



Date: 29 October 2019
1 Rabi Al-Awwal 1441
Ref 10/10/ 479 / 2019

التاريخ: 29 أكتوبر 2019 م
الموافق: 1 ربيع الأول 1441 هـ
الإشارة: 2019/ 479 / 10/10

To: Boursa Kuwait

Peace, Mercy and Blessings of Allah be upon you

السادة / بورصة الكويت المحترمين
السلام عليكم ورحمة الله وبركاته

Subject: Disclosure of The KFH's Analysts
Conference for Q 3 / 2019

الموضوع: إفصاح بيتك عن مؤتمر المحللين
الربع الثالث 2019

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

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

Further to the previous disclosure on 29 October 2019, the Conference Minutes of Meeting Q3/ 2019 is attached.

إستكمالاً لإفصاحنا السابق بتاريخ 29 أكتوبر 2019، مرفق محضر مؤتمر المحللين للربع الثالث 2019.

A copy of the same has been submitted to CMA.

هذا وتم تزويد السادة /هيئة أسواق المال بنسخة منه.

Best Regards,

وتفضلوا بقبول فائق الاحترام،

Shdi Zahran
Acting Group CEO

شادي زهران
الرئيس التنفيذي للمجموعة بالوكالة



بيت التمويل الكويتي
Kuwait Finance House



CONFERENCE CALL Invitation

EFG Hermes is pleased to invite you to participate in the

KFH Q3-2019 Analysts' Webcast / Conference Call

بيت التمويل الكويتي
Kuwait Finance House



Monday, 28 October | 14:00 (Kuwait) | 15:00 (Dubai) | 11:00 (London)

Speakers

Mr. Shadi Zahran – Group Chief Financial Officer / Acting GCEO

Mr. Fahad Al Mukhaizeem – Group Chief Strategy Officer

Chairperson

Ahmed El-Shazly – Financials Analyst, EFG Hermes

Webcast Details

This call is a webcast call. You can see the presentation and listen to the speakers using the link below.
Please log in 5 minutes prior to the event.

https://globalmeet.webcasts.com/starthere.jsp?ei=1266134&tp_key=639f1e81eb



Quarter 3 2019

Kuwait Finance House Earnings Webcast Transcript

Monday, 28th October 2019, 2:00 pm Kuwait Time

Speakers from Kuwait Finance House Executive Management:

- Mr. Shadi Zahran, Acting Group Chief Executive Officer (GCEO), Group Chief Financial Officer (GCFO).
- Mr. Fahad Al-Mukhaizeem, Group Chief Strategy Officer (GCSO).

Chairperson

- Mr. Ahmed El Shazly, EFG-HERMES.

The beginning of the live webcast text-

Good afternoon ladies and gentlemen and welcome to the Kuwait Finance House Q3 2019 results webcast. This is Ahmed El Shazly from EFG-Hermes and it is a pleasure to have with us on the call today:

- Mr. Shadi Zahran, Acting GCEO & GCFO
- Mr. Fahad Al-Mukhaizeem, GCSO

And we are also joined today by the following attendees:

- Norges Bank Investment Management
- HSBC
- CI Capital
- Al Rayan Investment
- Franklin Templeton
- Dark Horse Capital
- Wafra International Investment
- Fiera Capital
- Aventicum Capital Management
- NBK Capital
- HSBC
- FIM Partners
- ADIA



- ENBD AM
- EFG HERMES
- Bloomberg Intelligence
- Standard Chartered Bank

In addition to other esteemed institutions...

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

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

I would also like to mention that some of the statements that might be made today may be forward looking. Such statements are based on the company's current expectations, predictions and estimates. There are no guarantees of future performance, achievements or results.

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

Thank you.

Mr. Fahad Al-Mukhaizeem:

Thank you, Ahmed, and good afternoon ladies and gentlemen. We are glad to welcome you to Q3 earnings call for Kuwait Finance House Group. I am Fahad Al-Mukhaizeem, Group Chief Strategy Officer. Today, we'll be covering highlights of Kuwait's operating environment with an overview on KFH. We'll also share with you KFH's strategy, as well as Q3-2019 results.

GDP growth in Kuwait is expected to pick up in 2020 to reach 3.1% after a bit of a slowdown expected in 2019. The Consumer Price Index (CPI) is expected to reach 1.8% in 2019 as the IMF expects inflation to increase to 3% in 2020.

Fitch recently affirmed Kuwait Finance House's (KFH) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb+'.

KFH won Best Islamic Financial Institution in the world for 2019 from Global Finance which confirms KFH's leadership and success globally.

Currently KFH's branch network exceeded 509 branches around the world, thus continuing our key strengths which include Strategic distribution channels in addition to our robust financial performance.

The success of the digital transformation strategy in the Group, pointing to a qualitative move in rolling out digital financial solutions, such as the self-service banking services and AI-enabled robotics. KFH launched the first ever Mobile Deposit of Cheques service to customers where they can simply log into their KFH mobile app, go to the cheque deposit menu and take a picture of both sides of the cheque using their smart phone camera. The funds will then be deposited directly into their accounts through the KFH Online app.

KFH also succeeded in enhancing security and data analysis, upgrading the infrastructure and e-service platforms in order to improve customer experience which becomes a strategic factor in continuing or actually in confronting the challenges of digitalization and adapting to fast-paced and competitive environments in the banking sector in accordance with the highest standards. KFH aims to expand its operations in the Middle East and Europe through the services of the “digital bank” in Turkey and the “Jazeel” platform in Bahrain, in addition to the modern, sophisticated and highly efficient online services.

With this, let me hand over the mic to our Acting Group CEO and Group CFO Mr. Shadi Zahran.

Mr. Shadi Zahran: Thank you, Fahad. Alsalam Alykum good day ladies and gentlemen. I am Shadi Zahran, the Group CFO and Acting Group CEO. It's my pleasure



to welcome you all to the third quarter 2019 earnings call. Let me start by highlighting the financial performance of Q3-2019:

KFH Group reported **Net Profit** of **KWD 190.5 million** until end of Q3 2019 for KFH **Shareholders** compared to **KWD 169.1 million** for the same period last year represent an increase of **12.7%**.

Total Financing Income for Q3 this year reached **KWD 701.2 million** an increase of **10.2%** and **Net Operating Income** for Q3 this year reached **KWD 393.0 million** with a growth of **7.0%** compared to the same period last year.

Cost to Income Ratio dropped to reach **36.1%** for as at the end of Q3-2019, compared to **37.7%** for the same period last year.

Earnings per Share for the third quarter of 2019 reached **27.67 fils**, compared to **24.58 fils** for the same period last year i.e. an increase of **12.6%**.

Our double-digit growth in net profits and the bank's positive financial indicators are results of the successful sustainability strategy of focusing on core banking activities, exiting non-strategic investments, and improved assets quality. Also, the ongoing increase in net operating income backed by the increased operating income and controlled costs had a positive impact on net profit.

We are on track in promoting synergy among the Group's banks in line with the strategies aimed to utilize the strength of the markets we operate in.

KFH is a major player in financing mega projects and supporting the National Development Plan, Kuwait Vision 2035 to transform the country into a regional and global financial and commercial hub. We financed many projects including energy, water, power, infrastructure and construction. We also have a global leading role in Sukuk issuances for local and international companies and governments.

