

بيت التمويل الكويتي  
Kuwait Finance House



# Q1-2024

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Earnings Presentation

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30 April 2024

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- 1 **Kuwait's Operating Environment**

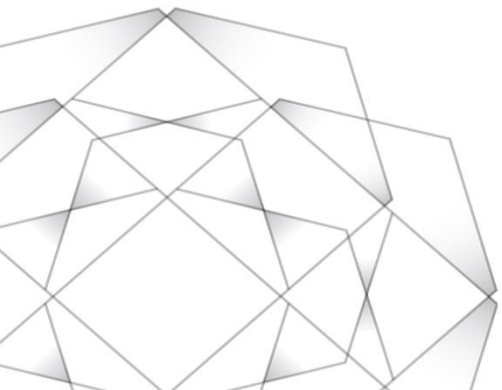
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- 2 **Overview of KFH**

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- 3 **KFH Strategy**

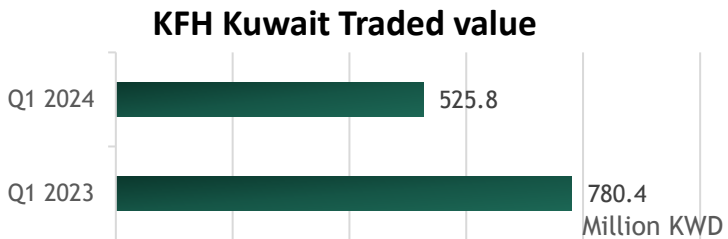
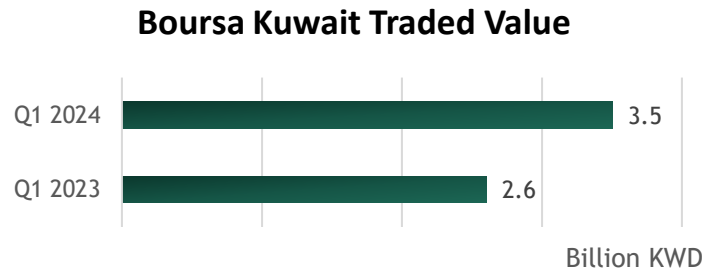
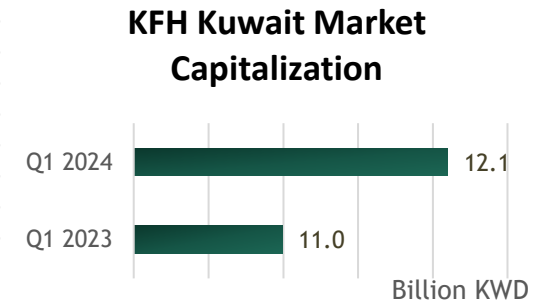
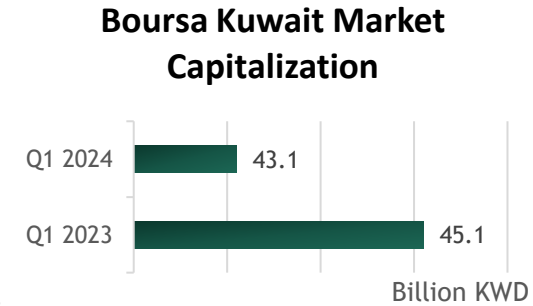
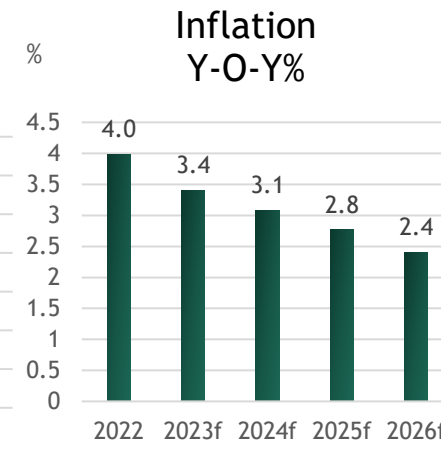
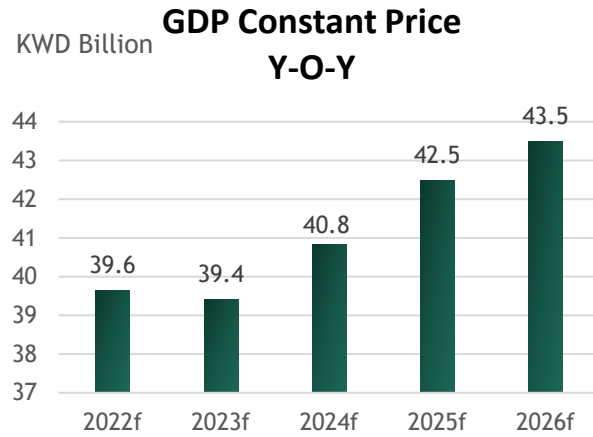
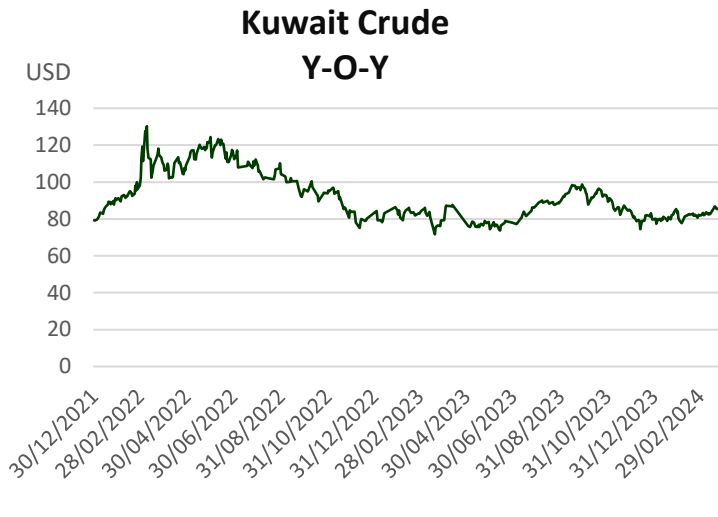
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- 4 **Q1-24 Financial Results**

