

9M-2024 Earnings Presentation

23 October 2024

Group Financial Control
Investor Relations

بيت التمويل الكويتي
Kuwait Finance House



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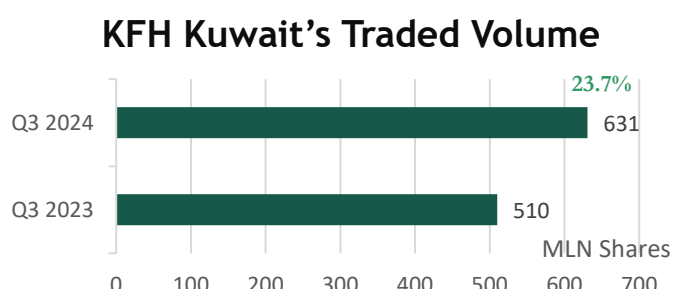
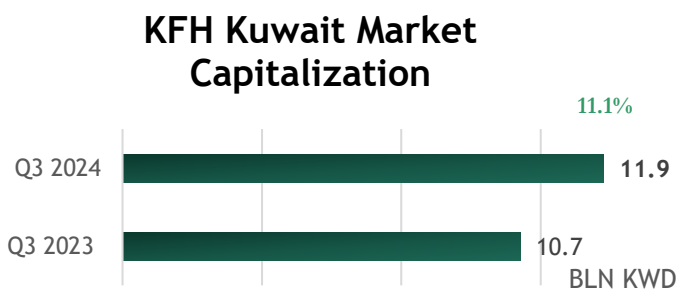
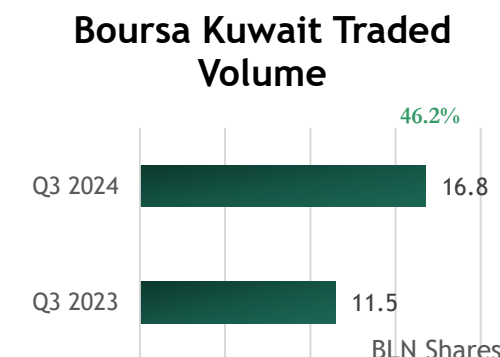
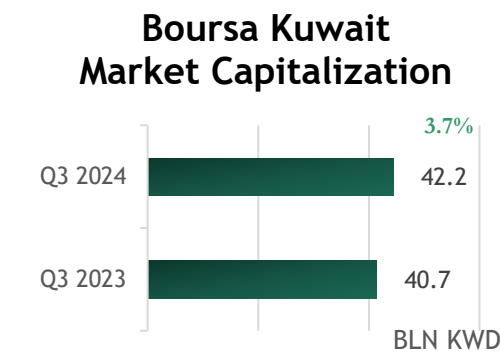
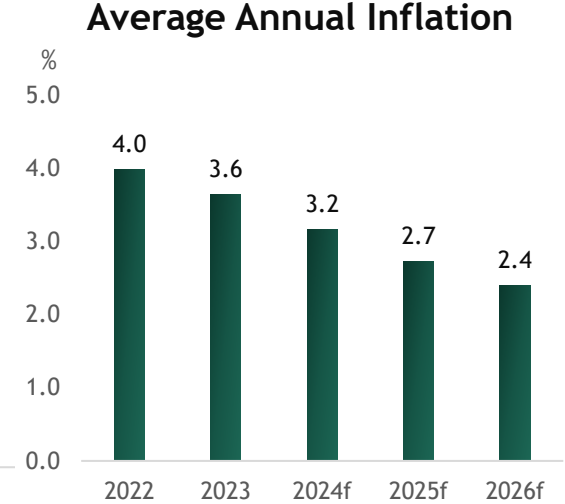
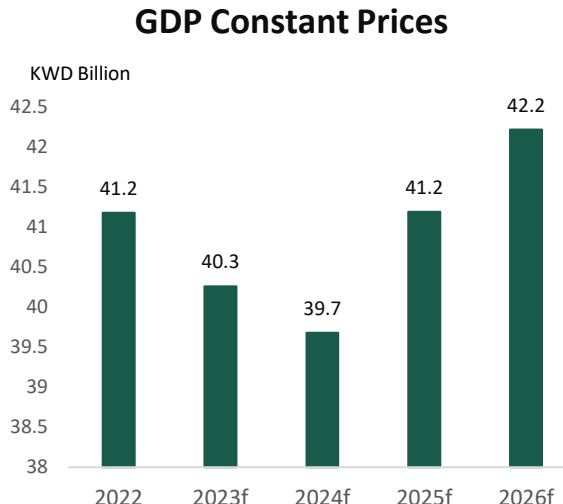
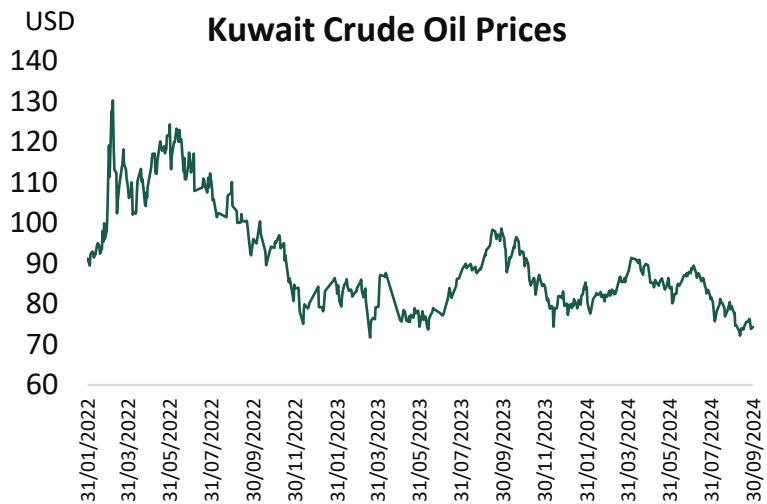
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Kuwait's Economic Highlights