KFH Capital launched the first REIT Fund to be listed in Boursa Kuwait with a capital of up to KWD 100 Million with monthly distributions to diversify investment opportunities



for its customers, by providing new tools that contribute to achieving profitable returns, and take advantage of market developments locally and regionally.

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

Now, I will move to the financial performance in details for the Group. As I mentioned earlier,

The Group has achieved Net Profit After Tax (NPAT) attributable to Shareholders for the period ended 30th September 2019 of **KD 190.5mn higher by KD 21.4mn or 12.7%** compared to the same period last year of **KD 169.1mn**.

Financing income increased by KD 64.8mn or 10.2% resulted mainly from the increase in average yielding assets.

As we will see in the next slide, Net financing income (NFI) has decreased by **KD (9.2) mn or (2.3%)** compared to same period last year. This is due to increase in Cost of Fund (COF) by **KD 74.0 mn** which is partly offset by the increase in financing income of **KD 64.8mn**. increase in COF is mainly due to the full effect of increase in benchmark rates impacting financing cost, and the increase in distribution to depositors as a result of higher group profitability with the concentration on Mudaraba based deposits.

Net Operating income at KD 393.0mn increased by **KD 25.6mn or 7.0%** compared to Sept-18, and the increase is mainly from the **Investment Income by KD 43.1mn** offset by the decrease in NFI by **KD (9.2) mn**. The increase in investment income by KD 43.1mn is mainly attributable to finalization of projects and divestments which led to increase in investment income to total operating income to reach **15.6%** compared to **9.0%** last year. However, the other non-yielding income contribution remained at **20%**.



Next Slide: Total Operating Expenses at **KD 222.1mn** is at the same level as compared to prior year.

And that's mainly due to continuous efforts at the Group level made towards cost optimization and rationalization which has resulted in the containment of costs despite expansion of Banking Business and inflationary conditions seen in some markets where the group operates.

Then, **Cost to income ratio** improved by a further **157bps** to reach **36.11%**. Displaying an improved efficiency and optimized operating expenses.

Furthermore, with regards to cost to income ratio at KFH-Kuwait, **C/I ratio** at **32.1%** is below both the local Islamic Banks average of 41.2% and local conventional Banks average of **37.0%** (calculated from published financials for H1-19).

Looking at the Average Profit Earning Assets is up by **7.5%** compared to **Sept 2018**, maintaining the growth momentum of yielding assets for the past few years. (avg. YoY financing receivables and MM is up by KD 0.7mn and avg. Sukuk is up by KD 0.3mn)

Group NFM at **3.14%** shows a **4bps** decrease compared to 2018 of average **3.18%**.

Group average yield slightly improved despite the increase in the local and international profit rates mainly on account of aggressive market competition and slow discount rate evolvment compared to Fed rate. However, as mentioned earlier the COF is higher as compared to 2018 same period on account of KFH increased profitability and higher market rates.

The group total provisions and impairment charge increased by **KD 13.8mn** or **10.6%** to reach **KD 145.0mn**. **Higher provisions on financing** by **KD 78.8mn** is on account of precautionary provision of **KD 60mn** recorded at group level on our Turkish subsidiary financing portfolio on conservative basis in view of market outlook,

Provisions and impairment for **investments and others** decreased as compared to last year from **KD 97.7mn** to **KD 32.7mn** due to the last year one-off impairment for certain legacy properties in GCC.



Net Operating Income (before provisions) from banking activities remained at over 90% of group net Operating income

In this slide, Total Assets at KD 19.0bn increased by **KD1.2bn** or 6.9% over 9 months period (Sept-19 vs. Dec-18).

The group achieved an outstanding **growth in deposits** for the period 9M-19 of **KD 1.5bn or 12.5%** with contribution from all banking operations reflecting customers confidence in KFH group across all entities besides the results of investments made in digitalization

Additionally, the favorable deposits mix continues to show very healthy contribution from CASA deposits which represents **44.5%** of total group deposits as at the end of 9M 2019 – maintaining same level during the past few years. It is also worth to mention that KFH Kuwait dominates the saving accounts with market share of **41.4%** (as per CBK latest published reports, Aug-19).

Financing receivables at KD 9.4bn increased by **1.8%** over 9 months period (Sept-19 vs. Dec-18). **Growth without TRL devaluation in 2019 is 2.9%**. Growth in financing receivables contributed from Kuwait, Turkey and Bahrain despite the market competition and challenges while other international banking entities demonstrated slower growth focusing on asset quality.

Investments in Sukuk at KD 2.1bn increased by **KD 568.6mn** or **36.4%** since Dec-18 with a growth contribution from all banking entities and the majority of the balance represents investment in Sovereign Sukuks. The growth in Sukuk portfolio is a response of the growth in deposits in all markets we operate in with limited good asset quality financing opportunities and group's overall Risk profile.

Customer deposits as a percentage of total deposits at 82.7% continues to improve reflecting the healthy funding mix and shows robust liquidity.

In the last slide looking at the key performance ratios, the group compared to last year same period is as follow:



- ROAE from 12.49% to 13.41%
- ROAA from 1.55% to 1.47%
- C/I from 37.68% to 36.11%, and
- EPS moved from 24.58 fils to 27.67 fils for 9M19

It is worth mentioning in regard to asset quality that NPL ratio reduced to reach **1.73%** (as per CBK calculation) in Sept-19 compared to **2.83%** at Sept-18 (2018: 1.99%) on account of the improvement in overall risk profile of the Bank supported by recoveries and write-offs.

Coverage ratio (provision) for Group is **225%** in Sept-19 (2018: 191%).

Coverage ratio (provision + collateral) for Group is **275%** in Sept-19 (2018: 247%).

With that I conclude the financial part, thank you.

Mr. Ahmed Al Shazly:

Again, to ask a question, just please type it in the question box in your screen, so we can be able to reply to it.

Q&A:

Question 1: Loan growth outlook in Kuwait? update on project awards? consumer appetite? Reason behind big increase in deposits? NIM outlook? reason behind weakness in fees and commission income?

Maha Soueissy - Schroders

Answer by Mr. Shadi: As I mentioned the growth came from all banking subsidiaries, mainly from Kuwait and from all sectors, in retail came less than the corporate in Kuwait. The outlook is expected to remain at the same level. Fees & commission is actually reflecting or is associated with the growth of the portfolio this is one part and the other part is some fees were eliminated this year due to the regulations especially in the retail area.



Question 2: Can you please elaborate more on a q/q increase in net interest income to KWD145m in Q3 19 from KWD122m in Q2 19? What's behind this jump and what should we expect going forward?

Aybek Islamov - HSBC

Answer by Mr. Shadi: Actually, for us its net financing income and not net interest income and the net financing income is actually reflecting the increase in the average yield assets, this is one.

The other part costs of fund at the 3rd quarter will be less as compared to the 2nd and 1st quarter and here we have mainly two reasons reflecting more stability now and deposits mix changed more too. We noticed from Wakala to Mudharaba, besides the provision that I mentioned that we took it conservatively on Turkey is affecting the distribution of the Mudharaba deposits.

