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 18	31 Dec 17
Total assets (USDm)	2,304.1	2,224.7
Total assets (KWDm)	699.4	671.3
Total equity (KWDm)	236.5	234.6
Operating profit (KWDm)	11.3	12.8
Net income (KWDm)	11.1	12.5
Comprehensive income (KWDm)	11.1	6.4
Operating ROAA (%)	1.7	1.9
Operating ROAE (%)	4.8	5.4
Cash dividends/net income (%)	54.1	48.0
Fitch Core Capital/ risk-weighted assets (%)	41.2	41.5
Tier 1 ratio (%)	40.2	39.8

Source: Fitch Ratings, Fitch Solutions

Related Research

Fitch Ratings 2019 Outlook: Gulf Cooperation Council Banks (November 2018)

GCC Banks: 2018 Compendium - Weaker State Ability to Support GCC Banks (November 2018)

Kuwaiti Banks' Results Dashboard: Resilient Asset Quality; Strong Capital & Liquidity (December 2018)

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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 high concentration and market risks, as well as IBK's sensitivity to the operating environment and cycles. The VR also considers IBK's unique company profile in Kuwait, strong funding, high capital ratios, stable profitability and sound asset quality.

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.

Operating Environment Affects Business: The domestic operating environment is stable, but 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 is expected to be renewed upon maturity. IBK is restricted from taking retail deposits but can take corporate deposits. However, these account for a low proportion of the bank's total funding.

Sound but Pressured Asset Quality: IBK's loan quality is sound (impaired loan ratio: 0.1% at end-2018) and reserve coverage strong. However, 90 days past due but not impaired loans increased to 3.1% of gross loans at end-2018 (end-2017: 0.1%), signalling pressure on asset quality. Moreover, there is little flexibility to reduce IBK's sensitivity to sector and single borrower concentration given its mandate and undiversified business model. At end-2018, the 10 largest loans accounted for a very high 54% of total loans.

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

Stable Profitability: Profitability is not the main goal for IBK due to its mandate. However, IBK has maintained stable profitability, as lower operating costs have offset high loan impairment charges relative to pre-impairment operating profit (55% in 2018). The cost/income ratio was 30.1% in 2018, and 41.1% in 2017.

High Capital Ratios: IBK has very high capital ratios by international standards. High ratios are prudent and a necessity in Fitch Ratings' view given the bank's exposure to concentration risks.

Rating Sensitivities

IDR Sensitivities: IBK's IDRs are sensitive to a change in our assumptions about the Kuwaiti authorities' propensity or ability to provide timely support to the banking sector or the bank. However, we do not consider there is much likelihood of any change.

VR Sensitivities: 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 Kuwaiti 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 viability of the banks and has acted swiftly in the past to provide support where needed. There is high contagion risk given the small number and high concentration of banks in the system. In addition, any bank failure would entail major reputation risk to Kuwait.

Fitch believes that franchise and/or level of government ownership should not necessarily lead to a difference in banks' Support Rating Floors (SRFs) in Kuwait. Our view is that 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 (except the flagship bank of National Bank of Kuwait; NBK) have SRFs equal to the country domestic systemically important bank's SRF in Kuwait of 'A+', and IBK is no exception.

Operating Environment

Stable Sovereign Ratings

Kuwait's exceptionally strong external balance sheet and high sovereign net foreign assets (estimated by Fitch at about 479% of GDP in 2018) underpin the sovereign's ratings. Government debt/GDP and debt/revenue ratios are low. Fitch understands that a new public debt law will be approved in 2019/2020, making way for debt issuance to support any fiscal deficits. Kuwait has been 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 more than 90% of exports and 70% of budget revenue in 2018. The economic policy framework is a weakness compared with that of 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.

Muted Growth

Real GDP rose by 1.3% in 2018, evenly split between the oil and non-oil sectors. Fitch expects a similar growth rate in 2019 driven by non-oil sector growth due to the OPEC+ agreement on production and delays to refinery upgrades as part of the clean fuel project. Fitch expects a higher growth of 1.9% in 2020 as the completion of the clean fuel project and the 615.000 bbl/day Al-Zour refinery support oil sector growth.