- International Monetary Fund (IMF) expects Kuwait's GDP "constant prices" to reach KWD 39.7 billion in 2024 and to recover in the following years.
- Kuwait's annual Inflation rate based on average consumer prices is forecasted to decline to 3.2% in 2024 compared to 3.6% in 2023.
- By the end of September 2024, the Kuwaiti Crude Oil Price stood at USD 74.3 per barrel, reflecting a decrease of 24.1% compared to the same period last 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 Central Bank of Kuwait (CBK) has announced a reduction in the discount rate by 25 basis points, lowering it from 4.25% to 4.00%, effective September 19, 2024.
- Market Capitalization of Boursa Kuwait as of the end of Q3 2024 reached KWD 42.2 billion with an increase of 3.7% compared to the same period last year. While KFH's Market Capitalization reached KWD 11.9 billion with an increase of 11.1%.
- Traded volume at Boursa Kuwait during Q3 2024 reached 16.8 billion shares increased by 46.2% compared to the same period of 2023. While KFH's traded volume reached 631 million shares during Q3 2024, increased by 23.7% compared to same period of 2023.

Overview of KFH's Awards & Ratings

Kuwait

Best

Islamic Bank
in Kuwait

Euromoney

Regional

Best

Islamic Bank
in the Middle East

Global Finance

Global

Best

Islamic Financial Institution
in the World

Global Finance

FitchRatings

Long-Term Issuer Default Rating A

Short-Term Issuer Default Rating F1

STABLE Outlook

Fitch's Rating Action 5 February 2024

MOODY'S

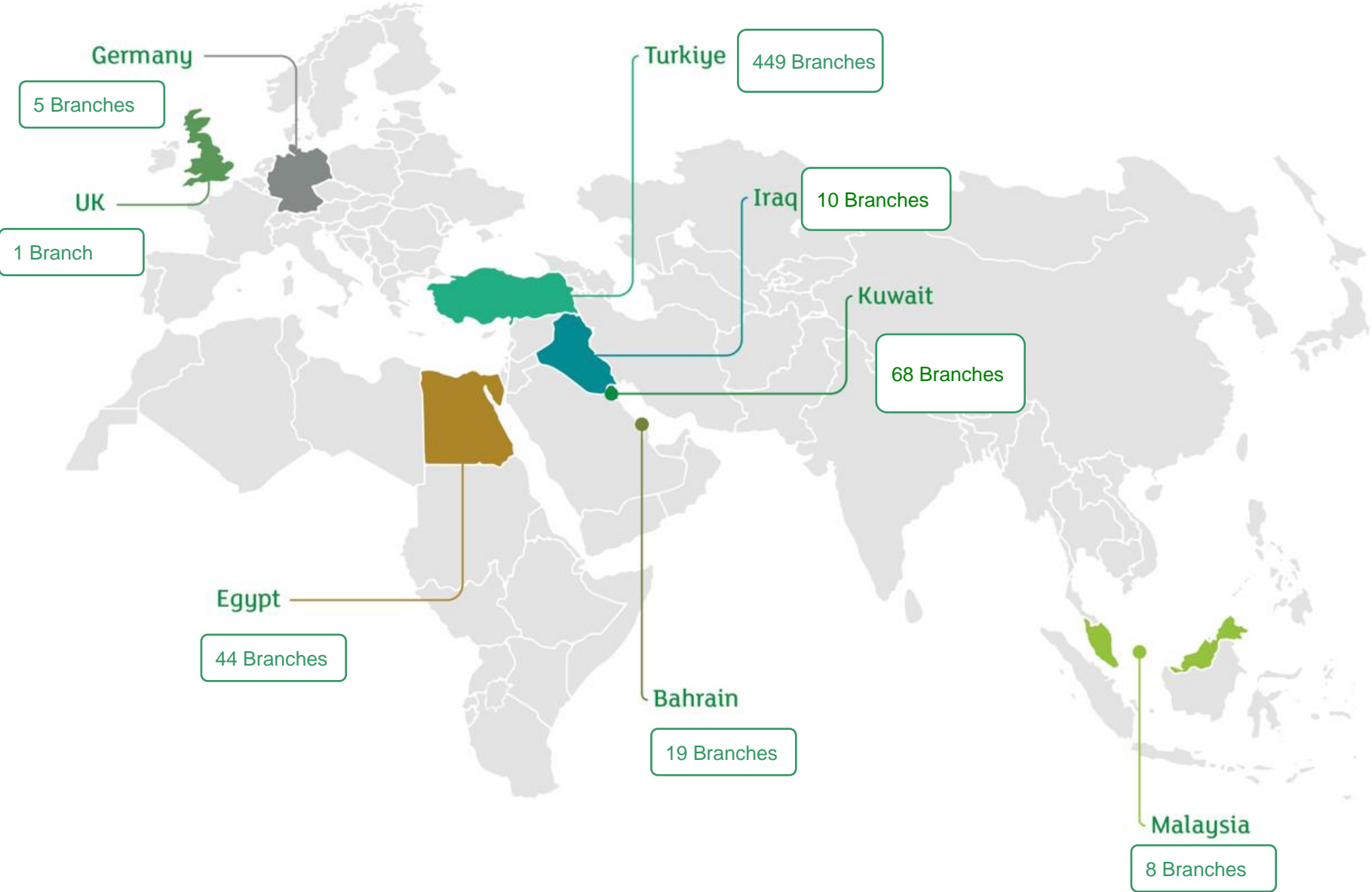
LT FC Bank Deposits Rating A2

ST FC Bank Deposits Rating P-1

STABLE Outlook

Moody's update 31 Jan 2024

Overview of KFH

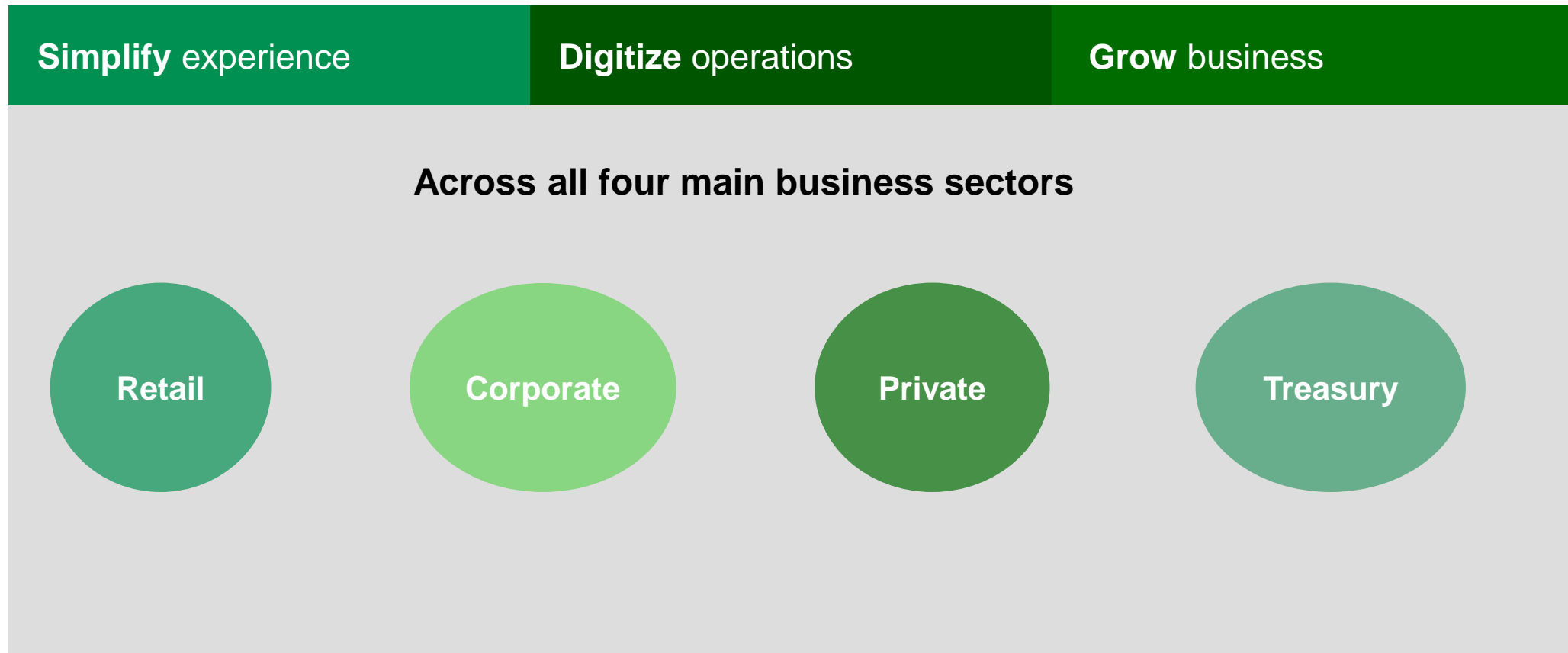


KFH Strengths

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 & dividend payment</p> <p>Solid funding and liquidity profile</p> <p>Consistently low NPF rates</p> <p>Improved cost to income ratio 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>KFH has branches in eight countries giving access to Europe, Middle East and Asian markets</p> <p>Extensive accessibility option with a wide network of 604 branches and over 1977 ATMs</p>	<p>KFH continuously develops its risk management framework in light of development in the business, banking and market regulations</p> <p>Disciplined & 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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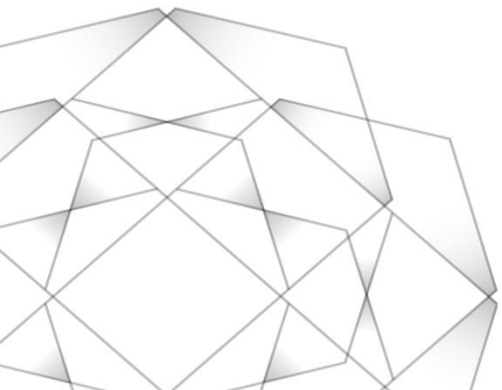
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9M-24 Financial Highlights

