

بيت التمويل الكويتي  
Kuwait Finance House



# FY-2023

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Earnings Presentation

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06 February 2024

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- 1 **Kuwait's Operating Environment**

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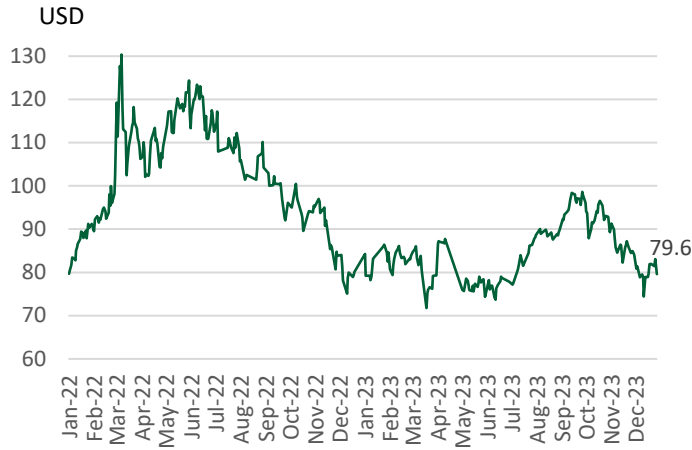
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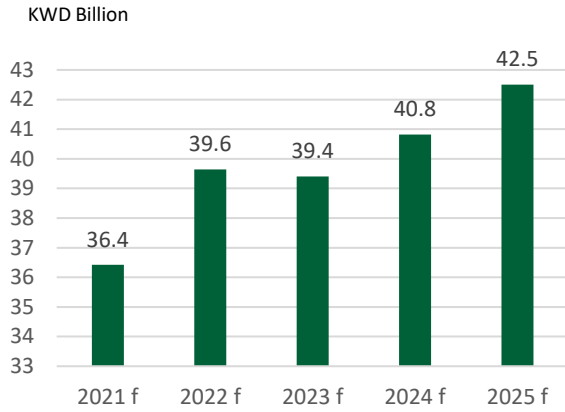
# Kuwait's Economic Highlights



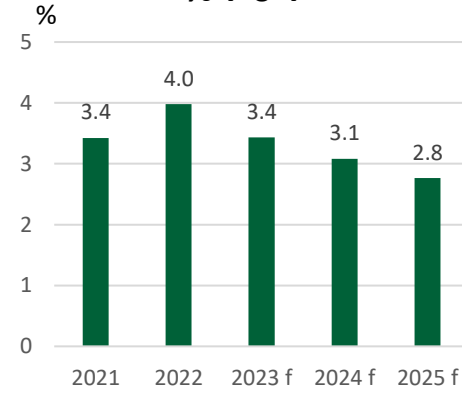
### Kuwait Oil Closing Prices



### GDP Constant Price

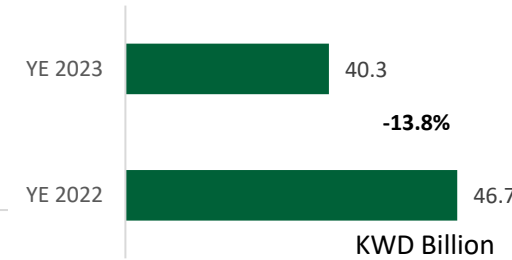


### Average Annual Inflation % Y-o-Y

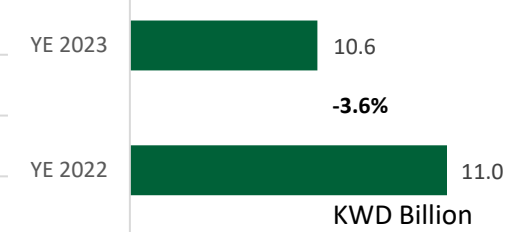


F: Forecasts and estimates

### Boursa Market Capitalization



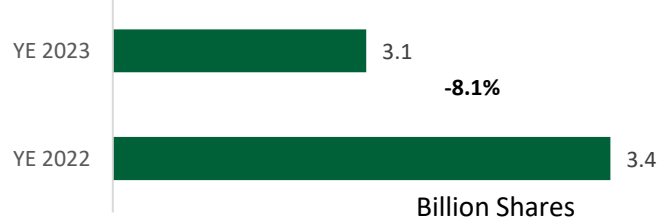
### KFH Kuwait Market Capitalization



### Boursa Kuwait Traded Volume



### KFH Kuwait's Traded Volume



- According to the most recent International Monetary Fund (IMF) forecast issued in October 2023, Kuwait's GDP “constant price” is estimated to reach KWD 39.4 billion in 2023 and to raise to KWD 40.8 billion in 2024.
- Kuwait's average annual inflation rate in 2023 is forecasted to decline to 3.4%.
- Kuwait's crude oil price stood at USD 79.6 PB at the end of 2023, slightly decreased by 0.72 % compared to the end of 2022.
- Kuwait's credit rating is A+ with a stable outlook, according to Standard & Poor's. Kuwait's credit rating was last established at A1, with a stable outlook, by Moody's. Kuwait's credit rating was recently published by Fitch at AA- with a stable outlook.
- Central Bank of Kuwait (CBK) raised the discount rate by 75 basis points from 3.50% to 4.25% in 2023.
- KWD 40.3 billion the Market Capitalization of Boursa Kuwait as of the end of 2023, dropped by 13.8% compared to the end of 2022. While KFH's Market Capitalization reached KWD 10.6 billion as of the end of 2023, dropped by 3.6% compared to the end of 2022.
- 39.5 billion shares Boursa Kuwait traded volume during 2023, dropped by 28.3% compared 2022. While KFH's traded volume reached 3.1 billion shares during 2023, declined by 8.1% compared to 2022.