Fitch expects non-oil growth of around 2.5% in 2019-2020 amid continued growth of government spending on wages and investment. Amendments to the public-private partnership law to accelerate the tendering and award process would also support the non-oil growth. The recent award of the USD1.6 billion Umm Al Hayman waste water project could provide momentum for the rest of the private-public partnership programme. Higher oil prices, weak inflation and continuation of government spending should help retail trade and confidence indicators recover from their dip in the middle of 2016. Infrastructure spending should also support lending and financing growth, both directly and through its effect on the broader private sector. We expect bank credit to the private sector to expand by mid-single digits in 2019-2020.

Related Criteria

Bank Rating Criteria (October 2018)

Short-Term Rating Criteria (May 2019)

Stable Banking Sector

The domestic banking system is highly concentrated and interconnected. The two largest banks, National Bank of Kuwait and Kuwait Finance House, together held about 46% of total domestic assets at end-2018. Banks are largely domestically owned. The Kuwaiti sovereign often owns a minority share via its related entities. The private sector, especially well-known Kuwaiti merchant families and local financial institutions, owns large shares. Foreign banks represent a small part of the banking system due to high barriers to entry.

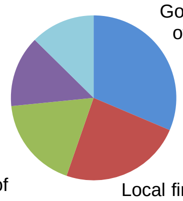
There is segregation between conventional and Islamic banking activities, with Islamic windows not allowed. Some banks are more complex due to their large geographical expansion. The banking sector remains stable with resilient asset quality, sustained profitability, acceptable capitalisation and stable funding and liquidity. However, banks remain exposed to event risk due to high single-obligor and sector concentrations, which is, in Fitch's view, hardly avoidable given the narrow nature of the domestic economy. 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, as well as financing caps (single obligor, share financing, real estate, related parties and retail) and corporate governance.

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 and from CBK's 18% liquidity-deposit requirements.

Shareholding Structure



Source: Fitch Ratings; IBK

Company Profile

Kuwait's Sole Development Bank

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 a direct and indirect ownership about 71%.

Seven of IBK's nine directors are government appointees (four represent Kuwait Investment Authority, two the Public Institution for Social Security and one the CBK), 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 (50% of gross loans at end-2018) at a preferential 3.5% fixed rate commercial loans (50%) that are priced closer to market rates. These are largely short-term working capital to industries. The preferential 3.5% fixed rate is usually ranging from five to seven years, including a two-year grace period.

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 (23% of total assets at end-2018). IBK also has investments at fair value through profit and loss (previously mostly classified as available-for-sale, 12% of total assets at end-2018). This is primarily in international private equity, managed by well-known 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-2018, being 20% and 30% ownership stakes 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 KWD359.8 million at end-2018.

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 led to 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 not particularly benefitted from rising interest rates, with a very stable 2.7% net interest margin in the past three years and a decline in the loan portfolio in 2018.

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.

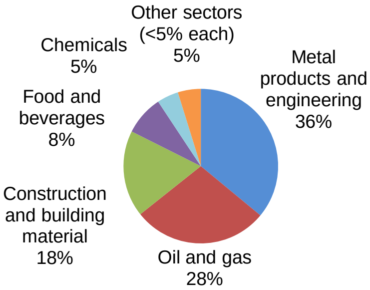
Risk Appetite

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 (about 80% of its commercial customers are also industrial clients).

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-2018



Source: Fitch Ratings; IBK

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 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 20 largest obligors (by funded plus unfunded amount) represented about 67% of total gross loans at end-2018. However, IBK has achieved some diversification into several sub-sectors.

Most of IBK's fixed-income investments relate to Kuwaiti government or CBK bonds. These are held for revenue and liquidity purposes. IBK also holds additional investments at fair value through profit and loss 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

IBK's gross loans decreased in 2018 for the first time since 2015. Growth prospects will remain dependent on the interest-rate environment and strong competition by commercial banks, availability of lands for industrial usage, public administrative procedures and the general operating environment.