Question 3: Can you clarify the date for the merger? The date was previously mentioned as H1 2020 in terms of getting approvals and doing a share swap. However as per a recent interview with the CEO mentioned it will be completed 2021 end. Can we please have clarification on the statement?

Hamad Al Ebraheem – NBK Capital

Answer by Mr. Shadi: As I mentioned, all the disclosures were published and will be published as well as and when it comes available. Recently as you know and published, we got the CBK approval conditional for some details working on and next step will be the AGM, but anything, any update will be published as per CMA and CBK regulatory authorities as and when it comes available, In Sha' Allah.

Question 4: Can you explain the decline in financing cost and distribution to depositors in 3Q19 compared to 2Q19, which resulted in margin expansion?

Waruna Kumarage – SICO Bank

Answer by Mr. Shadi: Already explained, I explained it.



Question 5: What's driving the growth in investment income? **Hamad Al Ebraheem**
– NBK Capital

Answer by Mr. Shadi: It is as I mentioned the divestment for the three quarters for the full nine months. The divestment, the group made is around 75 million KWD and that brought profit of gain of almost 25 million KWD versus last year for the same period only 6 million KWD, so mainly coming from the divestment.

Question 6: What is the normalized yield of the investment portfolio?

Waruna Kumarage – SICO Bank

Answer by Mr. Shadi: The normalized income for the investment portfolio if you simply take the divestment gain that I referred to 25 million KWD, that would be the normalized income on the investment part.

Question 7: Main reasons for increase in Cash and other asset? Please Clarify reasons for increase in tax expense? **Fahad Al Awadi – Wafra International Investment**

Answer by Mr. Shadi: Reason for increase in cash as you know reflecting the balance sheet development increase when we had increase in deposits by 1.5 billion KWD for the nine months compared to December, as you see the development in the financing receivable is 1.8 %, and if you exclude the Turkish Lira devaluation it is 2.9%, and then the Sukuk, so KFH always is at healthy liquidity position. The other part was the tax, this I think was explained the first quarter, the increase in the tax was the one-off tax we took in the first quarter on our subsidiary in Malaysia and that was explained as I recall and that we carried until the 3rd quarter due to change in the tax law, and we took it in the first quarter.

Question 8: CASA contribution as of the end of Sep please? **Sara Boutros – CI Capital**

Answer by Mr. Shadi: As I mentioned, the CASA is very stable for the past (actually long period) 5 years was the stable same ratio between 45% and 44% and now it is as I mentioned, 44.5% at group level.

Question 9: Is the decrease in funding cost achieved in 3Q19 sustainable?



Waruna Kumarage – SICO Bank

Answer by Mr. Shadi: I would say the net financing margin is sustainable and started actually to improve as compared to first and second quarter, and I explained the reasons behind the decrease cost of funds.

Question 10: On the back of Central Bank of Turkey's directives do you expect additional impairment of loans at the Kuwait Turkish participation bank?

Waruna Kumarage – SICO Bank

Answer by Mr. Shadi: By the ways as I mentioned the 60 million KWD we took is a precautionary provision at the group level over and above what our subsidiary takes as provision at their books following the regulatory there, as you know here during 2018 and let me just explain a bit behind the precautionary provision as you know during the 2018 and mainly in August after when the currency deteriorated heavily in Turkey.

Turkey witnessed a downturn in the economic growth with decline in value of Turkish Lira as you know and that affected the various or put pressure on various industrial sectors in Turkey to service their debts and recovery issues became more visible in the current economic situation of Turkey and for the that we've done our assessment as a group management and precautionary we took this one-off 60 million KWD as provision at the group level for the Kuwait Turk for our subsidiary in Turkey financing portfolio. So, it's not by the regulator it's from the group management.

Question 11: Ok, we have a follow-up question can you repeat what's the reason behind the increase in deposits?

Maha Soueissy - Schroders

Answer by Mr. Shadi: The increase in deposits we witnessed in the first half and continued in the 3rd quarter, it came from all subsidiaries with no exception... all banking and as I said the largest portion is just reflecting the confidence from our depositors and that's what we used to have a growth in our deposits. However, this year the additional incremental on that came from our investments in the... or reflecting the results in investments of digitalization mainly in Turkey we have very



successful -digital- experience in digital banking in Turkey and as well in Bahrain (Jazeel), as mentioned by Fahad at the beginning of this presentation.

Mr. Ahmed Al Shazly: Ok, so this concludes our call. I would like to thank everyone for joining our call and if you have any more questions please send them to investor.relations@kfh.com, so again thanks everyone and thank you to the management.

End of the Webcast Conference....



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التاريخ: 29 أكتوبر 2019 م
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Subject: Disclosure of The KFH's Analysts
Conference for Q 3 / 2019

الموضوع: إفصاح بيتك عن مؤتمر المحللين
الربع الثالث 2019

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

KFH has conducted the Analysts Conference for Q 3 / 2019 through live broadcasting on internet (Live Webcast) at 2 p.m. on Monday 28 October 2019, There was no other material information had been discussed during the conference.

Attached is the Investors Presentation Q 3 / 2019 for your reference. A copy of the same has been submitted to Capital Markets Authority.

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

Best Regards,

Shdi Zahran
Acting Group CEO

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

عقد بيتك مؤتمر المحللين للربع الثالث 2019 عن طريق بث مباشر على شبكة الإنترنت وذلك في تمام الساعة 2 من بعد ظهر يوم الإثنين الموافق 28 أكتوبر 2019. علماً بأنه لم يتم تداول أي معلومات جوهرية أخرى خلال المؤتمر.

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

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

وتفضلوا بقبول فائق الاحترام،

شادي زهران
الرئيس التنفيذي للمجموعة بالوكالة



بيت التمويل الكويتي
Kuwait Finance House

بيت التمويل الكويتي
Kuwait Finance House



Q3-19

Earnings Presentation

October 28th, 2019



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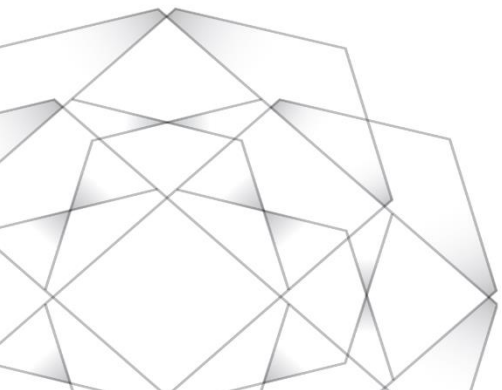
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- **FORWARD-LOOKING STATEMENTS**

