.7**	**345.4**	**51.45**	**304.1**	**46.34**	**269.4**	**43.17**	**262.7**	**39.33**
8. Gross Loans	**1,203.6**	**363.2**	**54.10**	**334.7**	**51.00**	**294.0**	**47.12**	**282.0**	**42.22**
9. Memo: Impaired Loans included above	0.7	0.2	0.03	0.7	0.11	1.0	0.16	1.5	0.22
10. Memo: Specific Loan Loss Allowances	0.7	0.2	0.03	0.7	0.11	0.8	0.13	0.8	0.12
1. Loans and Advances to Banks	283.0	85.4	12.72	106.8	16.27	98.2	15.74	115.0	17.22
2. Reverse Repos and Securities Borrowing	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Derivatives	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Trading Securities and at FV through Income	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Available for Sale Securities	232.3	70.1	10.44	69.8	10.64	66.3	10.63	68.3	10.22
6. Held to Maturity Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Other Securities	484.8	146.3	21.79	152.2	23.19	146.1	23.41	191.8	28.71
8. Total Securities	**717.1**	**216.4**	**32.24**	**222.0**	**33.83**	**212.4**	**34.04**	**260.1**	**38.94**
9. Memo: Government Securities included Above	484.8	146.3	21.79	152.2	23.19	146.1	23.41	191.8	28.71
10. Memo: Total Securities Pledged	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
11. Equity Investments in Associates	22.2	6.7	1.00	6.5	0.99	6.4	1.03	7.0	1.05
12. Investments in Property	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Insurance Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
14. Other Earning Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
15. Total Earning Assets	**2,167.0**	**653.9**	**97.41**	**639.4**	**97.42**	**586.4**	**93.97**	**644.8**	**96.53**
1. Cash and Due From Banks	6.6	2.0	0.30	1.5	0.23	22.6	3.62	7.7	1.15
2. Memo: Mandatory Reserves included above	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Foreclosed Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4. Fixed Assets	12.9	3.9	0.58	3.8	0.58	3.8	0.61	3.8	0.57
5. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Current Tax Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8. Deferred Tax Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Other Assets	38.1	11.5	1.71	11.6	1.77	11.2	1.79	11.7	1.75
11. Total Assets	**2,224.7**	**671.3**	**100.00**	**656.3**	**100.00**	**624.0**	**100.00**	**668.0**	**100.00**
1. Total Customer Deposits	189.9	57.3	8.54	42.8	6.52	44.9	7.20	62.4	9.34
2. Deposits from Banks	48.1	14.5	2.16	37.0	5.64	9.6	1.54	62.8	9.40
3. Repos and Securities Lending	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Commercial Paper and Short-term Borrowings	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Customer Deposits and Short-term Funding	**237.9**	**71.8**	**10.70**	**79.8**	**12.16**	**54.5**	**8.73**	**125.2**	**18.74**
6. Senior Unsecured Debt	141.8	42.8	6.38	26.5	4.04	26.8	4.29	0.0	0.00
7. Subordinated Borrowing	994.2	300.0	44.69	300.0	45.71	300.0	48.08	300.0	44.91
8. Covered Bonds	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Other Long-term Funding	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Total LT Funding	**1,136.0**	**342.8**	**51.07**	**326.5**	**49.75**	**326.8**	**52.37**	**300.0**	**44.91**
11. Memo: o/w matures in less than 1 year	91.8	27.7	4.13	0.0	0.00	0.0	0.00	0.0	0.00
12. Trading Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Total Funding	**1,374.0**	**414.6**	**61.76**	**406.3**	**61.91**	**381.3**	**61.11**	**425.2**	**63.65**
14. Derivatives	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
15. Total Funding and Derivatives	**1,374.0**	**414.6**	**61.76**	**406.3**	**61.91**	**381.3**	**61.11**	**425.2**	**63.65**
1. Fair Value Portion of Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Credit impairment reserves	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Reserves for Pensions and Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4. Current Tax Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Deferred Tax Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6. Other Deferred Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. Insurance Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Other Liabilities	73.2	22.1	3.29	15.8	2.41	14.4	2.31	14.3	2.14
10. Total Liabilities	**1,447.2**	**436.7**	**65.05**	**422.1**	**64.32**	**395.7**	**63.41**	**439.5**	**65.79**
1. Pref. Shares and Hybrid Capital accounted for as Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
1. Common Equity	757.2	228.5	34.04	222.0	33.83	216.5	34.70	215.2	32.22
2. Non-controlling Interest	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Securities Revaluation Reserves	20.2	6.1	0.91	12.2	1.86	11.8	1.89	13.3	1.99
4. Foreign Exchange Revaluation Reserves	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Fixed Asset Revaluations and Other Accumulated OCI	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Total Equity	**777.5**	**234.6**	**34.95**	**234.2**	**35.68**	**228.3**	**36.59**	**228.5**	**34.21**
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equity	777.5	234.6	34.95	234.2	35.68	228.3	36.59	228.5	34.21
8. Total Liabilities and Equity	**2,224.7**	**671.3**	**100.00**	**656.3**	**100.00**	**624.0**	**100.00**	**668.0**	**100.00**
9. Memo: Fitch Core Capital	777.5	234.6	34.95	234.2	35.68	228.3	36.59	228.5	34.21
		USD1 = KWD0.30175		USD1 = KWD0.3061		USD1 = KWD0.3035		USD1 = KWD0.2928	