# Overview of KFH's Awards & Ratings

## Kuwait

**Bank of the Year**

The Banker

## Regional

**Best**

Islamic Bank  
in the Middle East

Global Finance

## Global

**Best**

Islamic Financial Institution  
in the World

Global Finance

**FitchRatings**

**Long-Term Issuer Default Rating A**

**Short-Term Issuer Default Rating F1**

**STABLE Outlook**

Fitch's Rating Action 5 February 2024

**MOODY'S**

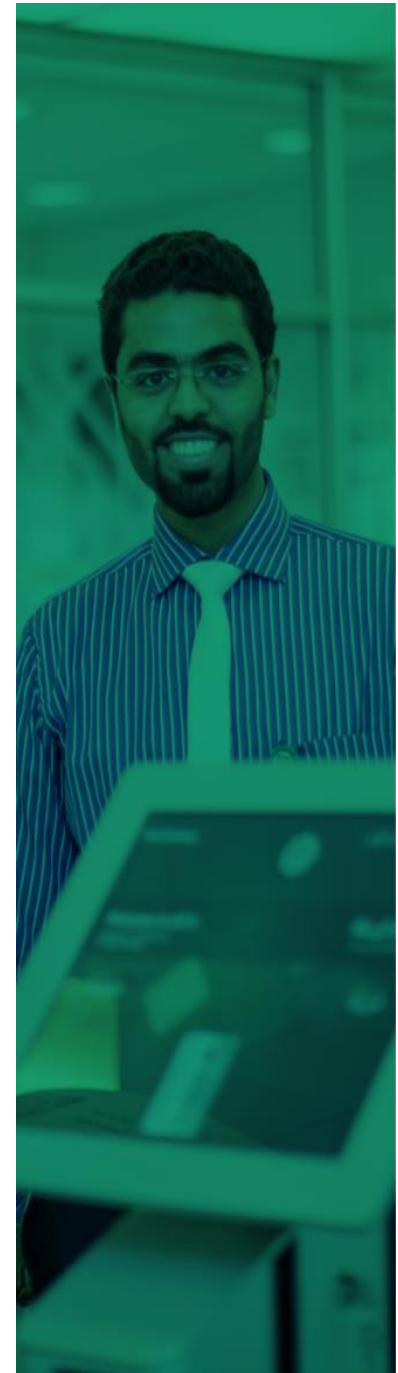
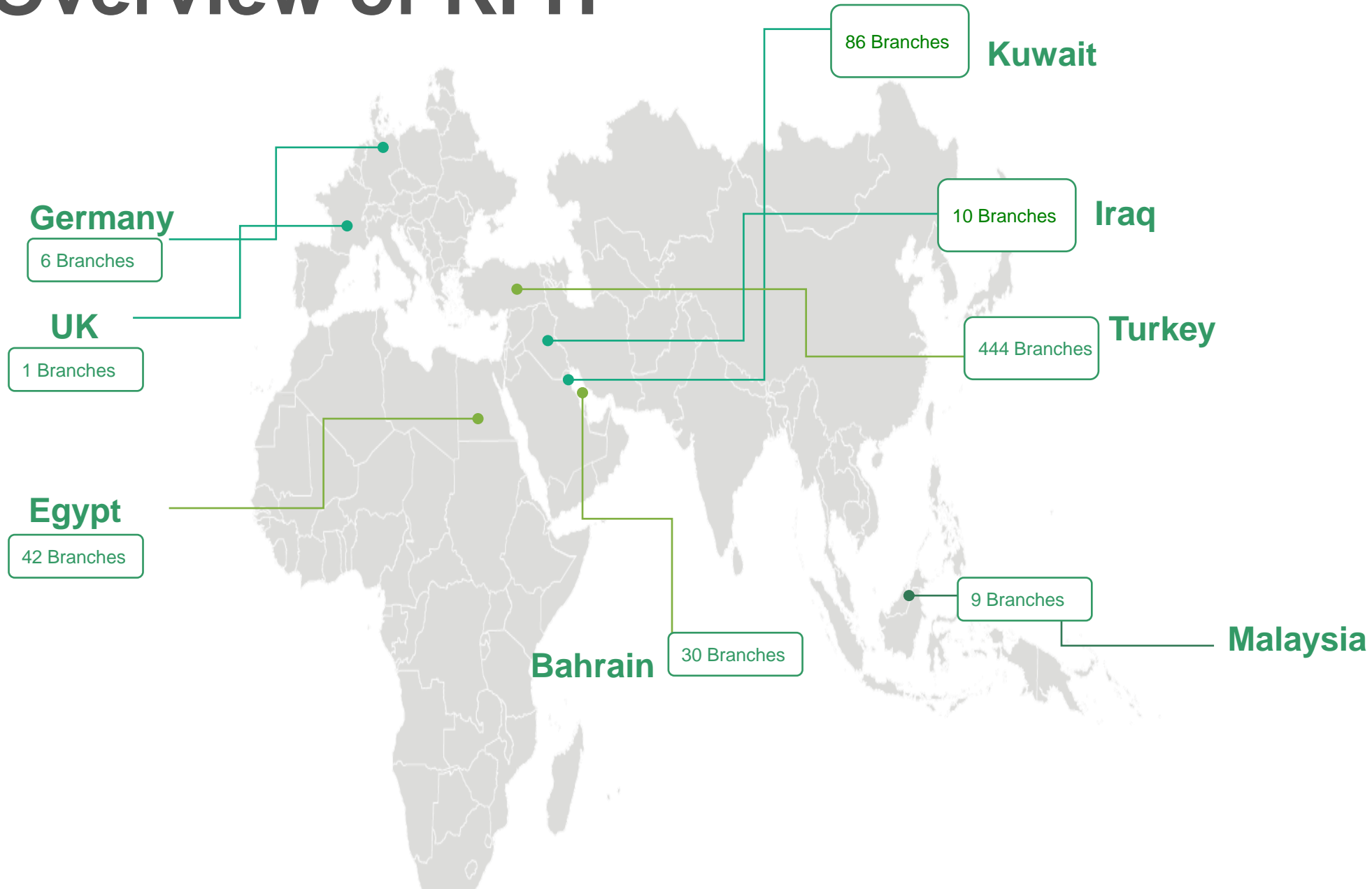
**LT FC Bank Deposits Rating A2**

