



Date: 13 August 2020  
23 Zu al-Hijjah 1441  
Ref: 10 / 10 / 263 / 2020

التاريخ: 13 أغسطس 2020  
الموافق: 23 ذو الحجة 1441 هـ  
الإشارة: 10 / 10 / 263 / 2020

To: Chief Executive Officer

Boursa Kuwait

Peace, Mercy and Blessings of Allah be upon you,

السيد/ الرئيس التنفيذي

بورصة الكويت

السلام عليكم ورحمة الله وبركاته

Subject: Disclosure of Material Information

Analysts Conference  
Q 1 / 2020 and Q 2 / 2020

الموضوع: الإفصاح عن المعلومات الجوهرية

مؤتمر المحللين

الربع الأول 2020 والثاني 2020

In reference to the above, and in line with Kuwait Finance House 'KFH' interest in adhering to Boursa Kuwait Role Book Article (7-8-1/3) regarding the Listed Companies Obligations (Analysts Conference), KFH would like to report the following:

- KFH has conducted the Analysts Conference for Q 1 / 2020 and Q 2 / 2020 through live broadcasting on internet (Live Webcast) at 2 p.m. on Monday 13 August 2020. There was no other material information had been discussed during the conference.
- KFH will disclose the Conference Minutes of Meeting within 3 working days after the conference.
- Attached is the Investors Presentation Q 1 / 2020 and Q 2 / 2020 for your reference. A copy of the same has been submitted to Capital Markets Authority.

بالإشارة إلى الموضوع أعلاه، وحرصاً من بيت التمويل الكويتي "بيتك" على الالتزام بمتطلبات المادة (7-8-1/3) من كتاب قواعد البورصة بشأن إلزامات الشركات المدرجة (الإفصاح عن مؤتمر المحللين)، نود الإفادة بما يلي:

- عقد بيتك مؤتمر المحللين للربع الأول 2020 والربع الثاني 2020 عن طريق بث مباشر على شبكة الإنترنت وذلك في تمام الساعة 2 من بعد ظهر يوم الخميس الموافق 13 أغسطس 2020. علماً بأنه لم يتم تداول أي معلومات جوهرية أخرى خلال المؤتمر.
- سوف يقوم بيتك بالإفصاح لاحقاً عن محضر المؤتمر خلال 3 أيام عمل من تاريخ المؤتمر.
- مرفق العرض التقديمي للمستثمرين للربع الأول 2020 والربع الثاني 2020، هذا وتم تزويد السادة / هيئة أسواق المال نسخة منه.

Best Regards,

Ahmed Soud Al Kharji

Acting Group Chief Executive Officer

وتفضلوا بقبول فائق الاحترام.

أحمد سعود الخرجي

الرئيس التنفيذي للمجموعة بالتكليف



بيت التمويل الكويتي  
Kuwait Finance House



# Q1 & Q2 2020

## Earnings Presentation

August 13<sup>th</sup>, 2020

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# Contents

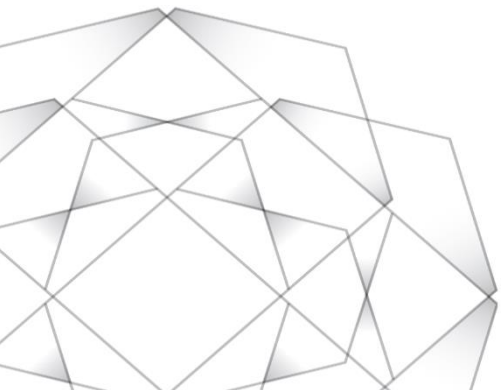
- 1 **Kuwait's Operating Environment & Overview**

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- 2 **GCEO Opening Remarks**

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- 3 **1Q2020 & 1H2020 Financial Results**

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- 4 **Appendix**

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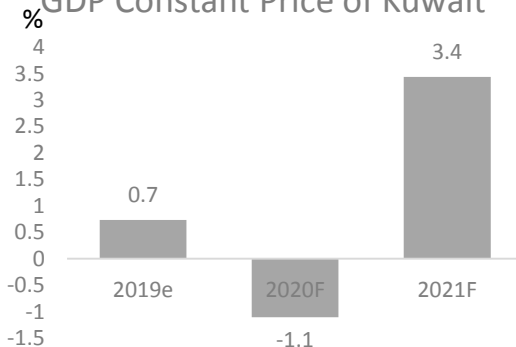




# Economic Highlights



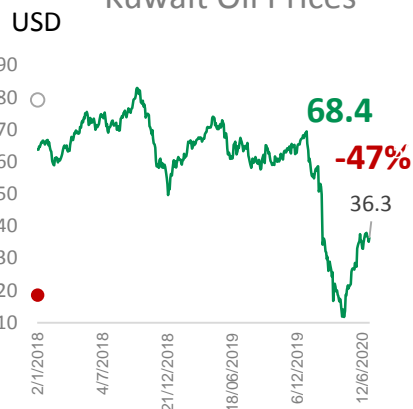
GDP Constant Price of Kuwait



Source: IMF, KFH

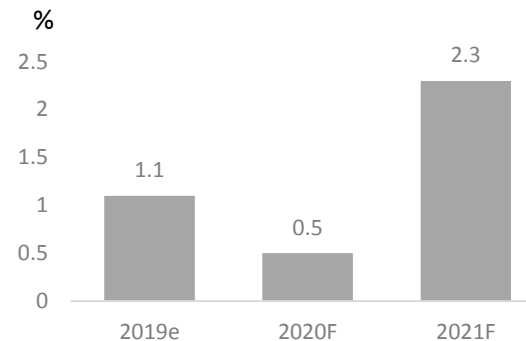
e: Estimates. f: Forecasts

Kuwait Oil Prices



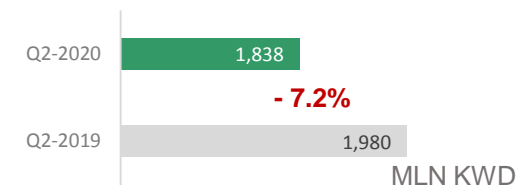
Source: Boursa Kuwait, Ministry of Oil, KFH