Industrial Bank of Kuwait
Summary Analytics

	31 Dec 2017 Year End	31 Dec 2016 Year End	31 Dec 2015 Year End	31 Dec 2014 Year End
1. Interest Income/ Average Earning Assets	3.23	3.13	2.83	2.73
2. Interest Income on Loans/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
3. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	0.81	0.71	0.79	0.72
5. Net Interest Income/ Average Earning Assets	2.71	2.68	2.31	2.25
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.75	1.71	1.51	1.85
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.71	2.68	2.31	2.25
1. Operating Profit/ Risk Weighted Assets	2.26	2.23	1.95	2.33
2. Non-Interest Expense/ Gross Revenues	41.09	33.68	35.63	36.58
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	35.35	38.54	44.77	33.93
4. Operating Profit/ Average Total Assets	1.86	1.84	1.47	1.69
5. Non-Interest Income/ Gross Revenues	45.32	42.46	45.59	45.14
6. Non-Interest Expense/ Average Total Assets	1.97	1.50	1.44	1.43
7. Pre-impairment Op. Profit/ Average Equity	8.33	8.30	7.53	7.46
8. Pre-impairment Op. Profit/ Average Total Assets	2.87	3.00	2.66	2.56
9. Operating Profit/ Average Equity	5.38	5.10	4.16	4.93
1. Net Income/ Average Total Equity	5.26	5.02	4.07	4.62
2. Net Income/ Average Total Assets	1.81	1.81	1.44	1.59
3. Fitch Comprehensive Income/ Average Total Equity	2.69	5.19	3.42	5.42
4. Fitch Comprehensive Income/ Average Total Assets	0.93	1.87	1.21	1.86
5. Taxes/ Pre-tax Profit	2.34	1.69	2.11	1.89
6. Net Income/ Risk Weighted Assets	2.21	2.19	1.91	2.18
1. FCC/ FCC-Adjusted Risk Weighted Assets	41.48	44.20	46.96	47.95
2. Tangible Common Equity/ Tangible Assets	34.95	35.68	36.59	34.21
3. Equity/ Total Assets	34.95	35.68	36.59	34.21
4. Basel Leverage Ratio	30.37	32.32	31.63	n.a.
5. Common Equity Tier 1 Capital Ratio	39.84	42.04	45.71	46.27
6. Fully Loaded Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Tier 1 Capital Ratio	39.84	42.04	45.71	46.27
8. Total Capital Ratio	41.01	43.22	46.89	47.42
9. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(7.50)	(12.77)	(10.34)	(7.79)
10. Impaired Loans less Reserves for Impaired Loans/ Equity	(7.50)	(12.77)	(10.34)	(7.79)
11. Cash Dividends Paid & Declared/ Net Income	48.00	51.72	64.52	76.92
12. Risk Weighted Assets/ Total Assets	84.25	80.74	77.92	71.33
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
1. Impaired Loans/ Gross Loans	0.06	0.21	0.34	0.53
2. Growth of Gross Loans	8.52	13.84	4.26	(8.05)
3. Reserves for Impaired Loans/ Impaired Loans	8,900.0	4,371.43	2,460.00	1,286.67
4. Loan Impairment Charges/ Average Gross Loans	1.77	1.88	1.70	0.84
5. Growth of Total Assets	2.29	5.18	(6.59)	2.23
6. Reserves for Impaired Loans/ Gross Loans	4.90	9.14	8.37	6.84
7. Net Charge-offs/ Average Gross Loans	5.34	(0.03)	(0.14)	0.00
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.06	0.21	0.34	0.53
1. Loans/ Customer Deposits	633.86	782.01	654.79	451.92
2. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (excluding derivatives)	13.82	10.53	11.78	14.68
4. Interbank Assets/ Interbank Liabilities	588.97	288.65	1,022.92	183.12
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	33.88	(4.68)	(28.04)	(23.25)