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- 5 **Appendix**

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# Kuwait's Economic Highlights



- International Monetary Fund (IMF) expects Kuwait's GDP "constant price" to reach KWD 40.8 billion in 2024 compared to 39.4 billion in 2023.
- Kuwait's average annual inflation rate is forecasted to decline to 3.08% in 2024 from 3.4% in 2023.
- Kuwait's crude oil price increased at USD 86.32 PB as of the end of March 2024, up by 8.9% from the same period of the previous year.
- Kuwait's credit rating is A+ with a stable outlook, according to Standard & Poor's, A1, with a stable outlook, by Moody's, and AA- with a stable outlook by Fitch .
- The last update of Central Bank of Kuwait (CBK) discount rate in 2023 was an increase by 75 basis points reaching 4.25%.
- Market Capitalization of Boursa Kuwait as of the end of Q1 2024 reached 43.1 billion, dropped by 4.5% compared to the same period of 2023. While KFH's Market Capitalization reached KWD 12.1 billion as of the end of Q1 2024, increasing by 10.4% compared to the end of Q1 2023.
- Traded value at Boursa Kuwait by the end of Q1 2024 reached KD 3.5 billion increased by 34.2% compared to the same period of 2023. While KFH's traded value reached KD 525.8 million by the end of Q1 2024, declined by 32.6% compared to same period of 2023.