Inflation % in Kuwait

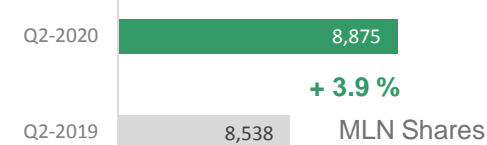


Source: IMF, KFH

Boursa Trade Value

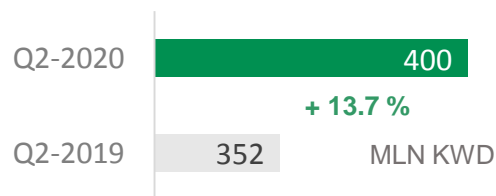


Boursa Trade Volume

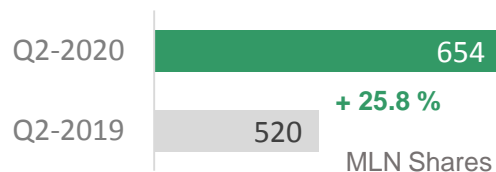


Source: Boursa Kuwait, KFH

KFH Trade Value



KFH Trade Volume



Source: Boursa Kuwait, KFH

- The COVID-19 pandemic represents a serious health threat to people around the world and a significant disruption to daily life. It is having a major impact on the global and Kuwaiti economies. Some sectors, such as the energy, travel and hospitality, and service industries, are being particularly hard hit.
- Kuwaiti Crude Oil Price closed at USD 36.3 p/b as at end of Q2-20 higher by 41.4% Q-T-Q while lower by 45.0% Y-T-Y.
- Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) remained solid with Stable Outlooks, Fitch "AA", Moody's "Aa2", while S&P has lowered Kuwait's Rating to "AA-" with a Negative Outlook
- Central Bank of Kuwait on March 2020 has lowered the discount rate by 1% from 2.5% to 1.5%, a simulative step by CBK to over come covid-19 pandemic economic impacts.
- Morgan Stanley Capital International (MSCI) will implement the reclassification of the MSCI Kuwait Indexes to Emerging Market in November 2020.

# Overview of KFH's Awards & Ratings

## Kuwait

**Best**

**Bank in Kuwait**

\*According to Islamic Finance News

## Regional

**Safest**

**Islamic Financial Institution  
in the GCC**

\*According to Global Finance

## Global

**Best**

**Islamic Financial Institution  
in the World**

\*According to Global Finance

**FitchRatings**

**Long-Term Issuer Default Rating A+**

**Short-Term Issuer Default Rating F1**

**Viability Rating bb+**

**STABLE Outlook**

**As of 30 September 2019**

**MOODY's**

**LT FC Bank Deposits Rating A1**

**ST FC Bank Deposits Rating P1**

**Baseline Credit Assessment baa3**

**POSITIVE Outlook Rating Under Review**

**As of 23 January 2020**

# Overview of KFH

## 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

434 Branches

## Turkey

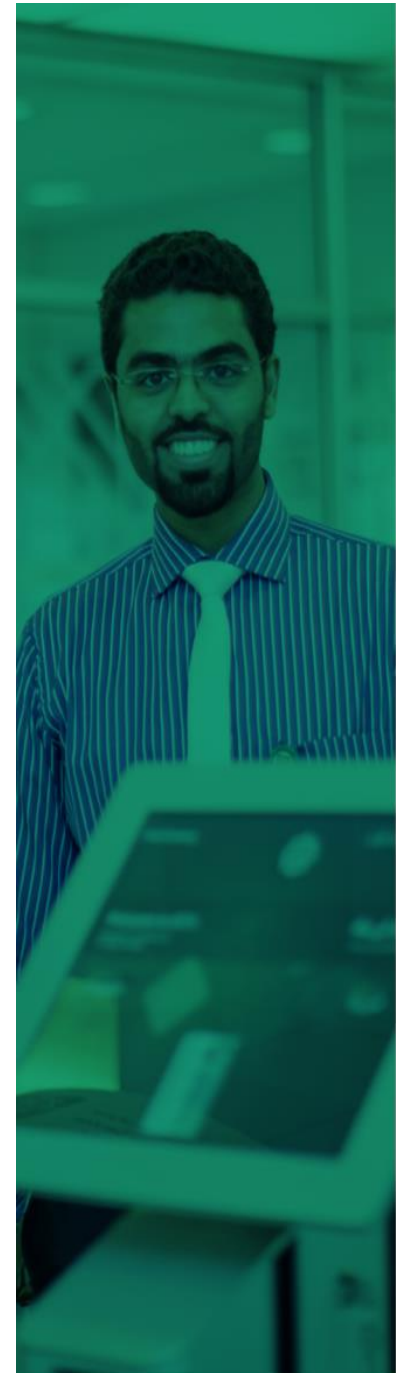
- Retail Banking
- Wealth Management and Personal Banking
- Corporate Banking



