



Date: 23 July 2019
20 Dhu al-Qi'dah 1440
Ref 10/10/ 293 / 2019

التاريخ: 23 يوليو 2019 م
الموافق: 20 ذو القعدة 1440 هـ
الإشارة: 10/10 / 293 / 2019

To: Boursa Kuwait

Peace, Mercy and Blessings of Allah be upon you

السادة / بورصة الكويت المحترمين
السلام عليكم ورحمة الله وبركاته

Subject: Disclosure of The KFH's Analysts
Conference For Q 2 / 2019

الموضوع: إفصاح بيتك عن مؤتمر المحللين
الربع الثاني 2019

In reference to the above, and in line with Kuwait Finance House 'KFH' interest in adhering to Boursa Kuwait Role Book Article (8-4-2/4), KFH would like to report the following:

KFH has conducted the Analysts Conference for Q 2 / 2019 through live broadcasting on internet (Live Webcast) at 2 p.m. on Monday 22 July 2019, There was no other material information had been discussed during the conference.

Attached is the Investors Presentation Q 2 / 2019 for your reference. A copy of the same has been submitted to Capital Markets Authority.

KFH will disclose later for the Conference Minutes of Meeting within 3 working days from the date of conducted.

بالإشارة إلى الموضوع أعلاه، وحرصاً من بيت التمويل الكويتي "بيتك" على الالتزام بمتطلبات المادة (4/2-4-8) من كتاب قواعد البورصة، نود الإفادة بما يلي:

عقد بيتك مؤتمر المحللين للربع الثاني 2019 عن طريق بث مباشر على شبكة الإنترنت وذلك في تمام الساعة 2 من بعد ظهر يوم الإثنين الموافق 22 يوليو 2019. علماً بأنه لم يتم تداول أي معلومات جوهرية أخرى خلال المؤتمر.

مرفق العرض التقديمي للمستثمرين للربع الثاني 2019. هذا وتم تزويد السادة / هيئة أسواق المال بنسخة منه.

سوف يقوم بيتك بالإفصاح لاحقاً عن محضر المؤتمر خلال 3 أيام عمل من تاريخ إنعقاده.

Best Regards,

وتفضلوا بقبول فائق الاحترام.

Mazin S Al Nahedh

مازن سعد الناهض



بيت التمويل الكويتي
Kuwait Finance House



H1-19

Earnings Presentation

July 22, 2019



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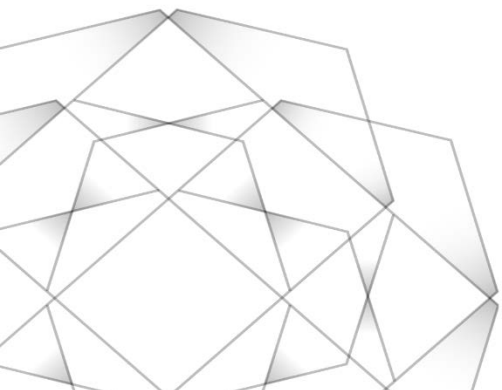
- **FORWARD-LOOKING STATEMENTS**

- All statements included or incorporated by reference in this presentation, other than statements or characterizations of historical fact, are forward-looking statements. Such forward-looking statements are based on Kuwait Finance House's current expectations, predictions and estimates and are not guarantees of future performance, achievements or results. Forward-looking statements are subject to and involve risks and uncertainties and actual results, performance or achievements of Kuwait Finance House may differ materially or adversely from those expressed or implied in the forward-looking statements as a result of various factors. In addition, even if Kuwait Finance House's results of operations, financial condition and the development of the industry in which it operates are consistent with forward-looking statements contained herein, those results or developments may not be indicative of results or developments in subsequent periods. Kuwait Finance House does not undertake to update any forward-looking statements made herein. Past results are not indicative of future performance.

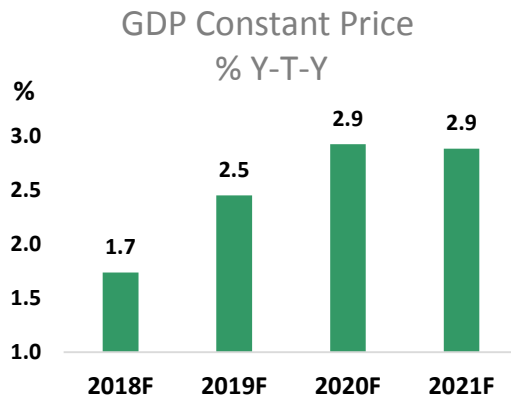


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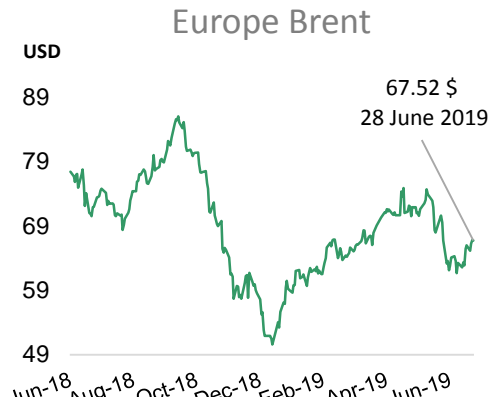
1	Kuwait Operating Environment [Highlights]	
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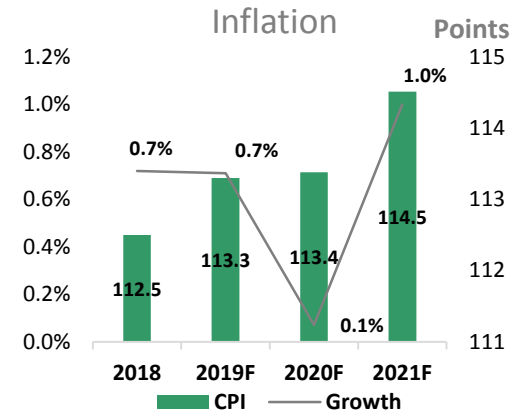
Economic Highlights



