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23 Sha'ban 1440  
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التاريخ: 28 إبريل 2019 م  
الموافق: 23 شعبان 1440 هـ  
الإشارة: 2019/200/10/10

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 1 / 2019**

الموضوع: إفصاح بيتك عن مؤتمر المحللين  
الربع الأول 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:

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

**KFH has conducted the Analysts Conference For Q 1 / 2019 through live broadcasting on internet (Live Webcast) at 2 p.m. on Thursday 25 April 2019.**

عقد بيتك مؤتمر للمحللين للربع الأول 2019 عن طريق بث مباشر على شبكة الإنترنت وذلك في تمام الساعة 2 بعد ظهريوم الخميس الموافق 25 إبريل 2019.

Attached is the Conference Minutes of Meeting and the Investors Presentation Q1 / 2019 for your reference. A copy of the same has been submitted to Capital Markets Authority.

مرفق محضر المؤتمر والعرض التقديمي للمستثمرين للربع الأول 2019، هذا وتم تزويد السادة / هيئة أسواق المال بنسخة منه.

Best Regards,

وتفضلوا بقبول فائق الإحترام.

**Abdulwahab I Al-Rushood**  
Acting Group CEO

عبدالوهاب عيسى الرشود  
الرئيس التنفيذي للمجموعة بالوكالة



بيت التمويل الكويتي  
Kuwait Finance House

**First Quarter 2019 – Kuwait Finance House Earnings Webcast Transcript**  
**25<sup>th</sup> of April, 2019 Time: 2.00 pm Kuwait Time**

**Speakers from Kuwait Finance House executive management:**

- Mr. Abdulwahab Al Roshood, Acting Group Chief Executive Officer, KFH
- Mr. Shadi Zahran, Group Chief Financial Officer, KFH
- Mr. Fahad Al-Mukhaizeem, Group Chief Strategy Officer, KFH

**Chairperson**

- Ahmed Al Shazly, EFG-HERMES.

**The beginning of the live webcast conference text:**

Good afternoon ladies and gentlemen and welcome to the Kuwait Finance House Q1 2019 results webcast. This is Ahmed El Shazly from EFG-Hermes and it is a pleasure to have with us on the call today:

Mr. AbdulWahab Al-Roshood, Acting Group CEO  
Mr. Shadi Zahran, Group CFO  
And Mr. Fahad Al-Mukhaizeem. Group Chief Strategy Officer

And we are also joined today by the following attendees from the following institutions:

- Fiera Capital
- CI Capital
- Moody's
- RWC Partners
- Capital Investments
- HSBC
- Arqaam Capital
- NBK Capital

In addition to other companies.

A warm welcome to everyone and thank you for joining us today.

We will start the call with the management presentation for the next 10 to 15 minutes, then this will be followed by the Q&A session. To ask a question, just type in your question on your screen at any time during the presentation and we will address it during the Q&A session.

I would also like to mention that some of the statements that might be made today may be forward looking. Such statements are based on the company's current expectations,

predictions and estimates there are no guarantees of future performance, achievements or results.

And now I will hand over the call to Mr. Fahad to start with the presentation.

Thank you.

### **Fahad Al Mukhaizeem:**

**Thank you, Ahmed, and good afternoon ladies and gentlemen. We are glad to welcome you to Q1 earnings call for Kuwait Finance House Group. I am Fahad Al-Mukhaizeem – Group Chief Strategy Officer. Today, we'll be covering highlights of the Kuwait operating environment with an overview on KFH. We'll also share with you KFH's strategy, as well Q1 results.**

The operating environment in Kuwait witnessed a remarkable improvement with high growth rates and high oil prices. Kuwait GDP growth is expected to exceed 4% in 2019 compared to 2.3% in 2018 with a limited inflation rate of less than 1%. The real estate market witnessed a noticeable stability during the first quarter this year, recording a trade growth rate by 4%. Kuwait Boursa trade value recorded unprecedented levels KD 1.9 Billion driven by capital inflows following Kuwait Boursa upgrade of on the FTSE Emerging Markets Index.

Fitch Ratings recently affirmed Kuwait's sovereign rating at AA. Standard & Poor's credit rating for Kuwait also stands at AA with Stable Outlook . As part of its strategy to support the development efforts, KFH continuously participates in financing major plans and infrastructure projects. In this regard, the bank funds several development projects in different sectors in Kuwait and outside. Also, KFH pays attention to supporting and developing the youth SMEs, opening new job areas, diversifying investment opportunities and attracting young people to the private sector as they represent important part of developing the national economy”.

KFH won Kuwait's Best Bank for Asia 2019 award from Asiamoney, a publication of the International Euromoney Group which confirm KFH's leadership and success in the Asian market also KFH won Best Trade Finance Provider in Kuwait 2019. This is another testimony to the quality of KFH products and services that strengthen its position as a world leading Islamic financial institution. Currently we have more than 500 branches in Kuwait and around the world.

KFH's has successfully launched digital transformation initiatives to suit the needs of key operational sectors to develop and manage their business efficiently as well as maximize its leadership and market share, in accordance with the best quality standards.

KFH has continued its efforts in Banking Technology in Q1 by implementing a Robotic Process Automation program an Artificial Intelligence Technology that streamlined its internal processes for customer financing transactions, thus increasing efficiency and reducing the processing time. Also, KFH implemented SKIPLINO which is an electronic queuing/booking system to improve the branch visit experience. Available now also at KFH.com, and soon via KFH Online, this service makes the banking services more accessible for customers at their own convenient time in addition to finding the least busy branches at the time. Meanwhile, KFH started operating an instant cross-border remittance service using RippleNet technology. It also upgraded its automotive platform [kfh.com/auto](http://kfh.com/auto) to encompass vehicles, marine equipment and motorcycles.

With this let me hand over the mic to our Acting Group CEO, Mr. AbdulWahab Al-Roshood.

**AbdulWahab Al-Roshood:**

Thank you, Fahad. Good day ladies and gentlemen. It's my pleasure to welcome you all to first quarter 2019 earnings call. First let me highlight the financial performance for Q1 2019:

KFH achieved a Net profit of KD 51.6 Million for the first quarter of 2019 for KFH shareholders compared to KD 44 Million for the same period last year with an increase of 17.4%.

Total Finance Income for the first quarter of the year reached KD 228.4 Million with a growth of 9.5% compared to the same period last year. Total Operating Income for the first quarter of the year reached KD 196.8 Million with a growth of 4.1%. The Net Operating Income reached KD 118.1 Million an increase of 7.1% compared to the same period last year.

The Earnings per share for the first quarter of 2019 reached 7.50 fils, compared to 6.39 fils for the same period last year with an increase of 17.4%.

The Financing Portfolio stabilized at KD 9.36 Billion, Total Assets reached KD 18.38 Billion with an increase of KD 612.4 Million or 3.4% compared to the end of last year. Depositors Accounts reached KD 12.299 Billion an increase of KD 518.6 Million or 4.4% compared to the end of last year.

KFH has achieved positive performance for the fifth consecutive year. Resulting from the core business, the operating profits reflected by the success of KFH's strategy set by the Board of Directors and skillfully followed up by the executive management. The profits came in line with KFH's plans and programs, economic developments and market movements. The results confirm KFH's feasible decisions to focus on its core business, exit of non-strategic investments, and deepen its global professional banking practices along with high commitment to regulations.