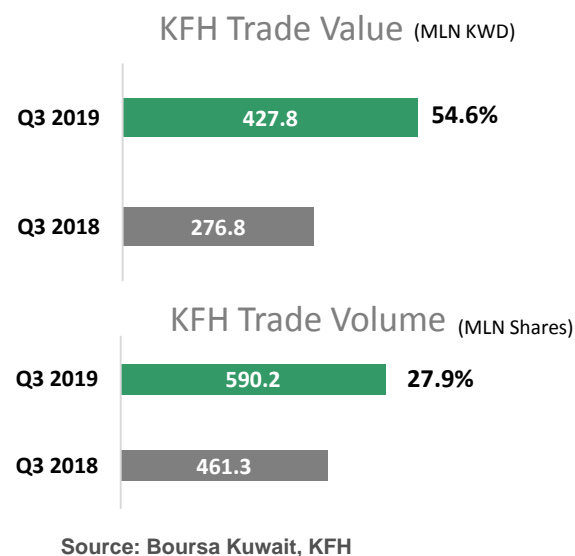
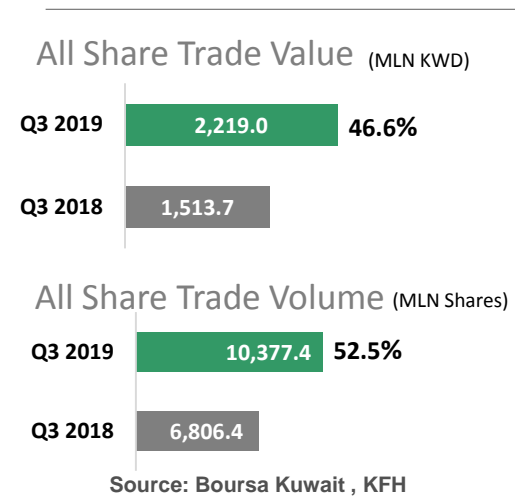
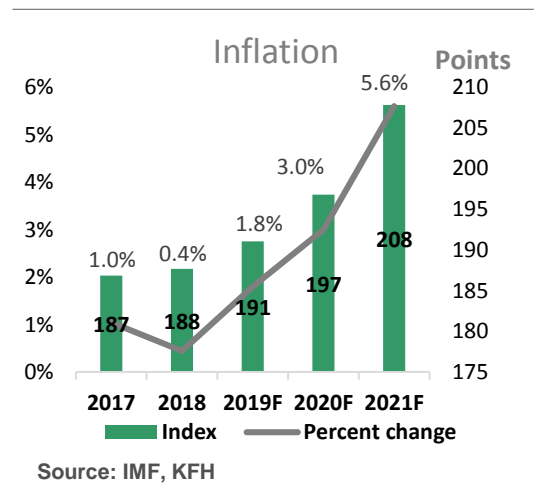
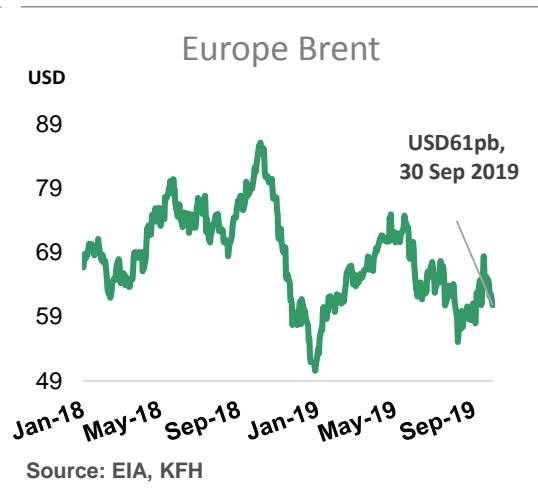
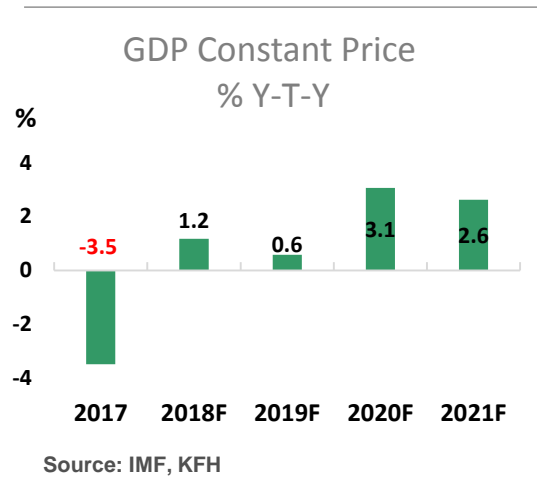
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Economic Highlights



- Crude Oil price closed at USD 61 p/b in Q3-19, lower by 9.7% Q-T-Q and 26.3% Y-T-Y.
- Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) remained solid with Stable Outlooks, Fitch "AA", Moody's "Aa2", and S&P "AA".
- The Central Bank of Kuwait maintained the discount rate at its current level of 3.0% despite Federal Reserve's interest-rate cut of 25 bps on September 18th, 2019.
- Kuwait ranked among top 20 countries in Ease of Doing Business 2020 Index, out of 190 countries.
- Kuwait's Capital Markets Authority (CMA) launched the Initial Public Offering (IPO) of its full 50% stake in Boursa Kuwait.
- Kuwait Authority for Partnership Projects (KAPP) launched the Initial Public Offering (IPO) on 50% of its stake in Al-Zour North One Independent Water & Power Project (IWPP).

KFH Overview

Kuwait

Strongest

Bank in Kuwait

*According to The Asian Banker

Regional

Safest

Islamic Financial
Institution in the GCC

*According to Global Finance

Global

Best

Islamic Financial Institution
in the World

*According to Global Finance

KFH Overview

Germany

5 Branches

1st 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

425 Branches

Turkey

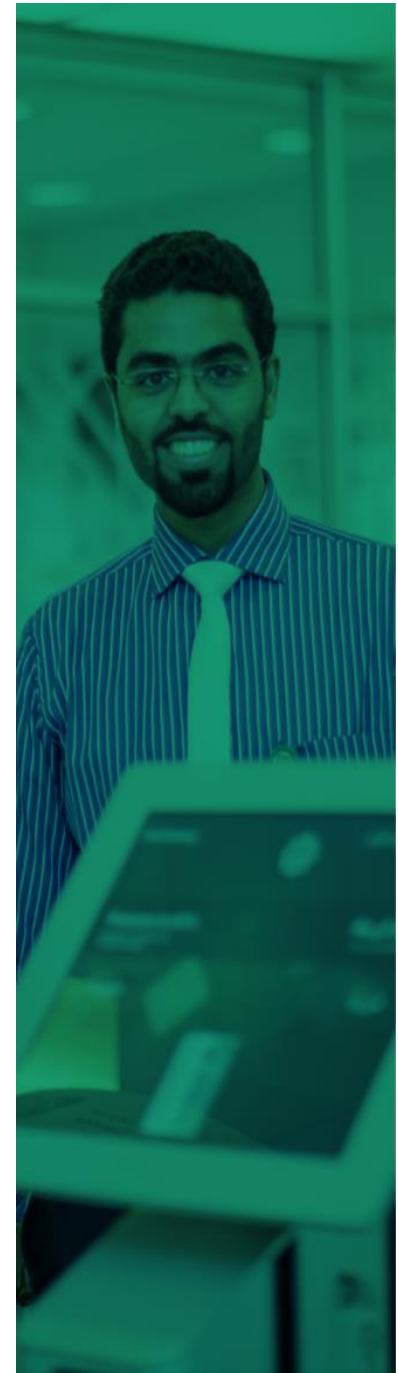
- Retail Banking
- Wealth Management and Personal Banking
- Corporate Banking



14 Branches

Malaysia

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



KFH Strengths

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

Business Highlights

Major Achievements

KFH Capital launched the first REIT Fund to be listed in Boursa Kuwait with a capital up to KWD 100 Million invested in real estate with monthly distributions.