# Overview of KFH's Awards & Ratings

## Kuwait

**Best Bank**

EMEA Finance

## Regional

**Best Islamic Bank**

Middle East

EMEA Finance

## Global

**Best**

Islamic Financial Institution  
in the World

Global Finance

**Fitch**Ratings

**Long-Term Issuer Default Rating A**

**Short-Term Issuer Default Rating F1**

**STABLE Outlook**

Fitch's Rating Action 5 February 2024

**MOODY'S**

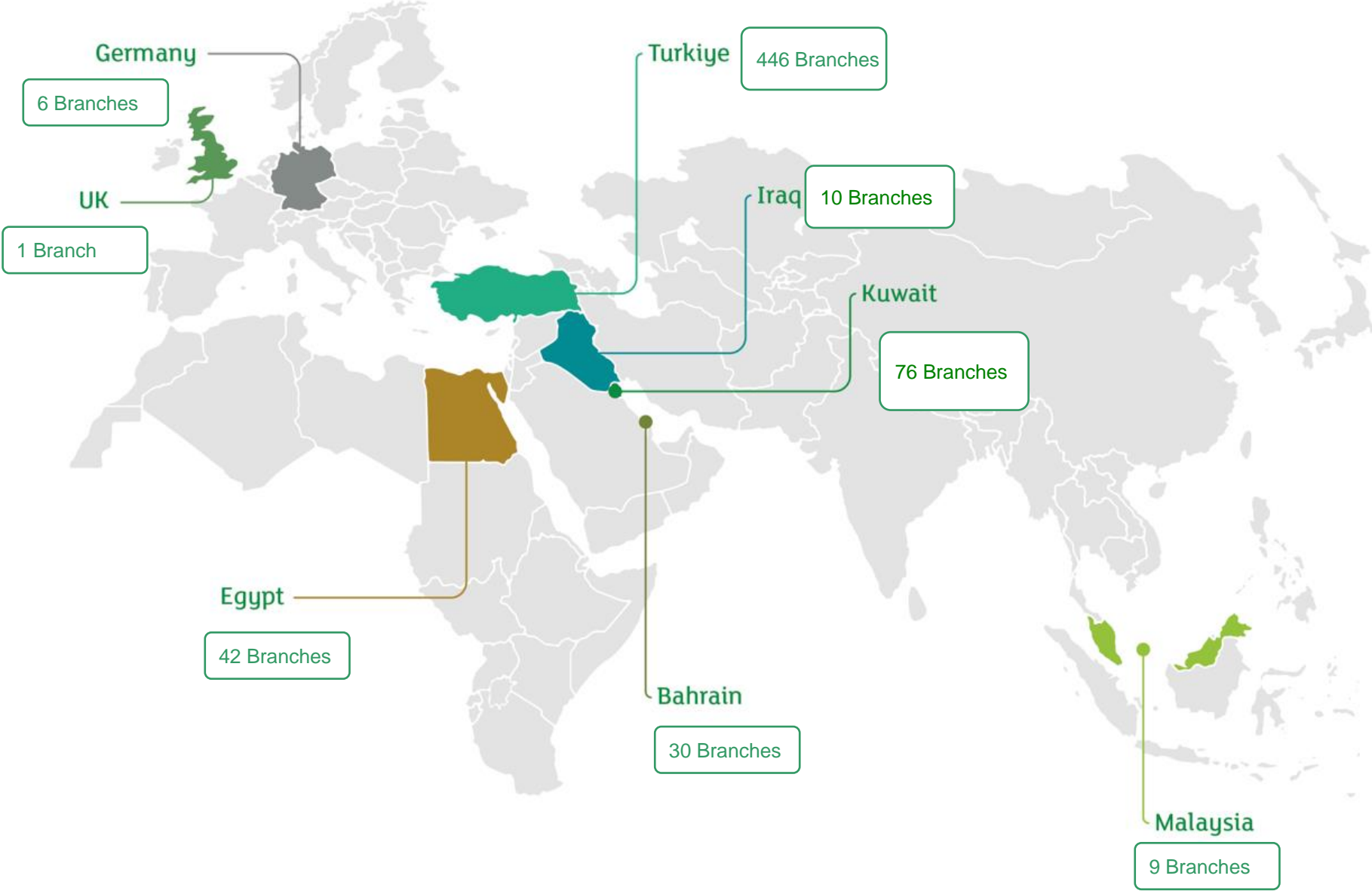
**LT FC Bank Deposits Rating A2**

**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 620 branches and over 2248 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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- 1 Kuwait's Operating Environment

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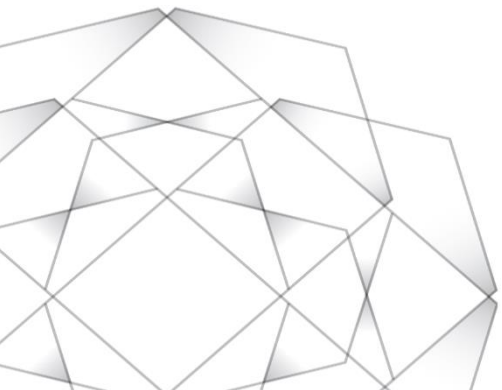
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- 4 **Q1-24 Financial Results**

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- 5 Appendix

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# Q1-24 Financial Highlights

<b>Net Profit for Shareholders</b> <b>KD 162.8 mn</b> 0.5%	<b>Net Financing Income</b> <b>KD 263.4 mn</b> 16.6%	<b>Net Operating Income</b> <b>KD 247.6 mn</b> -1.4%
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**Cost to Income Ratio**

**36.90%**

*(Q1-23: 33.75%)*

**EPS (fils)**

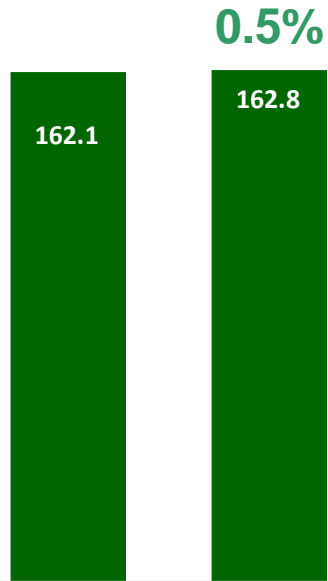
**10.24**

*(Q1-23 : 10.15fils)*

# Q1-24 Financial Performance

## Net Profit for Shareholders

(KD mn)

