

# KFH'S GROUP CORPORATE PROFILE

H1-2023

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- 1. KFH OVERVIEW**
2. Financial Performance “H1-2023”
3. Appendix
  1. Economic Highlights
  2. Key Performance Indicators, Consolidated Statements



# HISTORY AND EXPANSION



<b>1977</b> KFH established	<b>1978</b> Doors opened to public	<b>1984</b> Listed in Kuwait Stock Exchange	<b>1989</b> Kuveyt Turk established	<b>1999</b> KFH Capital established
<b>2002</b> KFH Bahrain established	<b>2005</b> KFH Malaysia established	<b>2009</b> KFH Saudi Arabia established	<b>2015</b> KFH Germany established	<b>2016</b> KFH assigned D-SIB status from CBK
	<b>2022</b> Acquisition of AUB Bahrain	<b>2022</b> The largest listed company in Kuwait Stock Exchange	<b>2023</b> Acquisition of AUB Kuwait	

# KFH'S AWARDS

بيت التمويل الكويتي  
Kuwait Finance House



## Kuwait

**Best**

Islamic Bank  
in Kuwait

Euromoney

## Regional

**Best**

Islamic Bank  
in the Middle East

Global Finance

## Global

**Best**

Islamic Financial Institution  
in the World

Global Finance



# KFH'S RATINGS



**Fitch**Ratings

Long-Term Issuer Default Rating A  
Short-Term Issuer Default Rating F1  
STABLE Outlook  
13 February 2023

**MOODY'S**

LT FC Bank Deposits Rating A2  
ST FC Bank Deposits Rating P-1  
STABLE Outlook  
27 13 February 2023

# STRATEGY MAP

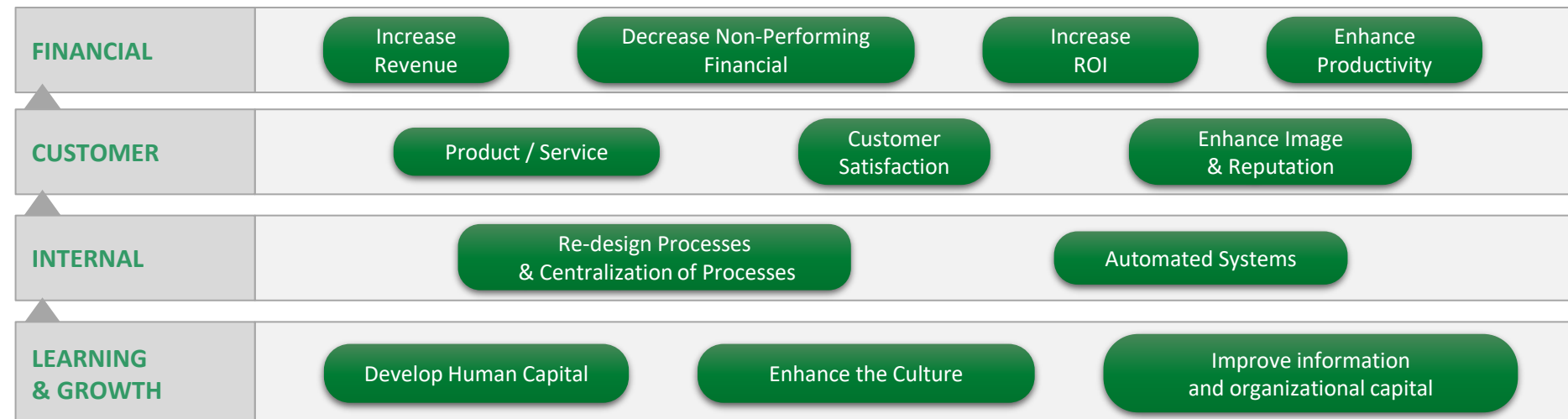
**KFH  
VISION**

To **lead** the international development of *Islamic financial services*, and become **the most trusted** and **sustainably most profitable** Shariah-compliant bank **in the world**

**KFH  
MISSION**

To deliver **superior innovation** and customer service excellence while **protecting** and **enhancing** the interests of all our **stakeholders**

**KFH STRATEGY  
MAP**



# STRATEGIC OBJECTIVE



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# H1-23 Financial Highlights

