



Date: 5 November 2020
Ref: 10 / 10 / 405 / 2020

التاريخ: 5 نوفمبر 2020 م
الإشارة: 2020 / 405 / 10 / 10

To: Chief Executive Officer
Boursa Kuwait

السيد/ الرئيس التنفيذي
بورصة الكويت

Peace, Mercy and Blessings of Allah be upon you,

السلام عليكم ورحمة الله وبركاته.

Subject: Disclosure of Material Information
KFH: Analysts Conference Presentation
Q 3 / 2020

الموضوع: الإفصاح عن المعلومات الجوهرية
بيتك: العرض التقديمي لمؤتمر المحللين
الربع الثالث 2020

In reference to the above, and in line with Kuwait Finance House 'KFH' interest in adhering to Boursa Kuwait Role Book Article (7-8-1/3) regarding the Listed Companies Obligations (Analysts Conference), KFH would like to report the following:

بالإشارة إلى الموضوع أعلاه، وحرصاً من بيت التمويل الكويتي "بيتك" على الإلتزام بمتطلبات المادة (3/1-8-7) من كتاب قواعد البورصة بشأن إلتزامات الشركات المدرجة (الإفصاح عن مؤتمر المحللين)، نود الإفادة بما يلي:

- KFH has conducted the Analysts Conference for Q 3 / 2020 through live broadcasting on internet (Live Webcast) at 2 p.m. on Thursday 5 November 2020. There was no other material information had been discussed during the conference.
- KFH will disclose the Conference Minutes of Meeting within 3 working days after the conference.
- Attached is the Investors Presentation Q 3 / 2020 for your reference. A copy of the same has been submitted to Capital Markets Authority.

- عقد بيتك مؤتمر المحللين للربع الثالث 2020 عن طريق بث مباشر على شبكة الإنترنت وذلك في تمام الساعة 2 من بعد ظهر يوم الخميس الموافق 5 نوفمبر 2020. علماً بأنه لم يتم تداول أي معلومات جوهرية أخرى خلال المؤتمر.
- سوف يقوم بيتك بالإفصاح لاحقاً عن محضر المؤتمر خلال 3 أيام عمل من تاريخ المؤتمر.
- مرفق العرض التقديمي للمستثمرين للربع الثالث 2020، هذا وتم تزويد السادة / هيئة أسواق المال نسخة منه.

Best Regards,
Abdulwahab Issa Al-Rushood
Acting Group Chief Executive Officer

وتفضلوا بقبول فائق الاحترام،
عبد الوهاب عيسى الرشود
الرئيس التنفيذي للمجموعة بالتكليف



بيت التمويل الكويتي
Kuwait Finance House

بيت التمويل الكويتي
Kuwait Finance House



3Q2020

Earnings Presentation

5 November 2020

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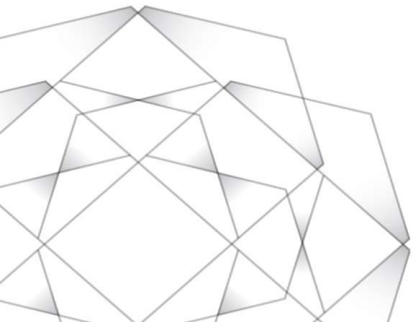
1 **Kuwait's Operating Environment**