To expand the customer base, KFH opened Al- Qairawan Branch, its 62nd branch in Kuwait, while the branches dedicated for ladies increased to 45 branches. The benefits of the products, the banking accounts, have been increased. KFH launched unprecedented campaign for Al Rabeh account that offers a total of 54 KG in gold to 23 clients over one year. KFH continued to provide value-added awards through "Hesabi" account and enhanced the services and rewards of bank cards by launching the largest campaigns and awards in the banking sector. These improvements have increased card usages, promoting the e-payment methods, facilitating the fund transfer and raising retail sales.

With regards to KFH's sukuk issuances, the bank through KFH Capital, has recently succeeded in arranging two issuances worth of \$1.6 billion Sukuk for First Abu Dhabi Bank (FAB) and Dubai Islamic Bank (DIB), with a group of regional and international banks. This step confirms KFH Group's pioneering role in the Sukuk market and establishes Sukuk as a vital source of finance for governments, companies and major development projects. The extensive experience of KFH Group in the Sukuk issuance has positioned it as a trustworthy and highly recognized organization by major corporates and governments globally.

KFH is continuing with its priority of attracting the outstanding young national human resources elements and provide them with opportunities for the successful development of their professional capabilities and skills. KFH is presenting the best example in this national field affirming its continuous pursuit of supporting and strengthening the national manpower. KFH recently organized the largest Kuwaiti youth recruitment event where it hired 80 young Kuwaitis out of a total of 150 job applications.

KFH's ongoing prudential strategy boosted by its growth opportunities and its substantial market share requirements such national calibers in charge to become the consecutive generation to shoulder the responsibility in supporting the country's development process.

Regarding the potential Acquisition and Merger with AUB Bahrain, we have disclosed to the regulatory authorities and the market the latest developments in this regard, and there are no further updates at this time. All these disclosures were published through the official website of Kuwait Boursa and any new development will be updated as and when it comes available.

**Now, I will hand over the mic to Group's Chief Financial Officer, Mr. Shadi Zahran and he will present the financial results for the first quarter in details, and answer any of your questions afterwards. Thank you.**

Thank you AbdulWahab, Aslaam 'Alaikum ladies and gentlemen and good day for you all. It's my pleasure to present you the financial performance for the group of the first quarter 2019,

As you see, the Group has achieved Net Profit After Tax (NPAT) attributable to Shareholders for the period ended 31st March 2019 of KD 51.6mn higher by 17.4% compared to Q1 2018 of KD 44mn. It is worth to highlight that the profit before tax for the first quarter 2019 at KD 78.1mn was significantly higher than same period last year "by 33.7%" and that due to one off tax charge recorded in Malaysia of KD 11mn in Q1 2019. The recent change in the tax law in Malaysia impacted the deferred tax asset and took that impact in full in Q119.

Total Operating income at KD 196.8mn increased by KD 7.7mn or 4.1% (as compared to same period last year) the increase is mainly from Investment Income by KD 14.2mn, Net gain from foreign currencies by KD 2.3mn and Fees and Commission Income by KD 0.8mn.

The increase in investment income is attributable to early closure of divestments compared to last year which increases the contribution of investment income to total operating income to reach 13% vs. 6% last year while keep the other non-financing income contribution at 21.9% compared to 20.9% last year.

With regards to total Financing Income, it has increased by 9.5% from KD 208.6mn to KD 228.4mn however due to increase in COF which started to reflect in the second half of 2018 the NFI decreased 7.3% as compared to Q1-18. However, improved by 4.7% as compared to last quarter in 2018.

Total Operating Expenses at KD 78.7mn has marginally decreased by KD (0.1)mn or (0.1)%. Group efforts towards cost optimization and rationalization has resulted in the containment of costs despite expansion of Banking Business and inflationary conditions seen in some jurisdictions where the group operates.

Net Operating income at KD 118.1mn increased by KD 7.8mn or 7.1% compared to Mar-18 and cost to income ratio remained stable at 39.98% as compared to the full year 2018 and lower than same period last year first quarter 2018 which was at 41.67%

Thus displaying an improved efficiency in total operating income and optimized total operating expenses.

Furthermore, at KFH-Kuwait, C/I ratio remains at 33.5% which is below both the local Islamic Banks average of 40.8% and local conventional Banks average of 35.2% (calculated from published financials for 2018).

Average Profit Earning Assets is up by 5.4% compared to March 2018, maintaining the growth momentum of yielding assets for the past two years.

Group NFM at 3.04% shows a 14bps decrease over 2018 of average 3.18% and marginally higher than Q4 2018. Group average yield improved in line with increase in local and international profit rates. However, as mentioned earlier the COF is higher as compared to Q118 on account of KFH increased profitability.

Total group provisions and impairment charge reduced to reach KD 40mn or 15.9%, the reduction is mainly from the decrease in the investments and others impairment charge from KD 31.9mn to KD 17.6mn on account of conservative impairment charges recorded last year for certain properties in GCC.

Operating Profit from banking activities is at 90.0% of total Operating income of the Group in Q1-19. However, if we were to remove the one-offs from non-core income and tax charge, the ratio would improve to 94% in line with overall Group Strategy focusing on banking operations.

Total Assets at KD 18.4bn increased by KD1.0bn or 5.8% over 12 months period (Mar-19 vs. Mar-18) despite TL devaluation. Similarly on Deposits.

Financing receivables at KD 9.4bn remains at the same level of the year end. Growth without TRL devaluation is KD 0.7bn or 7.7% as compared to March 2018 and 0.6% as compared to December 2018. Growth in financing receivables contributed from Kuwait and international banking entities and from both retail and corporate business.

On the other side of the balance sheet we've achieved an outstanding growth in deposits during the first quarter of KD 518.6mn or 4.4% with high contribution from international banking operations reflecting the results of investments made in digitalization and depositors confidence in KFH group. Additionally, the favorable funding mix continues to show stickiness in CASA deposits which forms 45.2% of total group deposits as at the end of Q1 2019.

Customer deposits as a percentage of total deposits at 79.6% remains at a the same level of healthy funding mix and shows robust liquidity. It is worth to mention that KFH Kuwait dominates the market in saving accounts at 42.3% (as per CBK latest published reports, Feb-19).

Looking at the performance ratios in the last slide looking at the key performance ratios, the group has improved in all aspects as compared to last year same period

- ROAE moved from 9.77% to 11.26%
- ROAA from 1.2% to 1.38%

- C/I from 41.67% to 39.98%, and
- EPS from 6.4 fils to 7.5 fils for Q119

Additionally, the NPL ratio (as per CBK calculation) stood at 1.88% in Mar-19 compared to 2.77% in Mar-18 and 1.99 in December 2018 and the significant improvement in cost of risk is actual reflection to the cost improvement, recoveries, and write-offs while maintaining very healthy coverage.

With regards to coverage ratio (provision) for Group is 199% in Mar-19 (2018: 191%) and coverage ratio (provision + collateral) for Group stood at 258% in Mar-19 as compared to the same level (2018: 247%).

With that concludes my part, thank you.

Ahmed: To ask a question

**Questions and Answers:**

**Q1 –** What caused the decline in the impairments in Q1 – 2019? Was this driven by a decline in credit impairments or investment impairments? Also, is the decline coming from Kuwait or other international operations?

**Vikram Viswanathan – NBK Capital**

Shadi: As I think mentioned in the presentation, the decline is from the investments impairments and that was due to mainly the last year, the first quarter... the conservative provision or impairment that the group recorded on the certain GCC legacy properties that was in the first quarter and also second quarter in 2018.

**Q2 -** What was the growth in the Kuwait loan book on YoY and QoQ basis. How much did Kuwait contribute towards gross loan at the end of Q1 – 2019?