Net Profit  
for Shareholders

**KD 333.4 m**

141.4%

Net Financing  
Income

**KD 458.5 m**

43.2%

Net Operating  
Income

**KD 489.1 m**

58.6%

**Cost to Income Ratio**

**33.40%**

*(H1-22: 32.64%)*

**EPS (fils)**

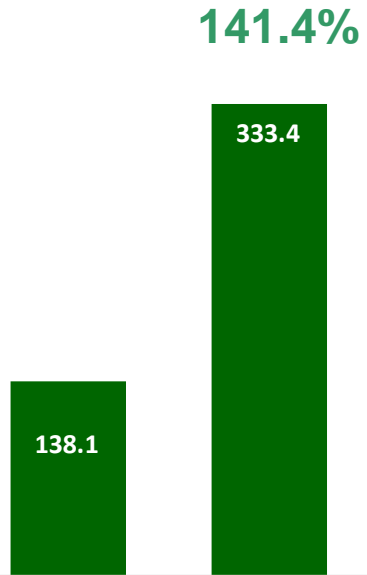
**22.03**

*(H1-22 : 12.71fils)*

# H1-23 Financial Performance

## Net Profit for Shareholders

(KD mn)

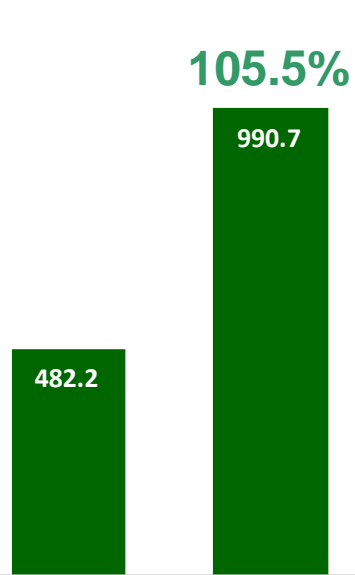


H1-22

H1-23

## Financing Income

(KD mn)

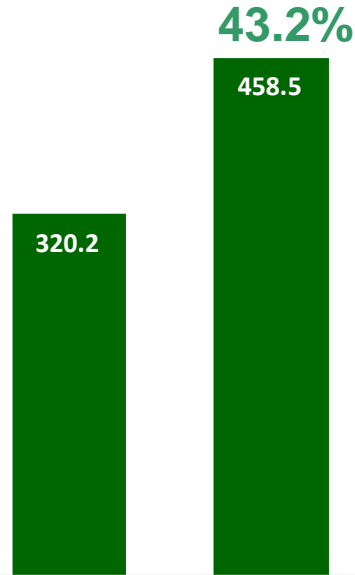


H1-22

H1-23

## Net Financing Income

(KD mn)

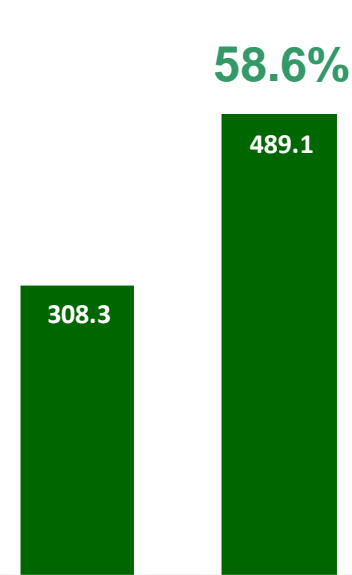


H1-22

H1-23

## Net Operating Income

(KD mn)



H1-22

H1-23

## Operating Income Profile

- Non-Financing Income (%)
- Net Financing Income (%)
- Investment Income (%)