Acceptable Market Risk

IBK is exposed to market risk through its investment portfolio. Unrealised gains on investments at fair value through profit and loss represented about 15% of total operating income in 2018.

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-2018. The bank holds small local equity investments made by its 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 9% and 0.4% on net profit and equity, respectively, in 2018. 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 (43% of total assets at end-2018) 20-year loan from the Kuwaiti government maturing in 2027 and expected to be renewed at maturity. 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. The other main sources of funding are equity (34% of assets at end-2018) and customer deposits (10%, all current accounts), both of which are not interest-sensitive.

Foreign-exchange risk is also limited. About 90% of IBK's assets are denominated in local currency (the balance being principally in US dollars as well as other GCC currencies) and funding is principally in Kuwaiti dinars. Foreign-exchange exposures are largely confined to US dollar/dinar 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 minimal 1% effect on net profit in 2018.

Financial Profile

Asset Quality

Pressured Asset Quality; High Concentration Risks

Main Asset-Quality Metrics

(%)	End-2018	End-2017	End-2016	End-2015
Growth of gross loans	-3.6	8.5	13.8	4.3
Impaired loans/gross loans	0.1	0.1	0.2	0.3
Loan loss allowances/impaired loans	8,750.0	8,900.0	4,371.4	2,460.0
Loan loss allowances/gross loans	5.0	4.9	9.1	8.4
Loan impairment charges/average gross loans	3.9	1.8	1.9	1.7
Net charge-offs/average gross loans	4.0	5.5	0.0	-0.1

Source: Fitch Ratings, Fitch Solutions, IBK

IBK's impaired loans/gross loans ratio remains very low. However, the bank's 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. This is reflected in the elevated 90 days past due but not impaired loans of KWD10.8 million (equivalent to 3.1% of gross loans) at end-2018 (up from zero at end-2017). This is also reflected in the restructured but performing loans of KWD6.8 million (equivalent to 1.9% of gross loans) at end-2018 and high write-offs of loans (KWD15 million in 2018 and KWD23 million in 2017), which reflects pressure on the loan book.

IBK's loan loss allowances are adequate but Fitch views these as a necessity given the bank'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, but Sensitive to Interest-Rate Cycles and Loan Quality

Main Earnings and Profitability Metrics

(%)	2018	2017	2016	2015
Net interest income/average earning assets	2.7	2.7	2.7	2.3
Non-interest expense/gross revenues	30.1	41.1	33.7	35.6
Loans and securities impairment charges/pre-impairment operating profit	55.0	35.4	38.5	44.8
Operating profit/average total assets	1.7	1.9	1.8	1.5
Operating profit/risk-weighted assets	2.0	2.3	2.2	2.0
Net income/average equity	4.7	5.3	5.0	4.1

Source: Fitch Ratings, Fitch Solutions, IBK

Profitability is not the main goal for IBK due to its development mandate. The bank benefitted from stable net interest margins in the past three years. However, higher loan impairment charges in 2018 have undermined the bank's profitability. 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 post a stable performance in 2019.

Revenue is mainly in the form of net interest income (51% of the total operating income in 2018), while the contribution from net fees and commissions is just 11%. Net gains from investments remained high in 2018, at 36% 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 but this remains challenging in the current operating environment.

Capitalisation and Leverage

High Capital Ratios, but High Concentration Risks

Main Capitalisation and Leverage Metrics

(%)	End-2018	End-2017	End-2016	End-2015
Fitch Core Capital/FCC-adjusted RWAs	41.2	41.5	44.2	47.0
Tangible common equity/tangible assets	33.8	35.0	35.7	36.6
Tier 1 regulatory capital ratio	40.2	39.8	42.0	45.7
Total regulatory capital ratio	41.3	41.0	43.2	46.9
Impaired loans less loan loss allowances/Fitch Core Capital	-7.3	-7.5	-12.8	-10.3

Source: Fitch Ratings, Fitch Solutions, IBK

IBK has very high capital ratios by international standards. High ratios are prudent and a necessity, in our view, to support the bank's capital risk-absorption capacity given its exposure to high 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 high (51% of net profit on average in the past three years). However, the Fitch Core Capital ratio remains above 40%.