**ST FC Bank Deposits Rating P-1**

**STABLE Outlook**

Moody's update 31 Jan 2024

# Overview of KFH



# KFH Strengths

Robust Financial Performance	Leading Islamic Financial Institution	Strong Government Sponsorship	Professional Management Team	Strategic Distribution Channels	Effective Risk Management Framework
<p>A consistent track record of profitability &amp; dividend payment</p> <p>Solid funding and liquidity profile</p> <p>Consistently low NPF rates</p> <p>Improved cost to income ratio</p> <p>Solid profit margins and improved efficiency</p>	<p>Second largest Islamic Financial Institution globally in terms of asset base</p> <p>Operating history of more than 40 years</p> <p>Strong retail franchise</p> <p>Pioneer of Islamic products in Kuwait</p>	<p>38.4% ownership by various Kuwaiti Government authorities</p> <p>KFH operates mainly in Kuwait where the economy benefits from high level of economic strength</p> <p>Systemic important bank in Kuwait Large retail deposit and global flagship Islamic bank</p>	<p>Well-rounded human capital through meritocratic management structure</p> <p>Significant improvement in the Management team for the diversified international operation</p> <p>Strong and stable Board of Directors, collectively bringing more than two hundred and fifty years of professional experience</p>	<p>Diversified international operations</p> <p>Presence in 8 countries giving access to Europe, Middle East and Asian markets</p> <p>Extensive accessibility option with a wide network of 628 branches and over 2,223 ATMs</p>	<p>KFH continuously develops its risk management framework in light of development in the business, banking and market regulations</p> <p>Disciplined &amp; risk adjusted approach to capital allocation</p> <p>Large and diversified portfolio</p> <p>Reduced non-core assets</p>

# KFH Strategy

KFH's main focus is on core banking business activities





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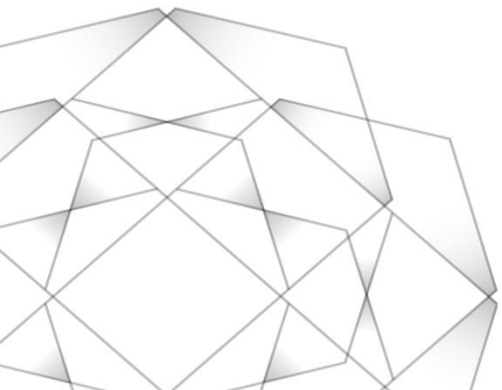
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- 4 **FY-23 Financial Results**

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- 5 Appendix

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# FY-23 Financial Highlights

<b>Net Profit for Shareholders</b> <b>KD 584.5 m</b> 63.4%	<b>Net Financing Income</b> <b>KD 965.9 m</b> 20.7%	<b>Net Operating Income</b> <b>KD 945.4 m</b> 30.7%
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**Cost to Income Ratio**

**35.28%**

*(2022: 32.55%)*

**EPS (fils)**

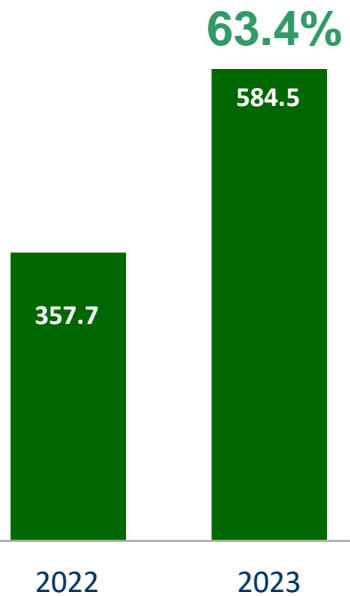
**38.49**

*(2022 : 29.71fils)*

# FY-23 Financial Performance

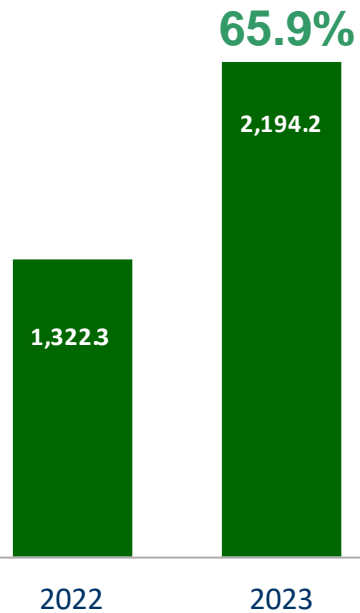
## Net Profit for Shareholders

(KD mn)



