



Corporate Sustainability Report 2014



“Transforming &
building responsibly”





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Who We Are

Kuwait Finance House (KFH) is one of the oldest and largest Islamic Financial Institutions in the world. Since inception in 1977, we have continued to strive to be at the forefront of Islamic finance and maintain our position as one of the leading Islamic financial institutions in the world. Over the past few years, we have re-energized our vision, re-built our thinking and have become more agile and efficient in the way we work.

We believe that through our business strategy, we create value for our shareholders, we are proficient at taking care of the financial needs of our customers and clients, pay close attention to the needs of our workforce, and invest responsibly in the communities in which we operate. We aim to ensure that KFH remains an ever-more reliable and powerful force for a prosperous and healthy economy, society and environment in the areas where we operate or do business.

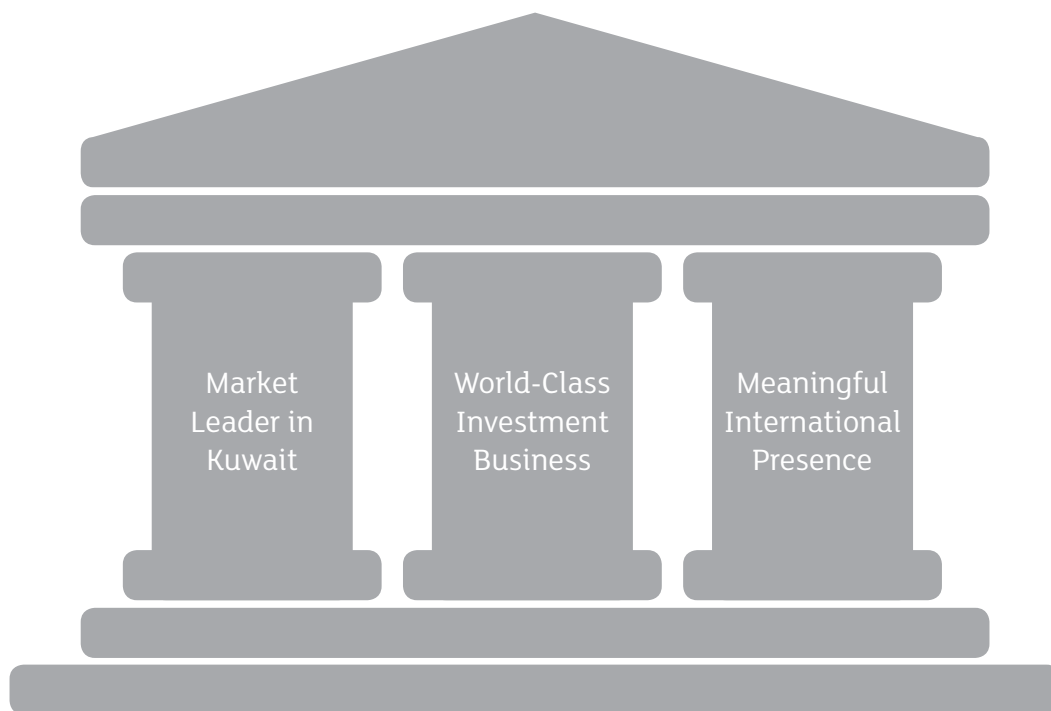
Despite the challenges ahead of us, the future rests on what we regard as the best banking team in the country. Our mandate is clear; we are here to speed up growth and create value for our institution and stakeholders within the guidelines of Shari'a. We also take pride in ensuring that we take the leadership position that the market expects from us through our distinctive competencies: quality and excellence of service and commercial dynamism nationally and in every country where we operate, continuously backed by the efficiency of our supporting functions.

Our Vision

To lead the international development of Islamic financial services and become the most trusted and sustainably most profitable Shari'a-compliant bank in the world.

Our Mission






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



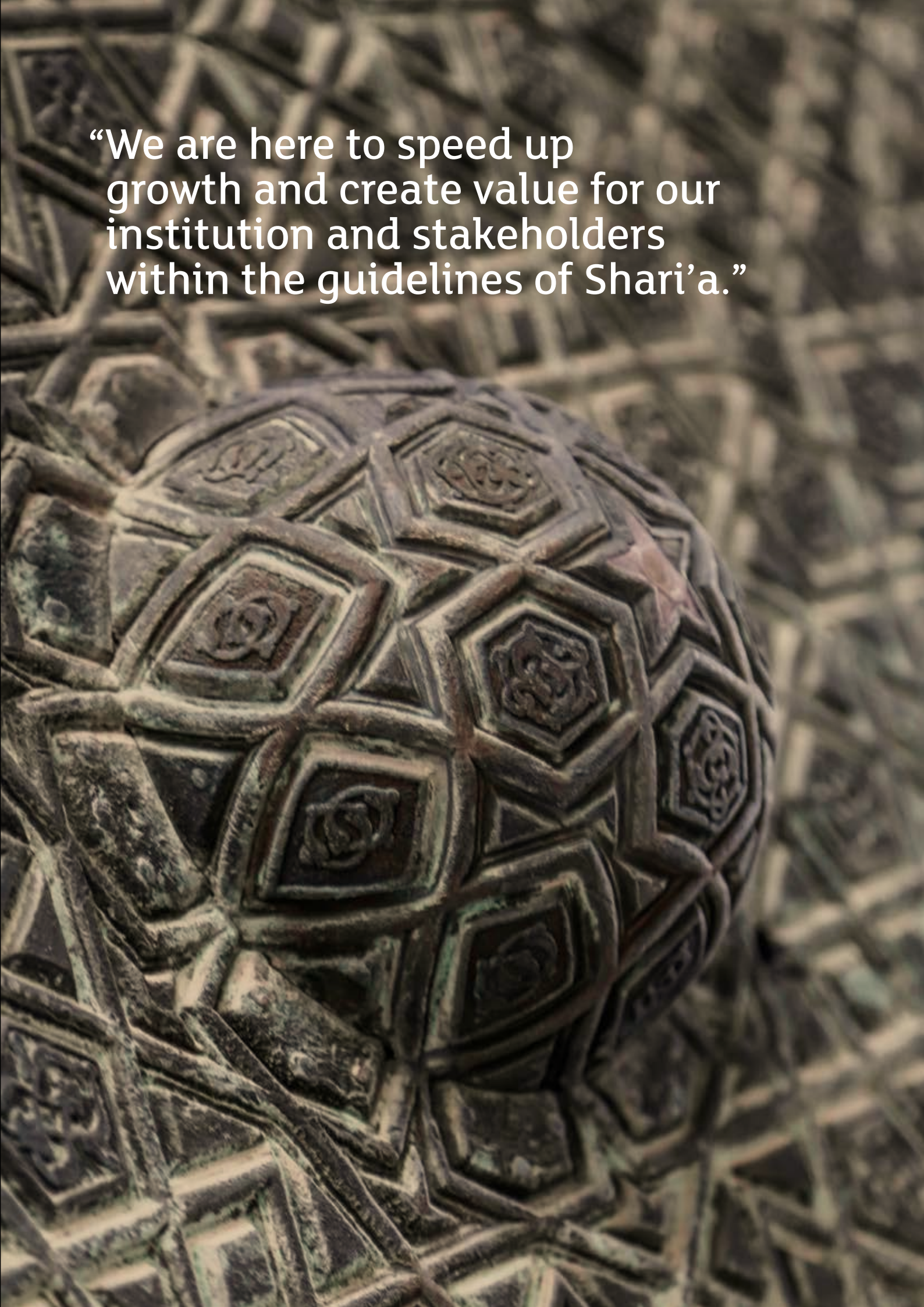
KFH in Social Media

In this fast growing and wide spread availability of information media as a part and culture of globalization, KFH keeps up its high presence and demonstrates the true Kuwaiti culture, identity and tradition to promote the universal brotherhood and "fellow feeling".

Follow us on:

-  <https://ar-ar.facebook.com/KuwaitFinanceHouse>
-  <https://twitter.com/kfhgroup>
-  <http://www.youtube.com/user/KuwaitFinanceHouse>
-  <http://instagram.com/kfhgroup>
-  <https://www.linkedin.com/company/kuwait-finance-house>

“We are here to speed up growth and create value for our institution and stakeholders within the guidelines of Shari’a.”



KFH and Sustainability focus areas

Driven by a strong Islamic tradition and culture we provide our services to individuals and business firms alike. KFH has always believed that five focus areas form the integral pillars needed to achieve its sustainability objectives. These five focus areas are:

Our Values

Our banking system follows Shari'a law, and is guided by Islamic principles on economics and ethical banking practices. KFH's services have been modernized and standardized to meet the various needs of customers, while maintaining the ethical boundaries embodied in the beliefs of the Islamic faith that all investments need to be wholesome and for the well-being of the people, as well as contributing to the development of the land and entire society.

Our Deeds

We are dedicated to always doing the right thing, supporting not only our customers but also the communities where we function. We aim to develop meaningful community programs focusing on health, youth and financial education. We strive to touch as many lives as possible in communities where we operate by creating jobs and business opportunities and thus to build a harmonious and healthy community.