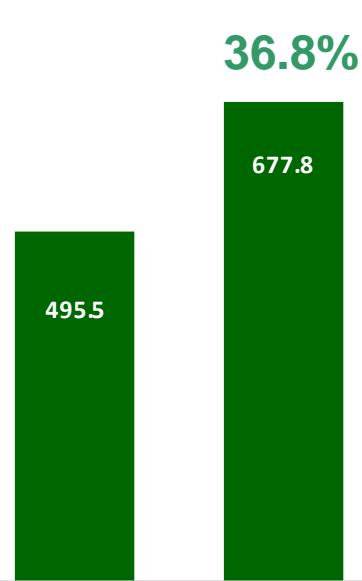


Q1-23

Q1-24

## Financing Income

(KD mn)

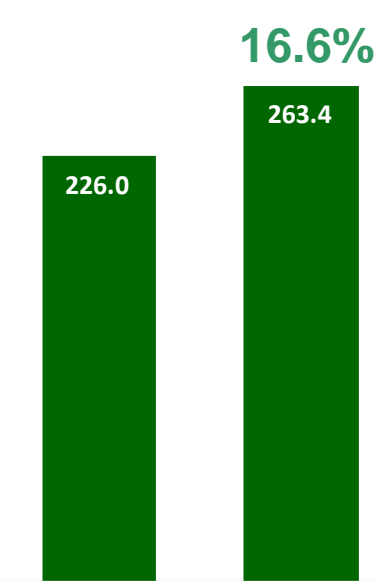


Q1-23

Q1-24

## Net Financing Income

(KD mn)

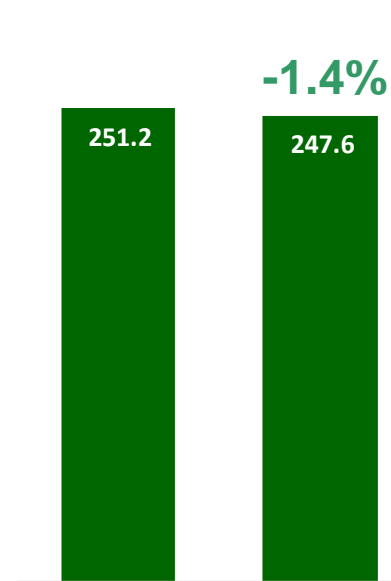


Q1-23

Q1-24

## Net Operating Income

(KD mn)