H1-22

H1-23

# H1-23 Financial Performance

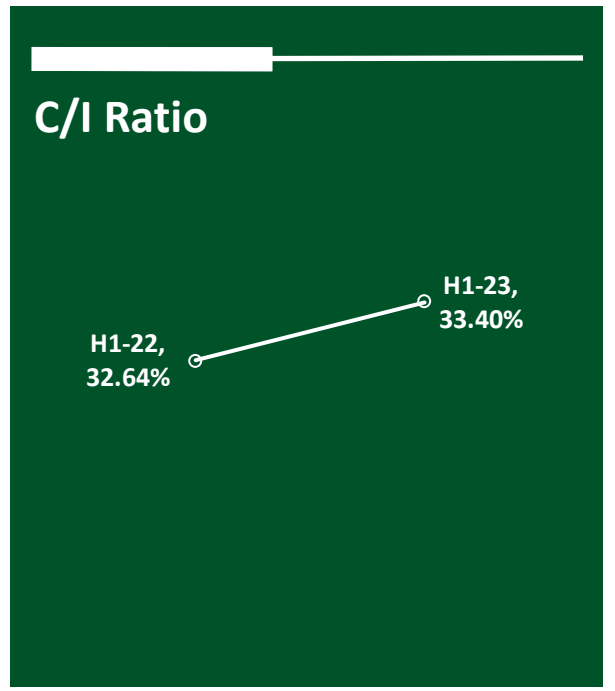
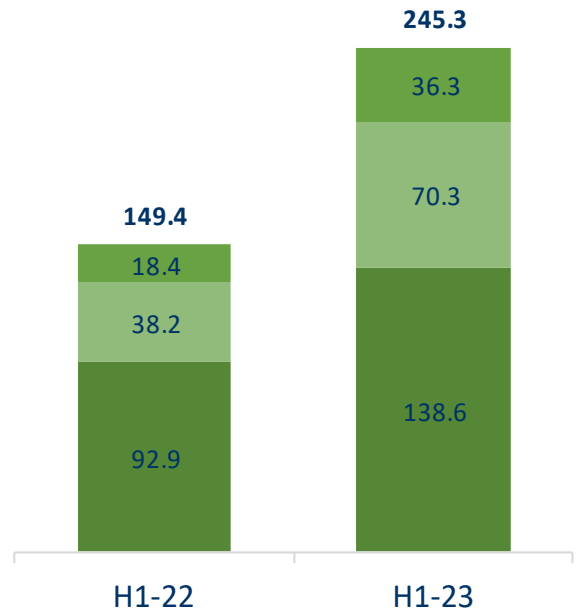
## Non - Financing Income (KD mn)

- Other Income
- Net Gain from Foreign Currencies
- Fees and Commission Income
- Investment Income



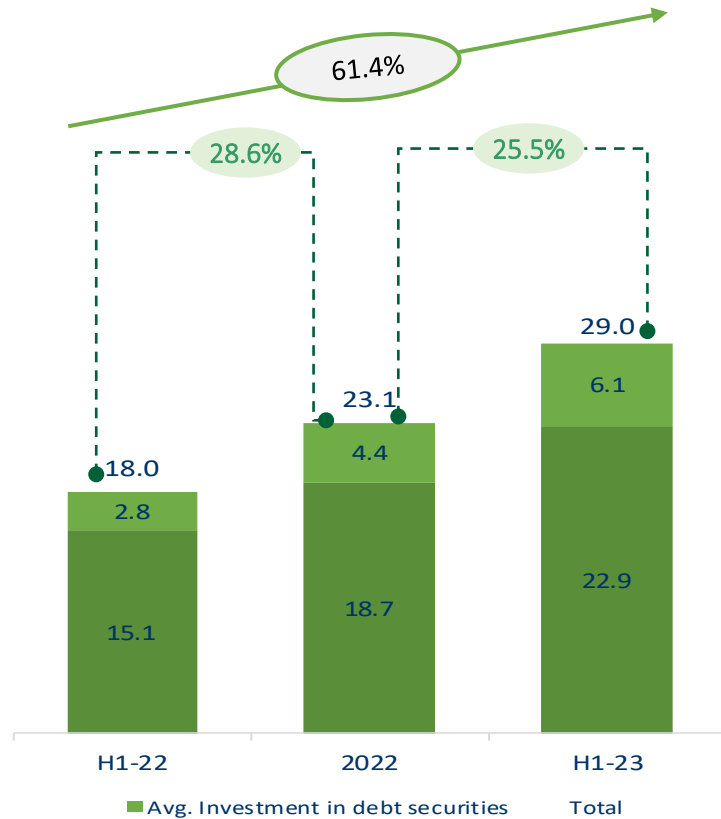
## Total Operating Expenses (KD mn)