11 Branches

## Malaysia

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



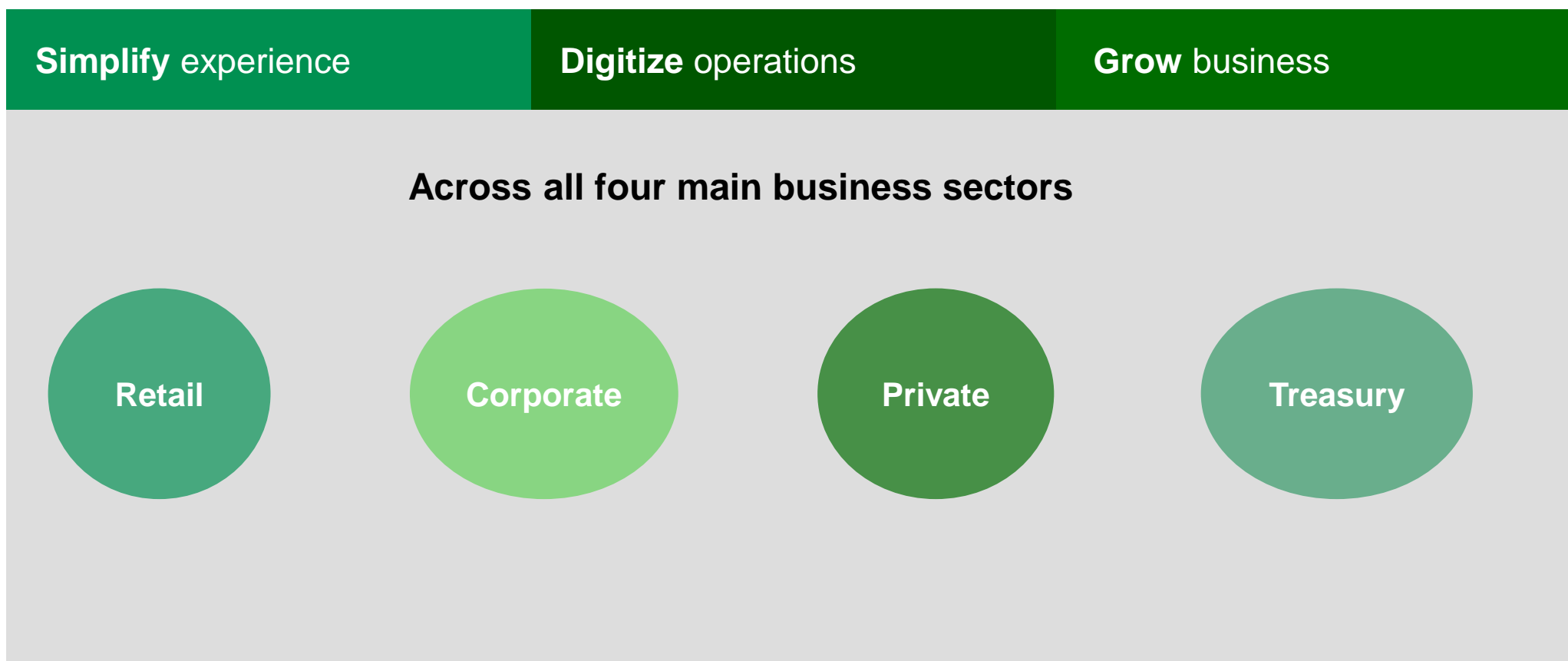
# KFH Strengths

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 more 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 Large retail deposit and global flagship Islamic bank	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 521 branches and over 1,480 ATMs	Large and diversified portfolio
Improved cost to income ratio	Pioneer of Islamic products in Kuwait				Reduced non-core assets
Solid profit margins and improved efficiency					



# GCEO Opening Remarks

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



# H120 Financial Highlights

Net Profit  
for Shareholders

**KD 56.9 m**

(47.1)%

Net Financing  
Income

**KD 295.7 m**

+18.0%

Net Operating  
Income

**KD 267.6 m**

+11.2%

Cost to Income Ratio

**36.24%**

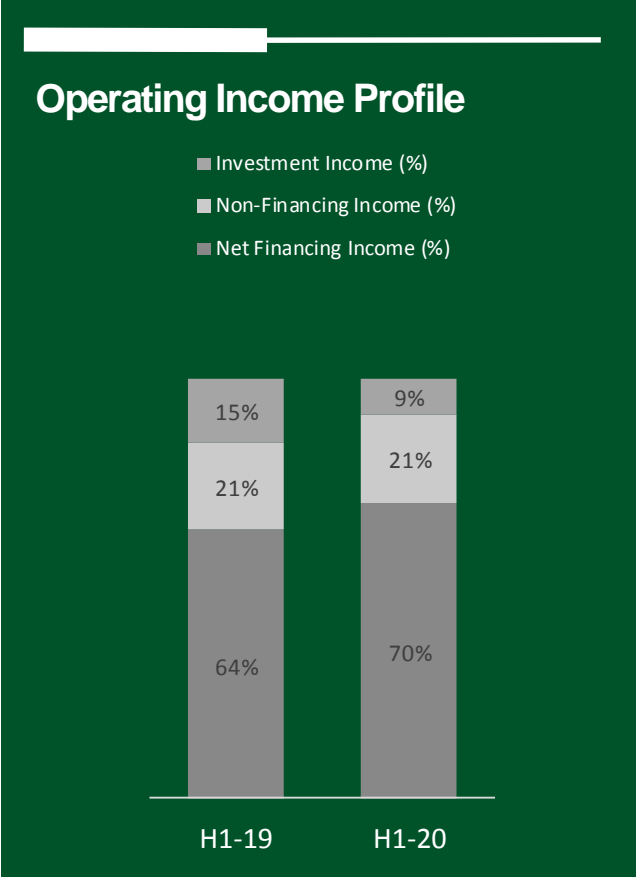
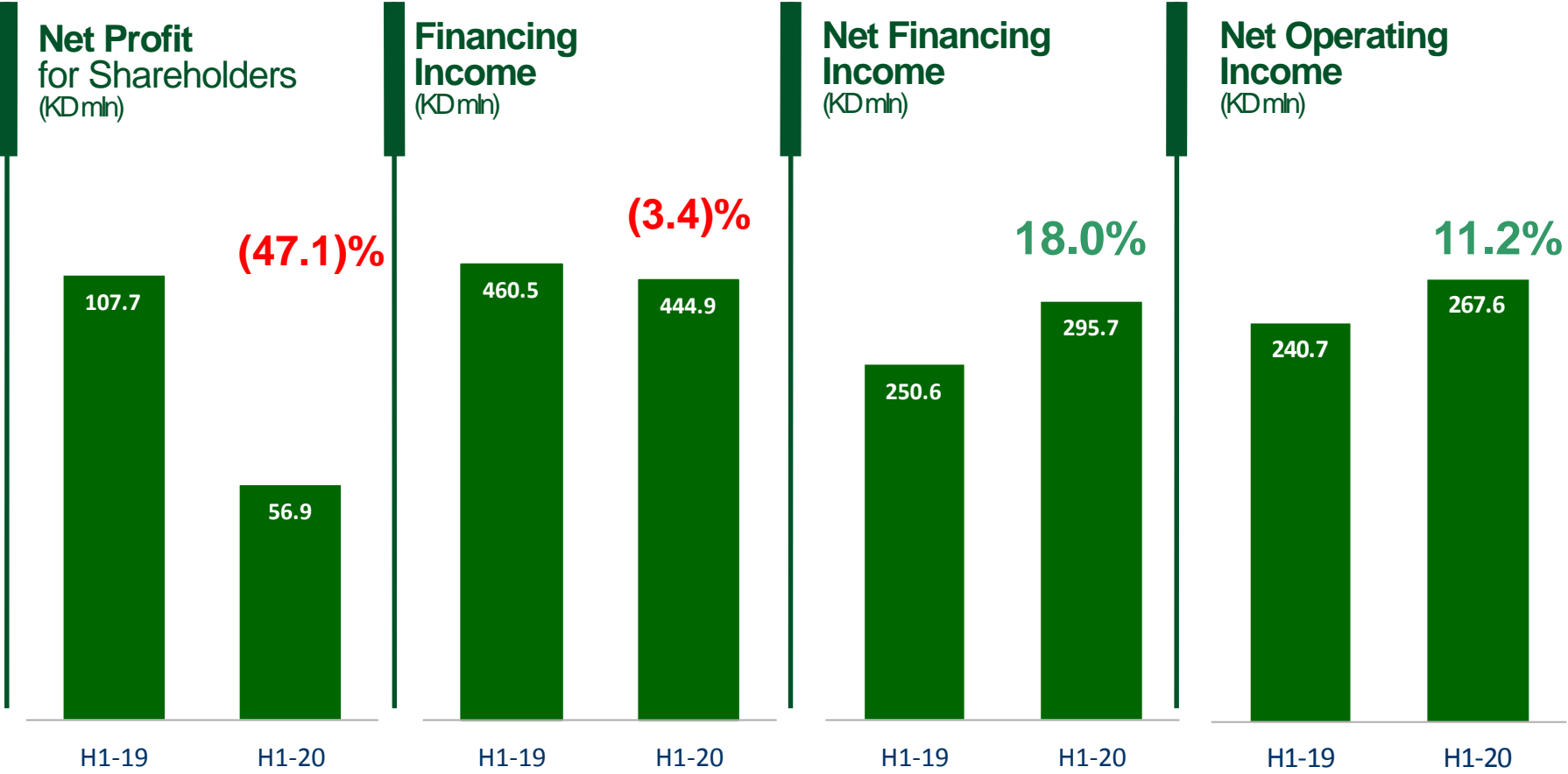
*Improved by 241bps*