**Rajat Bagchi – NBK Capital**

Shadi : The loan book for the group actually... we have it and we mention it for the Kuwait, I can tell as per to the market from CBK published reports we are marginally higher than the market but the contribution as I mentioned from the loan book came from all subsidiaries, all banking subsidiaries with no exception.

**Q3 –** Could you please comment on the performance of Turkey?

**Rajat Bagchi – NBK Capital**

Shadi: Turkey is still contributing the same level to the group... their performance is improving as well... the cost of risk we would witness some increase and that's in line with the market, however, we're still maintaining our position the 2<sup>nd</sup> lowest NPL in the market.



**Q4** – Given the changes in tax laws in Malaysia, does this change the effective tax rate for the company?

**Vikram Viswanathan – NBK Capital**

Shadi: Malaysia recently, enacted a law for Tax that actually effects the carry-forward of losses, it was unlimited number of years and now they limited it for 5 years and that impacts as you know differed tax asset and we took that completely at the group level and it's a one-off and that is not expected to have this charge again.

**Q5** – Questions about AUB-merger and acquisition

**Fiera Capital, HSBC and others**

Shadi: With regards to merger and acquisition as mentioned by Mr. Abdulwahab... everything is disclosed in the market... as well as to the regulators and we don't have any other updates. Once we have updates it will be disclosed in the market.

Ahmed: *We are approaching the end of the allocated time for the call. We are going to take just one more last question.*

**Q6** – Is there a general earnings guidance you can share for 2019?

Shadi: I can tell that the first quarter came better than the planned and budgeted and we expect insha' Allah to keep the same momentum for the growth for the whole year and its better, as you noted, than last year first quarter same period.

Ahmed: Okay, so we are approaching the end of the allocated time for the call, so we are going to conclude the call at this point. If you have any further questions -- okay, we have one last question from Vikram.

**Q7** – Does the guidance for group cost of risk remain at 1%?

Shadi: Yes, it does at group level, it does.

Ahmed: Ok, so this concludes our call. I would like to thank everyone for joining our call and if you have any more questions please send them to [investor.relations@kfh.com](mailto:investor.relations@kfh.com), so again thanks everyone and thank you to the Management.

So you may now disconnect. Thank you.

END OF WEBCAST

بيت التمويل الكويتي  
Kuwait Finance House



# Q1-19

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## Earnings Presentation

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April 25<sup>th</sup>, 2019

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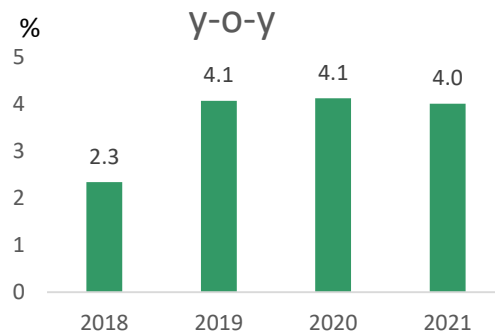
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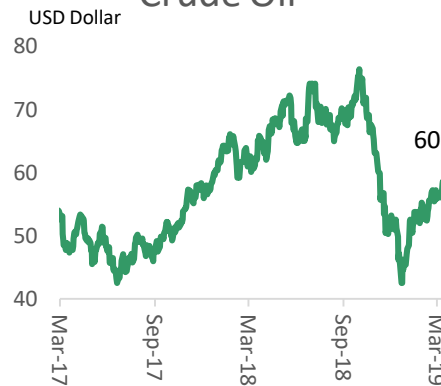
# Economic Highlights

## GDP Constant Price, %



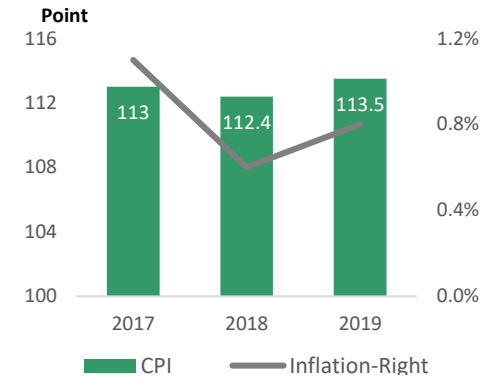
Source: IMF, KFH

## Crude Oil



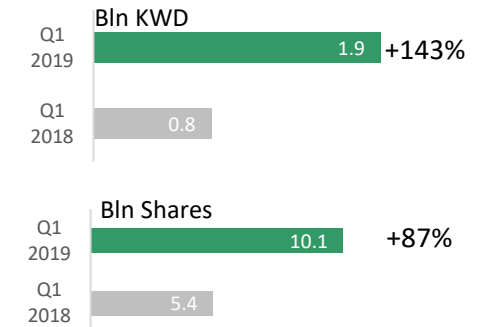
Source: Energy Information Administration

## Inflation



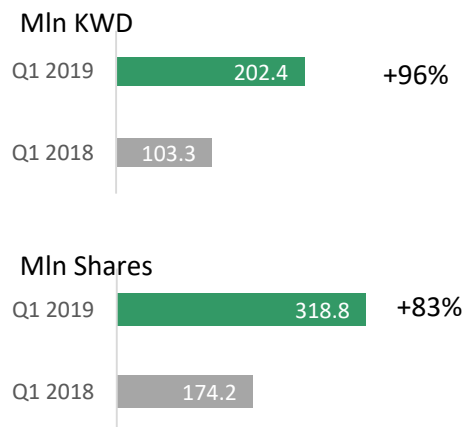
Source: www.csb.gov.kw, KFH

## Boursa Kuwait Total Traded Shares



Source: Boursa Kuwait, KFH

## KFH Total Traded Shares



## Economic Highlights

- Crude Oil price closed at USD 60 p/b in Q1 2019 i.e. higher by 32% QTQ while less by 7% YTY.
- Moody's credit rating for Kuwait was last set at Aa2 with stable outlook. While Fitch rating was AA with stable outlook.
- The Central Bank of Kuwait has maintain its key discount rate steady at 3% since the end of Q1 2018.
- 164 strategic programs structured In Kuwait in seven sectors, targeted Investment approximates \$100bn between 2017-2021, of which \$15bn was scheduled to be spent in the fiscal year 2017/18.
- The real estate sector's sales value increased by 4% to reach KWD865 mln during Q1-2019 compared to the same period in 2018.

# KFH Overview

Kuwait

**1st**

And largest Sharia'-  
Compliant bank in Kuwait

Regional

**Safest**

Islamic Financial  
Institution in the GCC

\* According to Global Finance  
Magazine

Global

**1st**

Islamic bank in Germany



# KFH Overview

“A widely geographically diversified banking group in mature and emerging markets”