Our People

We firmly believe in investing in our people to nurture and enhance their skills and talents, while upholding the true tenets of Shari'a Principles. Without a doubt, we can say that our staff members are the greatest source of our achievement, pride and inspiration and we have mutually benefitted from this partnership and built a harmonious and family culture in KFH. The majority of our people have said that the unique work culture and environment at KFH is the main attraction for them to seek employment with the organization. They also expressed their willingness to contribute wholeheartedly to the growth and success of our business.

Our Environment

The Shari'a Principles which guide our bank includes the belief that humans are guardians of nature and they have the duty to preserve the integrity, balance and harmony of the ecosystem. Muslims believe that over exploitation of nature and natural resources are punishable and should always maintain a moderate level in their consumption. Furthermore, Shari'a Principles promote the idea of moderation, discouraging over indulgence. Green ethics is at the root of Islam wherein the welfare of the entire society is placed at the heart of every matter under consideration including finance.

Our Customers

We strive on achieving business excellence to meet the aspirations of all our customers. KFH gives paramount importance to the trust that its clients put on us and is committed to safeguarding that trust the best possible way. We thank Almighty Allah for the sustained market share that we have enjoyed over the years as a result of the confidence and trust that the customers have in KFH.



CEO Message



It is my pleasure to present to you Kuwait Finance House's fifth Corporate Sustainability Report. In the past year, KFH has made great strides with its mission to deliver customer service excellence and superior product innovation while protecting and enhancing the interests of all our stakeholders. Every year we remain true to our vision to be a market leader in providing Islamic financial services and be one of the most trusted and sustainably most profitable Shari'a-compliant banks in the world. The interests of our customers and stakeholders are of paramount importance to us and we are committed to establish a sustainably profitable business model for years to come.

As we progress, we encourage our business units to incorporate sustainable practices into their operations through setting more holistic departmental goals. In our fifth year of reporting to our valued stakeholders we have continued to expand on KFH's commitment across the five key focus areas: Our Principles, Our Customers, Our Deeds, Our People and

Our Environment. We want to ensure that our business flourishes, while keeping in mind the best of interests of our society and environment.

We live in a world where businesses constantly change and adapting to these changes can determine the success or the failure of that business. At KFH, we understand that we shoulder the responsibility of offering sustainable solutions to our changing world and are honored to apply our financial expertise to enable Shari'a-compliant financing to pave the way for new sustainable concepts and solutions for tomorrow's marketplace.

As a financial institution and a pillar of the communities in which we operate, we understand the far reaching impacts our practices have on them. Having a global mindset coupled with local knowledge, we continue to strive on improving the quality of life of our customers and stakeholders.

Opening up the discussion on sustainability and publishing a Corporate Sustainability Report have been both exciting and challenging for us. Indeed, it helps us both celebrate progress as well as realize the work that still needs to be done. As pleased as I am with the progress already made, I also believe that our peak performance and most fruitful days are still ahead of us. While this report does not put us on an entirely new path, it gives us a platform to chart a better one.

Since KFH's inception, we have had a culture and philosophy of ethical responsibility and community involvement. We have a high interest in embedding sustainability in our DNA, and as a start, it rings through our vision and mission.

Our employees are our most valuable asset. Human Resources at KFH are a key and active component in helping us achieve our sustainability objectives. We seek to build on experiences and prepare new generations of existing staff to develop, as well as attract the brightest talent from around the world. With this said, the national labor force is given the top priority as highly-qualified professionals of Kuwait, Bahrain, Turkey and Malaysia have contributed great accomplishments in their respective economies, in general, and in Islamic banking in particular.

As an affirmation of our sustainability principles and the teachings of Shari'a, KFH set up the Zakat & Community Service Committee in 2013 to be tasked with overseeing donations and community service as part of its core activities. Through this, KFH donated around KD 4.6 million to support the charitable projects and activities

through its community investments, which are directed to serve humanitarian, relief, and community service causes. In health care, we continue to focus on diabetes with our contributions to local centers in Kuwait. Tackling a regional epidemic, KFH has contributed to the Unified GCC Traffic Week to promote safety and security in our roads. These are just highlights of the work KFH has continued to do in 2014 as part of our responsibility to the sustainability of our economy, environment and society. This report will take you through all KFH Group's main sustainability activities, written in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

Thanks to Almighty Allah for what we have managed to accomplish around the world. I would also like to thank our stakeholders for the trust they have shown in KFH, our Board of Directors, executive management and employees who have brought us all where we are today, and the honorable Fatwa and Shari'a Supervisory Board for their continued guidance and support. I would also like to express my sincere gratitude to H.H. the Emir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, H.H. the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, our regulators, business partners and clients.

Finally, thanks to you, the reader, for your interest in the KFH story. Your contributions are valued greatly, and as always, we welcome your questions and comments which can be sent via email to: sustainability@kfh.com.

Yours sincerely,

Mazin Saad Al-Nahedh

Group Chief Executive Officer

Sustainable Strategy

KFH's vision to become a world-class investment business with a meaningful international presence is materialized through an enhanced corporate structure and refocused business strategy. KFH executive management have established the key themes that will drive the group's focus and strategy in the coming year. These themes include total focus on customer satisfaction, which are at the forefront of our principles and values derived from Islamic Shari'a. They also include focusing on employee development in order to attract and retain new talent. Alongside the structural improvements that are ongoing, we aspire to achieve harmony and positive synergies between the institutions of KFH Group.

We have already started building a new culture of productivity, accountability and efficiency in order to prepare the bank for future growth. At the heart of these actions will be a renewed attention given to communication starting with a stronger unified corporate image.

Regional & Global Expansion

KFH has a geographically diverse presence through its banking subsidiaries in Bahrain, Malaysia and Turkey. In Turkey, our banking subsidiary Kuwait Turkish Participation Bank continues to show impressive results both in terms of profitability as well as the number of branches. The bank now has a branch network spanning more than 300 branches across Turkey. In Asia, KFH Malaysia was able to return to growth and profitability.

Retail Banking Services

In Kuwait, the growth rate of the bank deposits for the bank exceeds the overall Kuwaiti banking sector; a fact that helped us gain prominence as one of the leading banks in the market. Today, our branch network has reached 63 branches for men and 44 sections for women.

By integrating all operational support activities in one new group under the name of "Operations", we were able to free resources and focus on attracting new customers as well as retain existing customers. The simplification of procedures and re-engineering of operations have also contributed to the reduction of costs in parallel with improvements in efficiency.

KFH also launched Al-Dimah Investment Deposit, which offers customers attractive returns based on the Shari'a principle of mudarabah in its underlying investments. Deposits in this account are available in a range of investment periods; monthly, quarterly and annual basis. In addition, in order to meet the diverse savings and investment needs of our customers, KFH has put forward several long-term investment products. These products include the Raphaa plan to help save marriage, the Thimar plan for retirement savings and the Injaz plan to help save for starting a new business or private project.

In terms of bank cards, Visa International and MasterCard have both honored KFH for selling more than a million cards in the Kuwait market making it a leader in the market. Today, KFH is the largest issuer of Visa cards in Kuwait, and a leader in terms of the volume of MasterCard transactions on K-net, the Kuwaiti debit card processing network.

With its vast branch network and large customer base, KFH was able to inject more than KD 700 million into various sectors of the local economy in 2014, especially in the area of new and used cars as well as the associated services. On top of this, the Retail Banking team have improved their efficiency by minimizing the time of completion for transactions. They have also succeeded in strengthening the relations with other departments and with customers by conducting follow-up calls.

Corporate Finance

Corporate Finance in KFH occupies a prominent and advanced position in the Kuwaiti banking market, being one of the largest commercial financial solutions providers. In this sector our efforts have been focused on expanding our customer base by strengthening existing client relations, raising the level of customer service and focusing in particular on the top corporate customers. The emphasis is also on cross-selling products and providing multiple packages of services to this important segment.

In terms of improving the quality of service, particularly financing and real estate services, the Service Quality team continued to put its efforts on spreading the culture of "Service Excellence" among customer service staff. It also worked on overcoming the work challenges with efficiency through the establishment of several programs for monitoring, follow-up and performance measurement. Service Quality also designed a 'mystery shopper' program for the evaluation of the work environment with the objective of improving the bank's image among "Tamayoz" and private banking customers. The Service Quality team was also responsible for the preparation of periodic detailed reports showing the level of service quality performance.

Treasury Department

The Treasury Department has played an important role in KFH's strategy towards international expansion. This can be seen through increasing the department's transactions with financial institutions spread all over the world. KFH, in partnership with several international banks such as International Islamic Liquidity Management Corporation (IILM), participated in total offerings of USD 1.65 billion in sukuk issued by the IILM. KFH also participated this year in the landmark sukuk offering for the Government of the Republic of South Africa. The bank continues to maintain an active presence in both primary and secondary markets for Sukuk around the world. This has enabled it to be a key player in the global Sukuk market.

Risk Management & Corporate Governance

KFH affirms the importance of Risk Management as being one of the main components of a prudent banking business. An independent body has been developed, reporting directly to the Risk Committee, which reports to the Board of Directors and assumes the responsibility of supervising the management of credit risks, market risks and operational risks, along with the regulatory obligations. This is managed at both the local level in Kuwait as well as on the Group level.