EPS (fils)

**15.06**

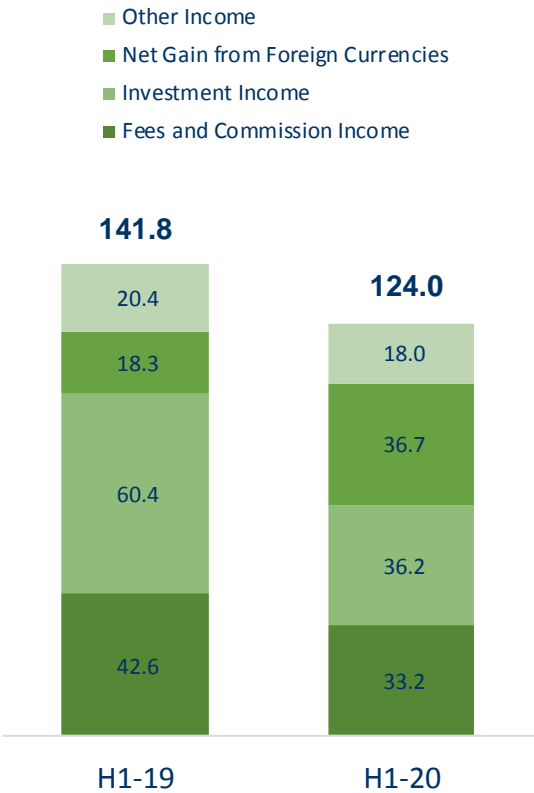
*(H119: 28.68fils)*

# H120 Operating Performance

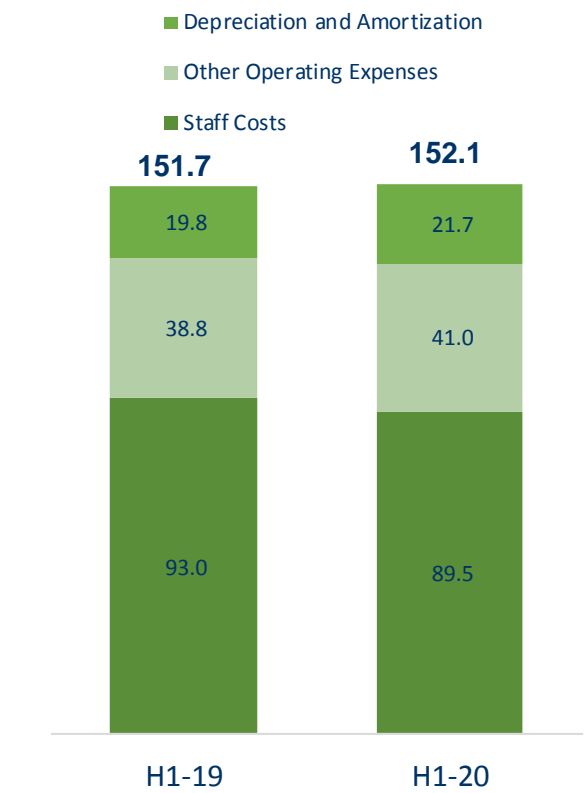


# H120 Operating Performance

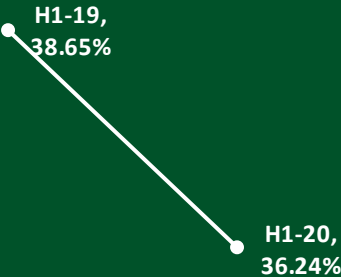
## Non - Financing Income (KD mn)