- Depreciation and Amortization
- Other Operating Expenses
- Staff Costs

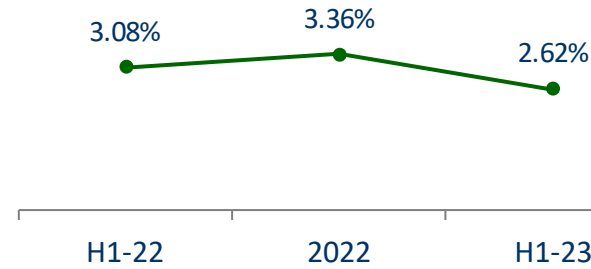


# H1-23 Financial Performance

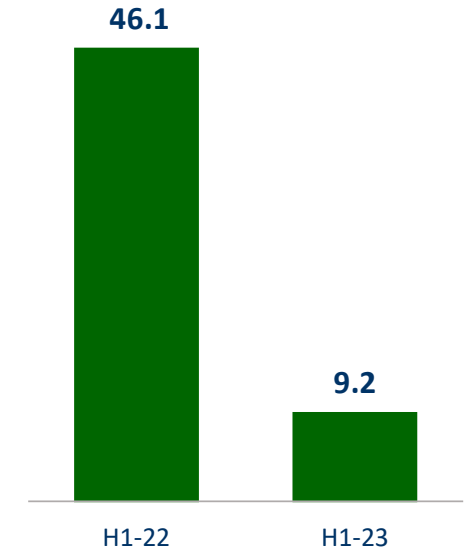
## Average Profit Earning Assets (KD bn)