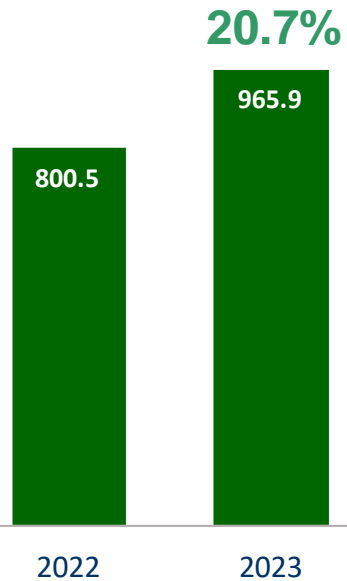
## Financing Income

(KD mn)



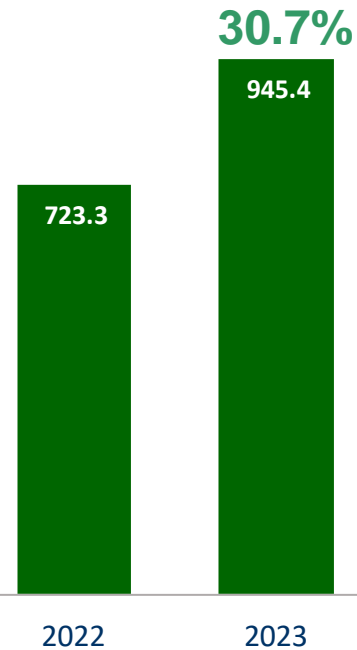
## Net Financing Income

(KD mn)



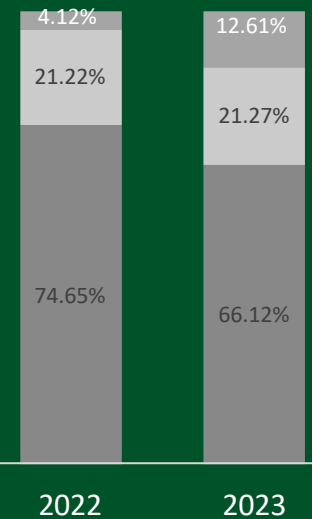
## Net Operating Income

(KD mn)



## Operating Income Profile

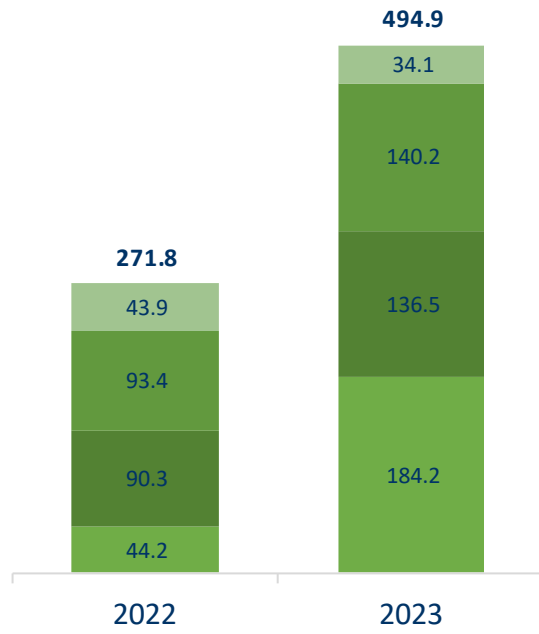
- Investment Income (%)
- Non-Financing Income (%)
- Net Financing Income (%)



# FY-23 Financial Performance

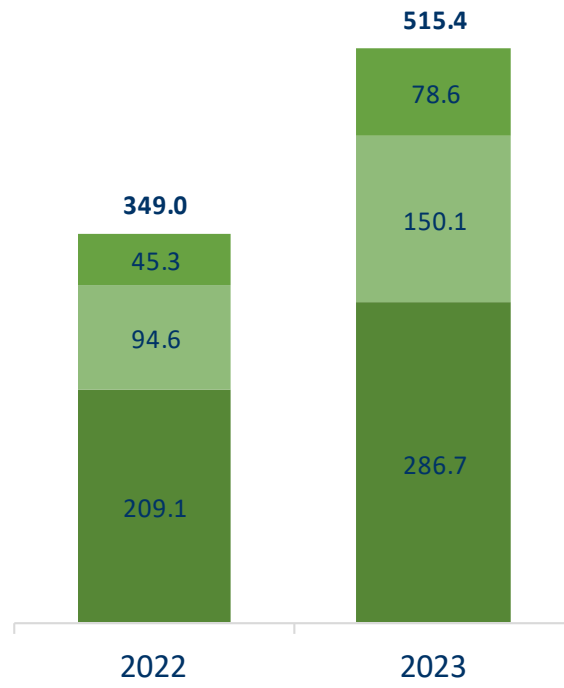
## Non - Financing Income (KD mn)