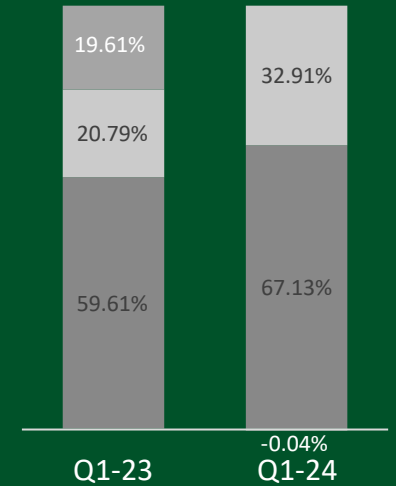


Q1-23

Q1-24

## Operating Income Profile

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



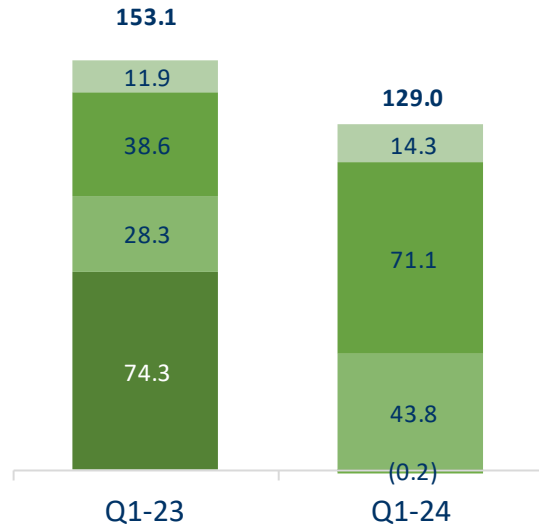
Q1-23

Q1-24

# Q1-24 Financial Performance

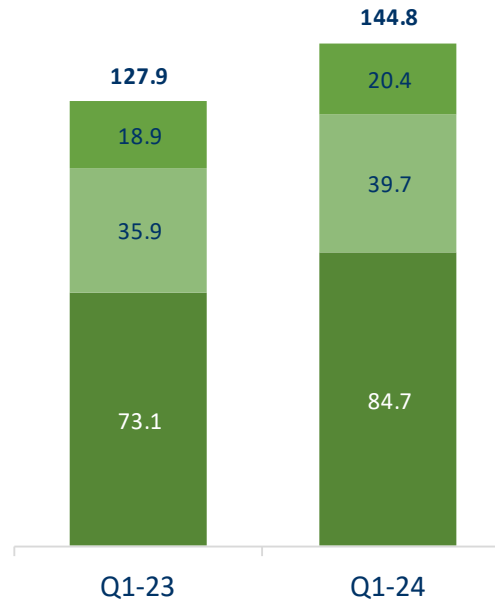
## Non - Financing Income (KD mn)

- 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

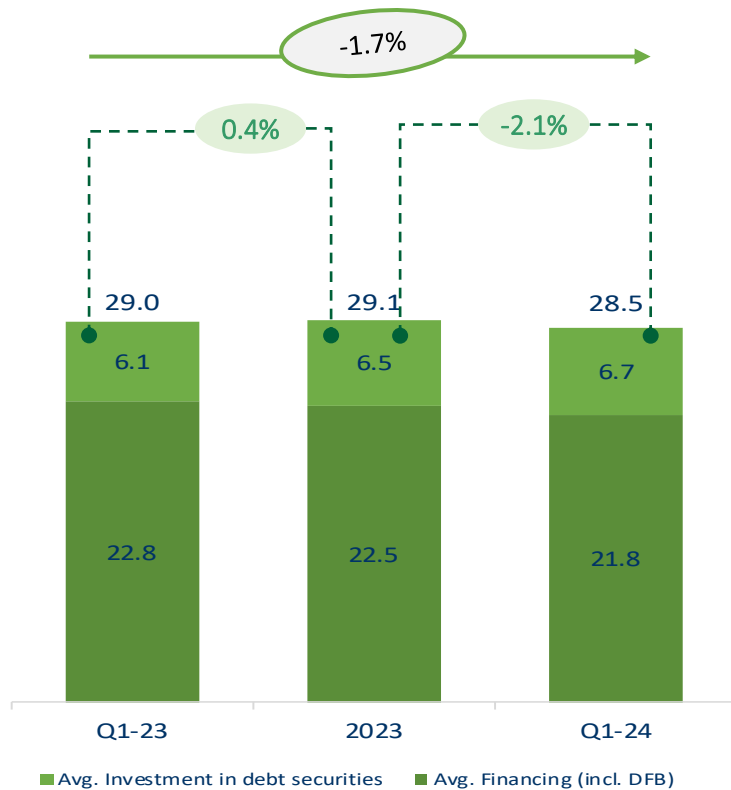


## C/I Ratio

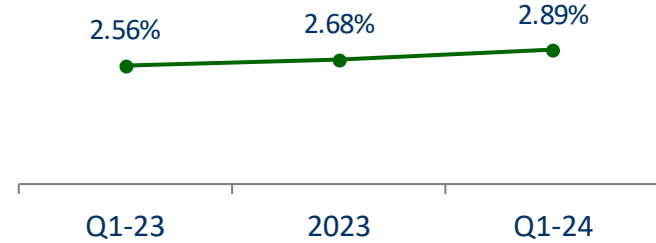
Q1-23, 33.75%      Q1-24, 36.90%

# Q1-24 Financial Performance

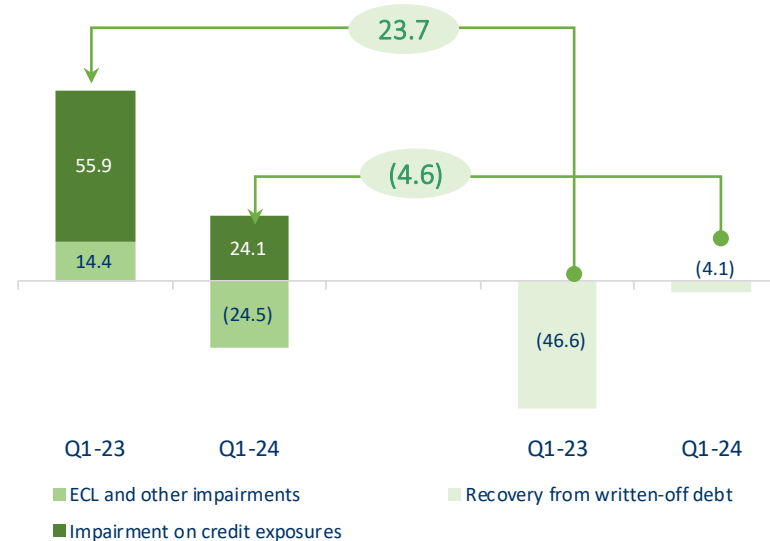
## Average Profit Earning Assets (KD bn)