## Total Operating Expenses (KD mn)



## C/I Ratio

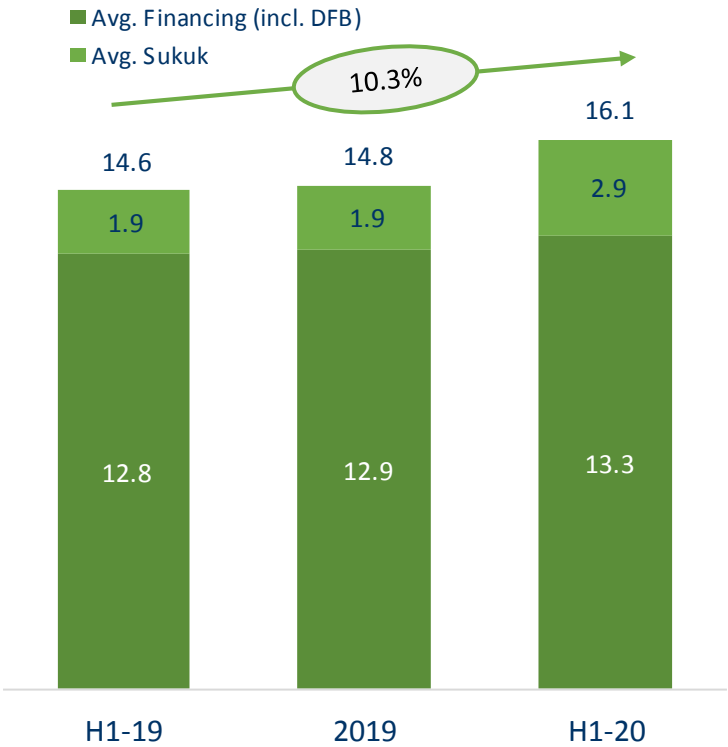




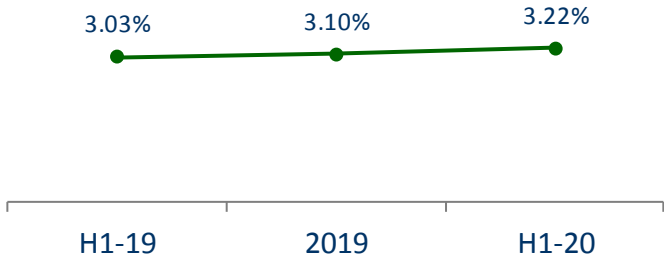
# H120 Operating Performance

## Average Profit Earning

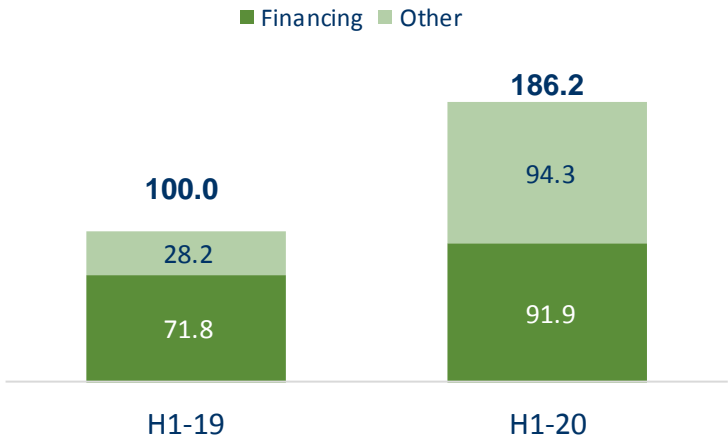
### Assets (KD Bln)



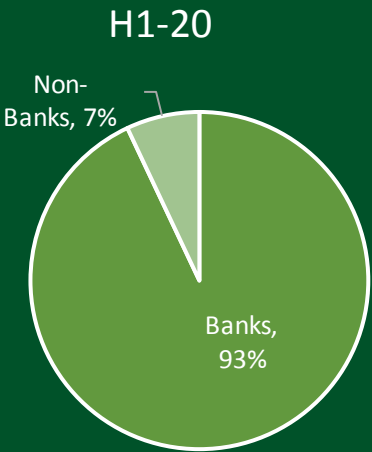
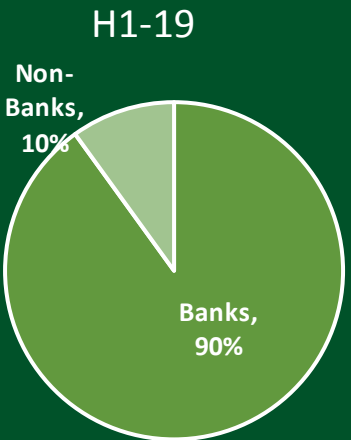
## Net Financing Margin



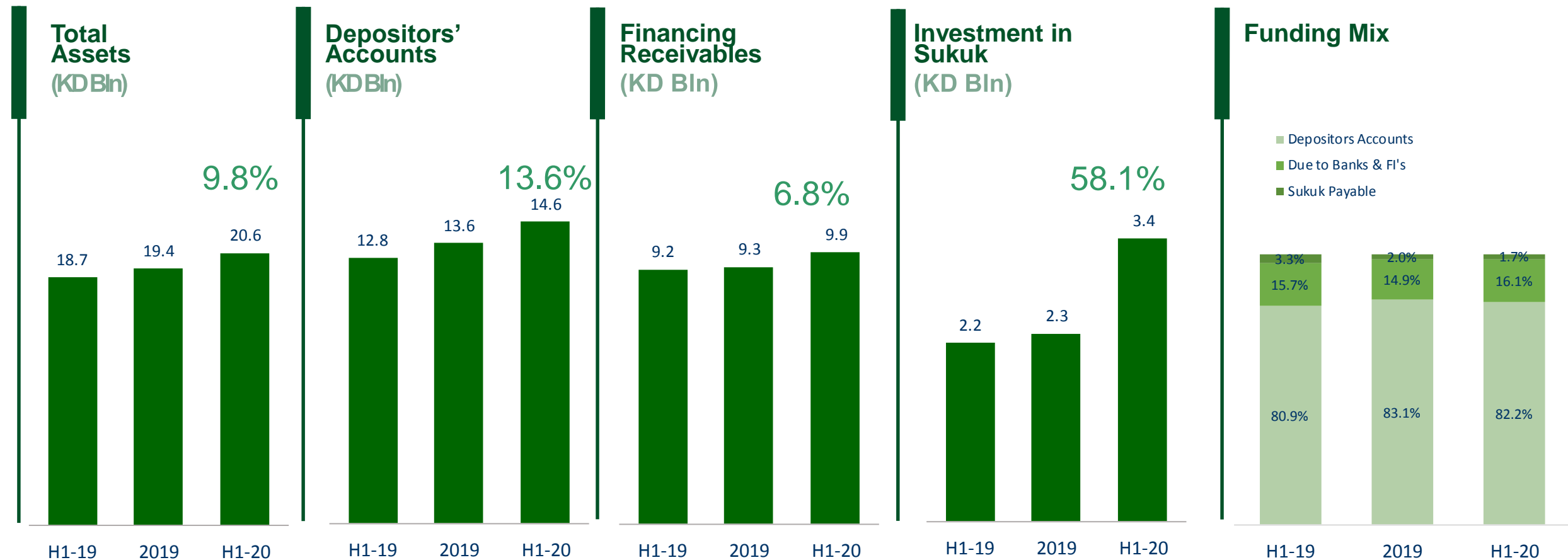
## Provision and Impairment (KD mln)



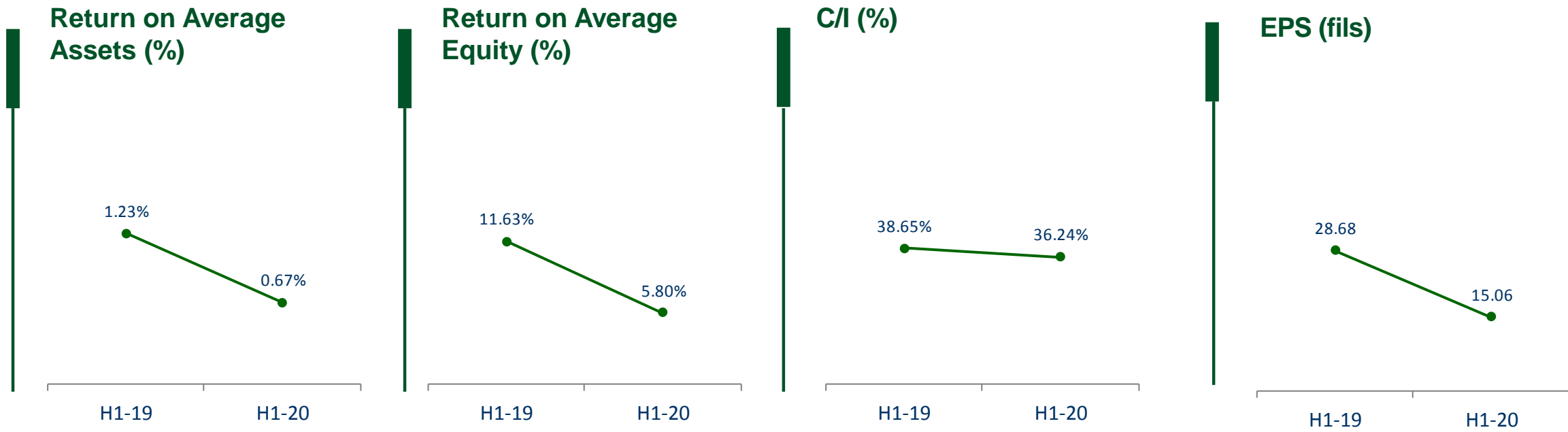
## Net Operating Income Banks/ Non-Banks