2 **Overview of KFH**

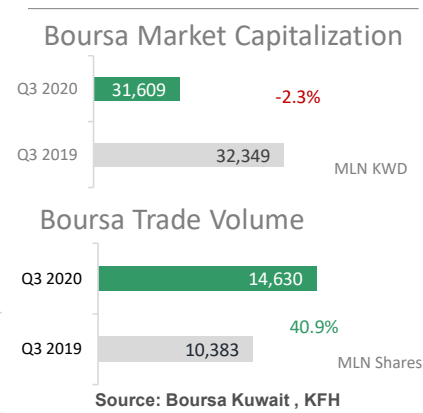
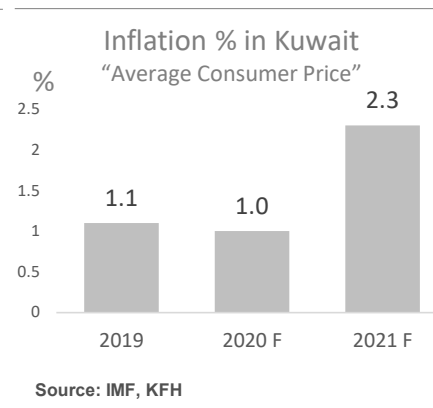
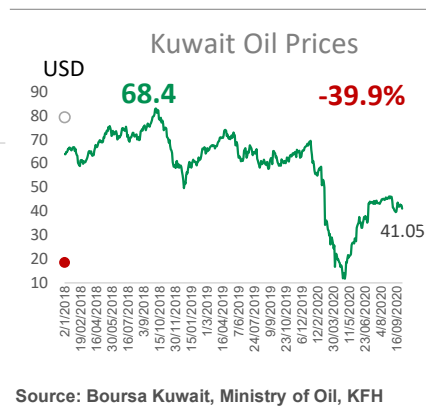
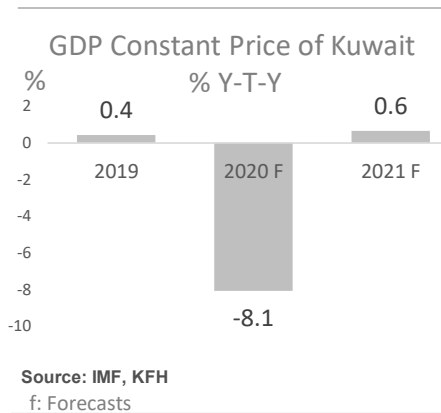
3 **KFH Strategy**

4 **9M2020 Financial Results**

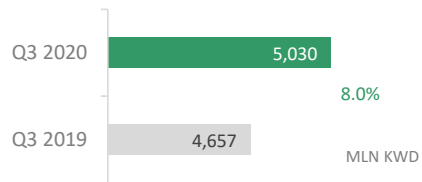
5 **Appendix**



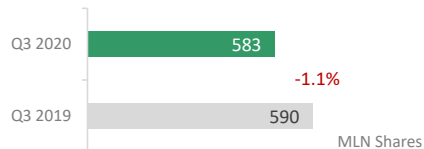
Economic Highlights



KFH Market Capitalization



KFH Trade Volume



Source: Bursa Kuwait, KFH

- The COVID-19 pandemic is representing a health threat to people around the world and a disruption to daily life. It is having an impact on the global and Kuwaiti economies. Some sectors, such as the energy, travel and hospitality, and service industries, are being particularly affected.
- Kuwaiti Crude Oil Price closed at USD 41 p/b as at end of Q3-20 higher by 13.0% Q-T-Q while lower by 39.9% compared to the end of 2019.
- Kuwait's Long-Term Issuer Default Rating (IDR) remained solid despite of the downgrade of Moody's to "A1" with stable Outlook, while Fitch affirmed the ratings of Kuwait at "AA" with Stable Outlooks and S&P affirmed at "AA-" with a negative Outlook.
- Central Bank of Kuwait on March 2020 has lowered the discount rate by 1% from 2.5% to 1.5%, a stimulative step by CBK.
- Morgan Stanley Capital International (MSCI) is expected to implement the reclassification of the MSCI Kuwait Indexes to Emerging Market in November 2020.

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Overview of KFH's Awards & Ratings