## Germany

5 Branches

1<sup>st</sup> Islamic bank

- 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

## Turkey

418 Branches

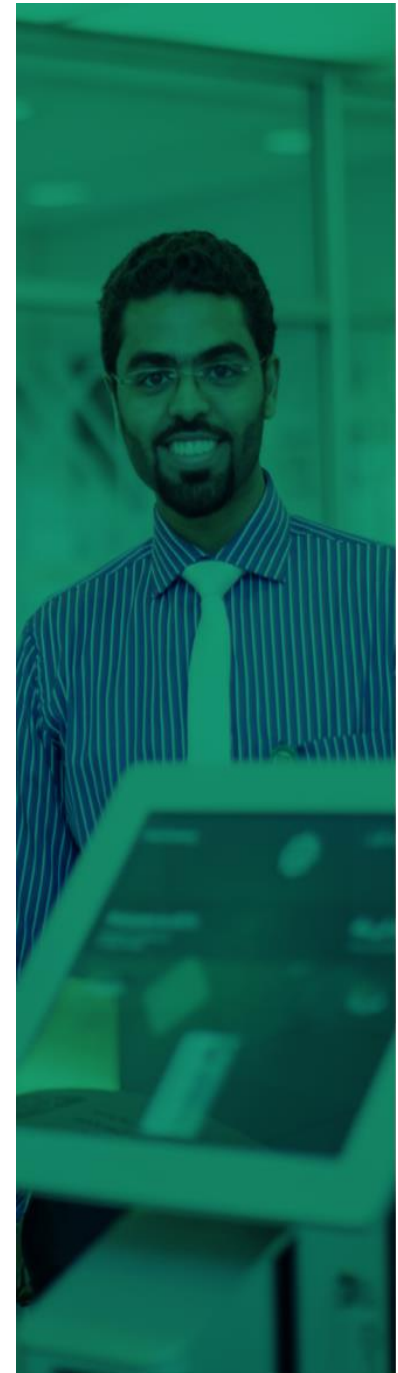
- Retail Banking
- Wealth Management and Personal Banking
- Corporate Banking



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			
Solid profit margins and improving efficiency	"Islamic Bank of the Year - Middle East"				Reduce non-core assets

# Business Highlights



## USD 10.7 Billion Sukuk Issuances

KFH was placed as the “Top Primary Dealer” for IILM Sukuk Program.

## USD 1.6 Billion Syndicated Sukuk

Through “KFH Capital”, in favor of First Abudhabi Bank and Dubai Islamic Bank.

### Products and Services “Digital Focused”

- Activated the first Robot service in Kuwait to cope with the most advanced global technologies (Robots)“.
- KFH launched Skiplino service, the first of its kind, to reserve appointments for branch visits through smart phones.
- Upgraded the electronic platform “kfh.com/cars” to include motorcycles, boats and marine equipment.

### Awards in Q1 2019

- Best Trade Finance Provider in Kuwait 2019 award - Global Finance.
- Best Islamic Bank in Kuwait 2018 award --IFN.
- Best Islamic bank in Kuwait 2018 award - emeafinance.

### Corporate Social Responsibility

- Sponsored international inventions fare “Inventor-Investor Meeting”.
- Signed partnership Agreement with COFE App.
- Participated in the job opportunity fare, Economy Makers fare, job fare at GUEST, admission fare at the applied education Institute.
- Organized an integrated training program for KPC employees.
- Presented a seminar about Kuwait Boursa to GUST students through KFH- Capital.
- Recruited 200 Kuwaiti employees from both genders.
- Organized an integrated campaign to celebrate Kuwait national festivals.

# Q1'19 Financial Highlights

Net Profit  
for Shareholders

**KD 51.6 m**

+17.4%

Total Financing  
Income

**KD 228 m**

+9.5%

Total Operating  
Income

**KD 196.8 m**

+4.1%

Cost to Income Ratio

**39.98%**

*Improved by 169 bps*

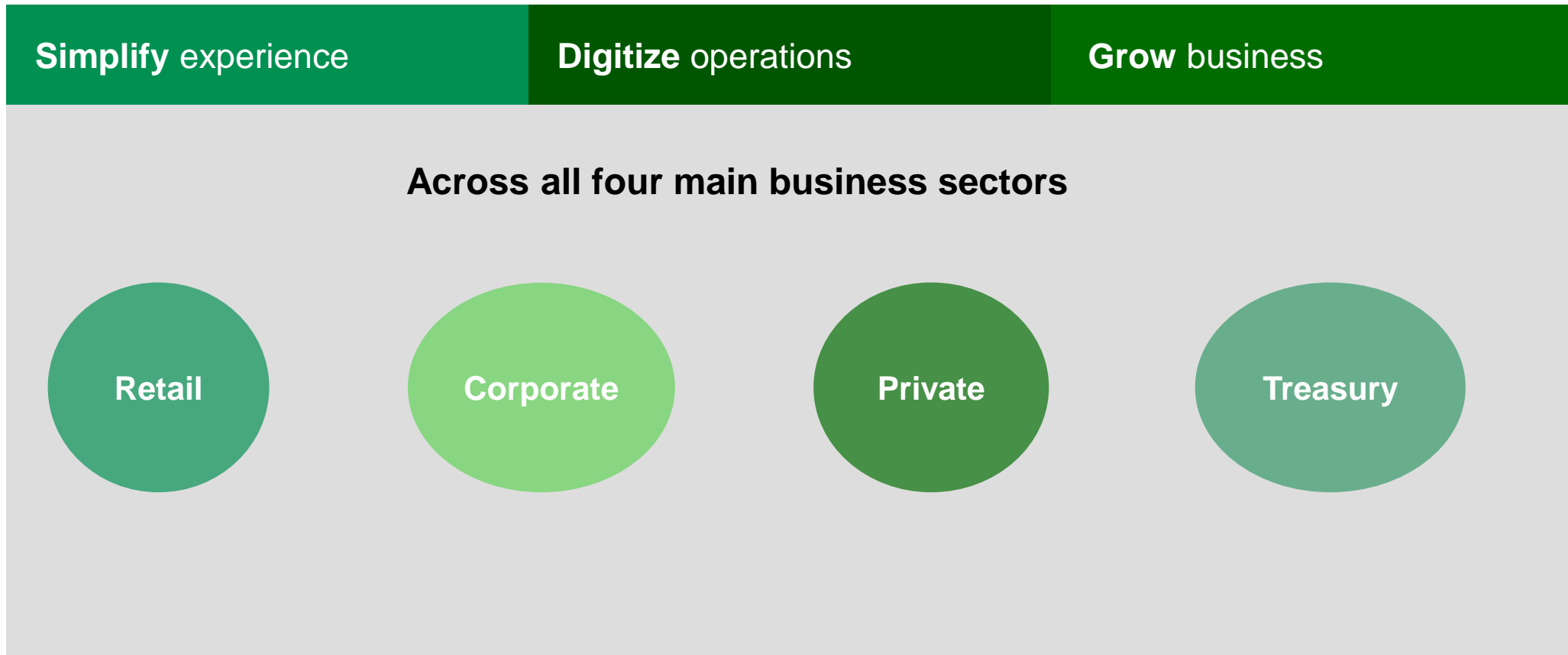
EPS (fils)