The Risk Management department submits regular reports to the Board of Directors and its committees on the quality of assets and the market value subject to risk as well as the liquidity risks. It is also required to provide reports to the regulators and to conduct stress tests to ensure banking stability.

KFH has continued to adopt Corporate Governance Standards in accordance with legislative and local regulatory requirements. It also kept pace with the rapid developments at the international level in Corporate Governance principles and practices. As a culmination of the efforts exerted by Management, KFH has recently received the "Excellence in Governance Award" through its participation in the annual conference on corporate governance in the Gulf Cooperation Council States (GCC), granted to it by the organizing committee of the conference.

KFH has taken part in the efforts for developing the standards of Basel III that took effect at the end of 2014.

KFH Group distribution of economic benefits

		KD (000's)
Economic value generated	Revenue	1,034,662
Economic value distributed	Payments to providers of capital	389,636
	Operating costs	206,458
	Employee wages and benefits	182,171
	Community investments*	4,596
Economic value retained		251,801

* Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat & National Labor Support Tax.



How We Manage **Business**



Our Industry Sectors

Banking Business

Kuwait Finance House K.S.C.P. (Headquarters)
Kuwait Turkish Participation Bank
Kuwait Finance House (Bahrain) B.S.C.
Kuwait Finance House (Malaysia) Berhad

Real Estate

KFH Real Estate Company K.S.C. (Closed)
Baitak Real Estate Investment Company S.S.C.
Al Enma'a Real Estate Company K.S.C.P.

Aviation

ALAFCO - Aviation Lease & Finance Company K.S.C.P.

Energy

Development Enterprises Holding Company K.S.C. (Closed)

Information Technology

International Turnkey Systems Company K.S.C. (Closed)

Investment & Financial Services

KFH Capital Investments Company K.S.C. (Closed)
KFH Investment Company K.S.C. (Closed)
Saudi Kuwaiti Finance House S.S.C. (Closed)
KFH Private Equity Ltd.
KFH Financial Services Ltd.
Aref Investment Group K.S.C. (Closed)
Turkapital Holding B.S.C. (C)
E'amar

Health Care

Al Salam International Hospital K.S.C. (Closed)

Trading & Consultancy

Public Service Company K.S.C. (Closed)
Gulf International Automobile Trading Company K.S.C. (Closed)

Good Corporate Governance

KFH has redesigned the governance structure extensively to integrate the KFH Group entities. The Board, Executive, Group and Interdepartmental levels of KFH's governance structure align the banking operations and activities with the five-year strategy plan and the Corporate Governance requirements of the Central Bank of Kuwait.

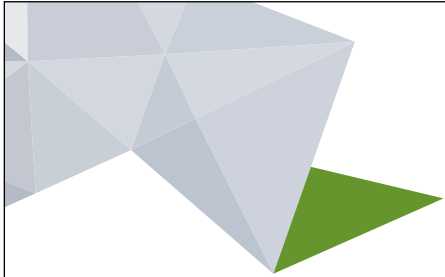
Islamic banks differ from other conventional banks in many ways; perhaps the most notable difference is compliance with Shari'a rules and principles in Islamic banks' operations and activities. This assurance to the shareholders and depositors can be translated by the establishment of a Shari'a supervisory system within Islamic banks.

KFH's Fatwa and Shari'a Supervisory Board operates independently and is responsible for the duties of ensuring all banking operations, finance, projects and products are in compliance with Islamic Shari'a rules and principles through specific rulings and guidelines issued by the committee.

The Nomination and Remuneration Committee is responsible for reviewing KFH's HR policies ensuring that the HR capabilities and services are aligned with business needs. The committee is responsible for annually reviewing and proposing the necessary adjustments to the compensation structure and levels to the Executive Committee. Furthermore, the committee is responsible for the annual review and proposal of spot bonuses for outstanding achievements.


KFH's Audit & Compliance Committee approves the Internal Audit Charter, the risk based internal audit plans, resources and it evaluates the effectiveness of the Internal Audit (IA) function. The IA reports to the Audit & Compliance Committee and has unrestricted access to the Chairman of the committee. It is responsible for the independent assessment of risk management, control and governance processes regarding the reliability and integrity of financial and operational information; effectiveness and efficiency of operations and programs; safeguarding of assets; and compliance with laws, regulations, policies, procedures, and contracts. An assessment by external assurance provider is also carried out periodically to determine the degree of IA function's conformance to the standards set by the Institute of Internal Auditors.

KFH's Risk Appetite Framework is at the heart of Risk Governance Model. The Risk Management Framework assists the Board in evaluating probable risks associated during the implementation of KFH's Business Strategy and determining if the new business projects are in compliance with Shari'a Principles.




Kuwait Finance House


Comprehensive Islamic Banking Solutions




Best Global Islamic Financial Institution




Best Ijarah (Leasing) Provider
Best Islamic Financial Institution in Kuwait




Bank of the Year (Kuwait)




Best Islamic Bank in Kuwait




Best Bank in Kuwait




Best Islamic Bank in the world



Best Treasury Management
Best Cash Management

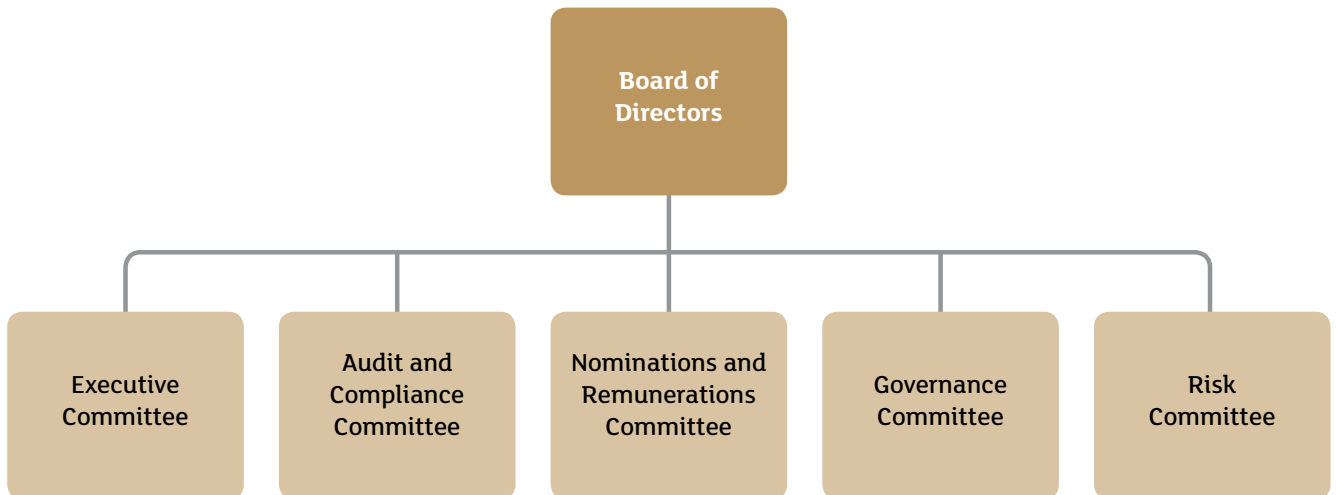


Best Islamic Bank in the Middle East
Best Islamic Bank in Kuwait
Best Bank in Kuwait



Best Islamic Bank in Kuwait

Governance Structure



All committees report to the Board of Directors

Staying Compliant

KFH makes all efforts to uphold the positive image and consumer trust built over the years. Over the past few years KFH's internal control systems have been strengthened to provide for a clear opinion on the extent of the bank's compliance with local laws, ministerial resolutions and Central Bank of Kuwait instructions, as well as the bank's extent of compliance with its own policies and controls.

Under the decree of Central Bank of Kuwait (CBK) and the leadership of our CEO, the Customer Complaints unit was implemented in 2011. KFH has streamlined its internal processes to assist the bank customers with their account related grievances in a time bound manner. KFH complies with CBK decree and reports back every month the findings of their Customer Complaints unit.

KFH generates the function specific compliance performance reports every quarter to be reported to our CEO and the respective business units. CBK approved Procedure Manual and Policy and Processes Manual will be made available to KFH employees.

The joint-audit committee was formed with the internal audit departments – IT, Banking operations and Branches at KFH Banking subsidiaries. In 2013, the Internal Audit function's strategic plan for 2014-2016 was approved by the Audit & Compliance Committee. The internal audit departments are categorized by a risk matrix, which in turn defines the frequency of Internal Audit for these business units. The Internal Audit uses the Institute for Internal Auditors (IIA) guidelines for its processes and schemes.

Mechanisms for employees to communicate with shareholders, and ultimately give recommendations to the various governance committees, can be done either via the HR whistle-blower policy or through the employee engagement surveys. Results from the surveys, performed by a third-party, are raised in meetings with the Board and responses are relayed at their discretion.

Looking ahead, KFH plans for ISO certification for its Business Continuity Management (ISO 22301:2012) and for Information Security Management System (ISO 270001).