Products and Services “Digital Focused”

- KFH launched KFH Pass Service "Postpone Your Installments as Needed".
- KFH and Xpress Money launched “KFH Xpress” for instant cross-border money transfer.
- KFH inaugurated its third digital self-banking station “KFH-Go”.
- KFH Introduced customers’ data update through smart-phones via KFH-Online.
- KFH introduced an International Toll-Free Service for KFH customers in 7 countries.

Awards by KFH in Q3-2019

- The Strongest Bank in Kuwait 2019 – The Asian Banker.
- The Safest Islamic Financial Institution in GCC 2019 – Global Finance.
- The Best Islamic Financial Institution in the World 2019 - Global Finance.

Key Achievements by KFH Capital in Q3-2019

- KFH Capital launched the first REIT Fund to be listed in Boursa Kuwait with a capital up to KWD 100 Million invested in real estate with monthly distributions.

Key Events and Corporate Social Responsibility

- KFH participated in the International Banking Conference organized by the Central Bank of Kuwait.
- KFH made a Partnership Agreement with DISC to promote Employee Wellness.
- KFH made a strategic partnership with Kuwait University, College of Business Administration (CBA) and Center of Excellence, in which preparation program for IELTS tests has been launched to train and qualify 300 Kuwaiti students.
- KFH supported the Coding Program to develop technological innovation for high school students.
- KFH launched Summer Club Programs for Hesabi and Bayti customers.
- KFH participated in the graduation ceremony of students of College of Engineering and Petroleum-Kuwait University.

9M'19 Financial Highlights

Net Profit
for Shareholders

KD 190.5 m

+12.7%

Total Financing
Income

KD 701.2 m

+10.2%

Net Operating
Income

KD 393.0 m

+7.0%

Cost to Income Ratio

36.11%

Improved by 157bps

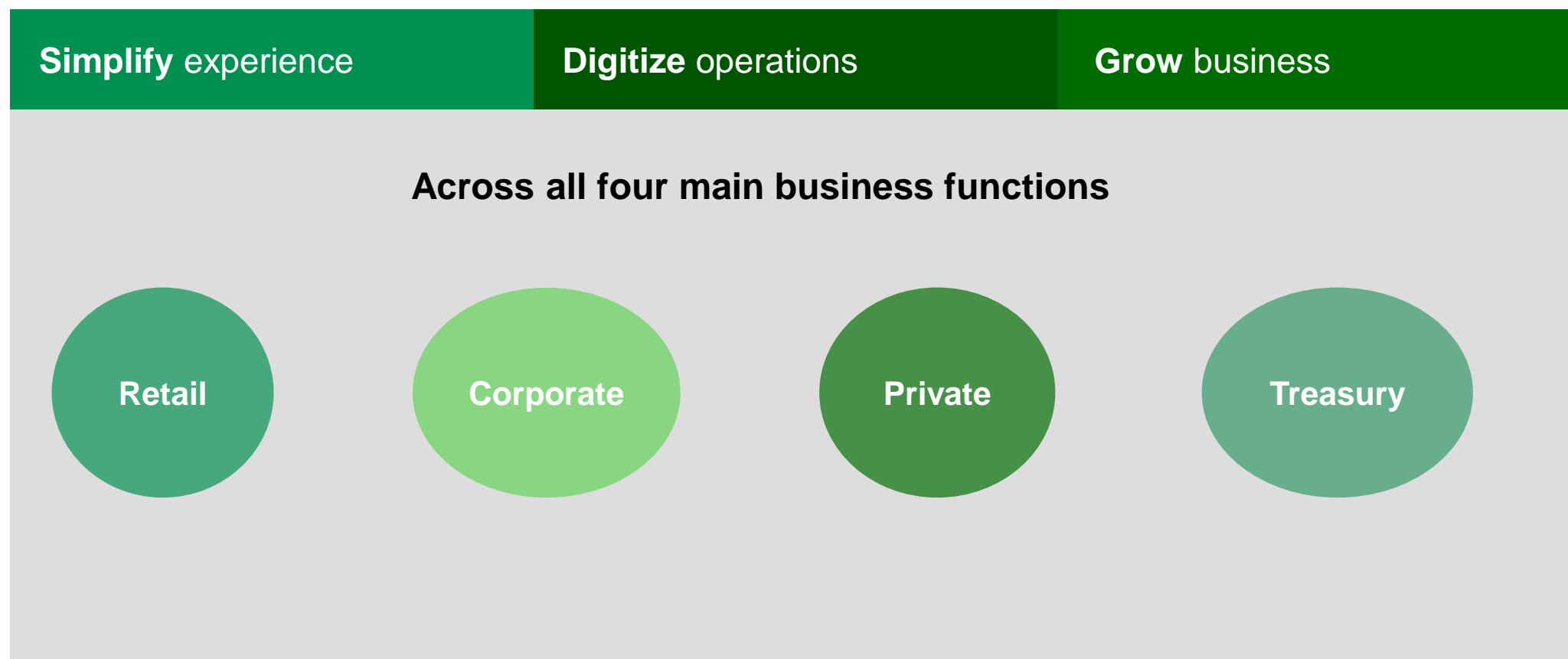
EPS (fils)

27.67

+3.1fils (9M-18: 24.58fils)

KFH Strategy

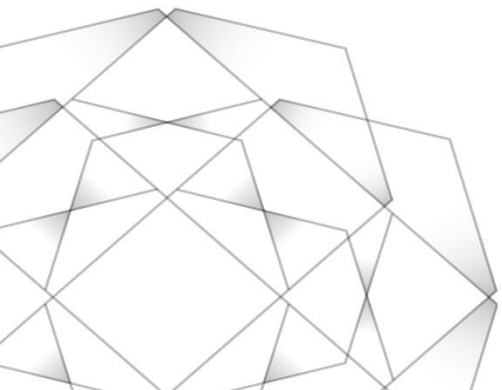
KFH's main focus is on core banking business activities. KFH's 3-year strategy is based on three main pillars