**7.5**

*+1.1bps (Q1-18: 6.4fils)*

# KFH Strategy

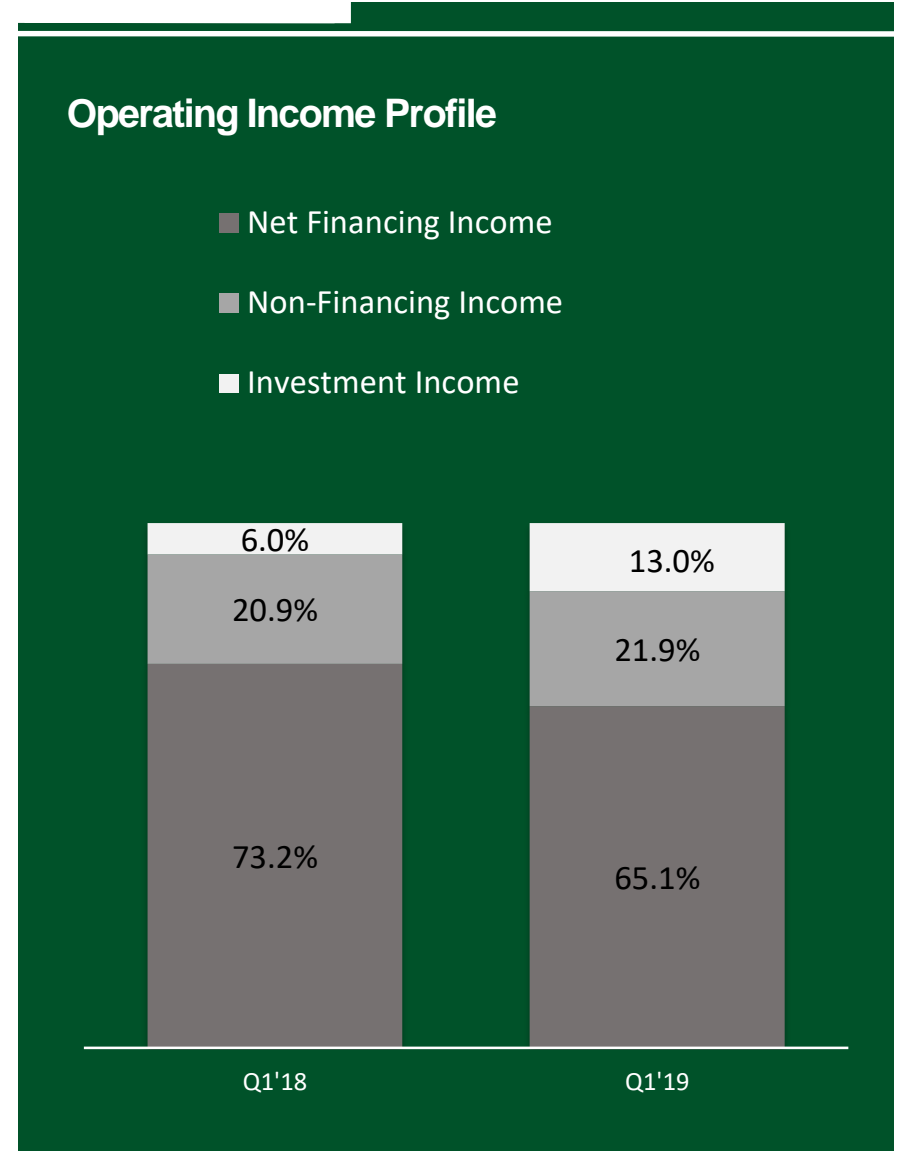
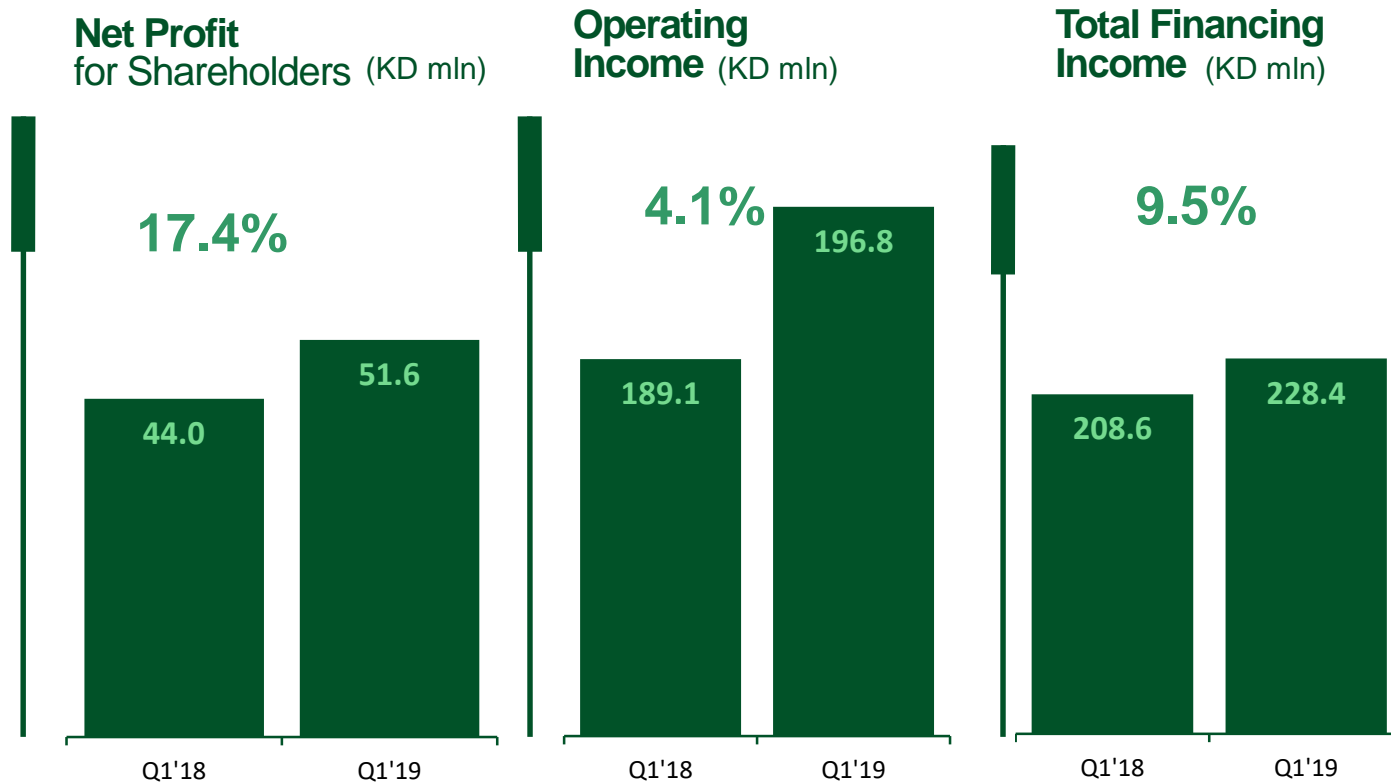
KFH's main focus is on core banking business activities. KFH's 3-year strategy is based on four main pillars



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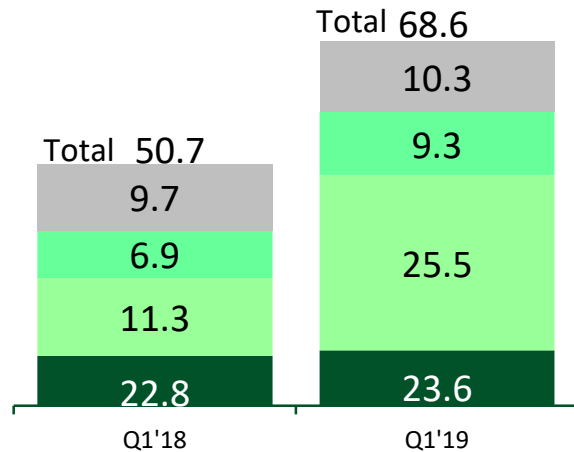
# Q1'19 Operating Performance



# Q1'19 Operating Performance

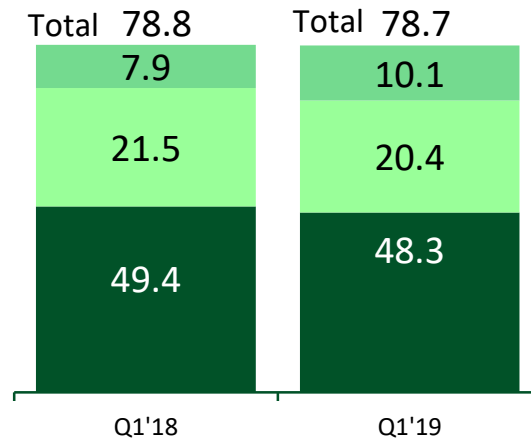
## Non Financing Income (KD mln)