Managing Risks

“The new Risk Management structure allows for clear accountability, delineated roles, centralized oversight and better integration of risk management with business activities.”

Risk Management is at the core of all banking activities at KFH and our new strategic plan has been devised to better equip the organization to make prudent risk management choices. The Risk Management department is structured around four functions that are in line with the key risks undertaken by the Bank, namely, credit, investment, market and liquidity, and operational. The dedicated Enterprise Risk Management function is responsible for driving risk policies and guidelines, performing risk analysis and providing transparency on risk profile at the Kuwait and group levels. Each of these functions is specialized in its respective area and build the required expert capabilities. Overall, the new Risk Management structure allows for clear accountability, delineated roles, centralized oversight and better integration of risk management with business activities, aimed at improving risk decision making at KFH. This vision is made possible by the forward thinking of executive management and the active collaboration of KFH's business units to provide access to information and the right to challenge their business plans and activities with mutual trust and confidence.

At the Group level, Internal Capital Adequacy Assessments were completed in KFH Malaysia and in Turkey with technology and assistance from KFH Kuwait. Common Risk management systems, policies and procedures are in place for the banking subsidiaries in Malaysia and Turkey and plans for the implementation for KFH Bahrain is in the pipeline. The Risk Management department conducted a comprehensive analysis of asset quality in the financing portfolio in Kuwait, which resulted in significant improvements in asset quality metrics and the enterprise-wide risk reporting began with the Board.

We have successfully enacted an investment strategy and operating model to achieve target returns. By accomplishing that we now have a known risk appetite, investment strategy, asset allocation and guidelines to build specific country and sector areas of focus.



Business Excellence



KFH is proud to be the first bank in Kuwait to establish Business Excellence as part of its banking practice.

Business excellence underscores the leadership commitment, dedication to quality standards and continuous drive for improvement at KFH. Business Excellence's main purpose is to safeguard KFH's information assets, establish a standard excellence model for continuous improvement, and ensure the continuity of KFH's business operations.

KFH for the first time created an ISO compliant program, Business Continuity Management system (BCM) as a part of Business Continuity under the Business Excellence unit to manage the risks that threaten the smooth running of our business and to ensure its survival in the event of any potential disruption. BCM acts as a source of assurance to the Board of Directors and Shareholders.

Information Security Function

In accordance with regulatory authority's requirements, KFH continues to foster its Information security initiatives through the Information Leak Prevention program in 2014 to comprehensively cover every single staff at KFH Kuwait. The program was holistically designed to ensure effectiveness coupled with staff awareness, and customized technology deployment.

During the course of program, international subsidiaries in Malaysia, Bahrain, Turkey and Saudi Arabia were successfully brought under 'federation framework', so that classified communication can be ensured.

New features of data classification have been introduced to classify all historical data in bulk with noteworthy ease. In addition, new data validation mechanism has been introduced to detect and prevent staff from sharing confidential information i.e. Civil ID Number Credit or Debit Card Numbers outside KFH. This is in addition to 'Redact facility' that allows staff to mask confidential data before releasing electronic communication.

Information Leak Prevention program employs a balance of state-of-art security software and carefully crafted processes to achieve the highest possible protection of KFH's information assets.

Looking ahead in 2015

Business Excellence aims to deliver outstanding practices and achieve favorable results through the following concepts:

- Achieving Balanced Results
- Adding Value for Customers
- Leading with Vision, Inspiration & Integrity
- Managing by Processes
- Succeeding through People
- Nurturing Creativity & Innovation
- Building Partnerships and
- Taking Responsibility for a Sustainable Future





Voices of KFH



We will demonstrate Leadership across all our business activities:

Leadership in furthering Shari'a compliant financial services across the globe through innovation,

Leadership in serving our customers and
Leadership in developing our employees.

KFH's values include strengthening leadership through all its businesses, including leadership in the Islamic banking services in the region and worldwide through innovation. KFH believes in being a leader in delivering better service to the valued clients and in the development of its employees. In addition, KFH is committed to all its procedures, and to setting up long-term partnerships with the concerned authorities.

Engaging with Stakeholders

We take pride in keeping our stakeholders "engaged" as we recognize the process to be not only an important function of stakeholder engagement but also it forms the basis for good corporate governance.

Employee Engagement

Employees at KFH are identified as the primary stakeholder both from the normative and influential perspectives. KFH employees are not only our brand ambassadors, but also our customers having a unique outlook into our business model. KFH is aware that by having a strong, active employee engagement, we mutually benefit from this synergy.

At KFH, employees can openly communicate their grievances and concerns with any of the HR Business Partners that are deployed in each sector. KFH's employees can also connect with shareholders and ultimately give recommendations to the various governance committees either via the HR whistle-blower policy or through the employee engagement surveys.



Service Quality



“Service Quality means servicing customers with care, excellence, and when no one is watching or monitoring you”

Mr. Houssam Q. Al-Khatib
Executive Manager Service Quality.

The Service Quality team is responsible for establishing an organizational culture that directs front-line staff performance to be aligned with the service excellence standards, aiming at retaining and satisfying valued KFH Customers and enhancing their customer-service-experiences. The Customer-centricity focus is at the heart of SQ plans. Therefore, Service Quality adopts professional methodologies and mechanisms to create a competitive performance environment amongst front-line staff. It also strives to understand customers' needs and explore their expectations and support management in order to discover areas needing improvement.

In 2014, Service Quality team coached and evaluated 1100 front-line staff across retail banking business units on latest service standards. Moreover, Service Quality participated in KFH internal campaigns (such as Smile & Greet and We Care) to uplift the performance and enhance culture of service amongst front-liners. The Service Quality team also surveyed 7,790 customers to rate their recent experience with KFH branches and showrooms. Majority of surveyed customers revealed their positive satisfaction during their last visit to KFH service locations.

KFH Key Customer Feedback Qualitative Results

Service Quality team has conducted a total of 7790 surveys to rate customers' satisfaction levels based on their last visits to KFH service locations. It has been a monthly tracker during the period of January – November 2014. Overall levels of customers' satisfaction are illustrated below:

Business Unit	Customer Satisfaction Levels (%)
Branches & Financing Centers	98.2
Showrooms	98.2
Banking Cards	91.4
Collection & Follow-up	97.7

Commitment to Customer Satisfaction

We do and will always continue our efforts to engage with our customers to understand their expectations and needs. Each of our subsidiaries has their own unique method of reaching out to customers, tailoring their systems based upon the local context, culture and nature of the KFH product or service. On the whole, we conduct regular customer satisfaction surveys, provide feedback forms and questionnaires through our various local centers, whether it be via website, email, fax, phone or social media. KFH Group ensures specific call centers for each bank and subsidiary.

When it comes to surveying, for KFH Group this can be performed daily, monthly, quarterly and on an annual basis. As we strive to keep innovating and connecting with customers on a personal level, each bank and subsidiary develops its particular way to do so. For example, in Turkey, customers can send their suggestions through a special innovation platform www.saglamfikir.com.tr. In Kuwait, Al Salam International Hospital, an assigned committee meeting meets monthly to discuss the daily surveys conducted on inpatients and outpatients.



Supplier's Engagement

KFH's commitment towards being the Customer Centric organization is well demonstrated when it held a supplier engagement to find solutions to better serve KFH's valued clients.

KFH has strategic relationships with the local retail market aiming to facilitate clients with mutual interests of procurement. KFH participates in local exhibitions on a regular basis in order to support the lines of communication between the suppliers in the local market as well as the clients. The clients, in turn, are able to visit and learn about the various products and services offered by suppliers.

Employee Interviews



Employee Name: **Sara Al-Salem**

Department: KFH Kuwait – Internal Communications

Title: Internal Communications Specialist

Years at KFH: 1 year

1. What made you choose to work at KFH?

Believing that proper communication is the primary tool of development, and my deep rooted belief and obligation towards the proper translation and exhibition of Islamic ethics, working at KFH was the right opportunity to achieve the above.

For every human being, the ultimate propose of working is to achieve a sense of accomplishment, and when that sense of accomplishment is done in an Islamic environment this wraps the whole experience for me.

2. What aspects of KFH motivate you to work for the organization?

The “challenge” factor, as a woman working at KFH I aspire for further empowerment of women in the organization as I believe that what matters is “competence” regardless of gender. I think I can see and emerging opportunity for KFH to get women more involve in shaping its future.

3. What does sustainability mean to you?

Sustainability to create something that benefits on a longer term, to me is to live in a continuum environment where it is able to self-sustain itself through constant self-development while taking into consideration it's surrounding. For example, the environment of this earth can only accommodate us if we learn to give back and understand the sensitivity of its system, once we are off balance, sustaining our living is not an option.

4. Which areas of sustainable development would you like KFH to focus more on and why?

As we all belong to Mother Nature, and from its wealth we live generally, and as our religion dictates specifically. I think giving back to nature is what I would like to see KFH to focus on more, such as raising awareness within its employees. Furthermore, I believe that reaching out and educating children in the field of the environment and sustainability are the primary goals of corporate social responsibility (CSR). Sustainability is very important in our local community and I think that Kuwait is yet to put serious effort into it. Therefore, KFH can play an active role in leading the sustainability efforts in Kuwait.