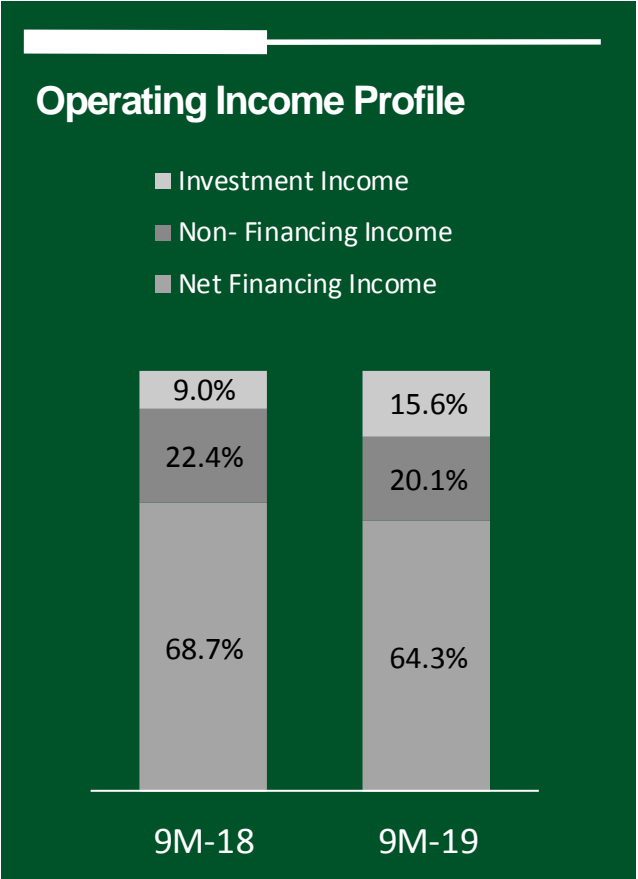
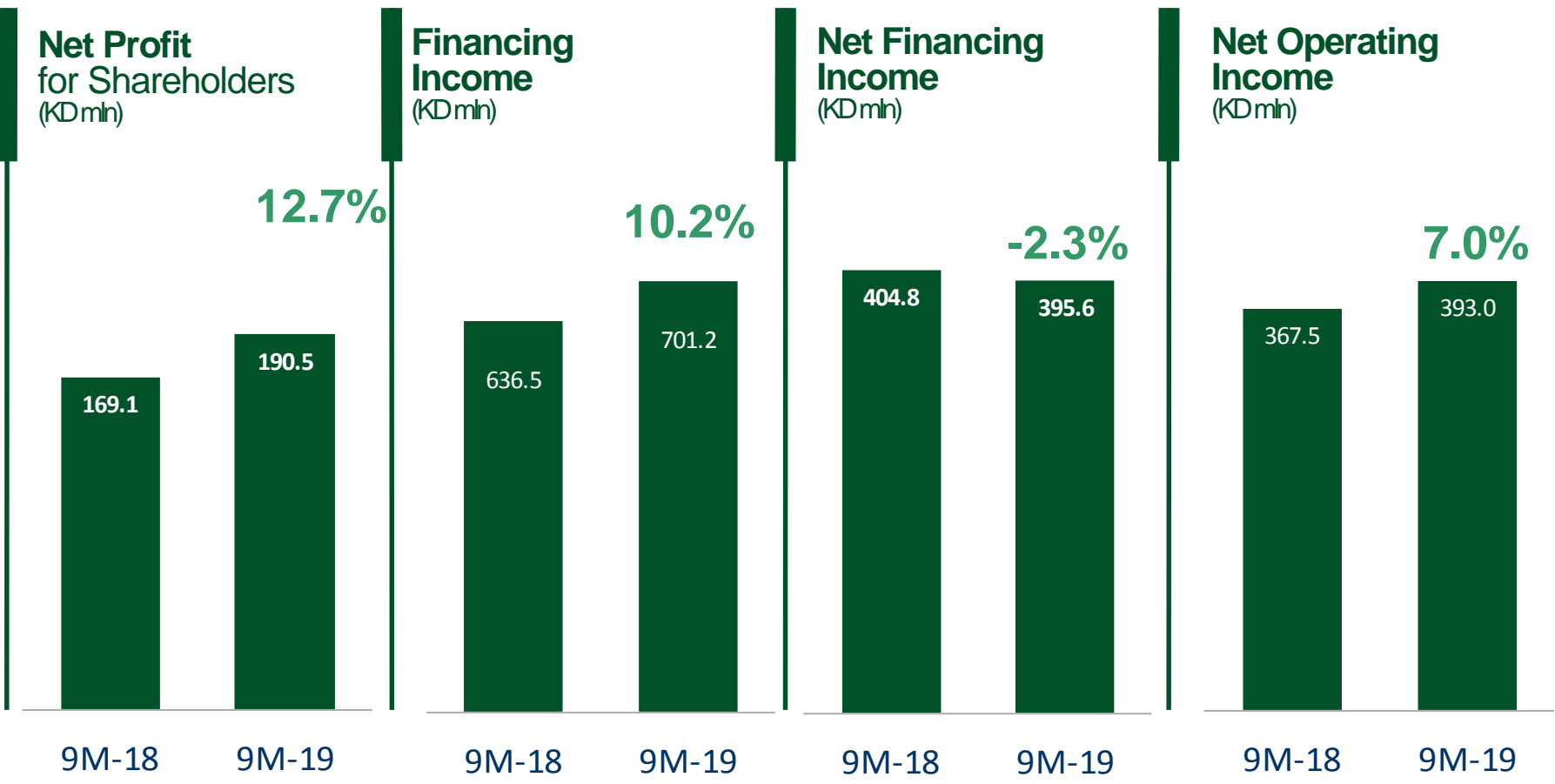


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1	Kuwait Operating Environment [Highlights]
2	KFH Overview
3	9M-19 Business [Highlights]
4	KFH Strategy
5	9M-19 Financial Results
6	Appendix



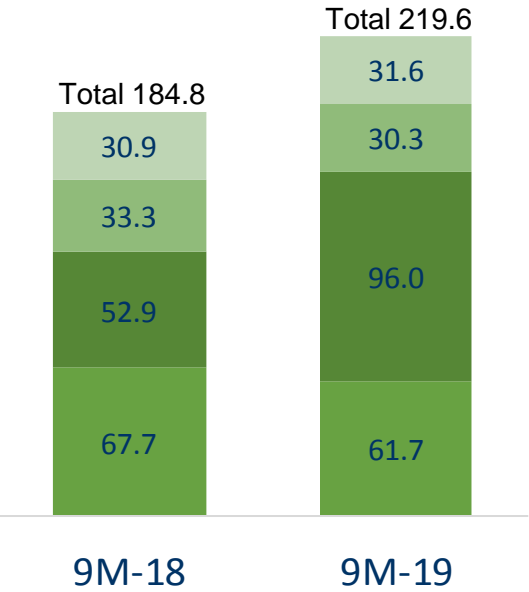
9M'19 Operating Performance



9M'19 Operating Performance

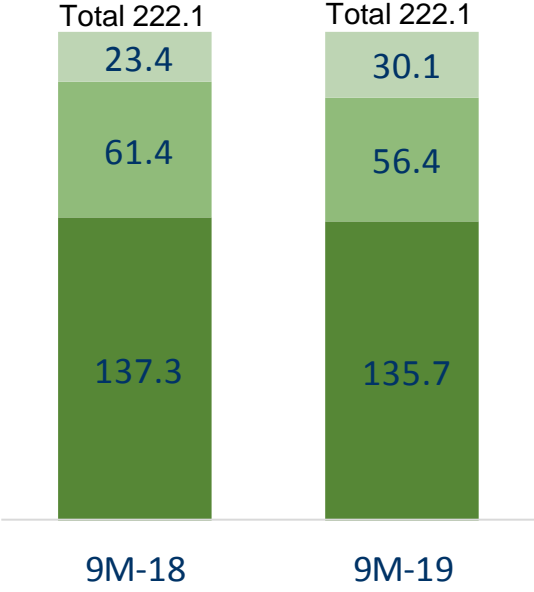
Non - Financing Income (KD mn)

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



Total Operating Expenses (KD mn)