# H120 Operating Performance



# H120 Operating Performance

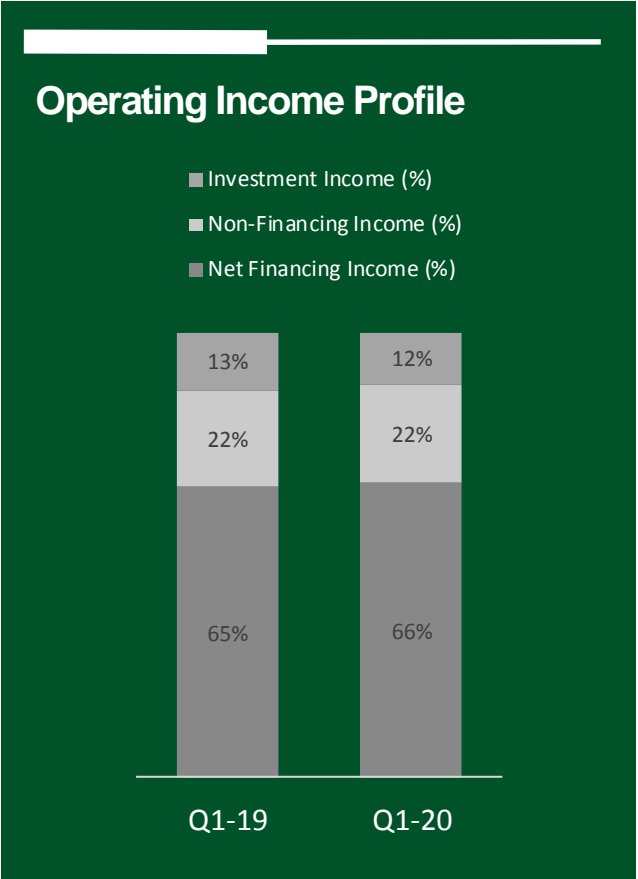
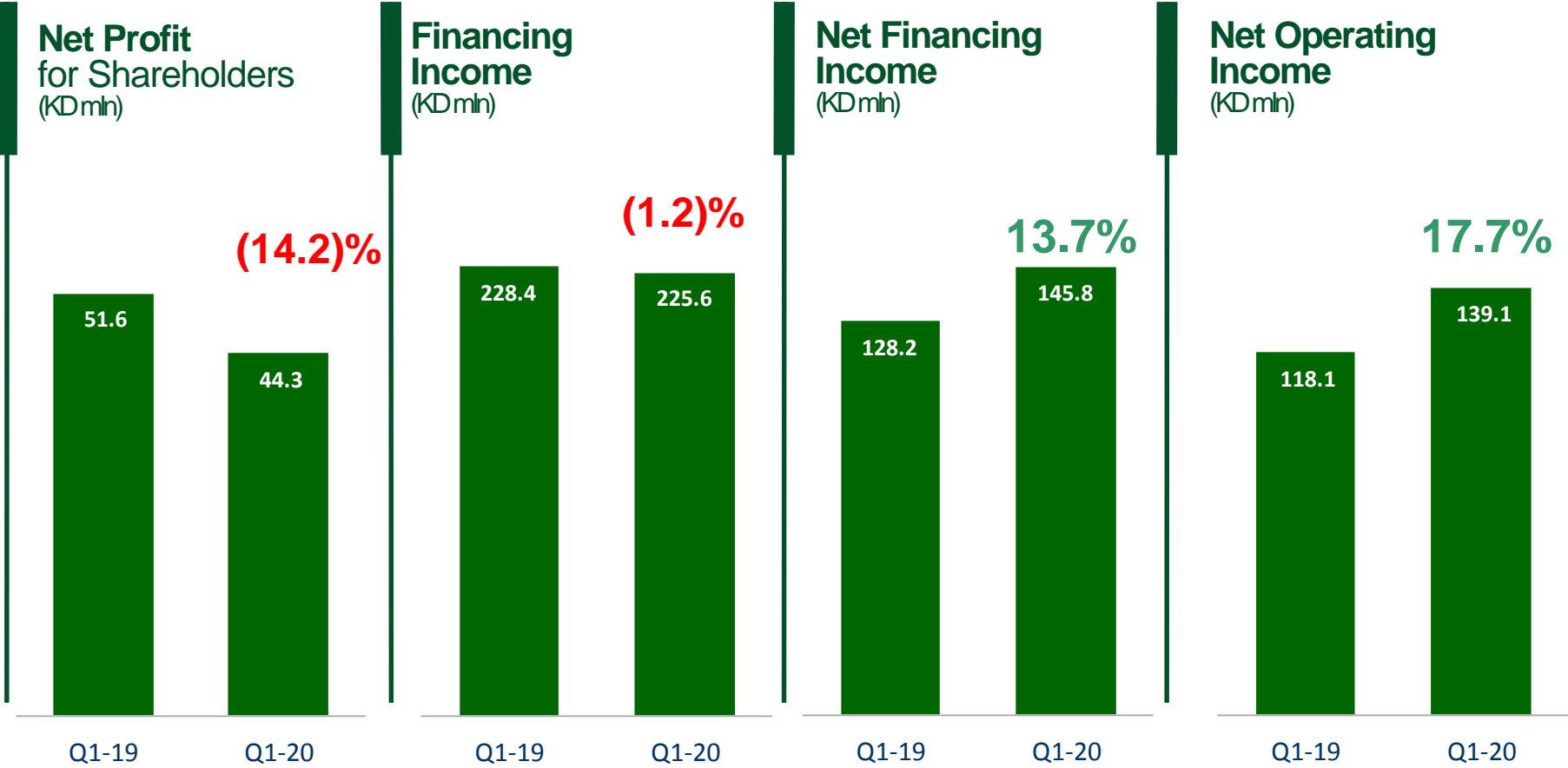