Funding and Liquidity

Strong Funding Profile

Main Funding and Liquidity Metrics

(%)	End-2018	End-2017	End-2016	End-2015
Loans/customer deposits	484.2	633.9	782.0	654.8
Interbank assets/interbank liabilities	339.9	589.0	288.7	1,022.9
Customer deposits/total funding (including pref. shares & hybrids)	16.3	13.8	10.5	11.8

Source: Fitch Ratings, Fitch Solutions, IBK

IBK's funding profile is a rating strength. The bank's licence restricts it from undertaking any form of retail activity, including collecting retail deposits. IBK has some corporate deposits in the form of current accounts but these were a low 16% of non-equity funding at end-2018. Depositors are borrowers of the bank.

The vast majority of the bank's funding comes from a 20-year KWD300 million subordinated loan from the Kuwaiti government, which matures in 2027, equivalent to 65% of non-equity funding at end-2018. IBK considers this funding to be virtually perpetual and extensions to the loan are very 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, short-term interbank placements, and Kuwaiti government treasury bills and bonds covering 53% of non-equity funding at end-2018 (151% if excluding the government loan). Most of IBK's liquid assets are in Kuwaiti dinars.

Industrial Bank of Kuwait
Income Statement

		31 Dec 2018		31 Dec 2017		31 Dec 2016		31 Dec 2015	
	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	63.3	19.2	2.83	18.5	2.83	n.a.	n.a.	n.a.	n.a.
2. Other Interest Income	7.6	2.3	0.34	2.4	0.37	18.5	2.89	16.7	2.85
3. Dividend Income	2.3	0.7	0.10	0.7	0.11	0.7	0.11	0.7	0.12
4. Gross Interest and Dividend Income	**73.1**	**22.2**	**3.27**	**21.6**	**3.30**	**19.2**	**3.00**	**17.4**	**2.97**
5. Interest Expense on Customer Deposits	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Interest Expense	14.2	4.3	0.63	3.5	0.54	2.8	0.44	3.2	0.55
7. Total Interest Expense	**14.2**	**4.3**	**0.63**	**3.5**	**0.54**	**2.8**	**0.44**	**3.2**	**0.55**
8. Net Interest Income	**59.0**	**17.9**	**2.64**	**18.1**	**2.77**	**16.4**	**2.56**	**14.2**	**2.42**
9. Net Fees and Commissions	12.8	3.9	0.57	4.6	0.70	4.8	0.75	4.3	0.73
10. Net Gains (Losses) on Trading and Derivatives	2.6	0.8	0.12	(0.6)	(0.09)	0.5	0.08	(0.4)	(0.07)