Kuwait

Best

Bank in Kuwait

*According to Asiamoney

Regional

Safest

**Islamic Financial Institution
in the GCC**

*According to Global Finance

Global

Best

**Islamic Financial Institution
in the World**

*According to Global Finance

FitchRatings

Long-Term Issuer Default Rating **A+**

Short-Term Issuer Default Rating **F1**

Viability Rating **bb+**

STABLE Outlook

As of First of September 2020

MOODY'S

LT FC Bank Deposits Rating **A2**

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

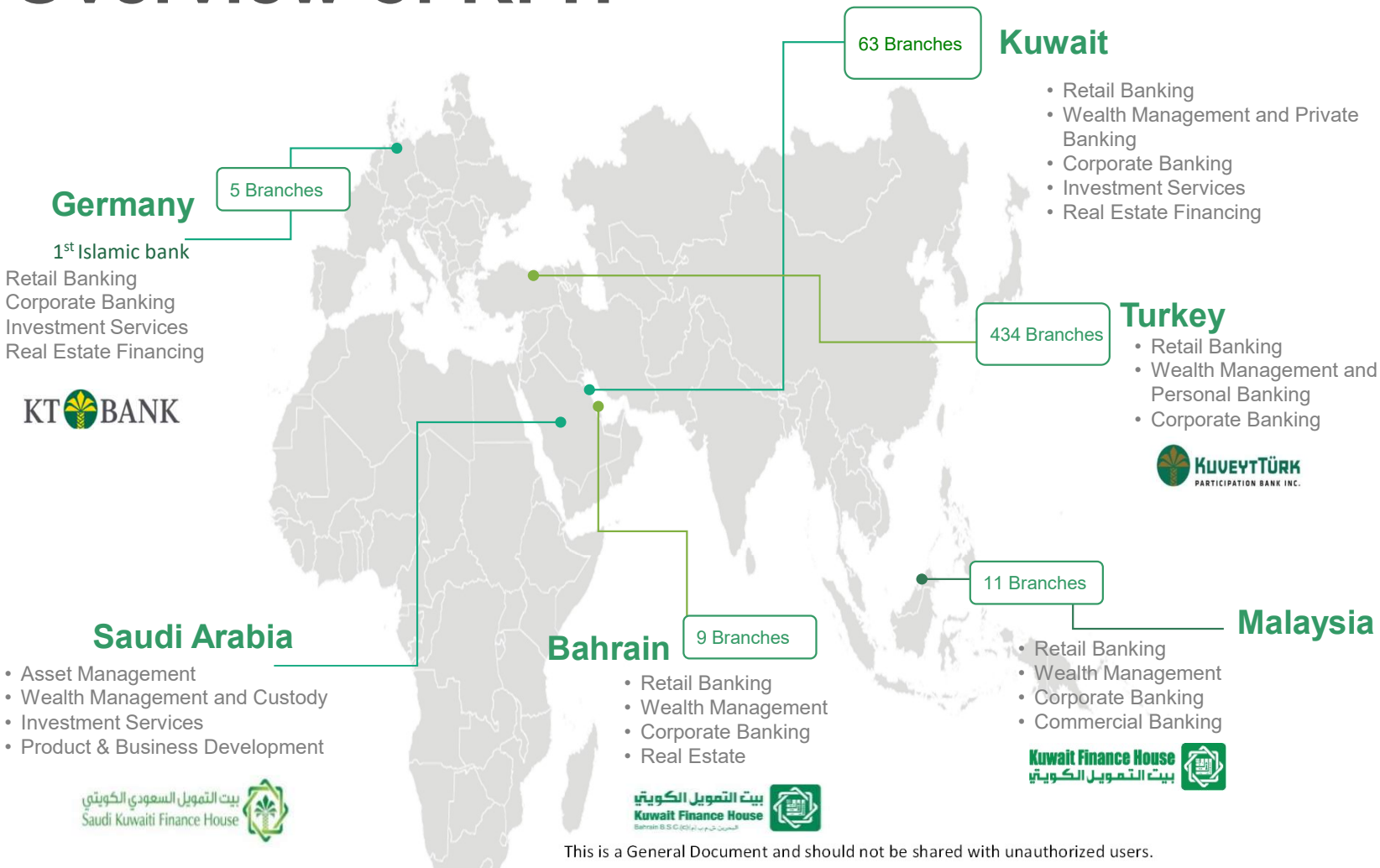
Baseline Credit Assessment **baa3**

STABLE Outlook

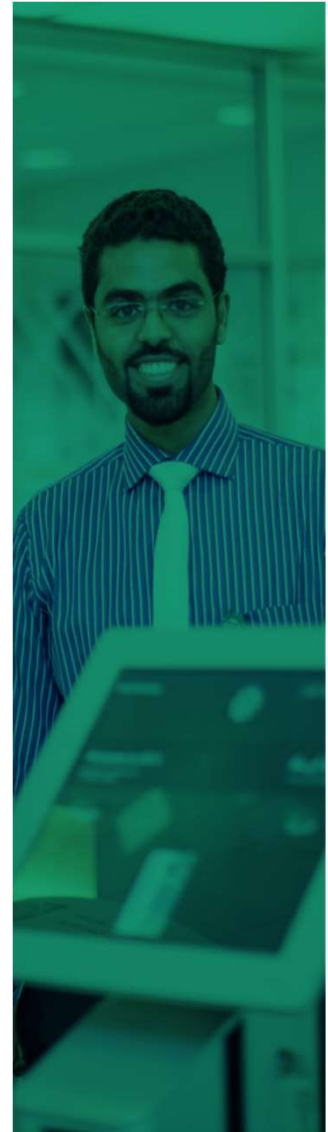
As of 24 September 2020

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Overview of KFH



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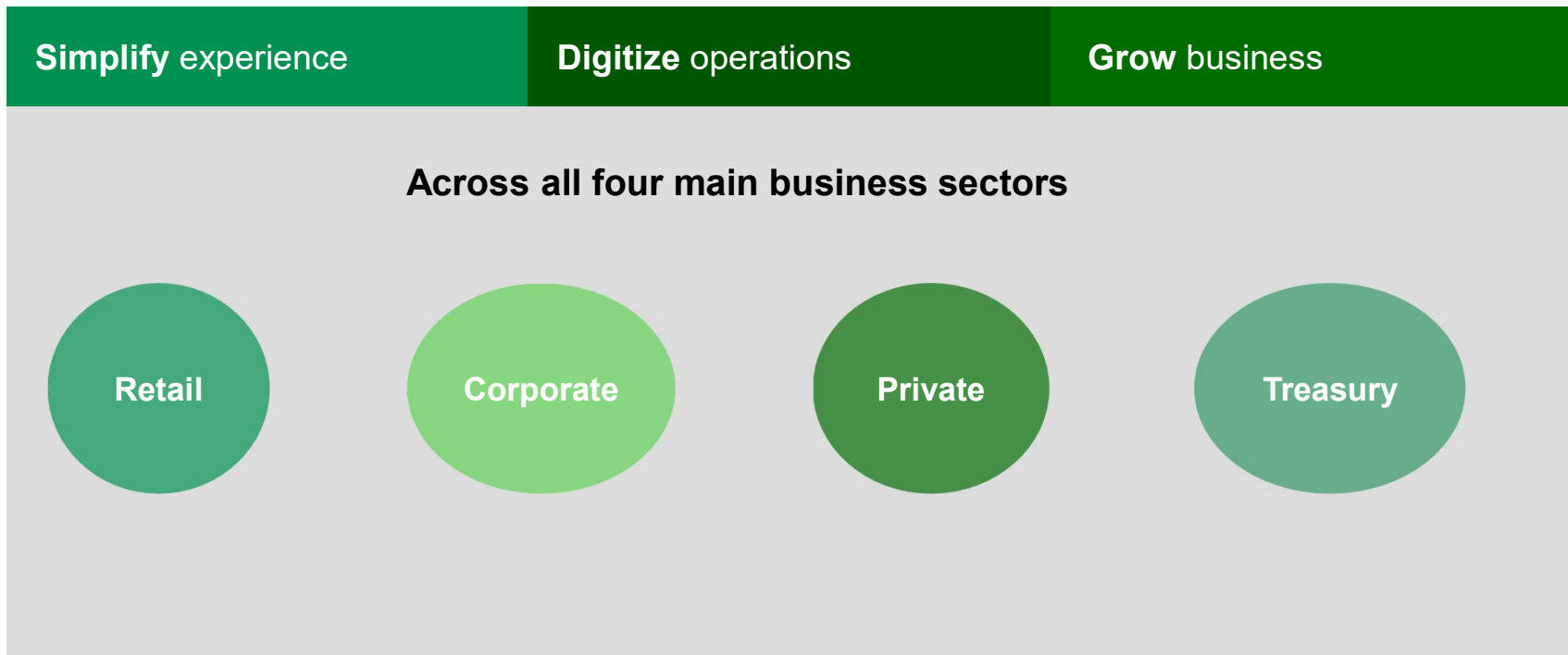