Net Profit for Shareholders KD 482.9 mn 4.6%	Net Financing Income KD 835.1 mn 17.0%	Net Operating Income KD 754.0 mn 1.9%
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Cost to Income Ratio

36.77%

(9M-23: 33.70%)

EPS (fils)

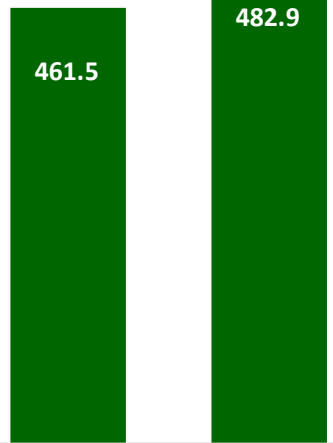
29.62

(9M-23 : 28.26 fils)

9M-24 Financial Performance

Net Profit for Shareholders

(KD mn)

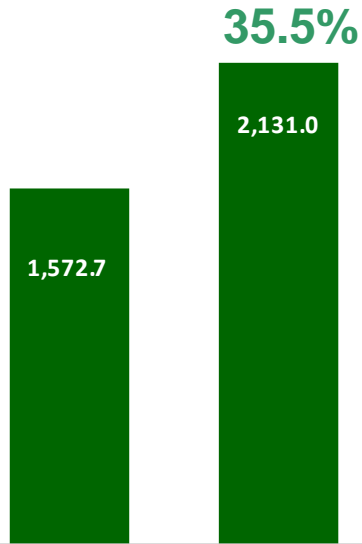


9M-23

9M-24

Financing Income

(KD mn)

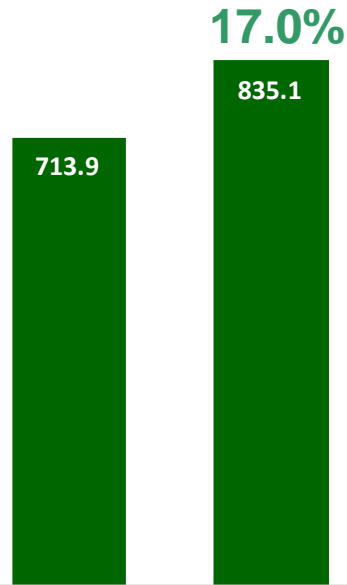


9M-23

9M-24

Net Financing Income

(KD mn)

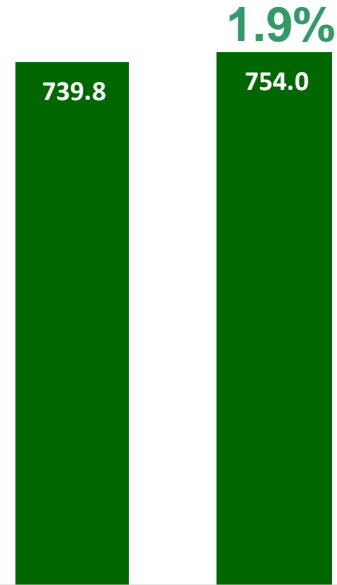


9M-23

9M-24

Net Operating Income

(KD mn)