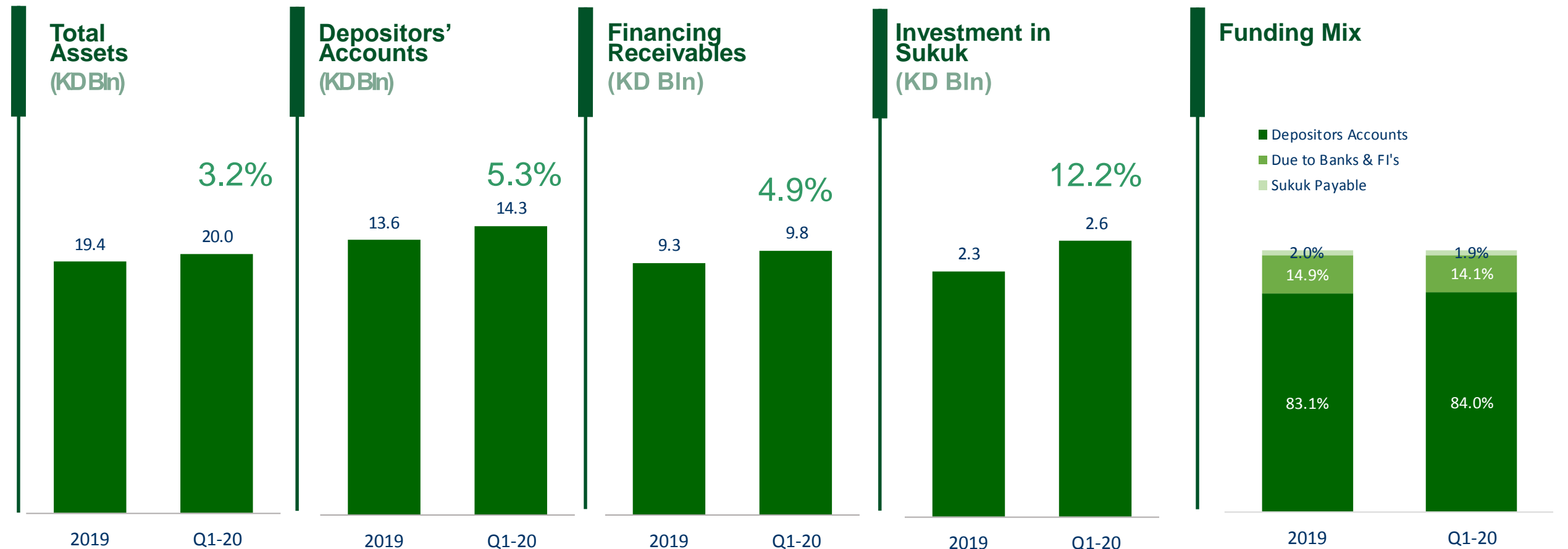
**Q1 2020**



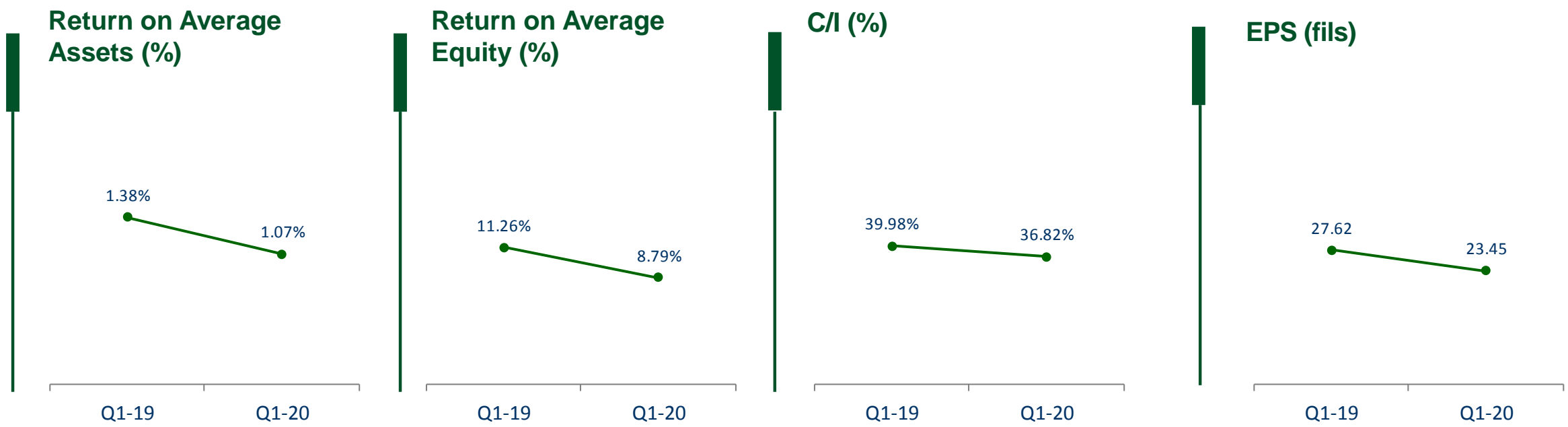
# Q120 Operating Performance



# Q120 Operating Performance



# Q120 Operating Performance



# Q&A



# Appendix

# Consolidated Financials (Income Statement)

Consolidated Statement of Income (KD million)	Mar-20	Mar-19
Financing income	226	228
Financing cost and estimated distribution to depositors	80	100
<b>Net finance income</b>	<b>146</b>	<b>128</b>
Investment income	26	26
Fees and commission income	19	24
Net gain from foreign currencies	18	9
Other income	11	10
<b>Non-Financing Income</b>	<b>74</b>	<b>69</b>
<b>Tota Operating Income</b>	<b>220</b>	<b>197</b>
Staff costs	48	48
General and administrative expenses	22	20
Depreciation and amortization	10	10
<b>Total Expenses</b>	<b>81</b>	<b>79</b>
<b>Net Operating Income</b>	<b>139</b>	<b>118</b>
Provisions and impairment	75	40
<b>Profit for the Period Before Taxation</b>	<b>64</b>	<b>78</b>
Taxation	12	17
Non-controlling interests	8	10
<b>Profit Attributable to Shareholders of the Bank</b>	<b>44.3</b>	<b>51.6</b>