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



## Total Operating Expenses (KD mn)

- Depreciation and Amortization
- Other Operating Expenses
- Staff Costs

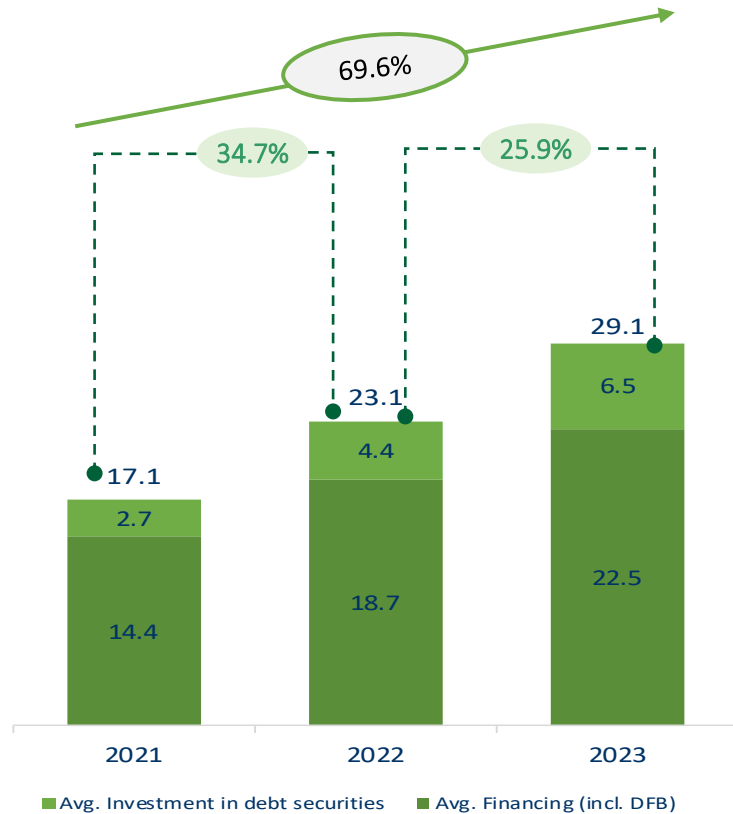


## C/I Ratio

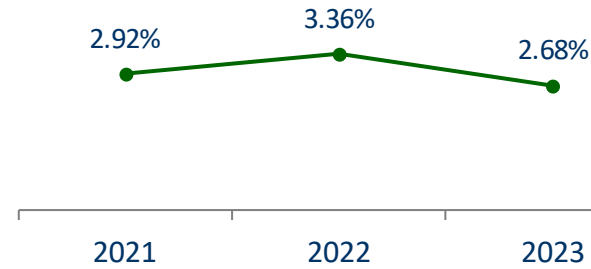
2022; 32.55%      2023; 35.28%

# FY-23 Financial Performance

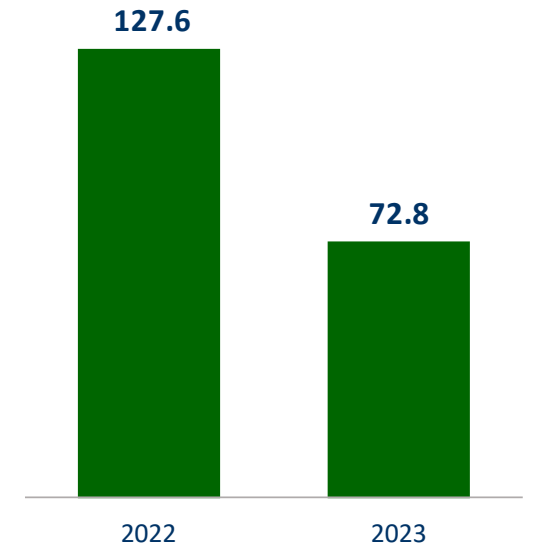
## Average Profit Earning Assets (KD bn)