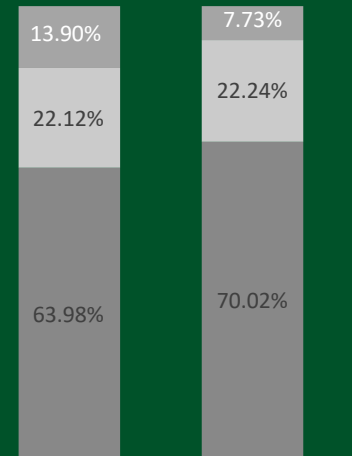


9M-23

9M-24

Operating Income Profile

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



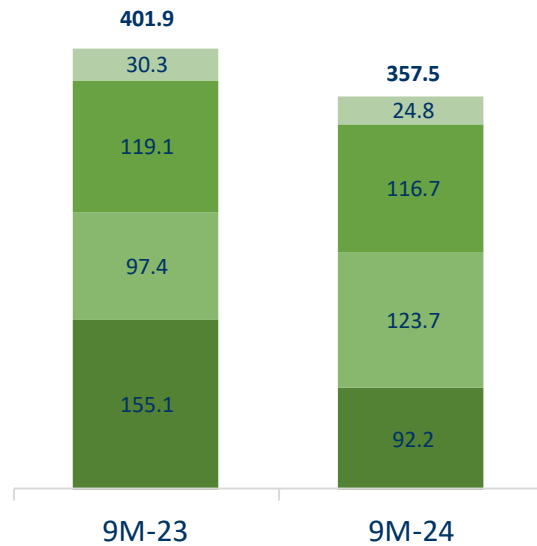
9M-23

9M-24

9M-24 Financial Performance

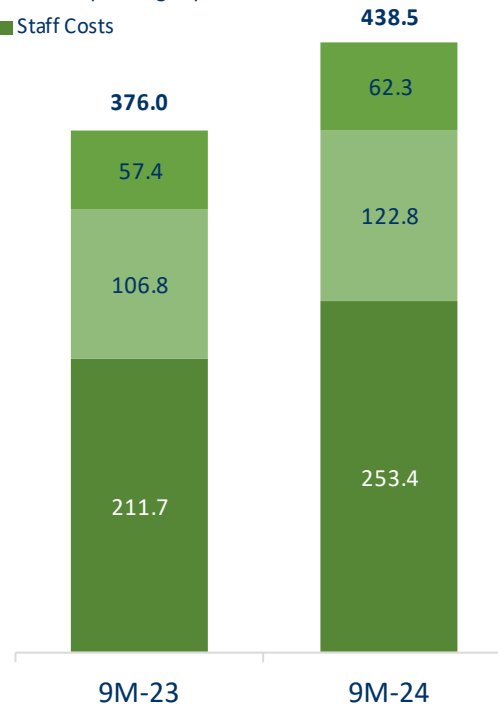
Non - Financing Income (KD mn)

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

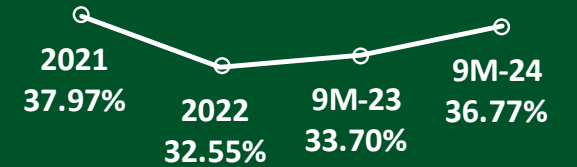


Total Operating Expenses (KD mn)

- Depreciation and Amortization
- Other Operating Expenses
- Staff Costs



C/I Ratio

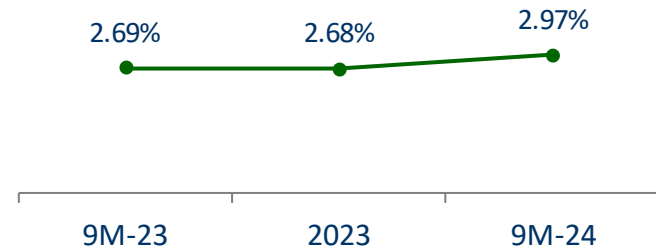


9M-24 Financial Performance

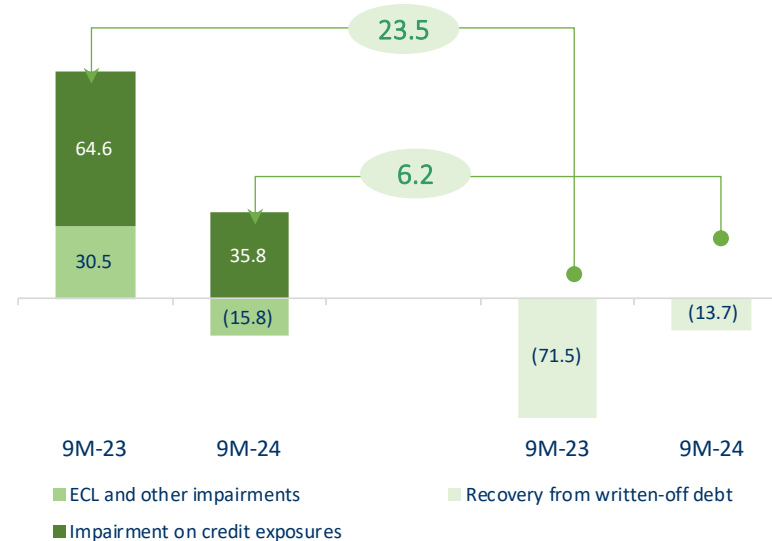
Average Profit Earning Assets (KD bn)



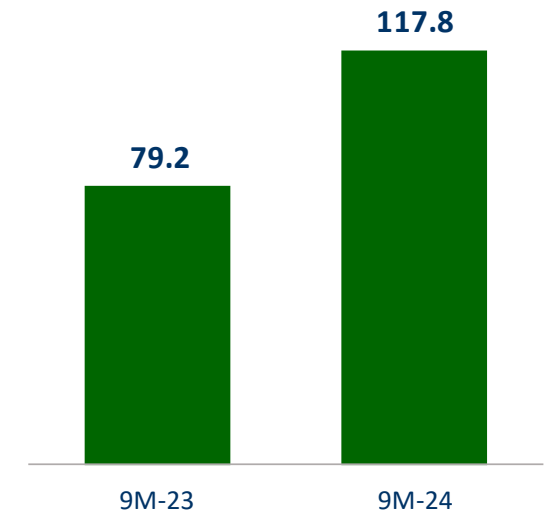
Net Financing Margin



Provision and Impairment (KD mn)