- Depreciation and amortization
- Other Operating expenses
- Staff costs



C/I Ratio

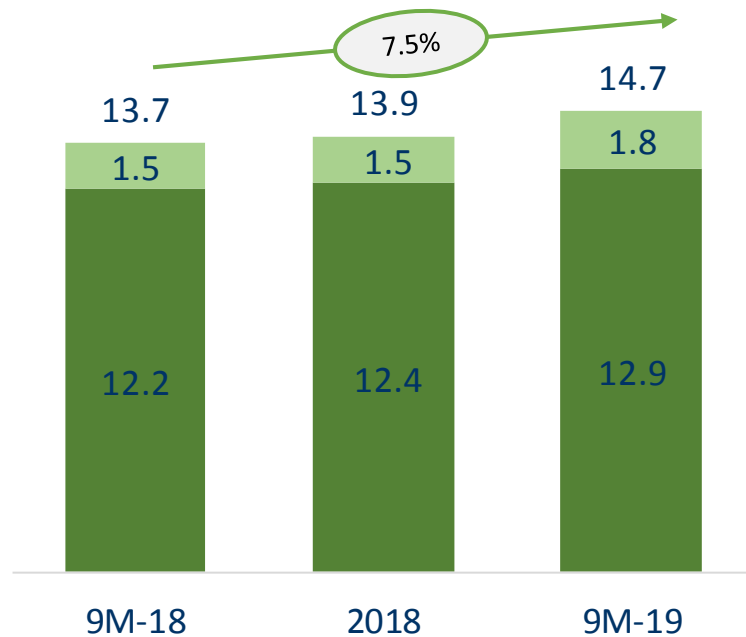


9M'19 Operating Performance

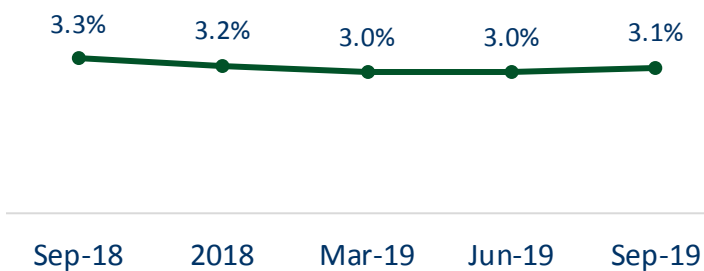
Average Profit Earning

Assets (KD Bln)

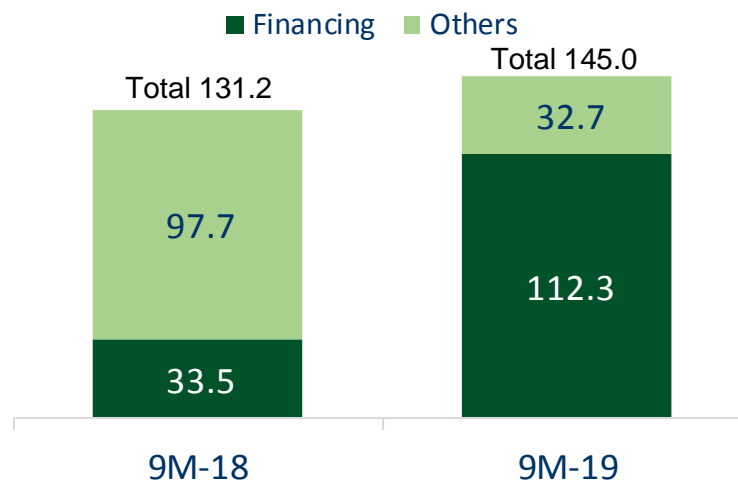
- Avg Financing
- Avg Sukuk



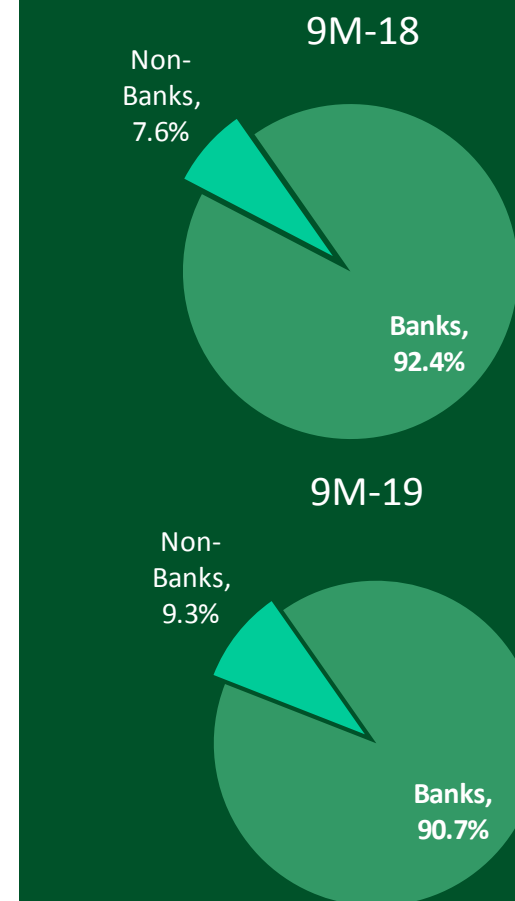
Net Financing Margin



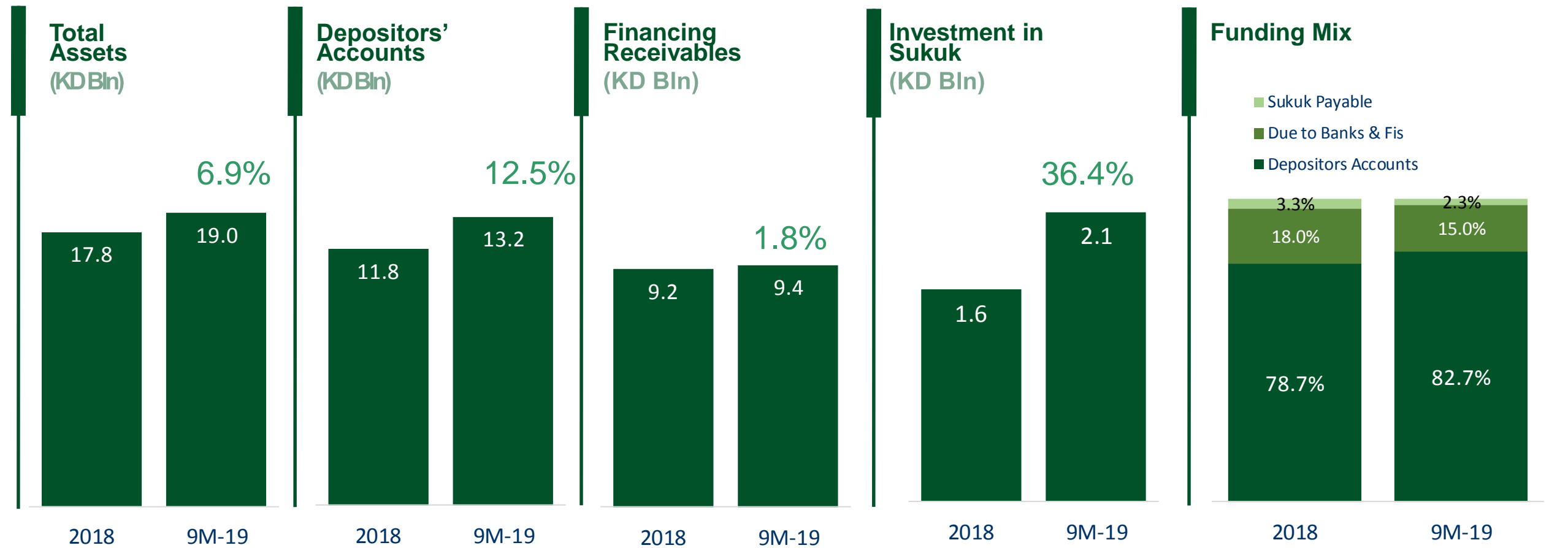
Provision and Impairment (KD mln)