## Net Financing Margin

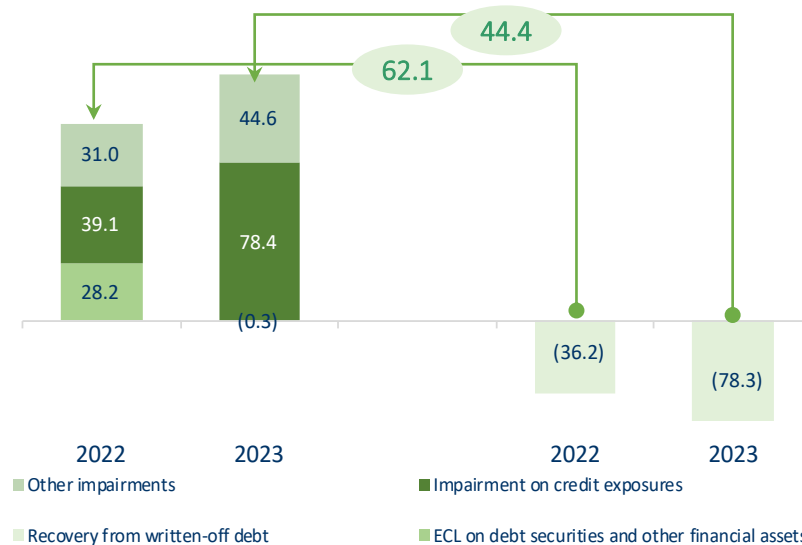


## Net Monetary Loss\* (KD mn)



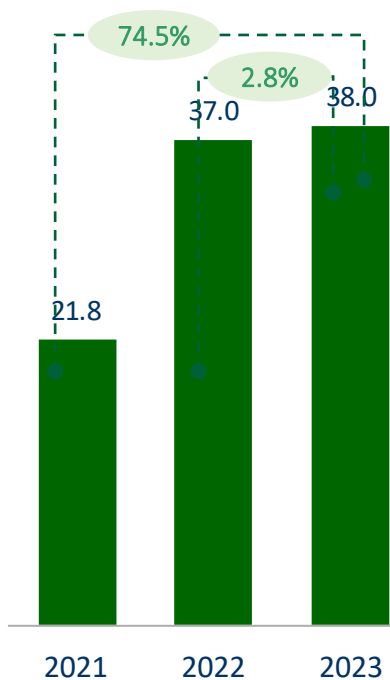
\* Hyper-inflation impact

## Provision and Impairment (KD mn)

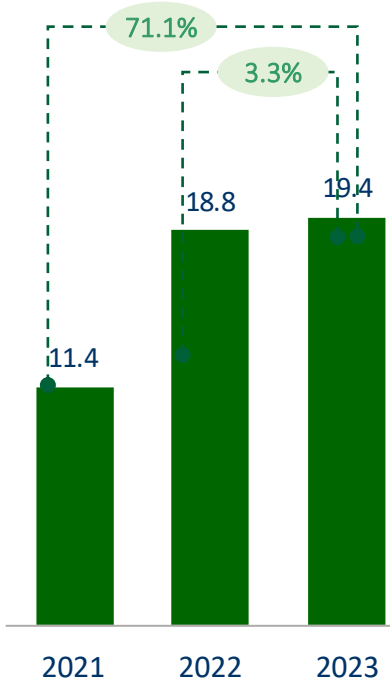


# FY-23 Financial Performance

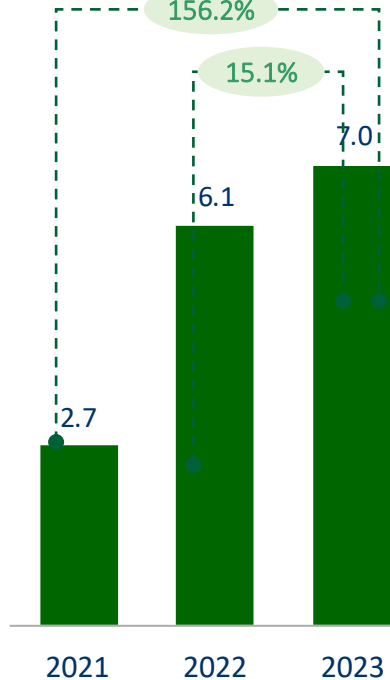
**Total Assets**  
(KD bn)



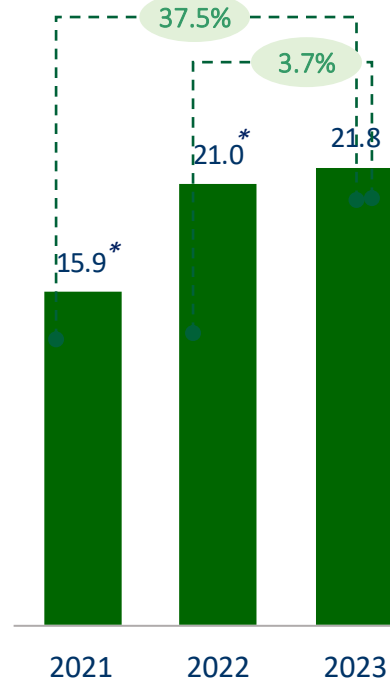
**Net Financing**  
(KD bn)



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

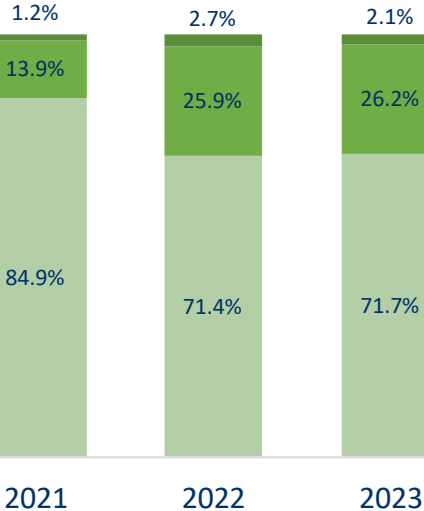


**Depositors' Accounts**  
(KD bn)



**Funding Mix**

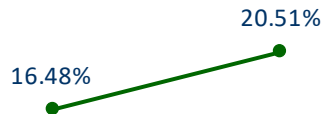
- Depositors Accounts
- Due to Banks & FI's
- Sukuk Payable



\* re-stated

# FY-23 Key Financial Ratios

Return on Average Tangible Equity (%)



Return on Average Equity (%)



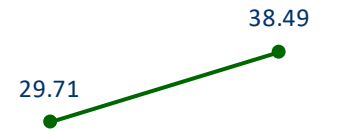
Return on Average Assets (%)



C/I (%)



EPS (fils)



The background features a complex network of thin, light gray lines that intersect at various points, creating a series of overlapping triangles and quadrilaterals. The lines are oriented in several different directions, including horizontal, vertical, and diagonal, creating a sense of dynamic movement and structure.