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	42.2	12.8	1.89	10.9	1.67	6.7	1.05	8.0	1.36
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	0.01	0.1	0.02	0.1	0.02	0.0	0.00
15. Total Non-Interest Operating Income	**58.0**	**17.6**	**2.59**	**15.0**	**2.29**	**12.1**	**1.89**	**11.9**	**2.03**
16. Total Operating Income	**116.9**	**35.5**	**5.23**	**33.1**	**5.06**	**28.5**	**4.46**	**26.1**	**4.45**
17. Personnel Expenses	27.3	8.3	1.22	11.1	1.70	7.5	1.17	7.1	1.21
18. Other Operating Expenses	7.9	2.4	0.35	2.5	0.38	2.1	0.33	2.2	0.38
19. Total Non-Interest Expenses	**35.2**	**10.7**	**1.58**	**13.6**	**2.08**	**9.6**	**1.50**	**9.3**	**1.59**
20. Equity-accounted Profit/ Loss - Operating	1.0	0.3	0.04	0.3	0.05	0.3	0.05	0.4	0.07
21. Pre-Impairment Operating Profit	**82.7**	**25.1**	**3.70**	**19.8**	**3.03**	**19.2**	**3.00**	**17.2**	**2.93**
22. Loan Impairment Charge	45.5	13.8	2.03	6.4	0.98	5.9	0.92	4.9	0.84
23. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	0.6	0.09	1.5	0.23	2.8	0.48
24. Operating Profit	**37.2**	**11.3**	**1.67**	**12.8**	**1.96**	**11.8**	**1.85**	**9.5**	**1.62**
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	0.0	0.00
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	**37.2**	**11.3**	**1.67**	**12.8**	**1.96**	**11.8**	**1.85**	**9.5**	**1.62**
32. Tax expense	0.7	0.2	0.03	0.3	0.05	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	**36.6**	**11.1**	**1.64**	**12.5**	**1.91**	**11.6**	**1.81**	**9.3**	**1.59**
35. Change in Value of AFS Investments	0.0	0.0	0.00	(6.3)	(0.96)	0.4	0.06	(1.4)	(0.24)
36. Revaluation of Fixed Assets	n.a.	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
37. Currency Translation Differences	n.a.	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
38. Remaining OCI Gains/(losses)	n.a.	n.a.	-	0.2	0.03	0.0	0.00	(0.1)	(0.02)
39. Fitch Comprehensive Income	**36.6**	**11.1**	**1.64**	**6.4**	**0.98**	**12.0**	**1.88**	**7.8**	**1.33**
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	36.6	11.1	1.64	12.5	1.91	11.6	1.81	9.3	1.59
42. Memo: Common Dividends Relating to the Period	19.8	6.0	0.88	6.0	0.92	6.0	0.94	6.0	1.02
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
Exchange rate		USD1 = KWD0.30355		USD1 = KWD0.30175		USD1 = KWD0.3061		USD1 = KWD0.3035	