Consolidated Statement of Income (KD million)	Jun-20	Jun-19
Financing income	445	461
Financing cost and estimated distribution to depositors	149	210
<b>Net finance income</b>	<b>296</b>	<b>251</b>
Investment income	36	60
Fees and commission income	33	43
Net gain from foreign currencies	37	18
Other income	18	20
<b>Non-Financing Income</b>	<b>124</b>	<b>142</b>
<b>Tota Operating Income</b>	<b>420</b>	<b>392</b>
Staff costs	89	93
General and administrative expenses	41	39
Depreciation and amortization	22	20
<b>Total Expenses</b>	<b>152</b>	<b>152</b>
<b>Net Operating Income</b>	<b>268</b>	<b>241</b>
Provisions and impairment	186	100
<b>Profit for the Period Before Taxation</b>	<b>81</b>	<b>141</b>
Taxation	15	29
Non-controlling interests	9	4
<b>Profit Attributable to Shareholders of the Bank</b>	<b>56.9</b>	<b>107.7</b>

# Consolidated Financials (Balance Statement)

Consolidated Statement of Financial Position (KD million)	Dec-19	Mar-20	Jun-20
Cash and balances with banks and financial institutions	1,910	1,712	1,763
Due from Banks	3,783	3,745	3,576
Financing receivables	9,337	9,795	9,864
Investment in sukuk	2,292	2,555	3,422
Trading properties	108	107	106
Investments	195	207	171
Investment in associates and joint ventures	504	491	551
Investment properties	455	457	397
Other assets	547	675	472
Intangible assets and goodwill	31	32	31
Property and equipment	229	234	229
<b>TOTAL ASSETS</b>	<b>19,391</b>	<b>20,011</b>	<b>20,582</b>
Due to banks and financial institutions	2,427	2,388	2,856
Sukuk payables	320	326	310
Depositors' accounts	13,553	14,277	14,587
Other liabilities	848	846	791
<b>TOTAL LIABILITIES</b>	<b>17,147</b>	<b>17,838</b>	<b>18,543</b>
Share capital	698	698	767
Share premium	720	720	720
Treasury shares	(36)	(35)	(28)
Reserves	679	610	403
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHODERS OF THE BANK</b>	<b>2,060</b>	<b>1,993</b>	<b>1,863</b>
Non-controlling interests	183	180	176
<b>TOTAL EQUITY</b>	<b>2,243</b>	<b>2,173</b>	<b>2,039</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19,391</b>	<b>20,011</b>	<b>20,582</b>

# Consolidated Statement of Financial Position 2015 - 2019

Consolidated Statement of Financial Position (KD million)	2015	2016	2017	2018	2019
Cash and balances with banks	1,600	1,495	1,262	1,381	1,910
Due from Banks	3,194	2,877	2,925	3,445	3,783
Financing receivables	8,095	8,176	9,216	9,189	9,337
Investments in sukuk	807	1,100	1,429	1,563	2,292
Trading properties	214	186	161	285	108
Investments	508	357	304	148	195
Investment in associates and joint ventures	535	469	464	499	504
Investment properties	580	591	554	490	455
Other assets	469	549	465	544	547
Intangible assets and goodwill	48	39	39	31	31
Property and equipment	264	216	214	195	229
Leasehold rights	180	0	0	0	0
Assets classified as held for sale	0	445	324	0	0
<b>TOTAL ASSETS</b>	<b>16,495</b>	<b>16,499</b>	<b>17,358</b>	<b>17,770</b>	<b>19,391</b>
Due to banks and financial institutions	2,730	2,399	2,240	2,689	2,427
Sukuk payables	322	473	518	499	320
Depositors' accounts	10,756	10,717	11,597	11,780	13,553
Other liabilities	630	645	699	728	848
<b>TOTAL LIABILITIES</b>	<b>14,439</b>	<b>14,461</b>	<b>15,242</b>	<b>15,696</b>	<b>17,147</b>
Share capital	477	524	577	634	698
Share premium	720	720	720	720	720
Treasury shares	(50)	(49)	(45)	(44)	(36)
Reserves	632	615	620	584	679
<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>	<b>2,060</b>
Non-controlling interests	276	228	244	180	183
<b>TOTAL EQUITY</b>	<b>2,055</b>	<b>2,039</b>	<b>2,116</b>	<b>2,074</b>	<b>2,243</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16,495</b>	<b>16,499</b>	<b>17,358</b>	<b>17,770</b>	<b>19,391</b>



# Consolidated Statement of Income 2015 - 2019

Consolidated Statement of Income (KD million)	2015	2016	2017	2018	2019
Financing income	695	718	741	862	932
Financing cost and distribution to depositors	263	283	296	335	401
<b>Net finance income</b>	<b>432</b>	<b>435</b>	<b>445</b>	<b>527</b>	<b>530</b>
Investment income	108	79	107	63	130
Fees and commission income	79	89	97	87	79
Net gain from foreign currencies	25	23	17	30	34
Other income	59	34	48	39	41
<b>Non-Financing Income</b>	<b>271</b>	<b>225</b>	<b>268</b>	<b>219</b>	<b>284</b>
<b>Total operating income</b>	<b>703</b>	<b>660</b>	<b>713</b>	<b>746</b>	<b>814</b>
Staff costs	172	174	188	178	182
General and administrative expenses	81	84	83	81	79
Depreciation and amortisation	78	37	35	33	43
<b>Total Expenses</b>	<b>330</b>	<b>295</b>	<b>305</b>	<b>292</b>	<b>304</b>
<b>Net Operating Income</b>	<b>372</b>	<b>365</b>	<b>408</b>	<b>454</b>	<b>510</b>
Provisions and impairment	184	157	163	163	197
Gain / (Loss) for the year from discontinued operations	22	(22)	0	0	0
<b>Profit Before Tax and Zakat</b>	<b>211</b>	<b>186</b>	<b>245</b>	<b>291</b>	<b>313</b>
Taxation and Proposed Directors' fees	21	24	30	27	51
Non-controlling interests	44	(3)	30	36	11
<b>Profit Attributable to Shareholders of the Bank</b>	<b>146</b>	<b>165</b>	<b>184</b>	<b>227</b>	<b>251</b>

# KFH Disclosures



Date	Subject
14-May-20	Supplementary Disclosure Extending the Nomination Period for Members of KFH' BOD the Fifteenth Session (2020 - 2022)
07-May-20	Boursa Kuwait announces that it will be suspending trading (KFH) shares for one hour as per CMA Request.
07-May-20	Material Information Disclosure KFH Acquisition of AUB-Bahrain
04-May-20	Material Information Disclosure Rescinding the GCEO's Employment Contract
22-Apr-20	Distribution of Cash and Bonus Shares Dividends FYE 31 December 2019
02-Apr-20	Credit Rating Disclosure
23-Mar-20	Supplementary Disclosure Announcement (2) for AUB-Bahrain' Shareholders

**Source: Boursa Kuwait**



[Investor.relations@kfh.com](mailto:Investor.relations@kfh.com)