# Q&A

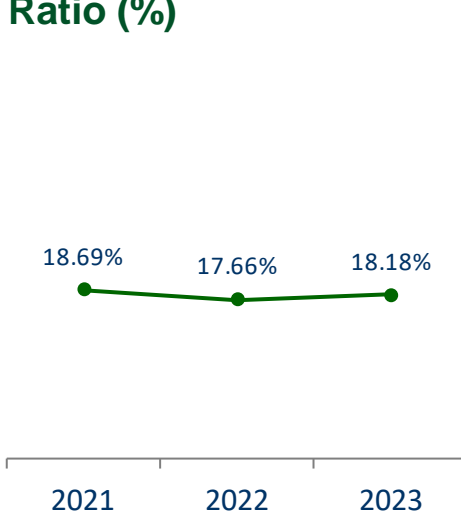


The background of the slide features a complex geometric pattern of thin, light gray lines. These lines intersect at various points, creating a series of overlapping triangles and quadrilaterals. The lines are oriented in several directions, including horizontal, vertical, and diagonal, creating a sense of depth and structure.

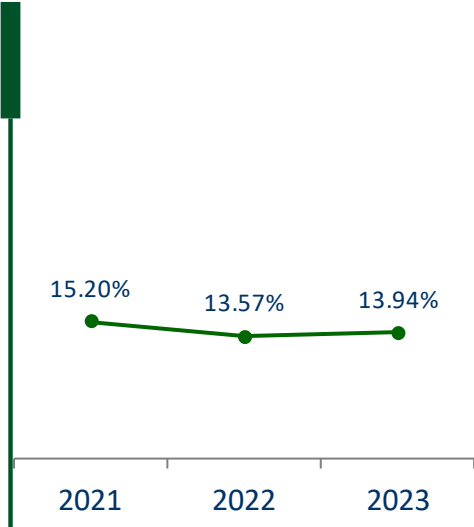
# Appendix

# FY-23 Capital & Asset Quality Ratios

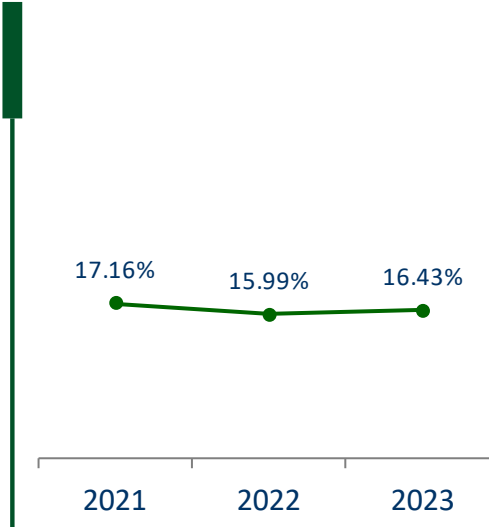
**Capital Adequacy Ratio (%)**



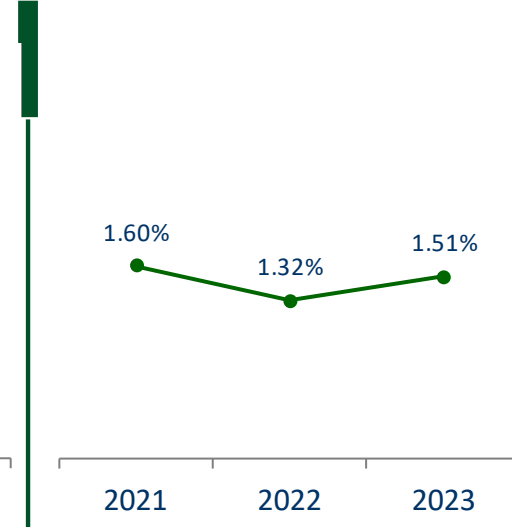
**CET1 (%)**



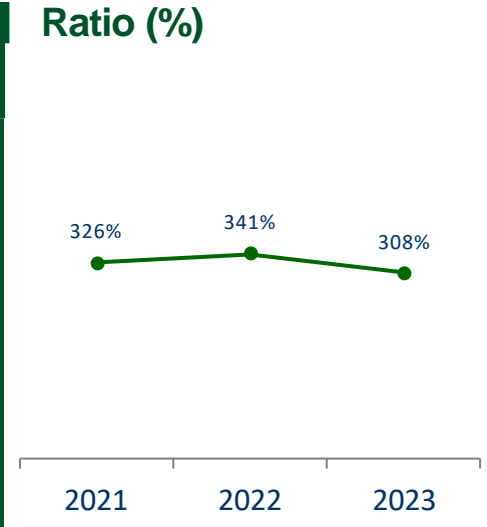
**TIER 1 (%)**



**NPF (%)**



**NPF Coverage Ratio (%)**



# Consolidated Financial Statements 2023 Vs. 2022

Consolidated Statement of Financial Position (KD million)	Dec-23	Dec-22
Cash and balances with banks and financial institutions	3,612	3,156
Due from Banks	2,971	3,870
Financing receivables	19,425	18,801
Investments in debt securities	7,006	6,085
Trading properties	105	95
Investments	310	247
Investment in associates and joint ventures	543	520
Investment properties	377	400
Other assets	903	999
Goodwill and Intangible assets	2,398	2,463
Property and equipment	359	335
<b>TOTAL ASSETS</b>	<b>38,010</b>	<b>36,969</b>
Due to banks	4,777	4,937
Due to financial institutions	3,207	2,696
Sukuk payables and term financing	636	784
Depositors' accounts	21,813	21,030
Other liabilities	1,414	1,235
<b>TOTAL LIABILITIES</b>	<b>31,847</b>	<b>30,683</b>
Share capital	1,476	1,342
Share premium	3,612	3,612
Treasury shares	(113)	(42)
Reserves	341	446
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK</b>	<b>5,316</b>	<b>5,358</b>
Perpetual Tier 1 Capital Securities and Sukuks	502	502
Non-controlling interests	345	427
<b>TOTAL EQUITY</b>	<b>6,163</b>	<b>6,286</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>38,010</b>	<b>36,969</b>