5. Looking back at your experience at KFH, what are your views on the working environment?

Given my short period at KFH, and during the time of recent changes, I have yet to form view on this matter. However, coming from a mass communication background and experience, I feel that further effort should be put to make KFH's environment a better place in that aspect specifically.

6. What can be done to engage employees on sustainability at KFH?

We learn best from the ultimate teacher of this ummah the Prophet's (PBUH) hadeeth; “خير الأعمال أدومها وإن قل”. He explained the fundamentals of sustainability 1400 years ago and from that we can learn a lot. If we only apply this hadeeth to our daily aspects of life I think we can achieve a great level of sustainability be it on the personal or the corporate level. Therefore, KFH could teach its employees the above by applying it on the consumption of paper, electricity, water, energy.... etc., and be a leader in social responsibility.

Employee Name: **Julio Lobo**

Department: KFH Kuwait – Retail Banking Cards

Title: Deputy General Manager Cards

Years at KFH: 13 years

1. What aspects of KFH motivate you to work for the organization?

I have been involved in the Cards business in Retail Banking in KFH for over 10 years and have seen the business evolve to a stage where over the years we are now leaders in the card business in Kuwait. KFH has over 1 million Visa cards in Kuwait, a milestone we crossed in December 2014. We have the highest card usage on MasterCard in Kuwait. On Knet, the Kuwait card processing network, KFH is number one in terms of both transactions and Kuwaiti Dinar volume ahead of National Bank of Kuwait. KFH still has huge potential and this is what motivates me in terms of tapping further into this market.

2. What does sustainability mean to you?

Sustainability to me in KFH means running a business with ethics and responsibility which includes three key stakeholders; our Customers, our Staff and the environment. The new “We Care” campaign epitomizes these very values of sustainability. We would like to be seen as the bank that cares both internally and externally. Values and principles that we hold and nurture within ourselves and our employees are the foundation for the service we offer our customers... and the community.

3. Looking back at your experience at KFH, what are your views on the working environment?

We are not perfect, however, KFH has many excellent staff having great experience that have got the bank to where it is today. KFH has recently gone through a reorganization two years back and has a great new management team. I’m confident with the new leadership we have the clarity and focus to take KFH to the leadership position it deserves.

4. What motivational message would you like to share with the new recruits and other employees of KFH?

We have embarked on a mission to be the largest and the best Islamic bank. This creates opportunities for those that are willing to contribute with hard work and tenacity to make this happen. We need to get the “We Care” aspect right in all we do. We can be part of making this the best organization to work for in Kuwait and the region.



5. Which areas of sustainability do you think KFH can have the most impact on society?

Do everything that shows that “We care”. We may never get 100% right from the start but we should do our very best to get there and that itself will make a difference that we are viewed by our customers and society. There are number of social contributions and assistance KFH does towards society and we need to keep this under the banner “We Care”.

Responsible Banking



Shari'a and Investing in sustainable economic growth

KFH's vision is to spearhead the global development in Islamic financial services, and elevate the bank's operations to becoming the most sustainable and profitable Islamic bank in the world.

KFH financial indicators maintained a balanced growth during the last decade despite many challenges that faced the global economy and the local business environment, which reflects the strength of its financial position and its ability to continue to grow. This growth indicates the success of the bank's policy that expands qualitatively and geographically, and enters into investment sectors that are lucrative and have low-risk in the markets.

As a proponent of Islamic economics and finance, KFH firmly believes that the philosophical foundation of an Islamic financial system goes beyond the economic and financial aspects of transactions. Although a challenge for the Islamic system to be implemented in the current economic environment, we at KFH take pride to operate and base our business partnerships and activities along the lines of Shari'a principles called Fiqh (deep understanding) transactions.

KFH is still the best bank in Kuwait in terms of returns on deposits, which led to gaining clients' confidence and constantly increasing the number of deposits. All our businesses at KFH are aimed at improving the living conditions of human life on earth. In order to enhance fairness and parity in the communities where we operate, equal importance is placed on the religious, ethical, moral and social pillars. KFH specializes in consumer banking, real estate financing, lease financing, trade finance and portfolio investing.

At KFH, all of our community investments are Shari'a-compliant, dedicated to supporting our communities, clients and customers. Widening access to finance is a core tenet of our strategy, as is our commitment to providing finance that helps businesses to set up, expand and trade across borders. We take care to align our investments with sustainable development by financing efficiently and responsibly contributing to economic growth and job creation in the local communities.

2014 Awards

Best Global Islamic Financial Institution
Best Islamic Financial Institution Awards

Best Ijarah (Leasing) Provider
Best Islamic Financial Institution in Kuwait
Global Bank Awards

Bank of the Year (Kuwait)
The Banker

Best Islamic Bank in Kuwait
Euromoney

Best Islamic Bank in the Middle East
Best Islamic Bank in Kuwait
Best Bank in Kuwait
emeafinance

Best Islamic Bank in Kuwait
Asiamoney

Best Bank in Kuwait
Banker Middle East

Best Islamic Bank in the World
Islamic Business & Finance

Best Treasury Management
Best Cash Management
Banker Middle East - Kuwait Product Awards



A six star lifestyle project located in the heart of Kuala Lumpur City (Golden Triangle) invested by Kuwait Finance House. (Baitak Asia Real Estate Fund I)



International Banking

International **Banking**

KFH-Malaysia actively contributed in the meetings held by Islamic Financing Services Board (IFSB) that have been hosted by the Malaysian Central Bank. KFH-Malaysia regularly takes part in forums and workshops presented by researchers and executives from Islamic banks and institutions. The discussions show how Islamic banking can adapt to the global developments and changes, which allows it to further prosper. This is evident by the high demand for Islamic financial services and products, not to mention various Islamic banking tools.

KFH's Risk Management unit organized a series of workshops for employees in an attempt to raise awareness regarding regulations and legislations followed in the banking field to make KFH businesses and operation compliant with the requirements of supervisory authorities. The workshops serve to highlight the importance of adhering to the standards of Basel and develop the necessary skills to appropriately manage operative risks of KFH business units.

KFH international banking assists its mid-size company owner clients in Turkey and Kuwait with limited marketing capability by giving them access to new markets through the use of networking events, profile magazines/e-zines, real estate models and brochures. This strategic initiative not only adds value to KFH clients, but also increases cross border trade flows and builds trust with subsidies.

- Builds trust amongst subsidiaries and strengthens cross border trade flow
- Assists the business owner clients across borders with improved business marketing and networking opportunities

Customer **Focus**

"We are committed to provide the best financial services to our customers. These initiatives are very important for us in order to become a leading bank in providing the best financial products and services in the market"



KFH

Products & Services

Taking Care of our Young Customers

KFH believes in shouldering societal responsibility of cultivating good saving habits amongst our children. KFH has on numerous occasions hosted students from schools and educational institutes to raise their awareness of the importance of the banking business. It also stresses the importance of savings as an essential value in the life of the individual and society. The youngsters were familiarized with KFH Islamic banking services and the 'Baiti' and 'Jameati' accounts that caters to the financial needs of young adult clients. KFH is confident and looks forward to building a bright and promising future for the children through these excellent investment saving accounts, allowing higher profitability for children.



Visa Infinite Debit Card

Visa Infinite offers an extraordinary selection of distinctive travel, dining, shopping and lifestyle opportunities. It gives complimentary access to a concierge service that exists to satisfy every taste, in addition to numerous exclusive lifestyle benefits such as Emergency services (Global customer assistance service) plus emergency payment authorization, DiamondAir Meet & Greet Service and Superior Buying Benefits.



Al-Nuwair Deposit

Al-Nuwair is a new investment deposit that offers attractive investment returns in addition to other benefits;

- Flexible investment period; from one month to three years;
- The ability to automatically reinvest profits at each renewal allowing customers to achieve higher returns;
- Ability to withdraw cash from the principal amount during the investment period without the need to cancel the deposit.

KFH Nojoom Prepaid Card

KFH-Nojoom card is a prepaid card developed in cooperation with Ooredoo, a Kuwait-based telecommunications company, to offer Nojoom members the opportunity to earn reward points when using the card locally or abroad. These points can be redeemed in the form of free minutes from Ooredoo and many other free gifts from redemption partners. KFH-Nojoom card is the first co-branded card presented from KFH and a telecom company. It comes after an intensive research to provide you with unique offers locally and globally.