- Other Income
- Net gain from foreign currencies
- Investment Income
- Fees and Commission Income

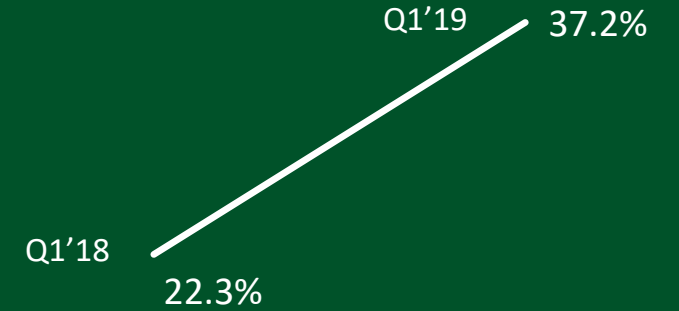


## Total Operating Expenses (KD mln)

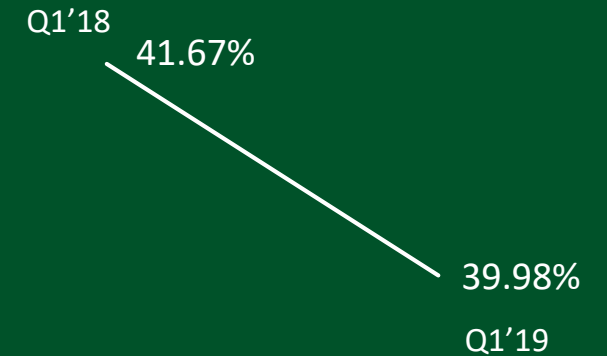
- Depreciation and amortization
- Other Operating expenses
- Staff Cost



## Investment Income as % of Non-Financing Income



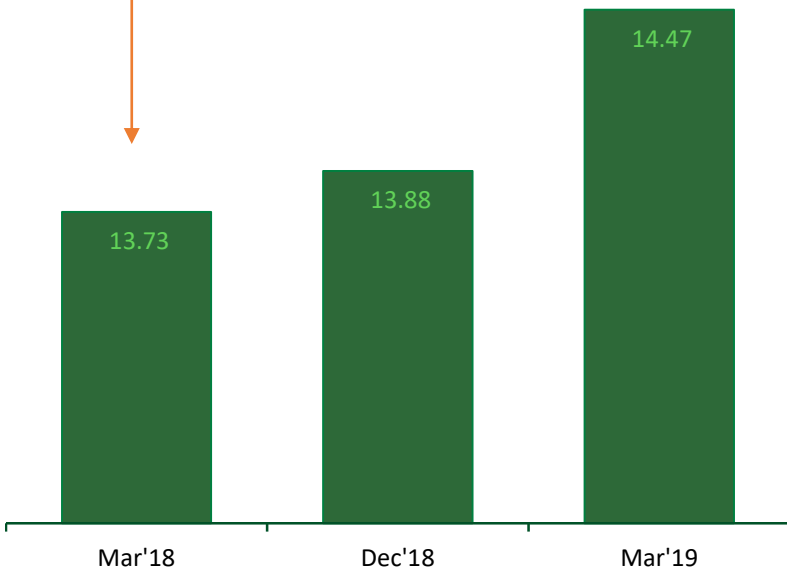
## C/I Ratio



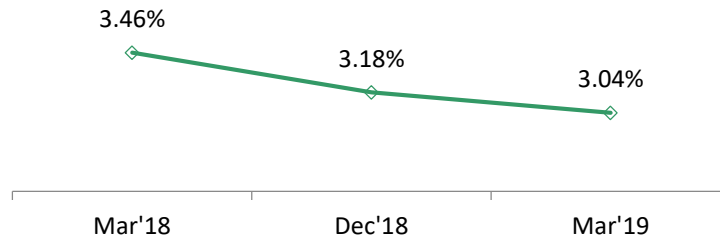
# Q1'19 Operating Performance

Average Profit Earning Assets (KDBh)

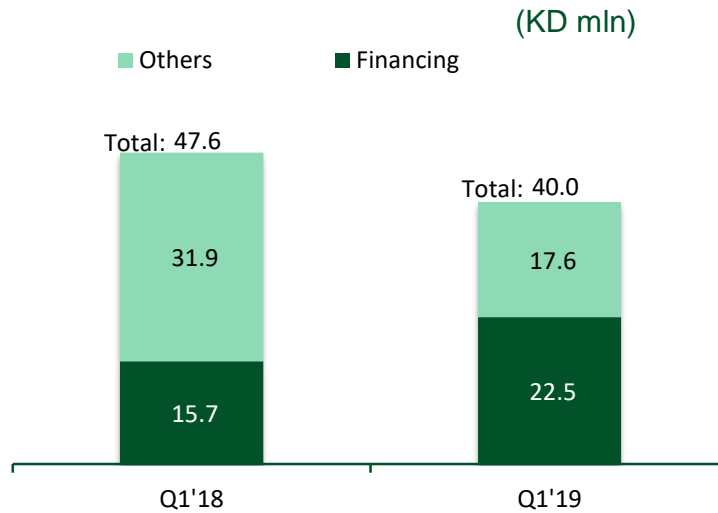
5.4%



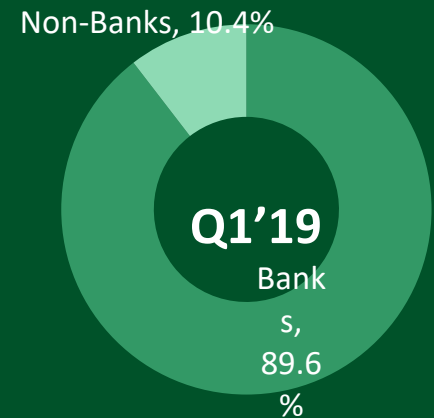
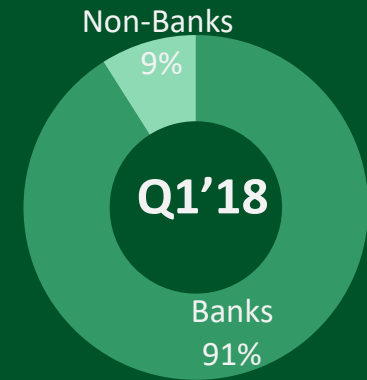
Net Financing Margin



Provision and Impairment (KD mln)