## Net Financing Margin

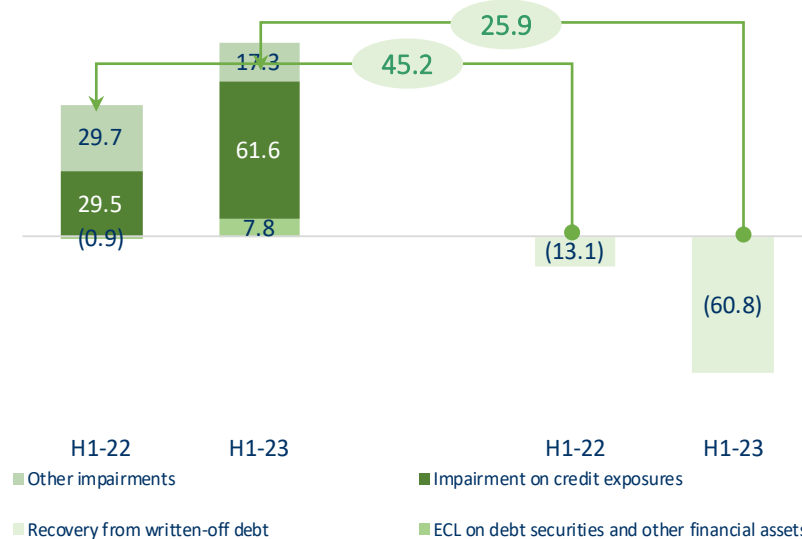


## Net Monetary Loss\* (KD mn)



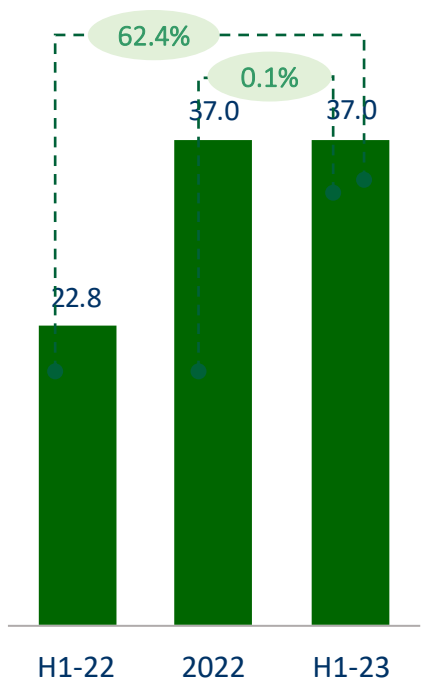
\* Hyper-inflation impact

## Provision and Impairment (KD mn)

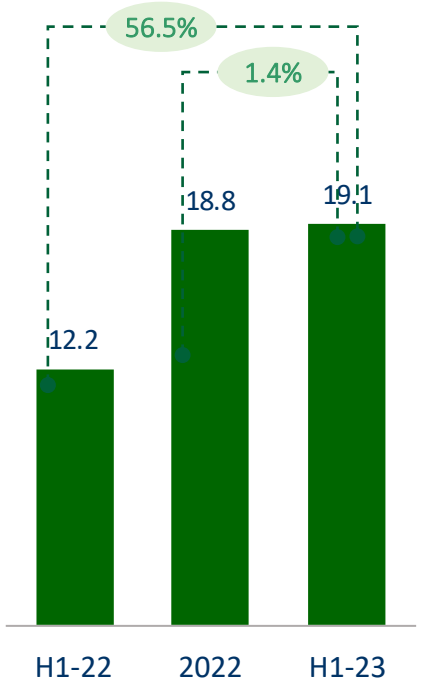


# H1-23 Financial Performance

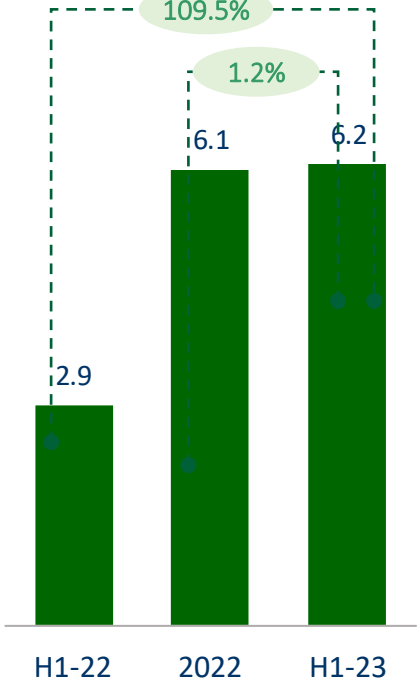
**Total Assets**  
(KD bn)



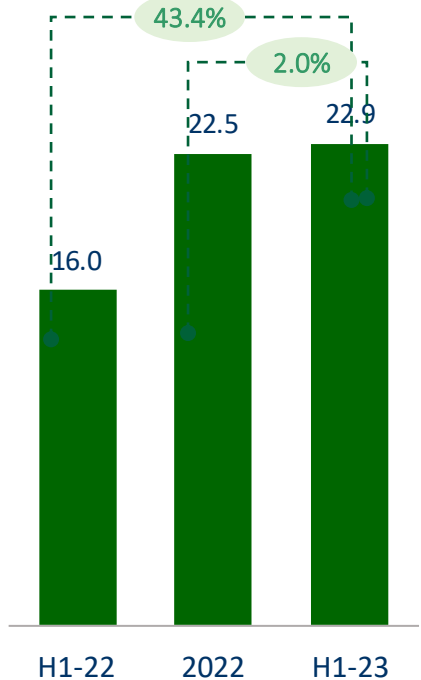
**Net Financing**  
(KD bn)



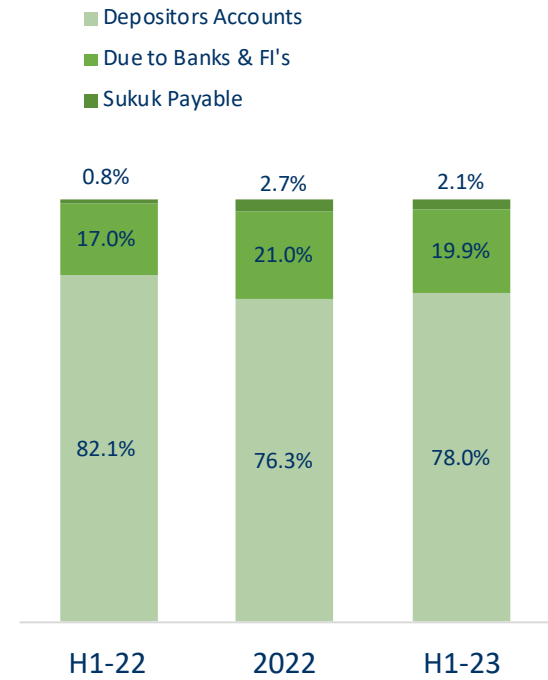
**Investment in debt securities**  
(KD bn)