A leader in auto finance in Kuwait



Improving Internally

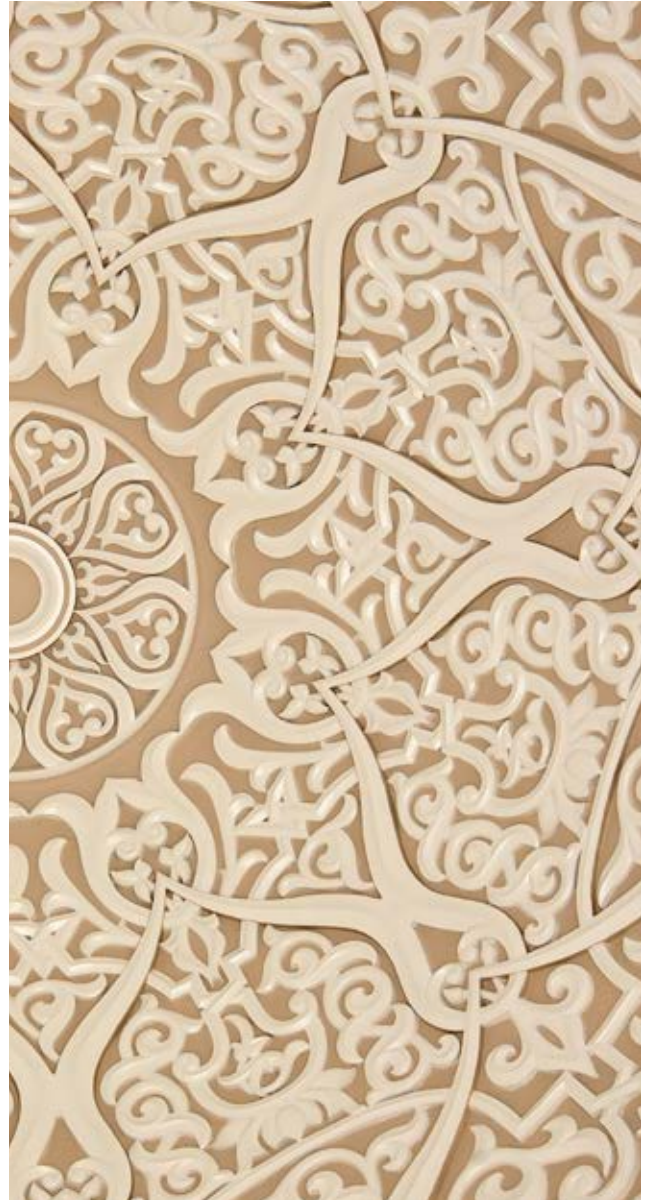
This year was an exceptional year for the bank and marks a turning point in the bank's progression towards achieving its strategic vision as a leading financial institution in the local market as well in the region. This can already be seen through the improvements in operating efficiencies, cost rationalization and the development of new products and services. This is all being done to enable the bank to meet its clients' expectations and needs at the highest standards of quality and governance.

Moreover, the bank is progressing with enhancements of its abilities in all fields, but particularly in human resources, as we view our employees to be our key strategic asset. Increasingly, we regard the expansion of our scope in local and international markets as well as the modernization, development and the launching of the new and innovative banking products, as the keys to our success.

KFH values the relationship and the trust it has with its clients. These have been built up over time and we consider them to be an invaluable asset. KFH has constantly sought opportunities to strengthen the internal capabilities covering People, Process and Technology.

We continue to work in an environment of changing economic and regulatory conditions in addition to unprecedented regional and global political developments. We have taken upon ourselves at an early stage to develop our businesses to face the future with a strategic vision to become the world leader in the Islamic banking industry.

The strengths of KFH were reflected in maintaining its credit rating of (A+) by Standard & Poor's and Fitch. In addition, Standard & Poor's improved the ratings outlook of KFH from negative to stable. In 2014, KFH received many prominent awards in the banking sector including the award of the Best Islamic Bank in the Middle East, the Best Islamic Bank in Kuwait and the Best Bank in Kuwait.







Caring
for the
Environment

Caring for the Environment

“O Children of Adam! Wear your beautiful apparel at every time and place of prayer: eat and drink; But waste not by excess, For Allah loveth not the wasters.”

The Holy Quran - Surat Al-A'raf - Verse 31



KFH Turkey has been active in promoting health and environmental issues, such as water consumption

Water Use

KFH Group understands the implications of overconsumption of water on the global supply of water.

The per capita usage of water in the Middle East region is much higher than the global average.

We strongly believe that by reducing water consumption in our regional operations, not only will we be able to do our part in preventing environment degradation, but also see financial benefits as a result of lower operational costs.

Energy Consumption

KFH Group has established initiatives, policies and practices in place to reduce electricity usage in its business operations. KFH employees take proactive measures to conserve electricity and water in our offices and other business units.

At the end of the working day, all equipment and lights in unoccupied rooms are turned off. The nature of our business combined with regulatory enforcement aimed at transparency call for detailed documentation of all types of communications sent out.

It is of great importance that all of KFH's business operations maintain an open line of communication with its customers, employees, and that they document all the proceedings as per the sector regulations.

Some of KFH's efforts to conserve water and energy during the peak summer months include:

- Switching off office lights after working hours;
- Replacing building lighting with energy saver compact fluorescent lamp (CFL) bulbs;
- Using the latest technology for electrical appliances;
- Conducting regular checkups for water leakages.

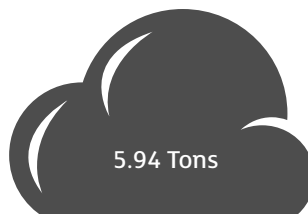
Monitoring our environmental performance at KFH Kuwait



Water Consumption
(Liters) per FTE



Electricity Consumption
(Kilowatt hours) per FTE



CO2 Emissions
(Tons) per FTE



Paper consumption
(Kg) per FTE



KFH Kuwait is taking key steps in its mission to conserve the environment. We are actively involved in the Tarsheed conservation campaign organized by the Ministry of Electricity and Water, which takes place during the summer months.

Future Sustainable Operations: KFH Zero-Waste

KFH Kuwait has embarked on an initiative to commit all of its operations to the Zero-Waste Strategy. Work is progressing on the best and most efficient ways to implement this strategy. The initiative aims for KFH to recycle and re-use all the waste from its banking operations potentially including paper, plastic and e-waste.

Environmental data for KFH Group by region

	Units	GCC	EMEIA	SEA
Full time employee (FTE)	Persons	5,475	4,548	539
Paper Usage	Kg	382,419	405,301	1,304
Water Usage	Liters	81,211,556	133,950,000	9,818,889
Electricity Usage	Kwh	60,120,152	21,040	4,001,937
CO2 Emissions/FTE	Ton	7.13	0.0	5.56

1. Environmental data for ITS has not been included in this report.
2. Data for the electricity and water consumption was obtained from bills provided by the respective water & electricity authority. The reporting cycle between the subsidiaries differ and the total figure is arrived at using monthly averages. Available evidences of monthly consumption of electricity and water consumption is used to arrive at the annual figures.
3. GHG emissions are calculated using specific emission factors presented by Brander et al (Econometrica, 2012) using derived annual electricity consumption data from available information on monthly consumption.

KFH Malaysia launched its own CSR logo in order to reaffirm its commitment to the environment and community

Led by its Chief Executive Office and the senior management team, KFH Malaysia has implemented various programs and activities through its CSR initiative 'Creating Footsteps'. Some of the activities of this initiative include assisting the underprivileged community and natural disaster victims, enriching universities and students, providing basic business skills for the low income groups, tree planting as well as staff volunteerism in the local community.

This signifies the Bank's commitment to making both small and giant steps towards the creation of a better society, as well as the Bank's intention for all its initiatives to pave the way for others to emulate in order to help reconcile the economic, social and environmental ambitions of the country.





Human Capital

“We are able
to enrich our
business with
fresh talent,
ideas and skills.”

KFH Employees

KFH Group integrated operations employs 11,081 people at the various sites and offices across the Gulf Cooperation Council (GCC), Europe, Middle East, India and Africa (EMEIA) and South East Asia (SEA).²

The majority of KFH staff (95.23%) in the three regions are full time employees of which approximately 76% are males. The following table gives the breakdown in numbers and percentage representing full-time equivalent number of employees by the region.

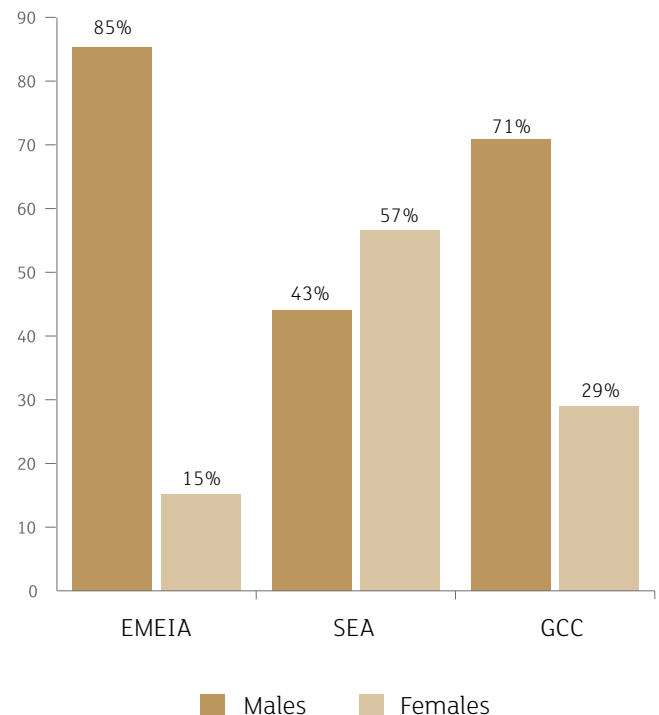
	GCC	EMEIA	SEA	TOTAL KFH GROUP	%
Total number of employees	5,490	5,041	550	11,081	100
Full Time	5,475	4,548	539	10,562	95.32
Part Time	15	493	11	519	4.68
Males	3,922	4,263	234	8,419	75.98
Females	1,568	778	316	2,662	24.02

The total number of employees does not take in to consideration interns.