Industrial Bank of Kuwait
Reference Data

	31 Dec 2017			31 Dec 2016		31 Dec 2015		31 Dec 2014	
	Year End USDm	Year End KWDm	As % of Assets	Year End KWDm	As % of Assets	Year End KWDm	As % of Assets	Year End KWDm	As % of Assets
1. Managed Securitized Assets Reported Off-Balance Sheet	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Other off-balance sheet exposure to securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Guarantees	205.5	62.0	9.24	55.2	8.41	63.4	10.16	50.2	7.51
4. Acceptances and documentary credits reported off-balance sheet	88.2	26.6	3.96	24.2	3.69	20.6	3.30	16.6	2.49
5. Committed Credit Lines	n.a.	n.a.	n.a.	135.5	20.65	134.3	21.52	134.3	20.10
6. Other Contingent Liabilities	1.7	0.5	0.07	0.7	0.11	n.a.	n.a.	n.a.	n.a.
7. Other Off-Balance Sheet items	152.4	46.0	6.85	45.5	6.93	47.4	7.60	34.4	5.15
8. Total Assets under Management	1,038.3	313.3	46.67	234.9	35.79	229.9	36.84	236.1	35.34
1. Average Loans	1,197.0	361.2	53.81	314.4	47.90	288.0	46.15	296.0	44.31
2. Average Earning Assets	2,216.4	668.8	99.63	612.9	93.39	615.6	98.65	625.8	93.68
3. Average Total Assets	2,282.7	688.8	102.61	640.2	97.55	646.0	103.53	656.1	98.22
4. Average Managed Securitized Assets (OBS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Average Interest-Bearing Liabilities	1,429.7	431.4	64.26	393.8	60.00	403.3	64.63	415.2	62.16
6. Average Common equity	747.6	225.6	33.61	219.3	33.41	215.9	34.60	212.6	31.83
7. Average Equity	788.1	237.8	35.42	231.3	35.24	228.4	36.60	225.2	33.71
8. Average Customer Deposits	213.1	64.3	9.58	43.9	6.69	53.7	8.61	67.4	10.09
Loans & Advances < 3 months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances 3 - 12 Months	631.3	190.5	28.38	138.9	21.16	148.9	23.86	119.1	17.83
Loans and Advances 1 - 5 Years	263.8	79.6	11.86	151.4	23.07	108.6	17.40	133.3	19.96
Loans & Advances > 5 years	249.5	75.3	11.22	13.8	2.10	11.9	1.91	10.3	1.54
Debt Securities < 3 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Securities 3 - 12 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Securities 1 - 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Securities > 5 Years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks < 3 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks 3 - 12 Months	283.0	85.4	12.72	106.8	16.27	98.2	15.74	115.0	17.22
Loans & Advances to Banks 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Loans & Advances to Banks > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Retail Deposits < 3 months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Deposits 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Retail Deposits 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Retail Deposits > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Deposits 3 - 12 Months	189.9	57.3	8.54	42.8	6.52	29.7	4.76	47.7	7.14
Other Deposits 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	15.2	2.44	14.6	2.19
Other Deposits > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Deposits from Banks < 3 Months	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Deposits from Banks 3 - 12 Months	48.1	14.5	2.16	37.0	5.64	9.6	1.54	62.8	9.40
Deposits from Banks 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Deposits from Banks > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Senior Debt Maturing < 3 months	n.a.	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0	0.0
Senior Debt Maturing 3-12 Months	91.8	27.7	4.13	0.0	0.00	0.0	0.00	0.0	0.00
Senior Debt Maturing 1- 5 Years	50.0	15.1	2.25	26.5	4.04	26.8	4.29	0.0	0.00
Senior Debt Maturing > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Total Senior Debt on Balance Sheet	**141.8**	**42.8**	**6.38**	**26.5**	**4.04**	**26.8**	**4.29**	**0.0**	**0.00**
Fair Value Portion of Senior Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing < 3 months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Subordinated Debt Maturing 3-12 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Subordinated Debt Maturing 1- 5 Year	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Subordinated Debt Maturing > 5 Years	994.2	300.0	44.69	300.0	45.71	300.0	48.08	300.0	44.91
Total Subordinated Debt on Balance Sheet	**994.2**	**300.0**	**44.69**	**300.0**	**45.71**	**300.0**	**48.08**	**300.0**	**44.91**
Fair Value Portion of Subordinated Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1. Risk Weighted Assets	1,874.4	565.6	84.25	529.9	80.74	486.2	77.92	476.5	71.33
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Fitch Core Capital Adjusted Risk Weighted Assets	**1,874.4**	**565.6**	**84.25**	**529.9**	**80.74**	**486.2**	**77.92**	**476.5**	**71.33**
4. Other Fitch Adjustments to Risk Weighted Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Fitch Adjusted Risk Weighted Assets	**1,874.4**	**565.6**	**84.25**	**529.9**	**80.74**	**486.2**	**77.92**	**476.5**	**71.33**
1. Total Equity as reported (including non-controlling interests)	777.5	234.6	34.95	234.2	35.68	228.3	36.59	228.5	34.21
2. Fair-value adjustments relating to own credit risk on debt issued	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fund for general banking risks if not already included and readily convertible into equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Fitch Core Capital	**777.5**	**234.6**	**34.95**	**234.2**	**35.68**	**228.3**	**36.59**	**228.5**	**34.21**
			USD1 = KWD0.30175		USD1 = KWD0.3061		USD1 = KWD0.3035		USD1 = KWD0.2928

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.