Industrial Bank of Kuwait
Balance Sheet

	31 Dec 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	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
Assets									
A. Loans									
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	1,153.4	350.1	50.06	363.2	54.10	334.7	51.00	294.0	47.12
5. Other Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Less: Loan Loss Allowances	57.7	17.5	2.50	17.8	2.65	30.6	4.66	24.6	3.94
7. Net Loans	**1,095.7**	**332.6**	**47.56**	**345.4**	**51.45**	**304.1**	**46.34**	**269.4**	**43.17**
8. Gross Loans	**1,153.4**	**350.1**	**50.06**	**363.2**	**54.10**	**334.7**	**51.00**	**294.0**	**47.12**
9. Memo: Impaired Loans included above	0.7	0.2	0.03	0.2	0.03	0.7	0.11	1.0	0.16
10. Memo: Specific Loan Loss Allowances	0.3	0.1	0.01	0.2	0.03	0.7	0.11	0.8	0.13
B. Other Earning Assets									
1. Loans and Advances to Banks	272.1	82.6	11.81	85.4	12.72	106.8	16.27	98.2	15.74
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	275.4	83.6	11.95	0.0	0.00	0.0	0.00	0.0	0.00
5. Securities at FV through OCI / Available for Sale	0.0	0.0	0.00	70.1	10.44	69.8	10.64	66.3	10.63
6. Securities at Amortised Cost / Held to Maturity	49.4	15.0	2.14	0.0	0.00	0.0	0.00	0.0	0.00
7. Other Securities	520.8	158.1	22.61	146.3	21.79	152.2	23.19	146.1	23.41
8. Total Securities	**845.7**	**256.7**	**36.70**	**216.4**	**32.24**	**222.0**	**33.83**	**212.4**	**34.04**
9. Memo: Government Securities included Above	520.8	158.1	22.61	146.3	21.79	152.2	23.19	146.1	23.41
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	22.1	6.7	0.96	6.7	1.00	6.5	0.99	6.4	1.03
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	**2,235.5**	**678.6**	**97.03**	**653.9**	**97.41**	**639.4**	**97.42**	**586.4**	**93.97**
C. Non-Earning Assets									
1. Cash and Due From Banks	19.4	5.9	0.84	2.0	0.30	1.5	0.23	22.6	3.62
2. Memo: Mandatory Reserves included above	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Foreclosed Assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4. Fixed Assets	19.1	5.8	0.83	6.4	0.95	3.8	0.58	3.8	0.61
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	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. Deferred Tax Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Other Assets	30.0	9.1	1.30	9.0	1.34	11.6	1.77	11.2	1.79
11. Total Assets	**2,304.1**	**699.4**	**100.00**	**671.3**	**100.00**	**656.3**	**100.00**	**624.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Total Customer Deposits	238.2	72.3	10.34	57.3	8.54	42.8	6.52	44.9	7.20
2. Deposits from Banks	80.1	24.3	3.47	14.5	2.16	37.0	5.64	9.6	1.54
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	**318.2**	**96.6**	**13.81**	**71.8**	**10.70**	**79.8**	**12.16**	**54.5**	**8.73**
6. Senior Unsecured Debt	151.2	45.9	6.56	42.8	6.38	26.5	4.04	26.8	4.29
7. Subordinated Borrowing	988.3	300.0	42.89	300.0	44.69	300.0	45.71	300.0	48.08
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	**1,139.5**	**345.9**	**49.46**	**342.8**	**51.07**	**326.5**	**49.75**	**326.8**	**52.37**
11. Memo: o/w matures in less than 1 year	101.1	30.7	4.39	42.8	6.38	15.3	2.33	15.2	2.44
12. Trading Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Total Funding	**1,457.7**	**442.5**	**63.27**	**414.6**	**61.76**	**406.3**	**61.91**	**381.3**	**61.11**
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	**1,457.7**	**442.5**	**63.27**	**414.6**	**61.76**	**406.3**	**61.91**	**381.3**	**61.11**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Credit impairment reserves	7.2	2.2	0.31	2.5	0.37	1.9	0.29	1.9	0.30
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	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Deferred Tax Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
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	60.0	18.2	2.60	19.6	2.92	13.9	2.12	12.5	2.00
10. Total Liabilities	**1,525.0**	**462.9**	**66.19**	**436.7**	**65.05**	**422.1**	**64.32**	**395.7**	**63.41**
F. Hybrid Capital									
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
G. Equity									
1. Common Equity	779.1	236.5	33.81	228.5	34.04	222.0	33.83	216.5	34.70
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	0.0	0.0	0.00	6.1	0.91	12.2	1.86	11.8	1.89
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	**779.1**	**236.5**	**33.81**	**234.6**	**34.95**	**234.2**	**35.68**	**228.3**	**36.59**
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equity	779.1	236.5	33.81	234.6	34.95	234.2	35.68	228.3	36.59
8. Total Liabilities and Equity	**2,304.1**	**699.4**	**100.00**	**671.3**	**100.00**	**656.3**	**100.00**	**624.0**	**100.00**
9. Memo: Fitch Core Capital	779.1	236.5	33.81	234.6	34.95	234.2	35.68	228.3	36.59
Exchange rate		USD1 = KWD0.30355		USD1 = KWD0.30175		USD1 = KWD0.3061		USD1 = KWD0.3035	