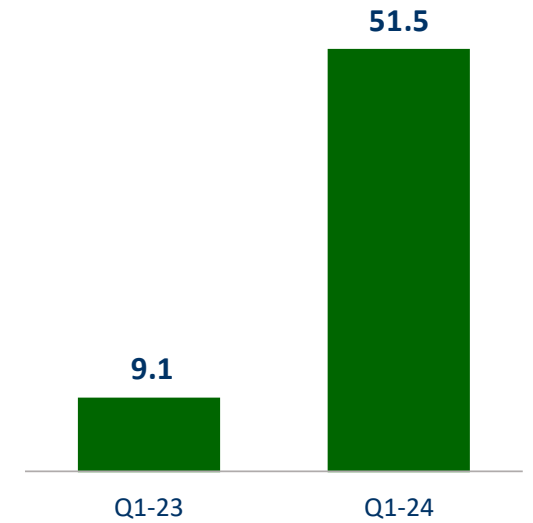
## Net Financing Margin



## Provision and Impairment (KD mn)



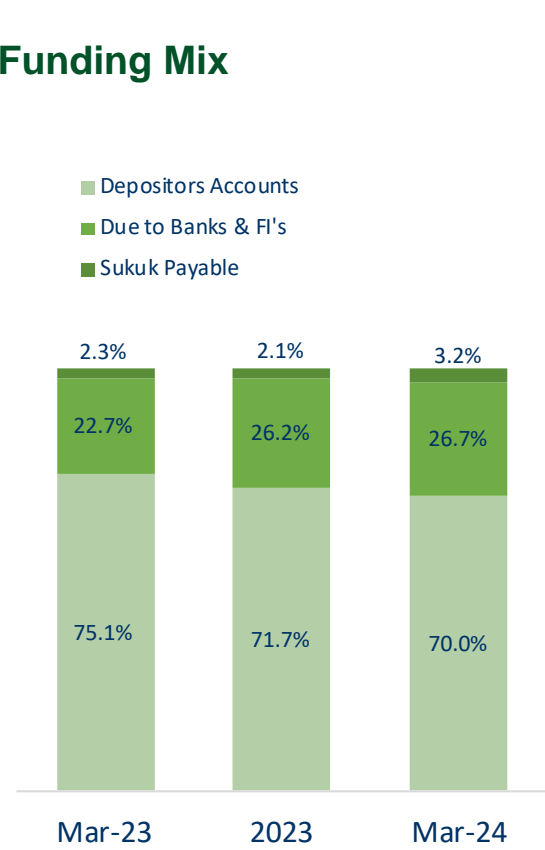
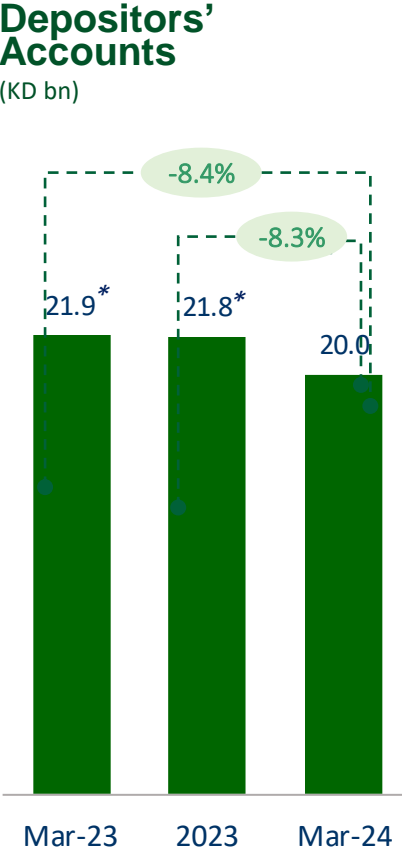