KFH Strengths

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 more 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 Large retail deposit and global flagship Islamic bank	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 522 branches and over 1,535 ATMs	Large and diversified portfolio
Improved cost to income ratio	Pioneer of Islamic products in Kuwait				Reduced non-core assets
Solid profit margins and improved efficiency					

KFH Strategy

KFH's main focus is on core banking business activities. KFH's strategy is based on four main pillars



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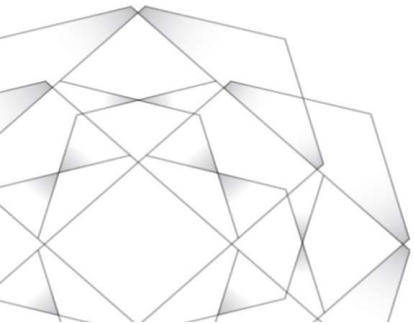
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9M20 Financial Highlights

Net Profit for Shareholders KD 101.2 m <i>(46.9)%</i>	Net Financing Income KD 450.5 m <i>+13.9%</i>	Net Operating Income KD 401.8 m <i>+2.2%</i>
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Cost to Income Ratio

35.48%

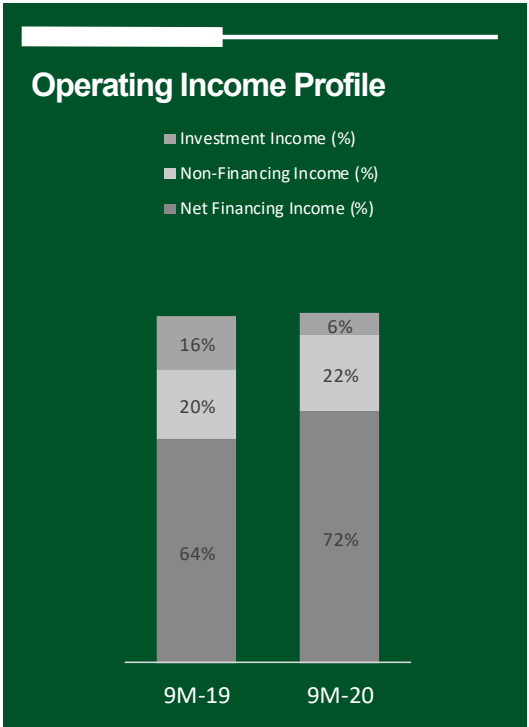
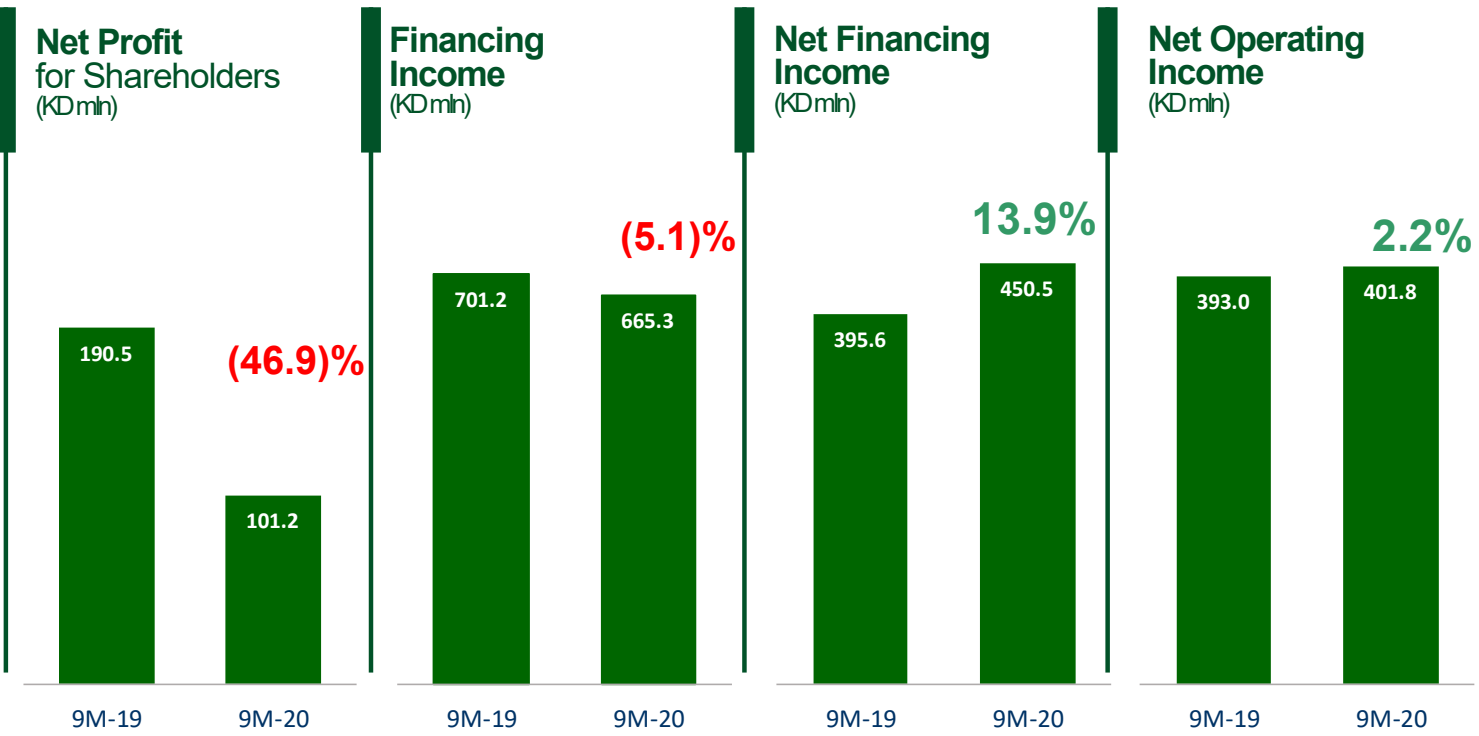
Improved by 63bps