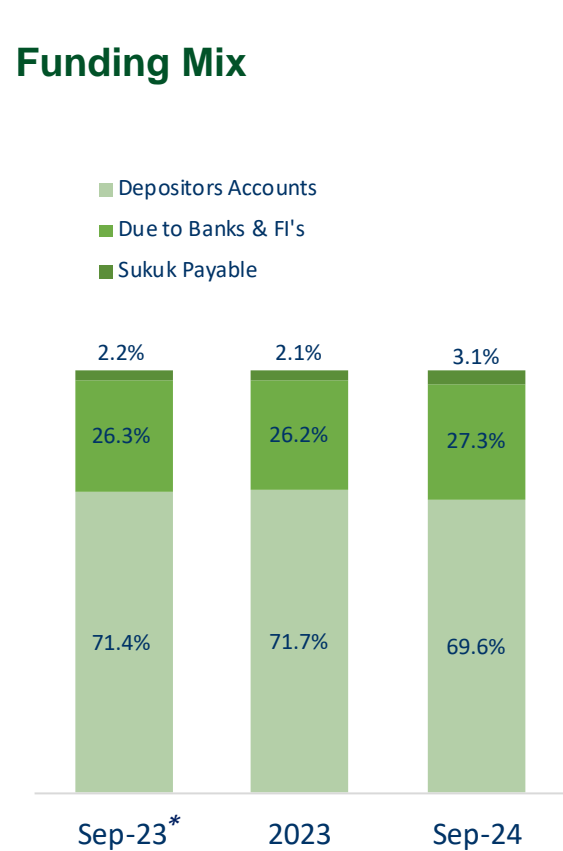
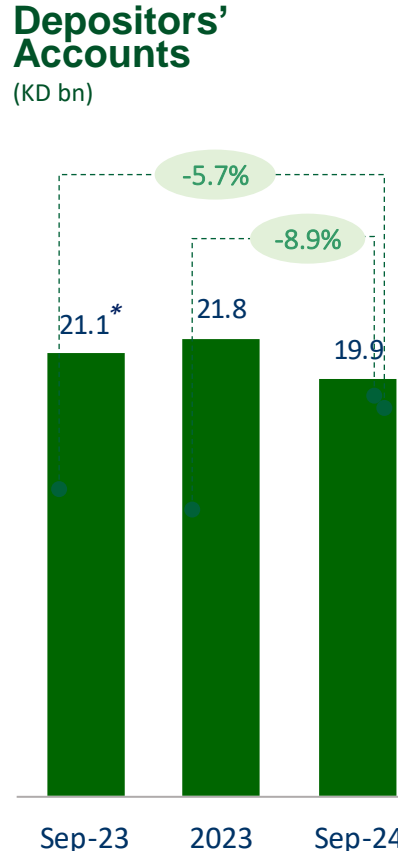
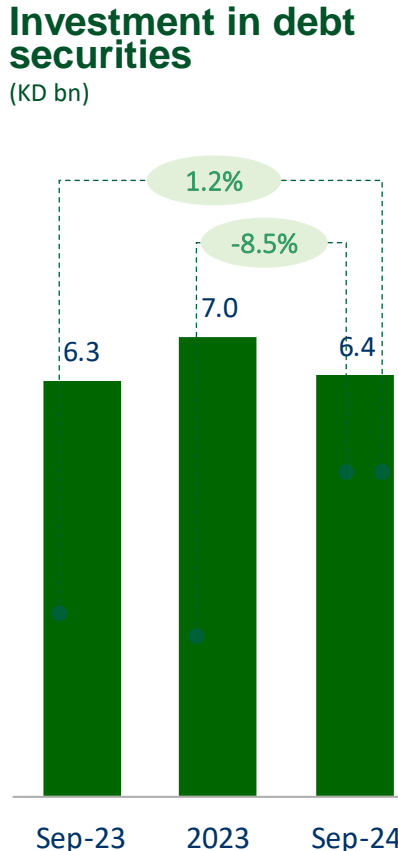
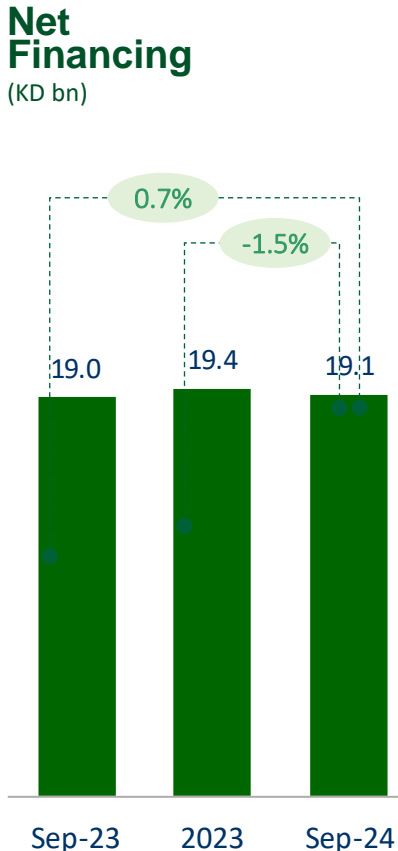
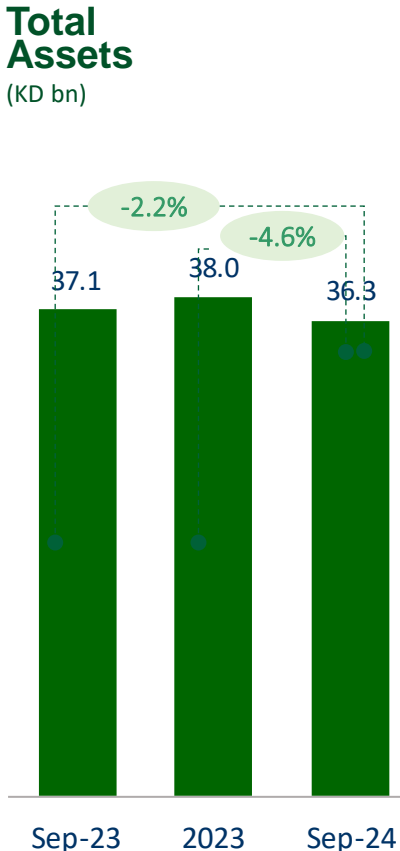