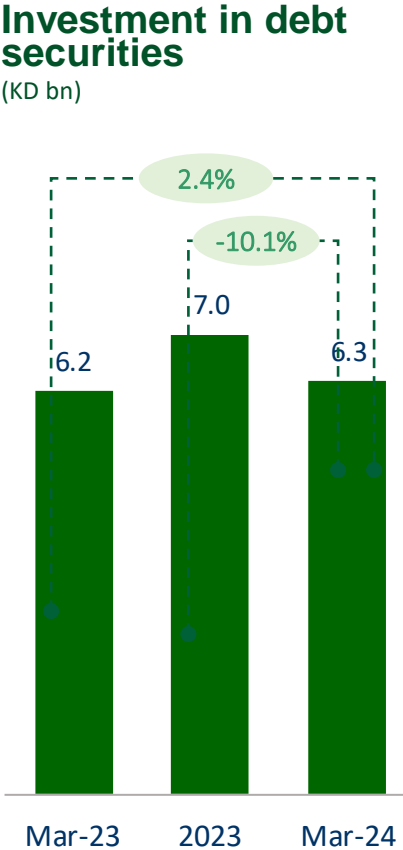
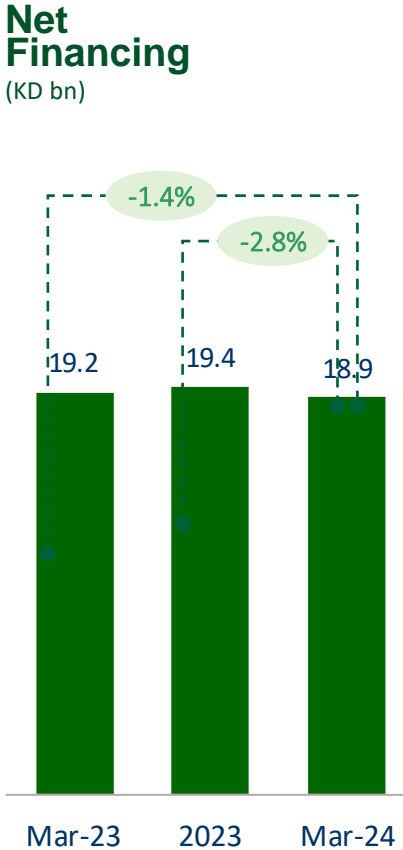
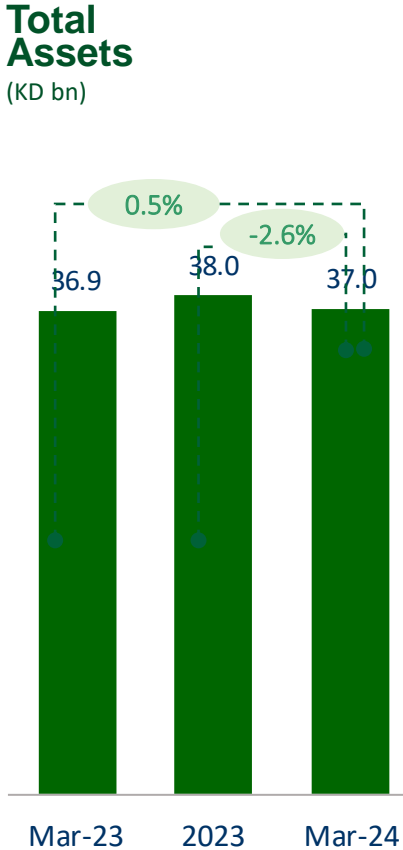
## Net Monetary Loss\* (KD mn)