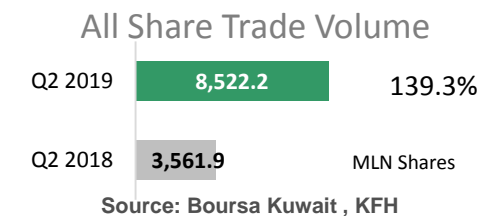
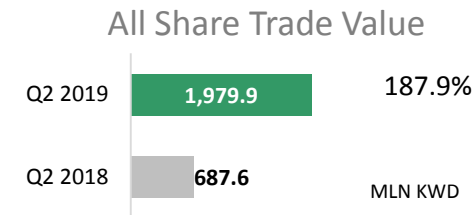
Source: IMF, KFH



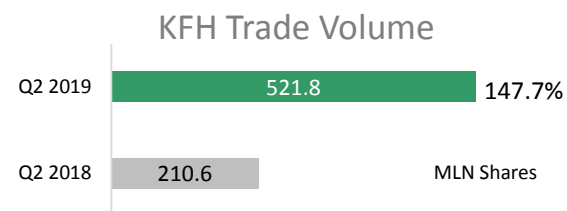
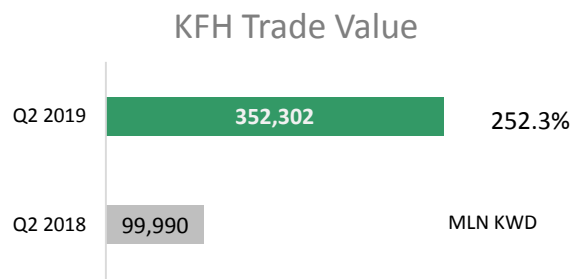
Source: Energy Information Administration



Source: www.csb.gov.kw, KFH



Source: Boursa Kuwait, KFH



Source: Boursa Kuwait, KFH

- Crude Oil price closed at USD 66.8 p/b in H1-19 i.e. lower by 1.7% Q-T-Q and by 13.8% Y-T-Y.
- Moody's credit rating for Kuwait was last set at A1 with stable outlook. While Fitch rating was A+ with stable outlook.
- The Central Bank of Kuwait has maintained its key discount rate at 3%, after US Fed rate maintained its level in the last meeting held on 19 June 2019.
- Morgan Stanley Capital International (MSCI) announced on Tuesday, June 25, 2019 the conditional upgrade of the Boursa Kuwait as its main index for emerging markets. This is the third upgrade of the Boursa Kuwait after the first upgrade of FTSE Russell and Standard & Poor's Dow Jones Global Markets Index.

KFH Overview

Kuwait

1st

Largest Sharia'- Compliant Bank in Kuwait.

Kuwait's Best Bank*

*According to Euromoney

Regional

Safest

Islamic Financial Institution in the GCC

*According to Global Finance Magazine

Global

1st

Islamic Bank in Germany



KFH Overview

Germany

1st Islamic bank

5 Branches

- Retail Banking
- Corporate Banking
- Investment Services
- Real Estate Financing



Saudi Arabia

- Asset Management
- Wealth Management and Custody
- Investment Services
- Product & Business Development



Bahrain

9 Branches

- Retail Banking
- Wealth Management
- Corporate Banking
- Real Estate



62 Branches

Kuwait

- Retail Banking
- Wealth Management and Private Banking
- Corporate Banking
- Investment Services
- Real Estate Financing

418 Branches

Turkey

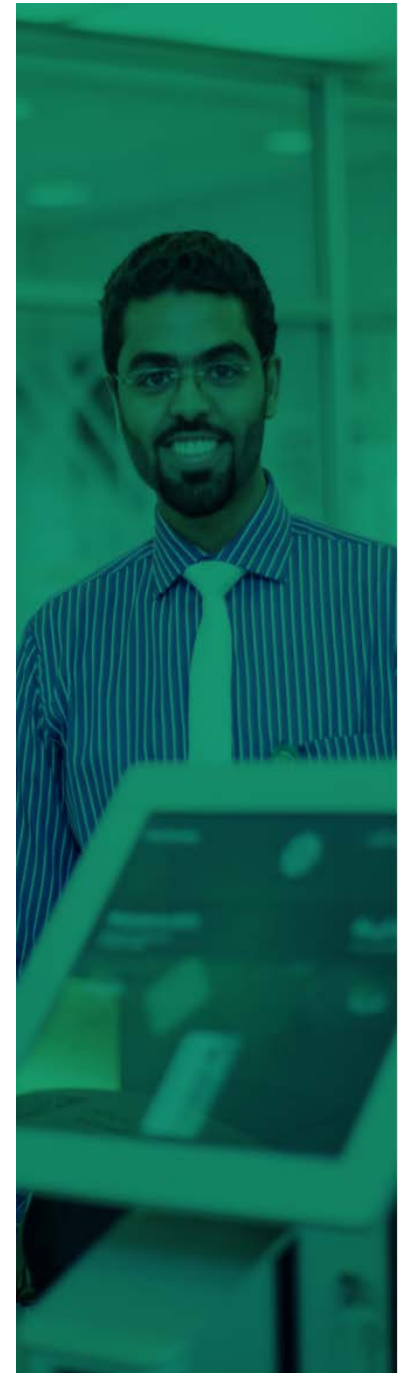
- Retail Banking
- Wealth Management and Personal Banking
- Corporate Banking