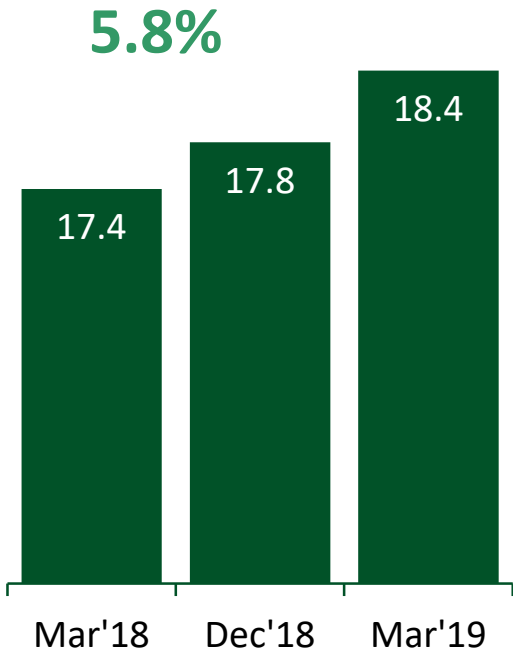
Operating Profit-Banks/ Non-Banks



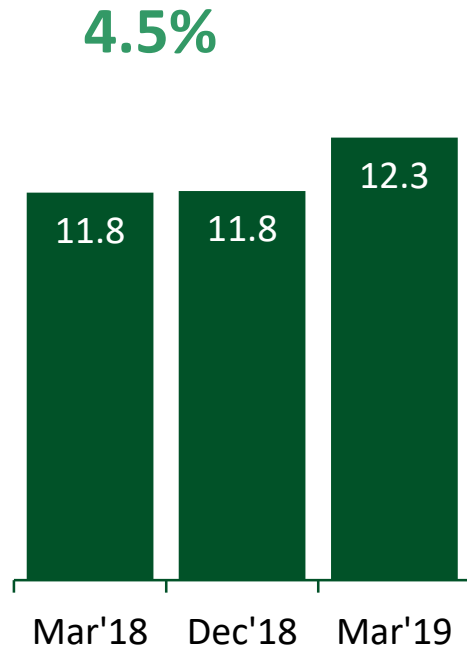


# Q1'19 Operating Performance

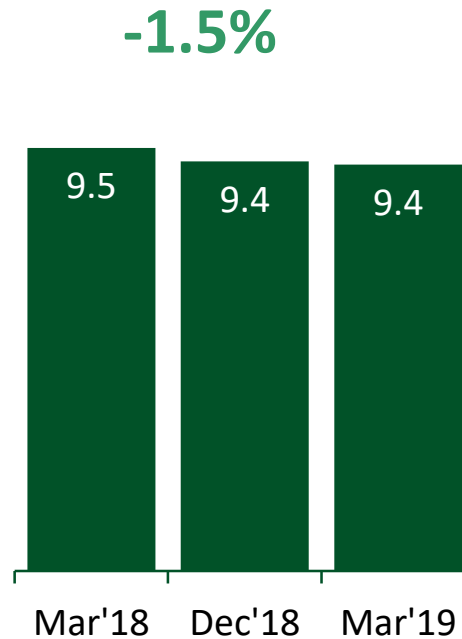
**Total Assets**  
(KDBln)



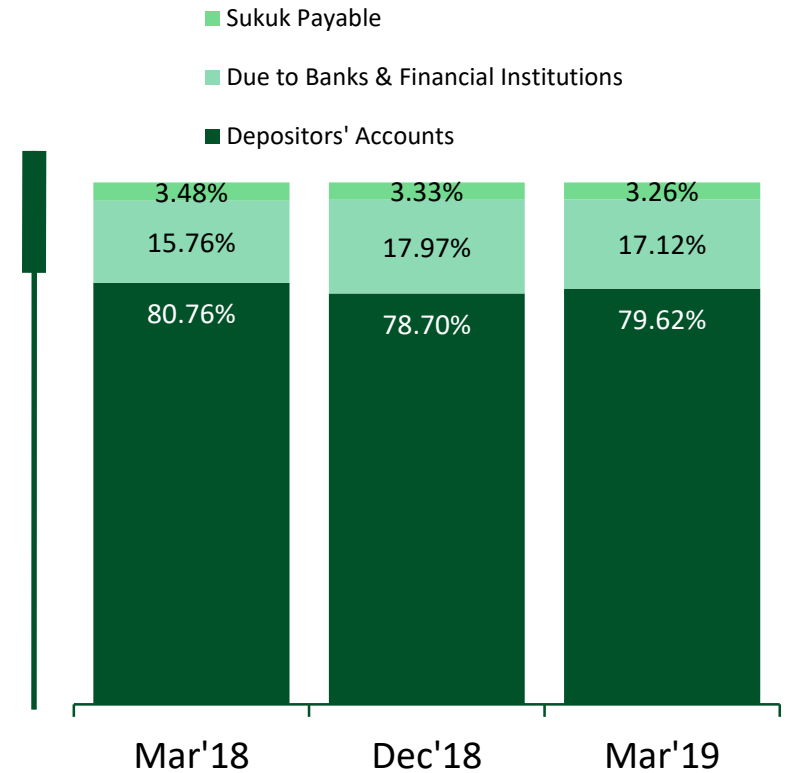
**Depositors' Accounts**  
(KDBln)



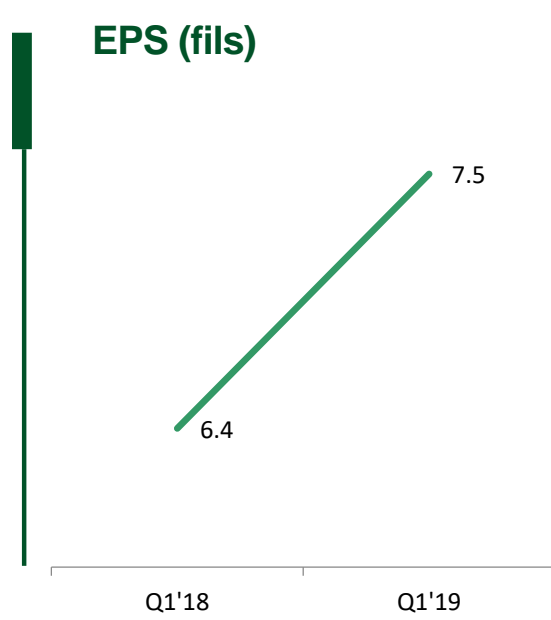
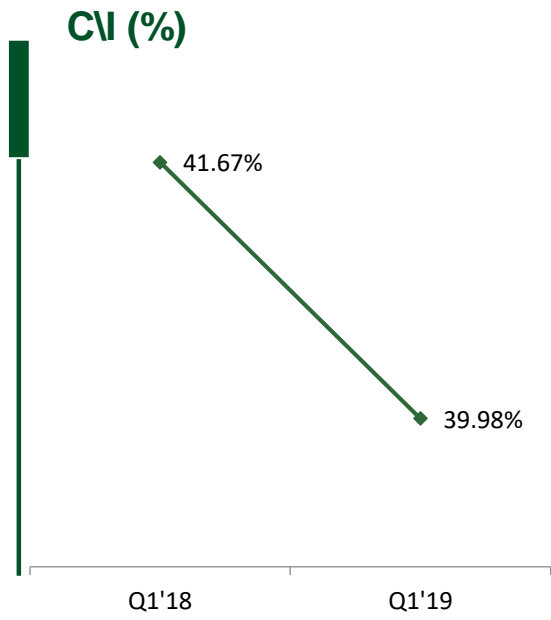
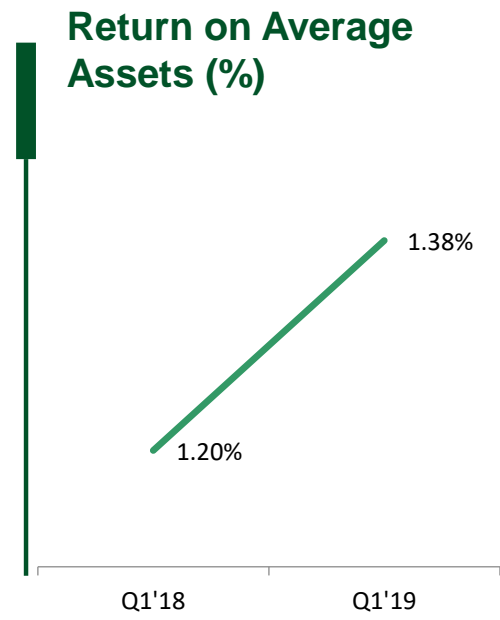
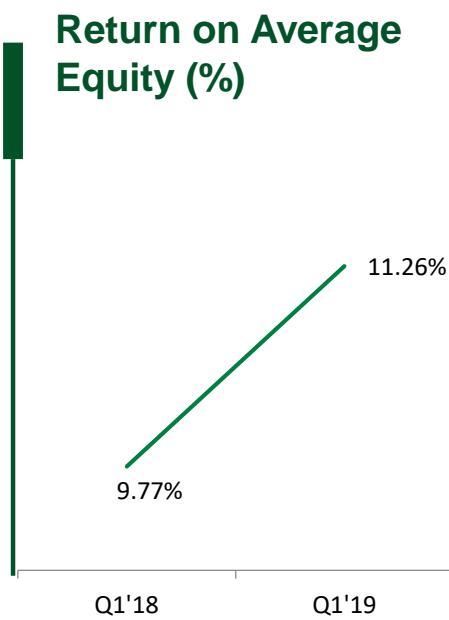
**Financing Receivables**  
(KD Bln)