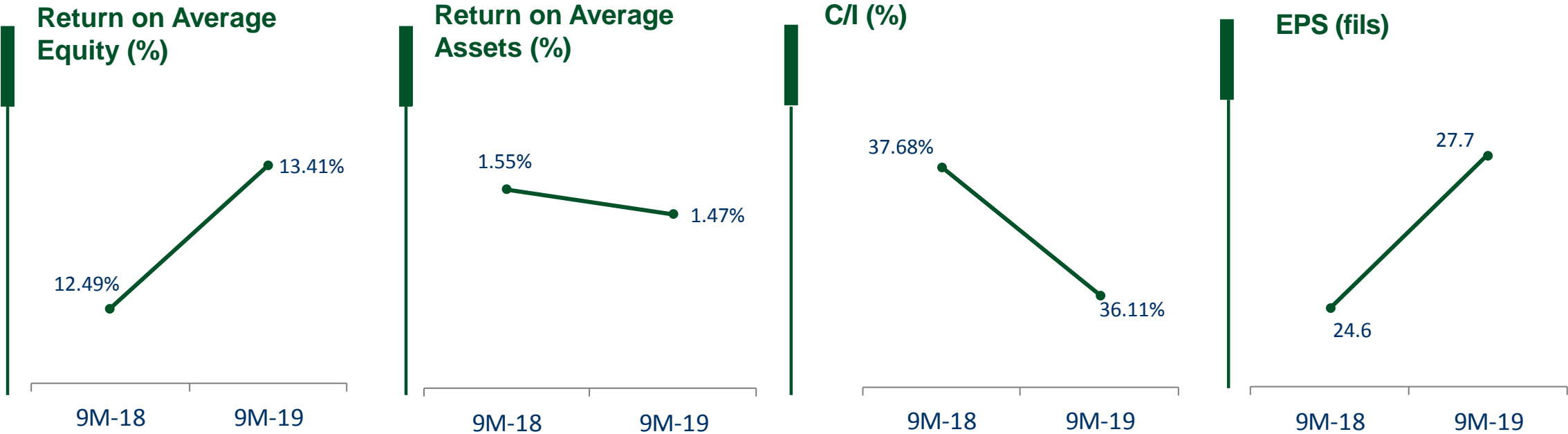
Net Operating Income Banks/ Non-Banks



9M'19 Operating Performance



9M'19 Operating Performance



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Q&A

The background of the slide features a series of thin, dark gray lines that intersect to form a complex geometric pattern. These lines create various triangular and quadrilateral shapes across the white background. The word "Appendix" is prominently displayed in a bold, green, sans-serif font on the left side of the slide.

Appendix

9M'19 Consolidated Financials

Consolidated Statement of Income (KD million)	Sep-19	Sep-18
Financing income	701	636
Financing cost and estimated distribution to depositors	306	232
Net finance income	396	405
Investment income	96	53
Fees and commission income	62	68
Net gain from foreign currencies	30	33
Other income	32	31
Non-Financing Income	220	185
Tota Operating Income	615	590
Staff costs	136	137
General and administrative expenses	56	61
Depreciation and amortization	30	23
Total Expenses	222	222
Net Operating Income	393	367
Provisions and impairment	145	131
Loss for the period from discontinued operations	0	4
Profit for the Period Before Taxation	248	233
Taxation	45	31
Non-controlling interests	12	32
Profit Attributable to Shareholders of the Bank	190.5	169.1

Consolidated Statement of Financial Position (KD million)	Sep-19	Sep-18
Cash and balances with banks and financial institutions	1,678	1,266
Due from Banks	3,718	3,193
Financing receivables	9,356	9,113
Investment in sukuk	2,132	1,476
Trading properties	147	155
Investments	245	303
Investment in associates and joint ventures	503	498
Investment properties	465	512
Other assets	509	552
Intangible assets and goodwill	32	31
Property and equipment	212	191
Assets classified as held for sale	0	17
TOTAL ASSETS	18,999	17,307
Due to banks and financial institutions	2,404	2,640
Sukuk payables	369	469
Depositors' accounts	13,248	11,503
Other liabilities	794	717
Liabilities directly associated with assets classified as held for sale	0	2
TOTAL LIABILITIES	16,814	15,331
Share capital	698	634
Share premium	720	720
Treasury shares	(39)	(45)
Reserves	615	500
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHODERS OF THE BANK	1,994	1,810
Non-controlling interests	190	166
TOTAL EQUITY	2,185	1,975
TOTAL LIABILITIES AND EQUITY	18,999	17,307

9M'19 Key Performance Indicators

Key Performance Indicators	Sept-19	Sept-18
Return on Average Assets (ROAA)	1.47%	1.55%
Return on Average Equity (ROAE)	13.41%	12.49%
NFM	3.14%	3.32%
Cost to Income	36.11%	37.68%
Earnings Per Share (fils)	27.7	24.6
CET1 Ratio	14.78%	15.09%
Tier 1 Adequacy Ratio	15.22%	15.40%
Capital Adequacy Ratio	16.80%	17.12%

Consolidated Statement of Financial Position 2015 - 2018

Consolidated Statement of Financial Position (KD million)	2015	2016	2017	2018
Cash and balances with banks	1,600	1,495	1,262	1,381
Short-term murabaha	3,194	2,877	2,925	3,445
Financing receivables	8,095	8,176	9,216	9,189
Investments in sukuk	807	1,100	1,429	1,563
Trading properties	214	186	161	148
Investments	508	357	304	285
Investment in associates and joint ventures	535	469	464	499
Investment properties	580	591	554	490
Other assets	469	549	465	544
Intangible assets and goodwill	48	39	39	31
Property and equipment	264	216	214	195
Leasehold rights	180	0	0	0
TOTAL ASSETS	16,495	16,499	17,358	17,770
Due to banks and financial institutions	2,730	2,399	2,240	2,689
Sukuk payables	322.466	473	518	499
Depositors' accounts	10,756	10,717	11,597	11,780
Other liabilities	630	645	699	728
Liabilities directly associated with assets classified as held for sale	0	227	188	0
TOTAL LIABILITIES	14,439	14,461	15,242	15,696
Share capital	477	524	577	634
Share premium	720	720	720	720
Treasury shares	(50)	(49)	(45)	(44)
Reserves	487	450	436	356
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	1,779	1,810	1,872	1,894
Non-controlling interests	276	228	244	180
TOTAL EQUITY	2,055	2,039	2,116	2,074
TOTAL LIABILITIES AND EQUITY	16,495	16,499	17,358	17,770

Consolidated Statement of Income 2015 - 2018

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

YE'18 Key Performance Indicators

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



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