14 Branches

Malaysia

- Retail Banking
- Wealth Management
- Corporate Banking
- Commercial Banking



KFH Strengths

Robust Financial Performance	Leading Islamic Financial Institution	Strong Government Sponsorship	Professional Management Team	Strategic Distribution Channels	Effective Risk Management Framework
A consistent track record of profitability & dividend payment	Second largest Islamic Financial Institution globally in terms of asset base	48% ownership by various Kuwaiti Government authorities	Well-rounded human capital through meritocratic management structure	Diversified international operations	KFH continuously develops its risk management framework in light of development in the business, banking and market regulations
Solid funding and liquidity profile	Operating history of over than 40 years	KFH operates mainly in Kuwait where the economy benefits from high level of economic strength	Significant improvement in the Management team for the diversified international operation	Presence in 6 countries giving access to Europe, Middle East and Asian markets	Disciplined & risk adjusted approach to capital allocation
Consistently low NPF rates	Strong retail franchise	Systemic important bank in Kuwait	Strong and stable Board of Directors, collectively bringing more than two hundred and fifty years of professional experience	Extensive accessibility option with a wide network of over 500 branches and over 1,155 ATMs	Large and diversified portfolio
Improving cost to income ratio	Pioneer of Islamic products in Kuwait	Large retail deposit and global flagship Islamic bank			Reduce non-core assets
Solid profit margins and improving efficiency	"Islamic Bank of the Year - Middle East"				

Business Highlights



Key Activities

KFH inaugurates **Largest** Auto Showroom in the Middle East

KFH Capital arranges **US\$ 1.25 Billion** First Sukuk Issuance Transaction for Saudi Telecommunications Company

Products and Services “Digital Focused”

- KFH presenting Cheque Deposit Solution via mobile, the first in Kuwait.
- KFH Opens its Second Digital Self-Banking Station "KFH-Go".
- Transferring Egyptian Pounds currency directly to Egypt for KFH's customers.
- KFH launched Visa Infinite Charge Card with enhanced benefits to customers exclusively designed for private banking customers.
- Car financing services outside Kuwait (USA, Egypt, Jordan and Turkey).

Awards by KFH in H1-2019

- Kuwait's Best Bank 2019 by Euromoney.
- Kuwait's Best Bank for Asia 2019 by Asiamoney.

Key Achievements by KFH Capital in H1-2019

- USD 5 billion in Sukuk issuances for companies and governments.
- Recently launched a new index for dollar denominated Sukuk issuances in global markets.

Key Events and Corporate Social Responsibility

- KFH has increased investors engagement by participating in conferences such as Kuwait Corporate Day (London) arranged by Morgan Stanley and EFG Hermes Investor Conference (Dubai) whereby KFH took a part as a presenter in One-to-One and group meetings to enhance and increase transparency with institutional investors.
- In partnership with KDIPA, Kuwait Finance House participated in “The Role of the Private Sector in the Future of the Kuwaiti Economy” conference organized by The Business Year (TBY) magazine.