Industrial Bank of Kuwait
Summary Analytics

	31 Dec 2018 Year End	31 Dec 2017 Year End	31 Dec 2016 Year End	31 Dec 2015 Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	3.33	3.23	3.13	2.83
2. Interest Income on Loans/ Average Gross Loans	5.38	5.30	n.a.	n.a.
3. Interest Expense on Customer Deposits/ Average Customer Deposits	0.00	0.00	0.00	0.00
4. Interest Expense/ Average Interest-bearing Liabilities	1.00	0.81	0.71	0.79
5. Net Interest Income/ Average Earning Assets	2.69	2.71	2.68	2.31
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.62	1.75	1.71	1.51
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.69	2.71	2.68	2.31
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	1.97	2.26	2.23	1.95
2. Non-Interest Expense/ Gross Revenues	30.14	41.09	33.68	35.63
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	54.98	35.35	38.54	44.77
4. Operating Profit/ Average Total Assets	1.65	1.86	1.84	1.47
5. Non-Interest Income/ Gross Revenues	49.58	45.32	42.46	45.59
6. Non-Interest Expense/ Average Total Assets	1.56	1.97	1.50	1.44
7. Pre-impairment Op. Profit/ Average Equity	10.65	8.33	8.30	7.53
8. Pre-impairment Op. Profit/ Average Total Assets	3.66	2.87	3.00	2.66
9. Operating Profit/ Average Equity	4.80	5.38	5.10	4.16
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	4.71	5.26	5.02	4.07
2. Net Income/ Average Total Assets	1.62	1.81	1.81	1.44
3. Fitch Comprehensive Income/ Average Total Equity	4.71	2.69	5.19	3.42
4. Fitch Comprehensive Income/ Average Total Assets	1.62	0.93	1.87	1.21
5. Taxes/ Pre-tax Profit	1.77	2.34	1.69	2.11
6. Net Income/ Risk Weighted Assets	1.93	2.21	2.19	1.91
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	41.19	41.48	44.20	46.96
2. Tangible Common Equity/ Tangible Assets	33.81	34.95	35.68	36.59
3. Equity/ Total Assets	33.81	34.95	35.68	36.59
4. Basel Leverage Ratio	29.83	30.37	32.32	31.63
5. Common Equity Tier 1 Capital Ratio	40.16	39.83	42.04	45.72
6. Fully Loaded Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Tier 1 Capital Ratio	40.16	39.83	42.04	45.72
8. Total Capital Ratio	41.33	41.01	43.22	46.89
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	(7.32)	(7.50)	(12.77)	(10.34)
10. Impaired Loans less Loan Loss Allowances/ Equity	(7.32)	(7.50)	(12.77)	(10.34)
11. Cash Dividends Paid & Declared/ Net Income	54.05	48.00	51.72	64.52
12. Risk Weighted Assets/ Total Assets	82.08	84.25	80.74	77.92
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	100.00	100.00	100.00	100.00
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	0.00	0.00	0.00	0.00
E. Loan Quality				
1. Impaired Loans/ Gross Loans	0.06	0.06	0.21	0.34
2. Growth of Gross Loans	(3.61)	8.52	13.84	4.26
3. Loan Loss Allowances/ Impaired Loans	8,750.00	8,900.00	4,371.43	2,460.00
4. Loan Impairment Charges/ Average Gross Loans	3.87	1.83	1.88	1.70
5. Growth of Total Assets	4.19	2.29	5.18	(6.59)
6. Loan Loss Allowances/ Gross Loans	5.00	4.90	9.14	8.37
7. Net Charge-offs/ Average Gross Loans	3.95	5.53	(0.03)	(0.14)
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.06	0.06	0.21	0.34
F. Funding and Liquidity				
1. Loans/ Customer Deposits	484.23	633.86	782.01	654.79
2. Liquidity Coverage Ratio	822.34	667.97	347.31	1,400.88
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	16.34	13.82	10.53	11.78
4. Interbank Assets/ Interbank Liabilities	339.92	588.97	288.65	1,022.92
5. Net Stable Funding Ratio	149.50	150.28	219.60	n.a.
6. Growth of Total Customer Deposits	26.18	33.88	(4.68)	(28.04)