**Depositors' Accounts**  
(KD bn)

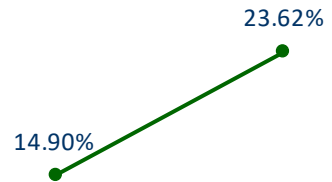


**Funding Mix**



# H1-23 Key Financial Ratios

Return on Average Tangible Equity (%)



Return on Average Equity (%)



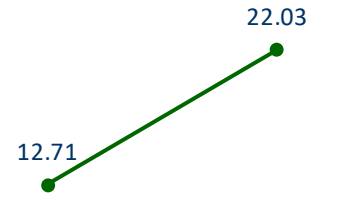
Return on Average Assets (%)



C/I (%)



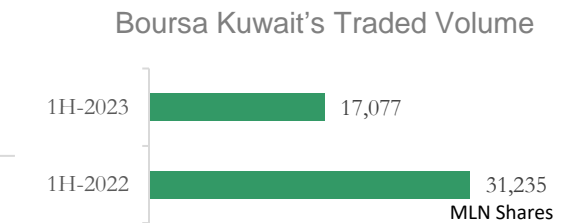
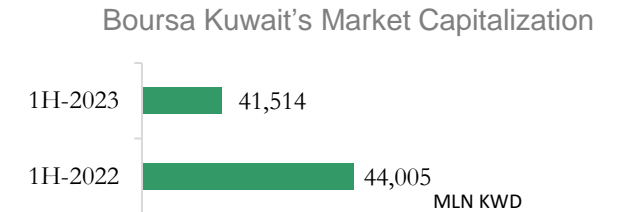
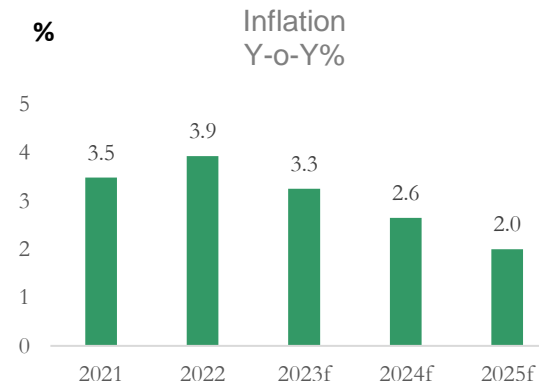
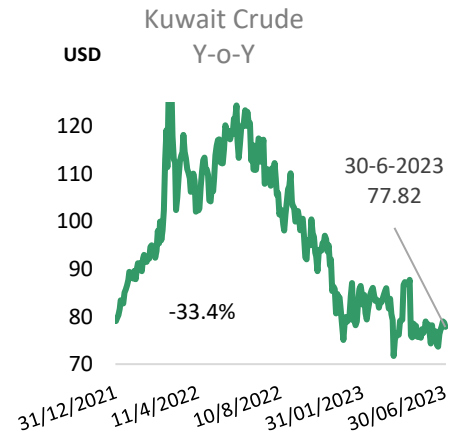
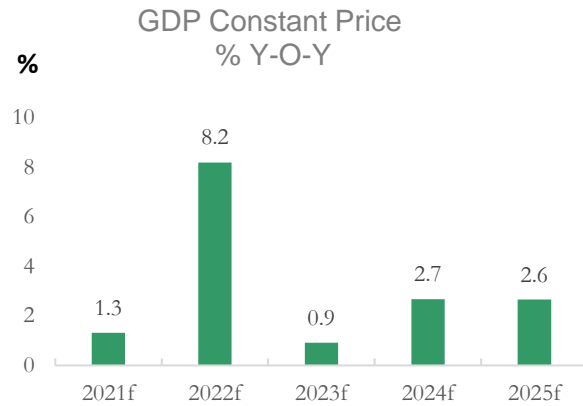
EPS (fils)