H1'19 Financial Highlights

Net Profit
for Shareholders

KD 107.7 m

+13.1%

Total Financing
Income

KD 460.5 m

+8.6%

Net Operating
Income

KD 240.7 m

+2.1%

Cost to Income Ratio

38.65%

Improved by 87bps

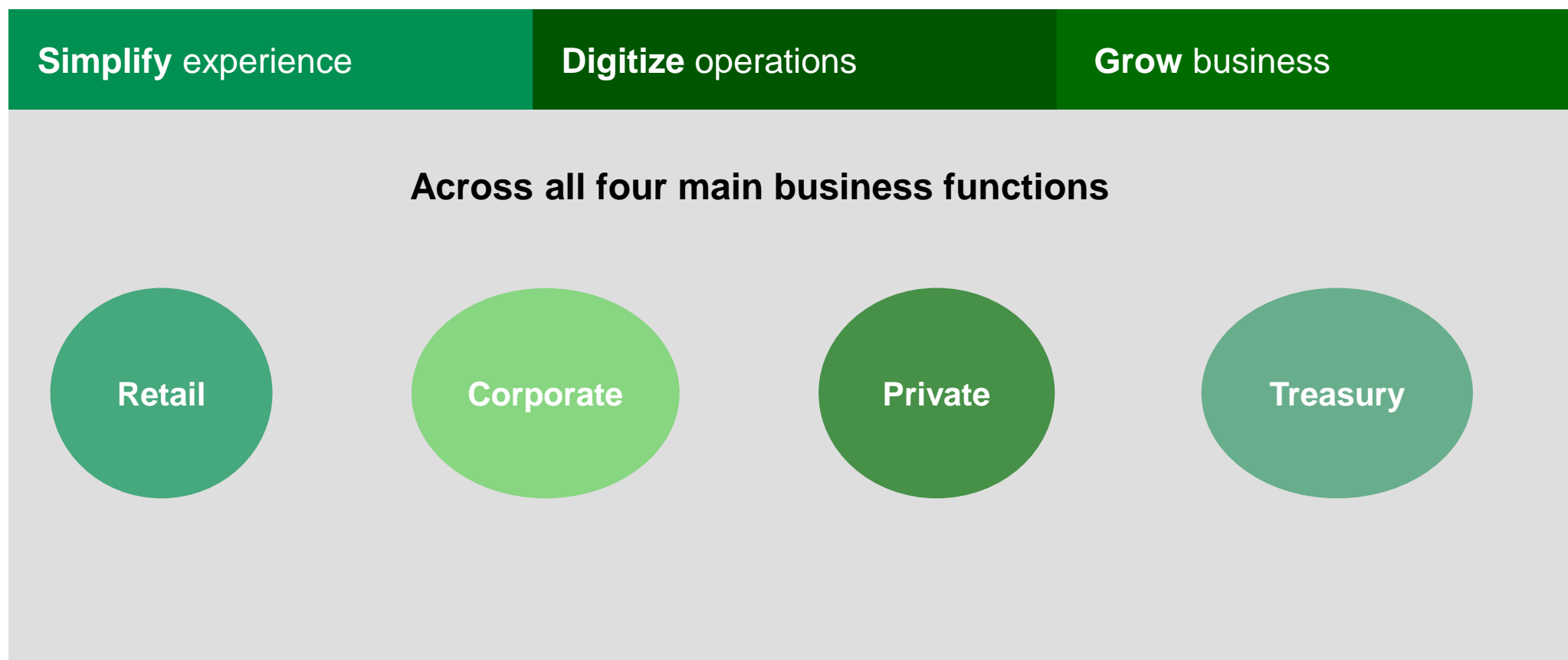
EPS (fils)

15.64

+13% (H1-18: 13.84 fils)