Industrial Bank of Kuwait
Reference Data

	31 Dec 2018 Year End USDm	31 Dec 2018 Year End KWDm	31 Dec 2018 As % of Assets	31 Dec 2017 Year End KWDm	31 Dec 2017 As % of Assets	31 Dec 2016 Year End KWDm	31 Dec 2016 As % of Assets	31 Dec 2015 Year End KWDm	31 Dec 2015 As % of Assets
A. Off-Balance Sheet Items									
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	237.2	72.0	10.29	62.0	9.24	55.2	8.41	63.4	10.16
4. Acceptances and documentary credits reported off-balance sheet	70.8	21.5	3.07	26.6	3.96	24.2	3.69	20.6	3.30
5. Committed Credit Lines	n.a.	n.a.	n.a.	n.a.	n.a.	135.5	20.65	134.3	21.52
6. Other Contingent Liabilities	1.6	0.5	0.07	0.5	0.07	0.7	0.11	0.0	0.00
7. Other Off-Balance Sheet items	211.5	64.2	9.18	46.0	6.85	45.5	6.93	47.4	7.60
8. Total Assets under Management	1,185.6	359.9	51.46	313.3	46.67	234.9	35.79	229.9	36.84
B. Average Balance Sheet									
1. Average Loans	1,175.1	356.7	51.00	349.0	51.99	314.4	47.90	288.0	46.15
2. Average Earning Assets	2,195.0	666.3	95.27	668.8	99.63	612.9	93.39	615.6	98.65
3. Average Total Assets	2,257.9	685.4	98.00	688.8	102.61	640.2	97.55	646.0	103.53
4. Average Managed Securitized Assets (OBS)	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Average Interest-Bearing Liabilities	1,412.0	428.6	61.28	431.4	64.26	393.8	60.00	403.3	64.63
6. Average Common equity	765.9	232.5	33.24	225.6	33.61	219.3	33.41	215.9	34.60
7. Average Equity	776.1	235.6	33.69	237.8	35.42	231.3	35.24	228.4	36.60
8. Average Customer Deposits	213.5	64.8	9.27	50.1	7.46	43.9	6.69	53.7	8.61
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months Loans & Advances 3 - 12 Months	559.1	169.7	24.26	190.5	28.38	138.9	21.16	148.9	23.86
Loans and Advances 1 - 5 Years	536.6	162.9	23.29	79.6	11.86	151.4	23.07	108.6	17.40
Loans & Advances > 5 years				75.3	11.22	13.8	2.10	11.9	1.91
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 Loans & Advances to Banks 3 - 12 Months	272.1	82.6	11.81	85.4	12.72	106.8	16.27	98.2	15.74
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
Liability Maturities:									
Retail Deposits < 3 months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
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	0.0	0.00
Other Deposits < 3 Months Other Deposits 3 - 12 Months	238.2	72.3	10.34	57.3	8.54	42.8	6.52	29.7	4.76
Other Deposits 1 - 5 Years	0.0	0.0	0.0	0.0	0.00	0.0	0.00	15.2	2.44
Other Deposits > 5 Years	0.0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.00
Deposits from Banks < 3 Months Deposits from Banks 3 - 12 Months	80.1	24.3	3.47	14.5	2.16	37.0	5.64	9.6	1.54
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 Senior Debt Maturing 3-12 Months	101.1	30.7	4.39	42.8	6.38	15.3	2.33	15.2	2.44
Senior Debt Maturing 1- 5 Years	50.1	15.2	2.17	0.0	0.00	11.2	1.71	11.6	1.86
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	**151.2**	**45.9**	**6.56**	**42.8**	**6.38**	**26.5**	**4.04**	**26.8**	**4.29**
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	988.3	300.0	42.89	300.0	44.69	300.0	45.71	300.0	48.08
Total Subordinated Debt on Balance Sheet	**988.3**	**300.0**	**42.89**	**300.0**	**44.69**	**300.0**	**45.71**	**300.0**	**48.08**
Fair Value Portion of Subordinated Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
D. Risk Weighted Assets									
1. Risk Weighted Assets	1,891.3	574.1	82.08	565.6	84.25	529.9	80.74	486.2	77.92
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	**1,891.3**	**574.1**	**82.08**	**565.6**	**84.25**	**529.9**	**80.74**	**486.2**	**77.92**
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	**1,891.3**	**574.1**	**82.08**	**565.6**	**84.25**	**529.9**	**80.74**	**486.2**	**77.92**
E. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	779.1	236.5	33.81	234.6	34.95	234.2	35.68	228.3	36.59
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	**779.1**	**236.5**	**33.81**	**234.6**	**34.95**	**234.2**	**35.68**	**228.3**	**36.59**
Exchange rate		USD1 = KWD0.30355		USD1 = KWD0.30175		USD1 = KWD0.3061		USD1 = KWD0.3035	

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.