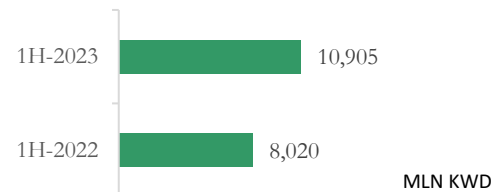
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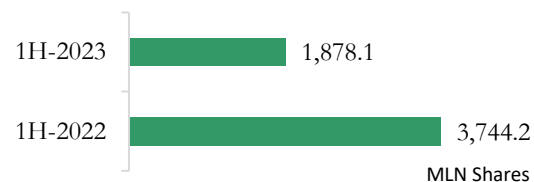
# ECONOMIC HIGHLIGHTS



### KFH Kuwait's Market Capitalization



### KFH Kuwait's Traded Volume



- The latest International Monetary Fund (IMF) April 2023 forecasts Kuwait to register 8.2% GDP growth in 2022, and a positive growth in 2023. The annual inflation rate in Kuwait stood at 3.7% Y-o-Y in May of 2023, the same as the previous month.
- Kuwaiti Crude Oil Price closed at USD77.82pb at the end of June 2023 lower by 33.4% compared to same period last year.
- Standard & Poor's credit rating for Kuwait stands at A+ with stable outlook. Moody's credit rating for Kuwait was last set at A1 with stable outlook. Fitch's credit rating for Kuwait was last reported at AA- with stable outlook.
- On 25th January 2023, The Central Bank of Kuwait increased its key discount rate by 50 bps to 4%.
- Boursa Kuwait Market Capitalization declined by 5.7% to reach KWD41.5bln, while the market capitalization of KFH notably increased by 36% to reach almost KWD10.9bln at the end of 1H2023 compared to the same period last year.
- Boursa Kuwait traded volume declined by 45.3% to reach 17.1bln shares, while the traded volume of KFH decreased by 49.8% to reach 1.9bln shares at the end of 1H2023 compared to the same period last year.

Source: Boursa Kuwait, KPC, IMF, KFH



# Consolidated Financial Statements H1-23 Vs. H1-22

Consolidated Statement of Financial Position (KD million)	Jun-23	Jun-22
Cash and balances with banks and financial institutions	2,568	2,293
Due from Banks	3,966	3,366
Financing receivables	19,108	12,213
Investments in debt securities	6,157	2,939
Trading properties	95	97
Investments	268	220
Investment in associates and joint ventures	515	477
Investment properties	400	300
Other assets	1,186	623
Goodwill and Intangible assets	2,420	35
Property and equipment	336	228
<b>TOTAL ASSETS</b>	<b>37,021</b>	<b>22,790</b>
Due to banks and financial institutions	5,849	3,319
Sukuk payables and term financing	629	160
Depositors' accounts	22,942	16,001
Other liabilities	1,545	953
<b>TOTAL LIABILITIES</b>	<b>30,966</b>	<b>20,432</b>
Share capital	1,476	929
Share premium	3,612	720
Treasury shares	(82)	(28)
Reserves	229	299
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK</b>	<b>5,235</b>	<b>1,920</b>
Perpetual Tier 1 Capital Securities and Sukuks	503	230
Non-controlling interests	317	207
<b>TOTAL EQUITY</b>	<b>6,055</b>	<b>2,358</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,021</b>	<b>22,790</b>

Consolidated Statement of Income (KD million)	Jun-23	Jun-22
Financing income	991	482
Financing cost and distribution to depositors	532	162
<b>Net finance income</b>	<b>458</b>	<b>320</b>
Investment income	90	10
Fees and commission income	59	41
Net gain from foreign currencies	93	63
Other operating income	34	24
<b>Non-Financing Income</b>	<b>276</b>	<b>138</b>
<b>Tota Operating Income</b>	<b>734</b>	<b>458</b>
Staff costs	139	93
General and administrative expenses	70	38
Depreciation and amortization	36	18
<b>Total Expenses</b>	<b>245</b>	<b>149</b>
<b>Net Operating Income</b>	<b>489</b>	<b>308</b>
Provisions and impairment	26	45
Net Monetary Loss	9	46
<b>Profit for the Period Before Taxation</b>	<b>454</b>	<b>217</b>
Taxation	59	39
Non-controlling interests	61	40
<b>Profit Attributable to Shareholders of the Bank</b>	<b>333</b>	<b>138</b>