\* Hyper-inflation impact



# Q1-24 Financial Performance



\* re-stated

# Q1-24 Key Financial Ratios

Return on Average Tangible Equity (%)

22.97%      22.43%

Q1-23      Q1-24

Return on Average Equity (%)

12.39%      12.37%

Q1-23      Q1-24

Return on Average Assets (%)

2.04%      1.80%

Q1-23      Q1-24

C/I (%)

33.75%      36.90%

Q1-23      Q1-24

EPS (fils)

10.15      10.24

Q1-23      Q1-24

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**Q&A**

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 thin and light gray, set against a plain white background. The word "Appendix" is written in a bold, green, sans-serif font, positioned on the left side of the page. The overall aesthetic is clean and modern, typical of a professional presentation or report.

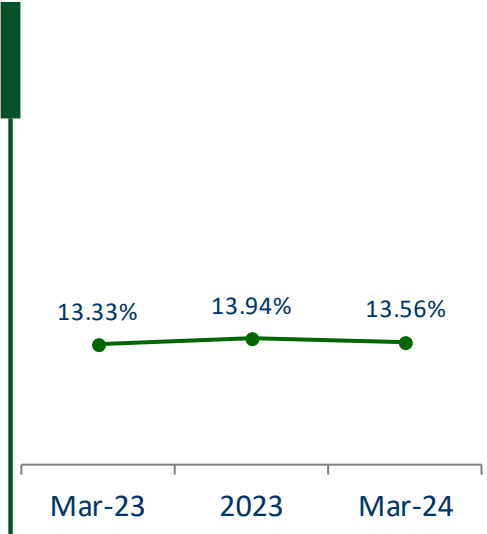
# Appendix

# Q1-24 Capital & Asset Quality Ratios

### Capital Adequacy Ratio (%)



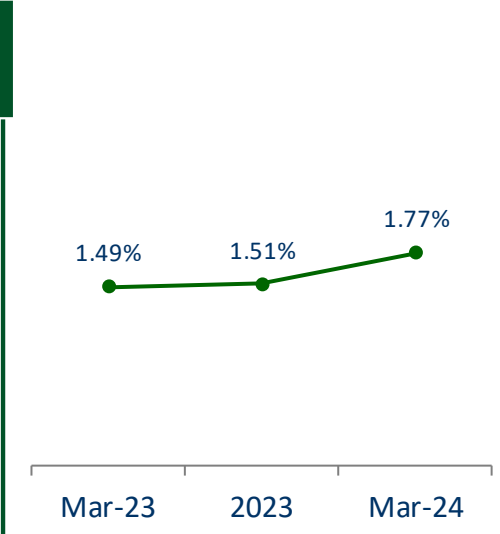
### CET1 (%)



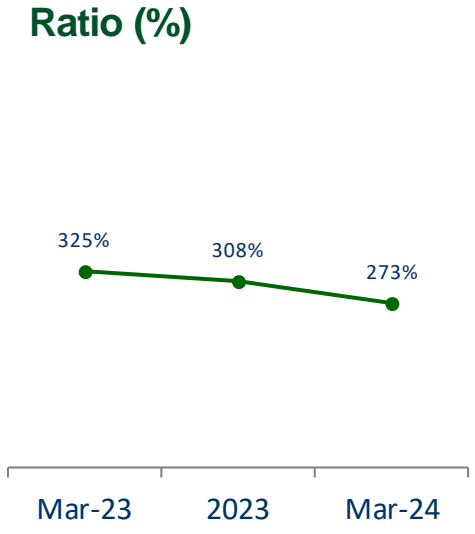
### TIER 1 (%)



### NPF (%)



### NPF Coverage Ratio (%)





# Consolidated Financial Statements Q1-24 Vs. Q1-23

Consolidated Statement of Financial Position (KD million)	Mar-24	Mar-23
Cash and balances with banks and financial institutions	3,283	2,782
Due from Banks	2,360	3,855
Financing receivables	18,889	19,158
Investments in debt securities	6,298	6,150
Trading properties	105	95
Investments	312	283
Investment in associates and joint ventures	533	513
Investment properties	383	399
Other assets	996	847
Goodwill and Intangible assets	2,347	2,427
Property and equipment	355	344
Assets classified as held for sale	1,161	0
<b>TOTAL ASSETS</b>	<b>37,023</b>	<b>36,855</b>
Due to banks	4,435	4,163
Due to financial institutions	3,207	2,444
Sukuk payables and term financing	924	657
Depositors' accounts	20,008	21,853
Other liabilities	1,409	1,531
Liabilities directly associated with assets classified as held for sale	947	0
<b>TOTAL LIABILITIES</b>	<b>30,930</b>	<b>30,647</b>
Share capital	1,711	1,476
Share premium	4,267	3,612
Treasury shares	(822)	(59)
Reserves	113	228
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK</b>	<b>5,269</b>	<b>5,257</b>
Perpetual Tier 1 Capital Securities and Sukuks	503	502
Non-controlling interests	320	449
<b>TOTAL EQUITY</b>	<b>6,093</b>	<b>6,208</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,023</b>	<b>36,855</b>

Consolidated Statement of Income (KD million)	Mar-24	Mar-23
Financing income	678	496
Financing cost and distribution to depositors	414	270
<b>Net finance income</b>	<b>263</b>	<b>226</b>
Investment income	0	74
Fees and commission income	44	28
Net gain from foreign currencies	71	39
Other operating income	14	12
<b>Non-Financing Income</b>	<b>129</b>	<b>153</b>
<b>Tota Operating Income</b>	<b>392</b>	<b>379</b>
Staff costs	85	73
General and administrative expenses	40	36
Depreciation and amortization	20	19
<b>Total Expenses</b>	<b>145</b>	<b>128</b>
<b>Net Operating Income</b>	<b>248</b>	<b>251</b>
Provisions and impairment	(5)	24
Net Monetary Loss	52	9
<b>Profit for the Period Before Taxation</b>	<b>201</b>	<b>218</b>
Taxation and Proposed Directors' fees	32	33
Non-controlling interests	5	24
<b>Profit Attributable to Shareholders of the Bank</b>	<b>163</b>	<b>162</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>



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