KFH Strategy

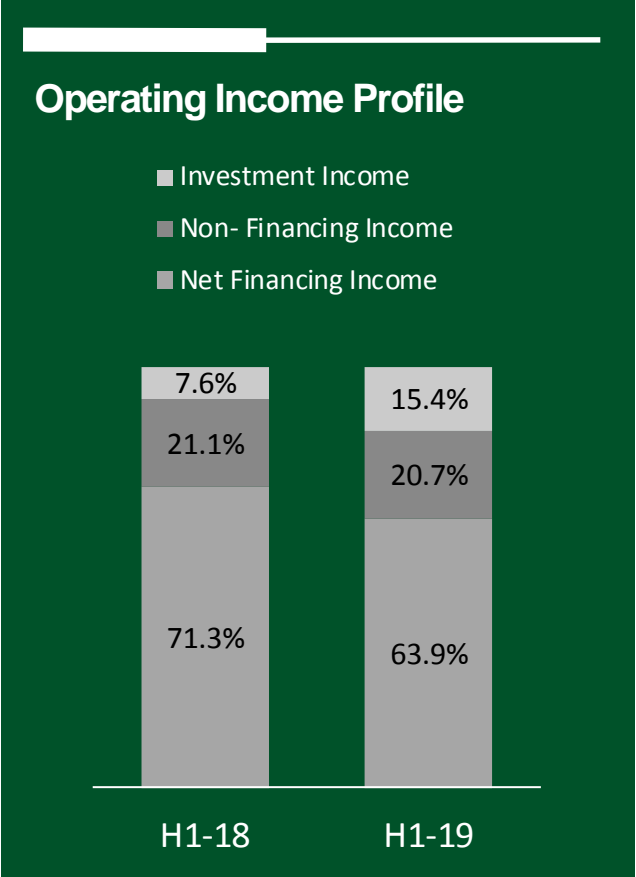
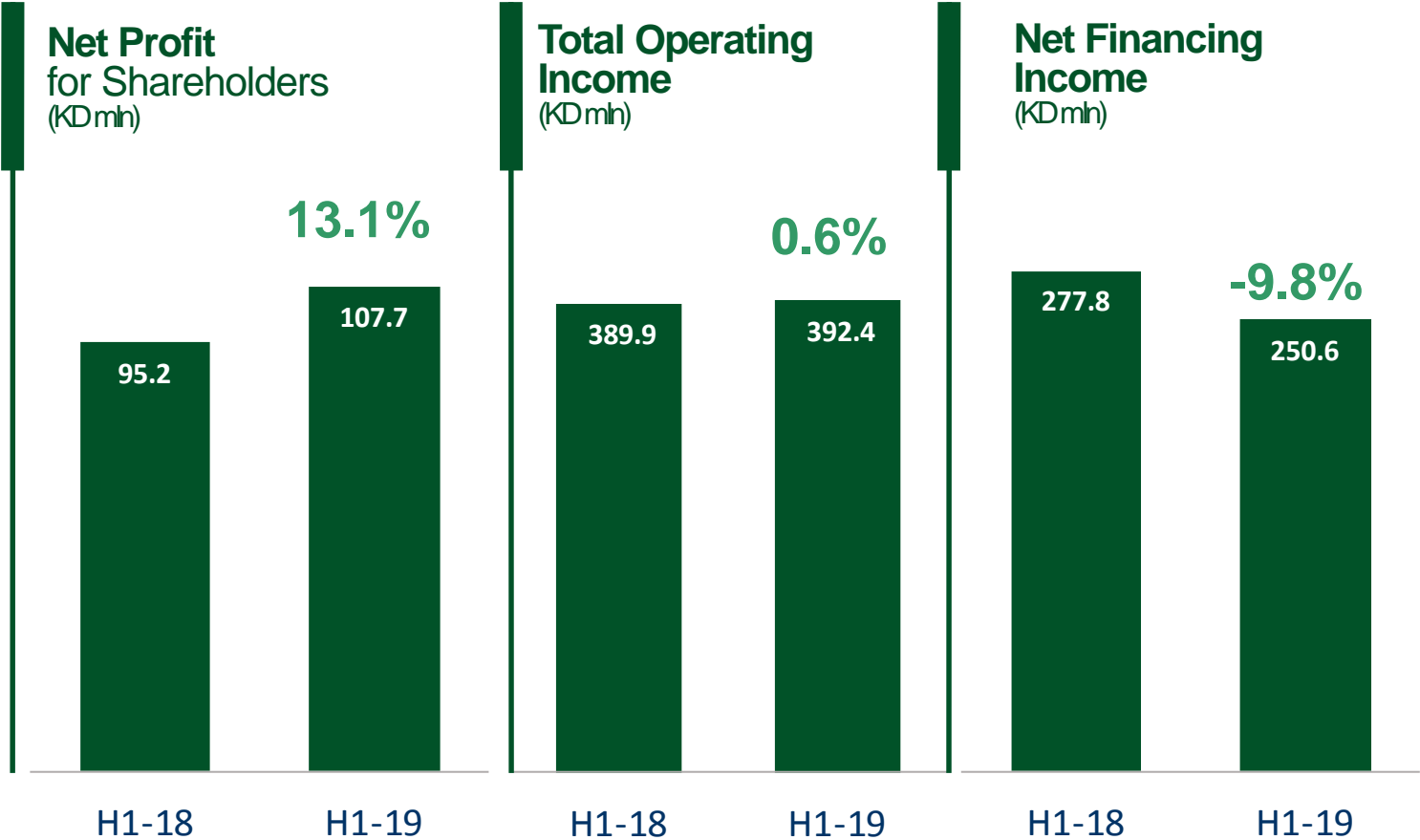
KFH's main focus is on core banking business activities. KFH's 3-year strategy is based on three main pillars



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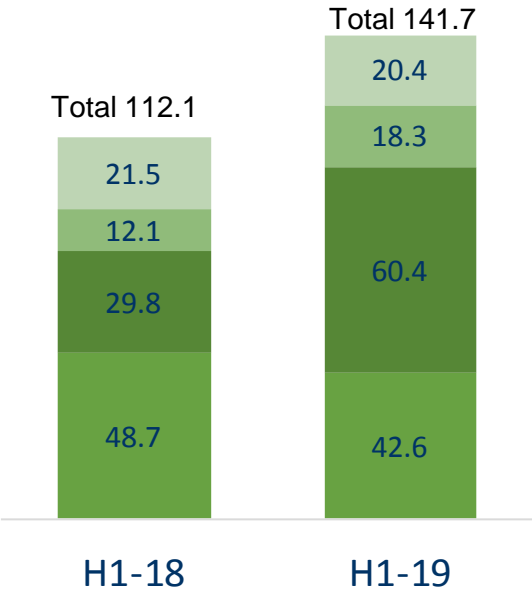
H1'19 Operating Performance



H1'19 Operating Performance

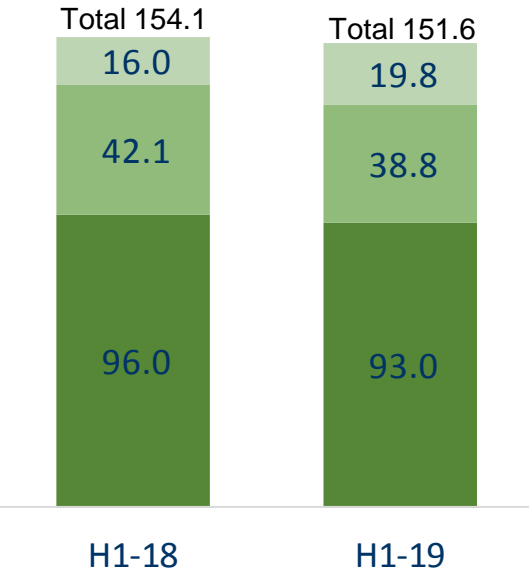
Non Financing Income (KD mn)

- Other income
- Net gain from foreign currencies
- Investment Income
- Fee and Commission Income