Net Monetary Loss* (KD mn)



* Hyper-inflation impact

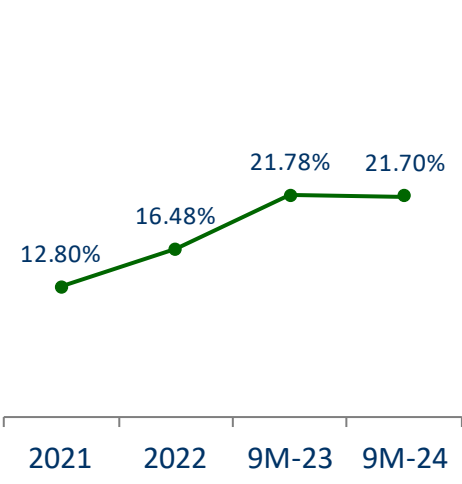
9M-24 Financial Performance



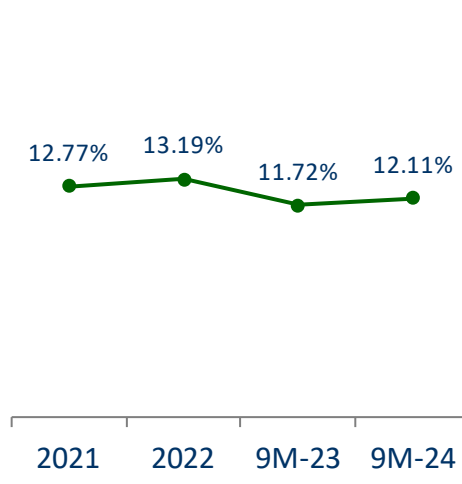
* re-stated

9M-24 Key Financial Ratios

Return on Average Tangible Equity (%)



Return on Average Equity (%)



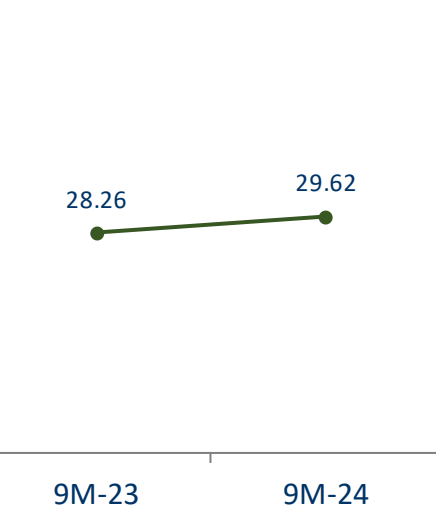
Return on Average Assets (%)



C/I (%)



EPS (fils)

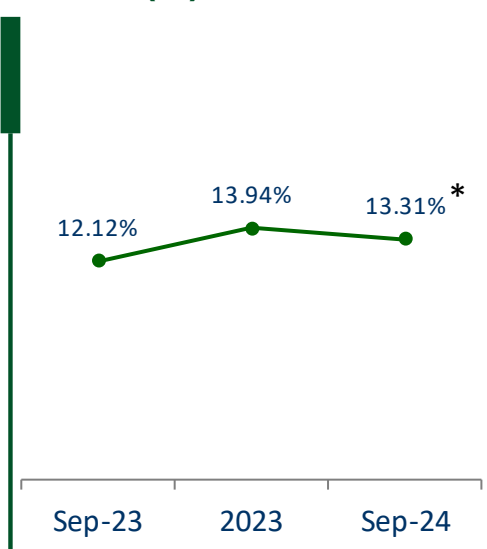


9M-24 Capital & Asset Quality Ratios

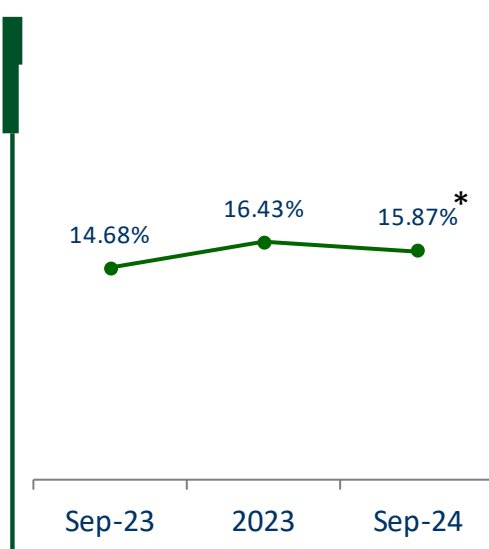
Capital Adequacy Ratio (%)