Diversity at KFH Group

KFH believes in attracting, hiring and retaining talented employees from various parts of the world. We are able to enrich our business with fresh talents, ideas and skills. Our workforce represents many nationalities and cultural backgrounds, but is unified by the common KFH business culture and shared values. KFH's employees are its most valuable asset that reinforces its status among other Islamic banks worldwide. At KFH, we strive to make our workplace a more welcoming and inclusive place for people of different ethnicities, ages, abilities, orientations and skills. We are happy to note that 24% of KFH employees are female, which underlines our keenness to support female employees and clients through offering them their own dedicated branches.

The below table illustrates the detailed information of KFH Group employees by gender and age across the regions. Although KFH Group employs a higher percentage of men compared to women, it is important to note that about 57% of KFH in the SEA region are women.



¹ Throughout this report, KFH Kuwait, KFH Bahrain, Al Salam International Hospital and International Turnkey Systems (ITS) Kuwait are grouped under GCC; KFH Turkey is EMEIA and KFH Malaysia under SEA.

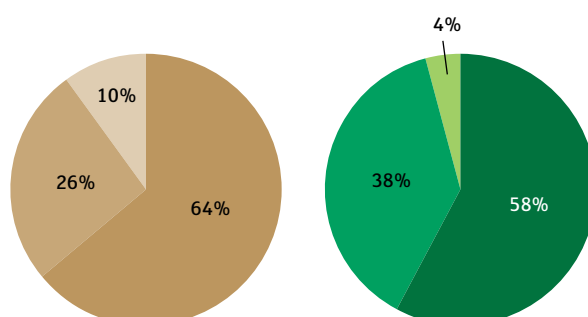
Gender Equality

KFH Group ensures that there is equal representation of women and men of all age groups in the workforce. KFH strongly supports the Human Rights policy and ensures that its employees in the same grade draw same allowance irrespective of their nationality. The standard entry salary is on par with the local minimum wages as per the labor laws in the locations of operation.

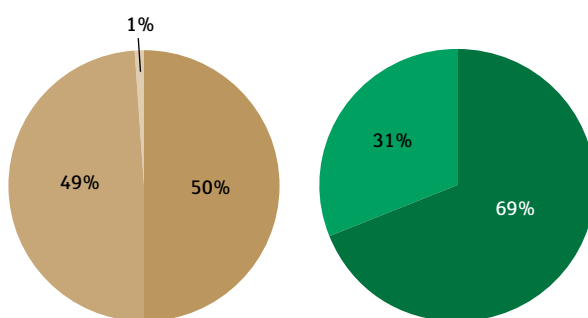
Breakdown of workforce by age and region

	Males			Females		
Age Group	Under 30	30-50	50+	Under 30	30-50	50+
GCC	1,026	2,496	400	595	916	57
EMEIA	2,140	2,093	30	533	245	0
SEA	33	177	24	81	224	11
Total KFH Group	3,199	4,766	454	1,209	1,385	68

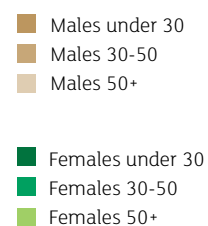
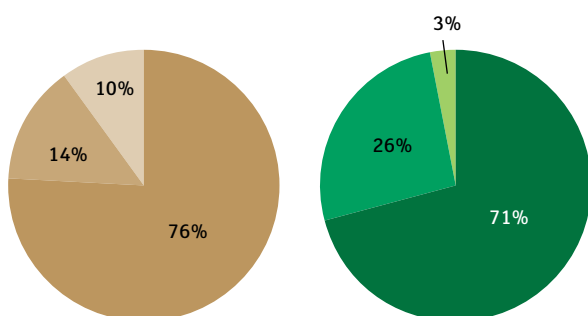
GCC



EMEIA



SEA



Employee Turnover

Employee turnover is a normal part of any business cycle where an employee could be replaced by another for any reason, be it to retire or relocate, or just in response to changing circumstances in their lives. A high turnover rate would also indicate the employee's dissatisfaction with the organization's structure and working environment.

KFH firmly believes in investing in its employees and has immense interest in enhancing and retaining talented employees of the organization. During the transformation program, KFH has kept an open line of discussion with each of our employees and they were assured of all support from the management through and post transformation. The table below illustrates that overall KFH has been successful in retaining our employees in 2014.

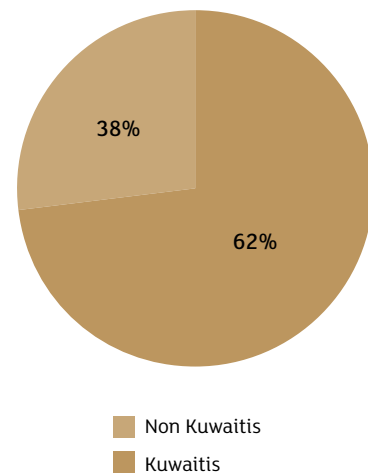
2 Turnover Rate	Males			Females		
	Under 30	30-50	50+	Under 30	30-50	50+
GCC	16	13	15	14	7	<1
EMEIA	2	1	<1	1	<1	<1
SEA	3	<1	<1	<1	<1	<1
TOTAL KFH GROUP	6	7	13	7	4	<1

2 This year the turnover rates were calculated as per the definition in the GRI guidelines using the total employee numbers at the end of the reporting period.

Kuwaitization

In recent years, Kuwaitization within the Islamic banking workforce in Kuwait has been occurring on a wide scale. In 2014, we met the target of 62% for Kuwaitization in the banking sector.

We at KFH stress and strive to encourage the recruitment and training of young Kuwaiti graduates and encourage them to play an active role in the development of the economy. KFH's new recruits are given a career boost right out of college by introducing them to hands-on training programs as well as introducing them to banking practices. KFH hopes that these young talent progress and become future leaders working at Islamic financial institutions in the region and worldwide. We trust that KFH's significant strategy to support and provide employment opportunities for the promising Kuwaiti young nationals in the Islamic banking sector would prove to be a successful investment factor that would reflect positively on the labor market in the near future.



KFH received an award in Kuwaitization at the conference of the GCC ministers of labor and social affairs

Localization

KFH has a committed approach to increasing the representation of local people in its workforce. We seek to provide appropriate training, workplace experiences and ultimately job opportunities to help local residents into sustainable employment.

Employees hired locally across all regions (%)					
GCC				EMEIA	SEA
KFH Kuwait	KFH Bahrain	ITS	SIH		
62	90	2	1	99	99



KFH granted scholarships to 4 Kuwaiti employees for pursuing Master's studies.

- Highest Training hours in history of KFH achieved in 2014
- KFH is the only Islamic Bank to send its female employees for training overseas with a male relative accompanying them with all their expenses paid by KFH

Supporting Learning & Development



In 2014, KFH's Nomination & Remuneration Committee granted scholarships to four Kuwaiti employees to pursue their Master's studies at Kuwait University. KFH supported these employees by paying for their tuition and books. These employees were granted reduced working hours to enable them to fully concentrate on their studies. In addition, KFH arranged for full pay days off for these candidates to appear for the examinations during the scholarship period.

Newly hired employee attended induction training sessions which includes special focus on Ethics and Core value. Training sessions were held for all KFH employees to improve their technical skills, enhance their competency to implement the environmental and social policies and procedures as applied to business lines. In addition, employees were given awareness training on the bank's anti-corruption policies and procedures. Employees also have access to Shari'a compliance e-learning tools.

KFH Training Sessions aimed to build up a strong workforce

- KFH held money laundering workshops for its employees to raise their awareness and develop skills regarding the regulations concerning money laundering and terrorism funding, in compliance with the terms of the Central Bank of Kuwait and other international banking legislation.
- KFH employees trained in Islamic banking products, Islamic economy principles, and conditions of sales operations, to embody the bank's approach in being the best Islamic bank in Kuwait and also to add distinctive characteristics and significant values to employees.
- 600 employees trained across the e-learning platform.