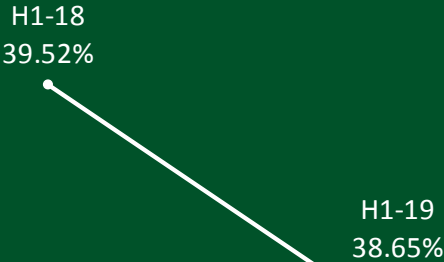


Total Operating Expenses (KD mn)

- Depreciation and amortization
- Other Operating expenses
- Staff costs



C/I Ratio

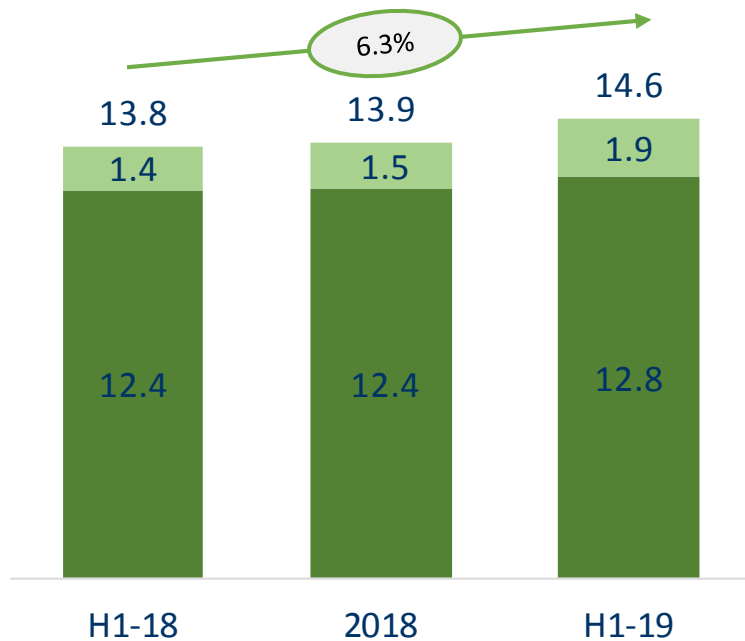


H1'19 Operating Performance

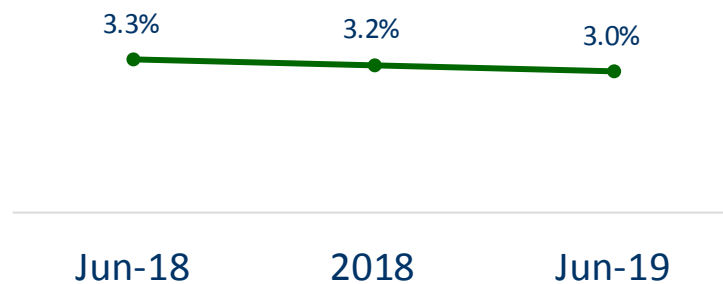
Average Profit Earning

Assets (KDBh)

- Avg Financing
- Avg Sukuk



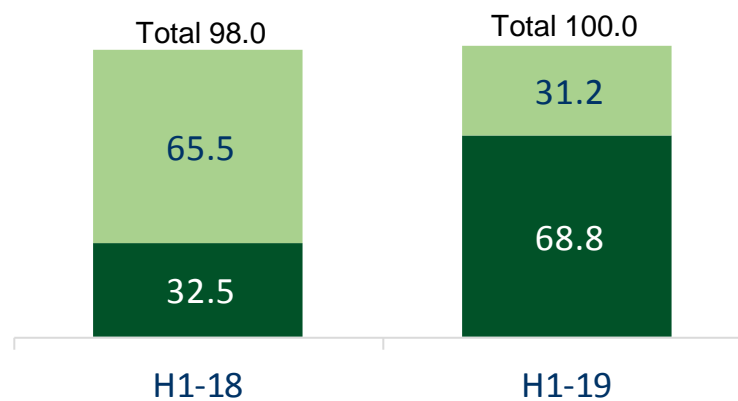
Net Financing Margin



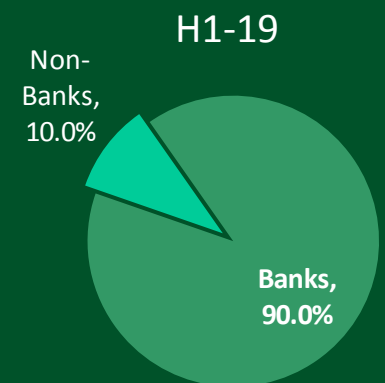
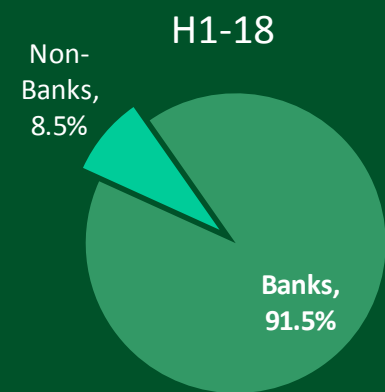
Provision and Impairment

(KD mln)