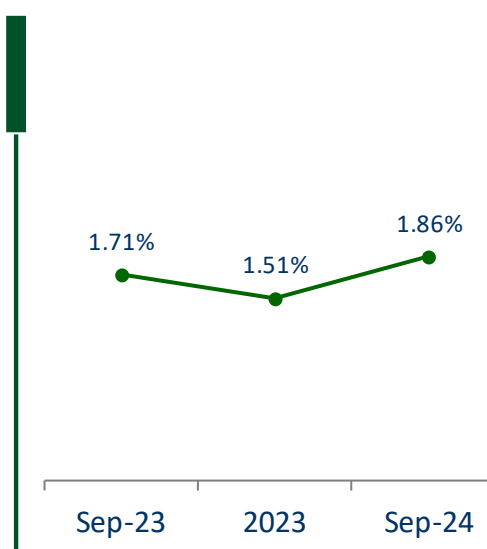
CET1 (%)



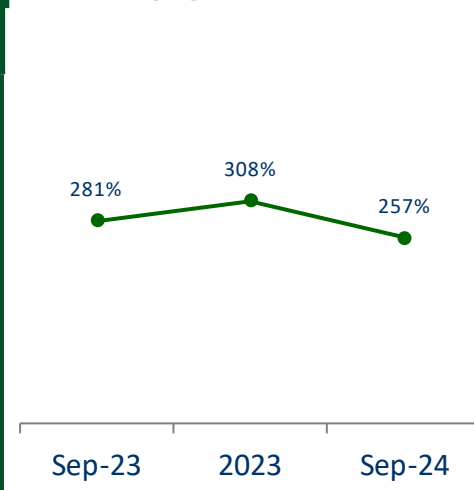
TIER 1 (%)



NPF (%)



NPF Coverage Ratio (%)



* excluding interim profit.

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 geometric 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

Consolidated Financial Statements 9M-24 Vs. 9M-23

Consolidated Statement of Financial Position (KD million)	Sep-24	Sep-23
Cash and balances with banks and financial institutions	3,665	3,321
Due from Banks	2,161	3,252
Financing receivables	19,136	18,995
Investments in debt securities	6,414	6,336
Trading properties	95	108
Investments	301	276
Investment in associates and joint ventures	547	538
Investment properties	383	360
Other assets	864	1,115
Goodwill and Intangible assets	2,327	2,421
Property and equipment	367	347
TOTAL ASSETS	36,259	37,069
Due to banks	4,700	4,699
Due to financial institutions	3,103	3,071
Sukuk payables and term financing	873	656
Depositors' accounts	19,865	21,076
Other liabilities	1,466	1,531
TOTAL LIABILITIES	30,008	31,033
Share capital	1,711	1,476
Share premium	4,267	3,612
Treasury shares	(822)	(82)
Reserves	215	210
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	5,371	5,216
Perpetual Tier 1 Capital Securities and Sukuks	498	506
Non-controlling interests	382	314
TOTAL EQUITY	6,252	6,036
TOTAL LIABILITIES AND EQUITY	36,259	37,069

Consolidated Statement of Income (KD million)	Sep-24	Sep-23
Financing income	2,131	1,573
Financing cost and distribution to depositors	1,296	859
Net finance income	835	714
Investment income	92	155
Fees and commission income	124	97
Net gain from foreign currencies	117	119
Other operating income	25	30
Non-Financing Income	357	402
Tota Operating Income	1,193	1,116
Staff costs	253	212
General and administrative expenses	123	107
Depreciation and amortization	62	57
Total Expenses	439	376
Net Operating Income	754	740
Provisions and impairment	6	24
Net Monetary Loss	118	79
Profit for the Period Before Taxation	630	637
Taxation and Proposed Directors' fees	120	116
Non-controlling interests	27	59
Profit Attributable to Shareholders of the Bank	483	462

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
TOTAL ASSETS	19,391	21,502	21,788	36,969	38,010
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
TOTAL LIABILITIES	17,147	19,401	19,481	30,683	31,847
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
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	2,060	1,936	1,932	5,358	5,316
Perpetual Tier 1 Capital Securities and Sukuks	0	0	227	502	502
Non-controlling interests	183	165	149	427	345
TOTAL EQUITY	2,243	2,101	2,307	6,286	6,163
TOTAL LIABILITIES AND EQUITY	19,391	21,502	21,788	36,969	38,010

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
Net finance income	530	614	586	801	966
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
Non-Financing Income	284	181	225	272	495
Total operating income	814	796	811	1,072	1,461
Staff costs	182	172	184	209	287
General and administrative expenses	79	81	82	95	150
Depreciation and amortisation	43	43	42	45	79
Total Expenses	304	296	308	349	515
Net Operating Income	510	500	503	723	945
Provisions and impairment	197	284	135	62	44
Net Monetary Loss	0	0	0	128	73
Profit Before Tax and Zakat	313	215	368	534	828
Taxation and Proposed Directors' fees	51	31	58	99	153
Non-controlling interests	11	36	67	77	91
Profit Attributable to Shareholders of the Bank	251	148	243	358	585



Thank you

Investor.relations@kfh.com