Talent Management and Career Development

Average employee training hours for KFH Group

		KFH Kuwait	KFH Bahrain	ITS	SIH	KFH Turkey	KFH Malaysia
Males	Senior Management	29	35	10	2	20	105
	Non Seniors	52	24	15	1	10	247
Females	Senior Management	32	34	18	1	0	89
	Non Seniors	73	27	14	0.23	9	247

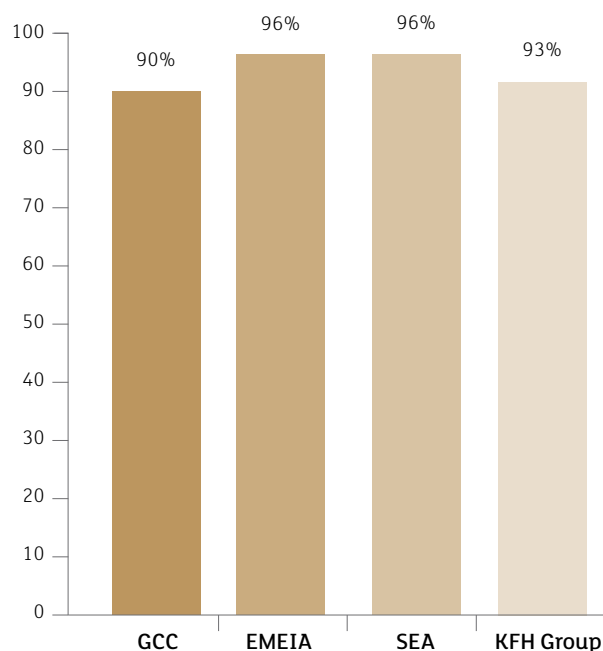
Talent management is a critical process that ensures organizations have the right quantity and quality of people in place to meet their current and future business priorities.

KFH understands that along with the need to hire, develop, and retain talented people, it is vital that the existing talent is identified and better managed to achieve the best possible business results.

KFH Group regularly conducts formal reviews of our most talented people and closely monitors their progression within the organization. KFH aims to increase the number of experienced, skilled and mobile workforce across the organization, hoping that our talented employees achieve leadership positions more quickly than their peers.

Overall in 2014, about 93% of the KFH employees received their annual performance reviews. The remainder 7% employees who missed the performance reviews were either new recruits, outsourced or on suspension.

KFH employees receiving annual performance reviews %



KFH sees the value in upgrading the capacity of human resources and encouraging the employees to further their career development and performance, for which they are duly appreciated and awarded.



KFH Honors Employees

KFH honored employees who excelled among their peers, which in turn, motivates their colleagues to improve their performance. These employees appreciated KFH for honoring them, and underscored their determination to continue to exert sterling efforts. The synergy shared between the management and the employees creates a dynamic team work environment at KFH.

- 52 of the bank's employees received authorized banking certificates
- 14 distinguished employees received highest certifications in all fields
 - 6 employees received Certified Branch Manager certificates
 - 5 employees received Certified Islamic banking
 - 3 employees received Certified Credit Professional (CCP) certificates arranged in collaboration with the Institute of Banking Studies, the General Council of Islamic Banks and institutions, and the Arab Academy for Banking.



Community
Involvement

Supporting Youth & Knowledge

KFH recognizes and supports the role that education plays in the development and prosperity of a society. KFH has regularly taken part in honoring many distinguished Kuwaitis who have made significant accomplishments for their country. KFH is inspired by its clients to assist in contributing to numerous national programs and events, which promote a sense of national pride and awareness of societal responsibilities in the fields of economy, youth, education and health.

- In Kuwait, KFH takes part in honoring distinguished boys' and girls' at school graduation ceremonies throughout the year
- In Turkey, KFH Turkey provides paid internships to college students
- In Malaysia, KFH Malaysia has helped finance the building of schools
- In Bahrain, KFH Bahrain offers a special financing program to help university student finance their education

KFH was applauded by the Ministry of Commerce and Industry for its efforts in assisting the government in supporting entrepreneurship projects undertaken by Kuwaiti youths. KFH recognizes the long-term benefit of supporting and encouraging young entrepreneurs. These efforts also play an important role in addressing unemployment and contributing to a strong, diverse economy.

KFH regularly participated in job fairs to recruit new graduates giving them the opportunity to have a rewarding career in banking, real estate, investment, and information technology sectors. KFH plays an active role in creating skillful Kuwaiti employees who are capable of adding value to the society and the national economy.

- KFH participated in the 2014 Job Fair at the Gulf University of Science and Technology (GUST) in Kuwait
- KFH sponsored the 10th Annual Exhibition of the Kuwait Architect Student Association (KASA) at Kuwait University
- KFH sponsored the annual Finance Week at the College of Business in Kuwait



Taking Care of your Health & Safety

Kuwait is ranked 6th highest in the world to have the highest occurrence rates of diabetes. According to the International Diabetes Federation, there were nearly 410,000 cases of diabetes in Kuwait in 2014. Diabetes has grave social and economic dimensions for the patients, such as hampering the capabilities of those suffering from the disease along with high treatment and prevention costs.

KFH sponsored numerous activities in 2014 to educate the employees in the area of personal health

- Blood drives
- Diabetes awareness campaigns
- Anti-Smoking Campaigns
- CPR training for the Secretaries

KFH has signed an international agreement with the International Diabetes Federation (IDF) to alleviate diabetes in Kuwait. KFH sponsors diabetes specialists in Kuwait to visit international health centers, such as Harvard University, in order to receive the latest information in the field of diabetes prevention.

KFH's upgraded version of its application Diabetes App iPhone users is the first health and fitness applications in Kuwait's App Store. The Diabetes App has been downloaded heavily and applauded by users from around the globe. The Diabetes App is part of KFH's efforts in the field of social responsibility, offering useful tips, notifications and recommendations in Arabic and English for free. This reflects KFH's commitment to serving the public and highlights its innovative uses of technology for community causes.



KFH believes that a healthy nation is closely linked to sustainable and social development.

- KFH organized a medical screening day for its employees and public
- KFH sponsored diabetes specialists to attend international health centers to receive updates on diabetes prevention
- KFH organized a blood donation campaign on World Blood Donation Day

KFH organized a blood donation campaign on World Health Organization (WHO) led World Blood Donation Day and in response to requests made by the Central Blood Bank. KFH's employees, general public and noted celebrities came forward to donate their blood.

Al Salam International Hospital (SIH) contributes to raising health awareness in the community. SIH ensures to effectively support and encourage society's low income strata to benefit from the following campaigns:

- Full Checkup offer
- Lasik Campaign
- Breast Cancer Check up

Shouldering Humanitarian Responsibility

As part of its charitable activities that underline its Islamic identity, KFH in an active participant during the Holy Month of Ramadan activities. KFH Public Relations team visited several mosques and Ramadan tents to distribute Iftar meals to those fasting. This initiative highlights the bank's role in the field of social responsibility in assisting and caring for people in the low income groups.



KFH's PR team contributed to organizing Qiyaam al-Liyal prayers at Grand Mosque and distributed beverages to the congregation.

KFH's gesture of participating in the girgian gathering for the Kuwaiti Association for Down Syndrome highlights the efforts of the organization in brightening the day by spreading joy and laughter among hospitalized children and their families.

KFH donated KD 4.6 million through its community investments to support numerous charitable development projects and activities aimed at serving the greater society.

KFH Turkey uses the penalty pool funds (fees for late payments which cannot be included in the bank's income due to Shari'a restrictions) for;

- Restoration of historical mosques
- Education and training programs for financial awareness and management skills for the customers
- Organizing SMEs

KFH Bahrain's Libshara Savings Account

The small depositors of the KFH Bahrain's Libshara Savings Account can participate in promotions with monthly cash prizes or chance to win plots of land in Sarat, Diyal Al Muharraq, a prominent residential development.





Reporting Approach

Scope of Report

This Sustainability Report covers the performance of Kuwait Finance House (KFH) Group of Companies for the 2014 calendar year, from January 1, 2014 to December 31, 2014.

Since we have used the same subsidiaries as previous reporting years, the basis of reporting on our subsidiaries does not affect the comparability for 2014.

There are no restatements of any information provided in earlier reports. This report serves as an in-depth resource for our stakeholders interested in our sustainability data, information and approach.

We issue our Sustainability Report annually; our previous report, the 2013 Sustainability report was released in March 2013.

Materiality

The contents of this report are largely guided by KFH's Sustainability Pillars for business ethics, environment, community, customers and employees, as well as the corporate mission and vision. The development of the indicators were selected based on the company's strategy and vision taking inputs from internal stakeholders.

Data Collection & Report Development

We collect and report accurate data, supported by a sound underlying methodology. Unless otherwise indicated, the data in the report reflects KFH Group data (KFH Kuwait, KFH Bahrain, KFH Turkey, KFH Malaysia, International Turnkey Systems and Al Salam International Hospital).

In the narrative portion of the report, we discuss events and performance of KFH and its subsidiaries on a primarily individual basis. We report in compliance with the Global Reporting Initiative (GRI) framework.

KFH Group collects information for this report through a uniform system that has been developed to meet specific data collection requirements which ensures accountability and maintains integrity.

All data concerned with KFH Group requires sign-off from the data-owner, and is thoroughly reviewed for quality assurance.

Once written and included in the report, all data quantitative and qualitative are sent back to data owners for final approval before publishing.

Compliance to GRI Guildelines

This GRI Report is our fourth report launched using the Sustainability Reporting Guidelines 3.1. For more information on the GRI, please visit www.globalreporting.org. This year, KFH Group has self-declared an application level of B per the GRI G3.1 guidelines.



Global Reporting Initiative G3.1 Index

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FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental and social issues	100% (Shari'a)
FS11	Percentage of assets subject to positive & negative environmental or social screening	100% (Shari'a)

* Does not include ITS data



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