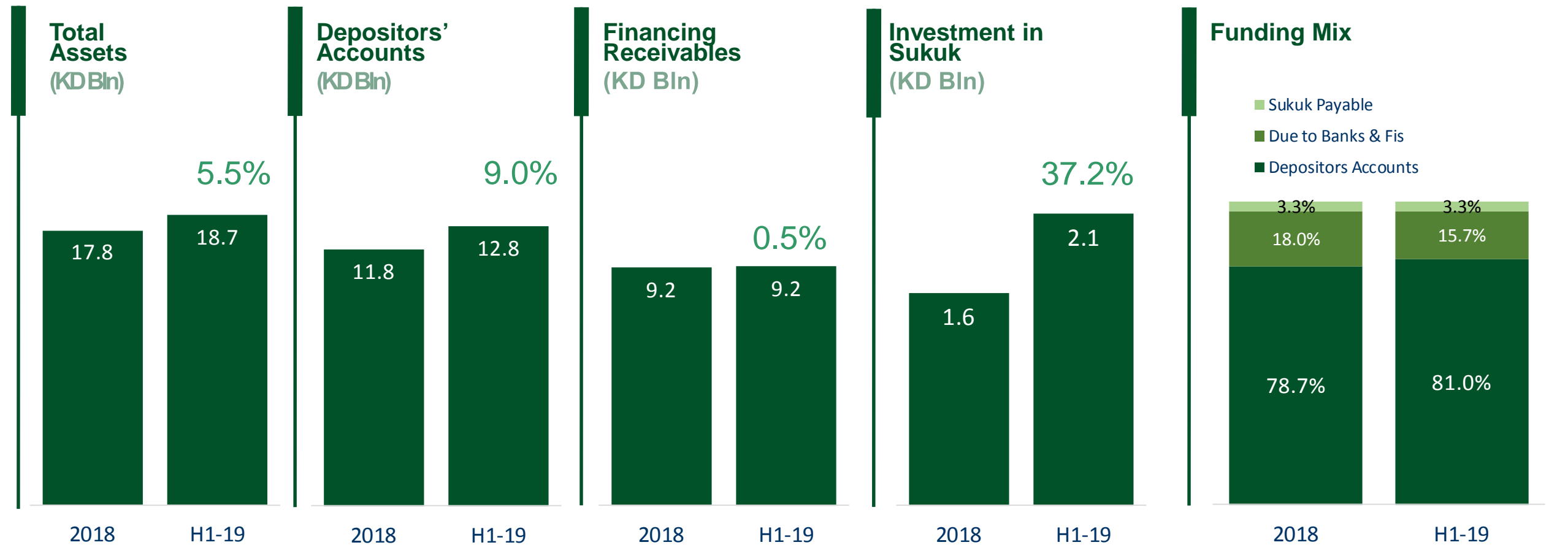
- Financing
- Others



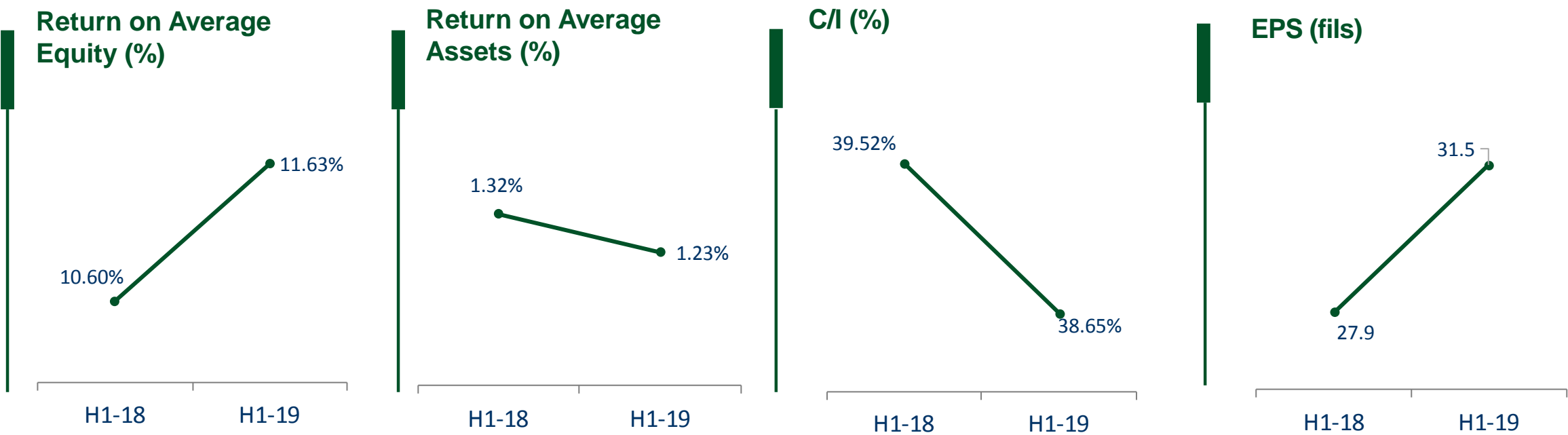
Net Operating Income Banks/ Non-Banks



H1'19 Operating Performance



H1'19 Operating Performance





Q&A



Appendix

H1'19 Consolidated Financials

Consolidated Statement of Income (KD million)	Jun-19	Jun-18
Financing income	461	424
Financing cost and estimated distribution to depositors	210	146
Net finance income	251	278
Investment income	60	30
Fees and commission income	43	49
Net gain from foreign currencies	18	12
Other income	20	21
Non-Financing Income	142	112
Tota Operating Income	392	390
Staff costs	93	96
General and administrative expenses	39	42
Depreciation and amortization	20	16
Total Expenses	152	154
Net Operating Income	241	236
Provisions and impairment	100	98
Loss for the period from discontinued operations	0	4
Profit for the Period Before Taxation	141	134
Taxation	29	20
Non-controlling interests	4	19
Profit Attributable to Shareholders of the Bank	107.7	95.2