# Consolidated Statement of Financial Position 2018 - 2022

Consolidated Statement of Financial Position (KD million)	2018	2019	2020	2021	2022
Cash and balances with banks and financial institutions	1,381	1,910	2,491	2,325	3,156
Due from Banks	3,444	3,646	3,365	3,350	3,870
Financing receivables	9,190	9,474	10,748	11,355	18,840
Investments in debt securities	1,563	2,292	2,742	2,735	6,085
Trading properties	148	108	102	96	95
Investments	285	195	192	219	247
Investment in associates and joint ventures	499	504	521	492	520
Investment properties	490	455	351	325	384
Other assets	544	547	728	654	976
Goodwill and Intangible assets	31	31	32	32	2,463
Property and equipment	195	229	230	204	335
<b>TOTAL ASSETS</b>	<b>17,770</b>	<b>19,391</b>	<b>21,502</b>	<b>21,788</b>	<b>36,969</b>
Due to banks and financial institutions	2,689	2,427	2,954	2,595	6,181
Sukuk payables and term financing	499	320	315	217	784
Depositors' accounts	11,780	13,553	15,317	15,867	22,483
Other liabilities	728	848	814	803	1,235
<b>TOTAL LIABILITIES</b>	<b>15,696</b>	<b>17,147</b>	<b>19,401</b>	<b>19,481</b>	<b>30,683</b>
Share capital	634	698	767	844	1,342
Share premium	720	720	720	720	3,612
Treasury shares	(44)	(36)	(28)	(28)	(42)
Reserves	584	679	476	395	446
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK</b>	<b>1,894</b>	<b>2,060</b>	<b>1,936</b>	<b>1,932</b>	<b>5,358</b>
Perpetual Tier 1 Capital Securities and Sukuks	0	0	0	227	502
Non-controlling interests	180	183	165	149	427
<b>TOTAL EQUITY</b>	<b>2,074</b>	<b>2,243</b>	<b>2,101</b>	<b>2,307</b>	<b>6,286</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17,770</b>	<b>19,391</b>	<b>21,502</b>	<b>21,788</b>	<b>36,969</b>

# Consolidated Statement of Income 2018 - 2022

Consolidated Statement of Income (KD million)	2018	2019	2020	2021	2022
Financing income	862	932	893	871	1,322
Financing cost and distribution to depositors	335	401	279	286	522
<b>Net finance income</b>	<b>527</b>	<b>530</b>	<b>614</b>	<b>586</b>	<b>801</b>
Investment income	63	130	-6	16	44
Fees and commission income	87	79	73	72	90
Net gain from foreign currencies	30	34	70	89	93
Other income	39	41	45	48	44
<b>Non-Financing Income</b>	<b>219</b>	<b>284</b>	<b>182</b>	<b>225</b>	<b>272</b>
<b>Total operating income</b>	<b>746</b>	<b>814</b>	<b>796</b>	<b>811</b>	<b>1,072</b>
Staff costs	178	182	172	184	209
General and administrative expenses	81	79	81	82	95
Depreciation and amortisation	33	43	43	42	45
<b>Total Expenses</b>	<b>292</b>	<b>304</b>	<b>296</b>	<b>308</b>	<b>349</b>
<b>Net Operating Income</b>	<b>454</b>	<b>510</b>	<b>500</b>	<b>503</b>	<b>723</b>
Provisions and impairment	163	197	284	135	62
Net Monetary Loss	0	0	0	0	128
<b>Profit Before Tax and Zakat</b>	<b>291</b>	<b>313</b>	<b>216</b>	<b>368</b>	<b>534</b>
Taxation and Proposed Directors' fees	27	51	31	58	99
Non-controlling interests	36	11	36	67	77
<b>Profit Attributable to Shareholders of the Bank</b>	<b>227</b>	<b>251</b>	<b>149</b>	<b>243</b>	<b>358</b>

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