Consolidated Statement of Income (KD million)	Dec-23	Dec-22
Financing income	2,194	1,322
Financing cost and distribution to depositors	1,228	522
<b>Net finance income</b>	<b>966</b>	<b>801</b>
Investment income	184	44
Fees and commission income	136	90
Net gain from foreign currencies	140	93
Other operating income	34	44
<b>Non-Financing Income</b>	<b>495</b>	<b>272</b>
<b>Tota Operating Income</b>	<b>1,461</b>	<b>1,072</b>
Staff costs	287	209
General and administrative expenses	150	95
Depreciation and amortization	79	45
<b>Total Expenses</b>	<b>515</b>	<b>349</b>
<b>Net Operating Income</b>	<b>945</b>	<b>723</b>
Provisions and impairment	44	62
Net Monetary Loss	73	128
<b>Profit for the Period Before Taxation</b>	<b>828</b>	<b>534</b>
Taxation and Proposed Directors' fees	153	99
Non-controlling interests	91	77
<b>Profit Attributable to Shareholders of the Bank</b>	<b>585</b>	<b>358</b>

# Consolidated Statement of Financial Position 2019 - 2023

Consolidated Statement of Financial Position (KD million)	2019	2020	2021	2022	2023
Cash and balances with banks and financial institutions	1,910	2,491	2,325	3,156	3,612
Due from Banks	3,646	3,365	3,350	3,870	2,971
Financing receivables	9,474	10,748	11,355	18,801	19,425
Investments in debt securities	2,292	2,742	2,735	6,085	7,006
Trading properties	108	102	96	95	105
Investments	195	192	219	247	310
Investment in associates and joint ventures	504	521	492	520	543
Investment properties	455	351	325	400	377
Other assets	547	728	654	999	903
Goodwill and Intangible assets	31	32	32	2,463	2,398
Property and equipment	229	230	204	335	359
<b>TOTAL ASSETS</b>	<b>19,391</b>	<b>21,502</b>	<b>21,788</b>	<b>36,969</b>	<b>38,010</b>
Due to banks & Financial Institutions	3,303	4,215	3,424	7,633	7,984
Sukuk payables and term financing	320	315	217	784	636
Depositors' accounts	12,676	14,056	15,038	21,030	21,813
Other liabilities	848	814	803	1,235	1,414
<b>TOTAL LIABILITIES</b>	<b>17,147</b>	<b>19,401</b>	<b>19,481</b>	<b>30,683</b>	<b>31,847</b>
Share capital	698	767	844	1,342	1,476
Share premium	720	720	720	3,612	3,612
Treasury shares	(36)	(28)	(28)	(42)	(113)
Reserves	679	476	395	446	341
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK</b>	<b>2,060</b>	<b>1,936</b>	<b>1,932</b>	<b>5,358</b>	<b>5,316</b>
Perpetual Tier 1 Capital Securities and Sukuks	0	0	227	502	502
Non-controlling interests	183	165	149	427	345
<b>TOTAL EQUITY</b>	<b>2,243</b>	<b>2,101</b>	<b>2,307</b>	<b>6,286</b>	<b>6,163</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19,391</b>	<b>21,502</b>	<b>21,788</b>	<b>36,969</b>	<b>38,010</b>

# Consolidated Statement of Income 2019 - 2023

Consolidated Statement of Income (KD million)	2019	2020	2021	2022	2023
Financing income	932	893	871	1,322	2,194
Financing cost and distribution to depositors	401	279	286	522	1,228
<b>Net finance income</b>	<b>530</b>	<b>614</b>	<b>586</b>	<b>801</b>	<b>966</b>
Investment income	130	-6	16	44	184
Fees and commission income	79	73	72	90	136
Net gain from foreign currencies	34	70	89	93	140
Other income	41	45	48	44	34
<b>Non-Financing Income</b>	<b>284</b>	<b>181</b>	<b>225</b>	<b>272</b>	<b>495</b>
<b>Total operating income</b>	<b>814</b>	<b>796</b>	<b>811</b>	<b>1,072</b>	<b>1,461</b>
Staff costs	182	172	184	209	287
General and administrative expenses	79	81	82	95	150
Depreciation and amortisation	43	43	42	45	79
<b>Total Expenses</b>	<b>304</b>	<b>296</b>	<b>308</b>	<b>349</b>	<b>515</b>
<b>Net Operating Income</b>	<b>510</b>	<b>500</b>	<b>503</b>	<b>723</b>	<b>945</b>
Provisions and impairment	197	284	135	62	44
Net Monetary Loss	0	0	0	128	73
<b>Profit Before Tax and Zakat</b>	<b>313</b>	<b>215</b>	<b>368</b>	<b>534</b>	<b>828</b>
Taxation and Proposed Directors' fees	51	31	58	99	153
Non-controlling interests	11	36	67	77	91
<b>Profit Attributable to Shareholders of the Bank</b>	<b>251</b>	<b>148</b>	<b>243</b>	<b>358</b>	<b>585</b>



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[ohoud.alnetefi@kfh.com](mailto:ohoud.alnetefi@kfh.com)