Consolidated Statement of Financial Position (KD million)	Jun-19	Jun-18
Cash and balances with banks and financial institutions	1,508	1,435
Due from Banks	3,669	3,087
Financing receivables	9,237	9,484
Investment in sukuk	2,145	1,370
Trading properties	145	158
Investments	252	300
Investment in associates and joint ventures	507	491
Investment properties	477	514
Other assets	551	520
Intangible assets and goodwill	31	38
Property and equipment	225	207
Assets classified as held for sale	0	17
TOTAL ASSETS	18,747	17,622
Due to banks and financial institutions	2,492	2,414
Sukuk payables	530	517
Depositors' accounts	12,837	11,947
Other liabilities	828	769
Liabilities directly associated with assets classified as held for sale	0	3
TOTAL LIABILITIES	16,687	15,651
Share capital	698	634
Share premium	720	720
Treasury shares	(42)	(45)
Reserves	508	471
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHODERS OF THE BANK	1,884	1,780
Non-controlling interests	176	191
TOTAL EQUITY	2,060	1,971
TOTAL LIABILITIES AND EQUITY	18,747	17,622

H1'19 Key Performance Indicators

<i>Key Performance Indicators</i>	Jun-19	Jun-18
Return on Average Assets (ROAA)	1.23%	1.32%
Return on Average Equity (ROAE)	11.63%	10.60%
NFM	3.03%	3.30%
Cost to Income	38.65%	39.52%
Earnings Per Share (fils)	31.5	27.9
CET1 Ratio	14.92%	15.03%
Tier 1 Adequacy Ratio	15.37%	15.35%
Capital Adequacy Ratio	16.93%	17.10%

Consolidated Statement of Financial Position 2015 - 2018

Consolidated Statement of Financial Position (KD million)	2015	2016	2017	2018
Cash and balances with banks	1,600	1,495	1,262	1,381
Short-term murabaha	3,194	2,877	2,925	3,445
Financing receivables	8,095	8,176	9,216	9,189
Investments in sukuk	807	1,100	1,429	1,563
Trading properties	214	186	161	148
Investments	508	357	304	285
Investment in associates and joint ventures	535	469	464	499
Investment properties	580	591	554	490
Other assets	469	549	465	544
Intangible assets and goodwill	48	39	39	31
Property and equipment	264	216	214	195
Leasehold rights	180	0	0	0
TOTAL ASSETS	16,495	16,499	17,358	17,770
Due to banks and financial institutions	2,730	2,399	2,240	2,689
Sukuk payables	322,466	473	518	499
Depositors' accounts	10,756	10,717	11,597	11,780
Other liabilities	630	645	699	728
Liabilities directly associated with assets classified as held for sale	0	227	188	0
TOTAL LIABILITIES	14,439	14,461	15,242	15,696
Share capital	477	524	577	634
Share premium	720	720	720	720
Treasury shares	(50)	(49)	(45)	(44)
Reserves	487	450	436	356
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	1,779	1,810	1,872	1,894
Non-controlling interests	276	228	244	180
TOTAL EQUITY	2,055	2,039	2,116	2,074
TOTAL LIABILITIES AND EQUITY	16,495	16,499	17,358	17,770

Consolidated Statement of Income 2015 - 2018

Consolidated Statement of Income (KD million)	2015	2016	2017	2018
Financing income	695	718	741	862
Financing cost and distribution to depositors	263	283	296	335
Net finance income	432	435	445	527
Investment income	108	79	107	63
Fees and commission income	79	89	97	87
Net gain from foreign currencies	25	23	17	30
Other income	59	34	48	39
Non-Financing Income	271	225	268	219
Total operating income	703	660	713	746
Staff costs	172	174	188	178
General and administrative expenses	81	84	83	81
Depreciation and amortisation	78	37	35	33
Total Expenses	330	295	305	292
Net Operating Income	372	365	408	454
Provisions and impairment	184	157	163	163
Gain / (Loss) for the year from discontinued operations	22	(22)	0	0
Profit Before Tax and Zakat	211	186	245	291
Taxation and Proposed Directors' fees	21	24	30	27
Non-controlling interests	44	(3)	30	36
Profit Attributable to Shareholders of the Bank	146	165	184	227

YE'18 Key Performance Indicators

<i>Key Performance Indicators</i>	2017	2018
Return on Average Assets (ROAA)	1.3%	1.5%
Return on Average Equity (ROAE)	10.2%	12.5%
Cost to Income	42.8%	39.2%
Earnings Per Share (fils)	29.5	36.4
CET1 Ratio	15.4%	15.5%
Tier 1 Adequacy Ratio	16.0%	15.9%
Capital Adequacy Ratio	17.8%	17.5%



Investor.relations@kfh.com