**Funding Mix**



# Q1'19 Operating Performance



The background features a complex network of thin, light gray lines that intersect at various points, creating a series of overlapping triangles and quadrilaterals. The lines are oriented in several different directions, including horizontal, vertical, and diagonal, contributing to a modern, architectural aesthetic.

**Q&A**

The background features a complex network of thin, light gray lines that intersect at various points, creating a series of overlapping geometric shapes and triangles. The lines are thin and extend across the entire frame.

**Appendix**

# Q1'19 Consolidated Financials

Consolidated Statement of Income (KD million)	Mar-19	Mar-18
Financing income	228	209
Financing cost and estimated distribution to depositors	100	70
<b>Net finance income</b>	<b>128</b>	<b>138</b>
Investment income	26	11
Fees and commission income	24	23
Net gain from foreign currencies	9	7
Other income	10	10
<b>Non-Financing Income</b>	<b>69</b>	<b>51</b>
<b>Tota Operating Income</b>	<b>197</b>	<b>189</b>
Staff costs	48	49
General and administrative expenses	20	22
Depreciation and amortization	10	8
<b>Total Expenses</b>	<b>79</b>	<b>79</b>
<b>Net Operating Income</b>	<b>118</b>	<b>110</b>
Provisions and impairment	40	48
Loss for the period from discontinued operations	0	4
<b>Profit for the Period Before Taxation</b>	<b>78</b>	<b>58</b>
Taxation	17	7
Non-controlling interests	10	7
<b>Profit Attributable to Shareholders of the Bank</b>	<b>51.6</b>	<b>44.0</b>

Consolidated Statement of Financial Position (KD million)	Mar-19	Mar-18
Cash and balances with banks and financial institutions	1,388	1,231
Short-term murabaha	3,333	3,006
Financing receivables	9,358	9,497
Investment in sukuk	2,055	1,395
Trading properties	146	159
Investments	269	306
Investment in associates and joint ventures	494	480
Investment properties	487	537
Other assets	599	485
Intangible assets and goodwill	32	38
Property and equipment	221	214
Assets classified as held for sale	0	17
<b>TOTAL ASSETS</b>	<b>18,383</b>	<b>17,364</b>
Due to banks and financial institutions	2,644	2,296
Sukuk payables	503	508
Depositors' accounts	12,299	11,764
Other liabilities	922	822
Liabilities directly associated with assets classified as held for sale	0	2
<b>Total Liabilities</b>	<b>16,368</b>	<b>15,391</b>
Share capital	698	634
Share premium	720	720
Treasury shares	(44)	(45)
Reserves	448	462
<b>Total Equity Attributable to the Shareholders of the Bank</b>	<b>1,822</b>	<b>1,772</b>
Non-controlling interests	193	201
<b>Total Equity</b>	<b>2,014</b>	<b>1,973</b>
<b>Total Liabilities and Equity</b>	<b>18,383</b>	<b>17,364</b>

# Q1'19 Key Performance Indicators

<i>Key Performance Indicators</i>	Mar-19	Mar-18
Return on Average Assets (ROAA)	1.38%	1.20%
Return on Average Equity (ROAE)	11.26%	9.77%
NFM	3.04%	3.46%
Cost to Income	39.98%	41.67%
Earnings Per Share (fils)	7.5	6.4
CET1 Ratio	15.05%	15.42%
Tier 1 Adequacy Ratio	15.51%	15.74%
Capital Adequacy Ratio	17.05%	17.49%

# 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
<b>Net finance income</b>	<b>432</b>	<b>435</b>	<b>445</b>	<b>527</b>
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
<b>Non-Financing Income</b>	<b>271</b>	<b>225</b>	<b>268</b>	<b>268</b>
<b>Total operating income</b>	<b>703</b>	<b>660</b>	<b>713</b>	<b>746</b>
Staff costs	172	174	188	178
General and administrative expenses	81	84	83	81
Depreciation and amortisation	78	37	35	33
<b>Total Expenses</b>	<b>330</b>	<b>295</b>	<b>305</b>	<b>292</b>
<b>Net Operating Income</b>	<b>372</b>	<b>365</b>	<b>408</b>	<b>454</b>
Provisions and impairment	184	157	163	163
Gain / (Loss) for the year from discontinued operations	22	(22)	0	0
<b>Profit Before Tax and Zakat</b>	<b>211</b>	<b>186</b>	<b>245</b>	<b>291</b>
Taxation and Proposed Directors' fees	21	24	30	27
Non-controlling interests	44	(3)	30	36
<b>Profit Attributable to Shareholders of the Bank</b>	<b>146</b>	<b>165</b>	<b>184</b>	<b>227</b>

# Consolidated Statement of Financial Position 2015 - 2018

Consolidated Statement of Financial Position (KD million)	2015	2016	2017	2018
Cash and balances with banks and financial institutions	1,600	1,495	1,262	1,381
Short-term murabaha	3,194	2,877	2,925	3,248
Financing receivables	8,095	8,176	9,216	9,385
Trading properties	214	186	161	148
Investments	508	357	304	285
Investments In Sukuk	807	1,100	1,429	1,563
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
Assets classified as held for sale	0	445	324	0
<b>Total Assets</b>	<b>16,495</b>	<b>16,499</b>	<b>17,358</b>	<b>17,770</b>
Due to banks and financial institutions	2,730	2,399	2,240	2,689
Sukuk payable	322	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
<b>Total Liabilities</b>	<b>14,439</b>	<b>14,461</b>	<b>15,242</b>	<b>15,696</b>
Share capital	477	524	577	634
Share premium	720	720	720	720
Treasury shares	(50)	(49)	(45)	(44)
Reserves	487	450	466	357
Current period income	146	165	184	227
<b>Total Equity Attributable to the Shareholders of the Bank</b>	<b>1,779</b>	<b>1,810</b>	<b>1,872</b>	<b>1,894</b>
Non-controlling interests	276	228	244	180
<b>Total Equity</b>	<b>2,055</b>	<b>2,039</b>	<b>2,116</b>	<b>2,074</b>
<b>Total Liabilities and Equity</b>	<b>16,495</b>	<b>16,499</b>	<b>17,358</b>	<b>17,770</b>



# 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%	12.4%
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%

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