EPS (fils)

13.31

(9M19: 25.15fils)

9M20 Operating Performance



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9M20 Operating Performance

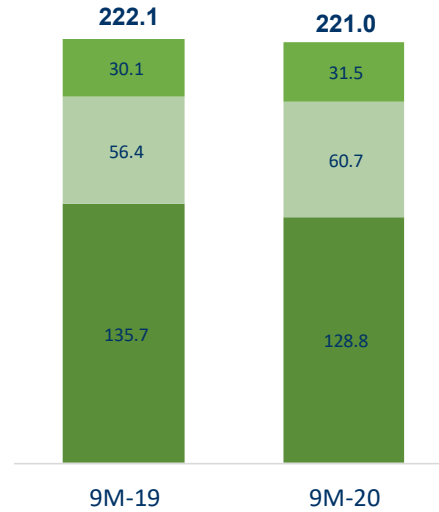
Non - Financing Income (KD mn)

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



Total Operating Expenses (KD mn)

- Depreciation and Amortization
- Other Operating Expenses
- Staff Costs



C/I Ratio

9M-19,
36.11%

9M-20,
35.48%

9M-19

9M-20

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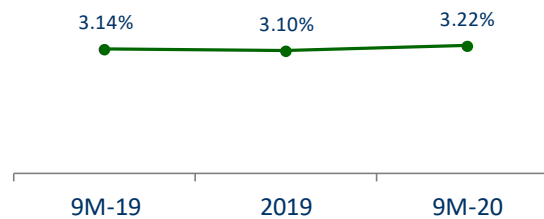
9M20 Operating Performance

Average Profit Earning Assets (KD Bln)

- Avg. Financing (incl. DFB)
- Avg. Sukuk

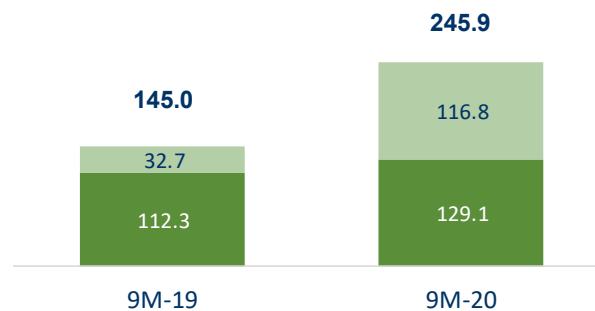


Net Financing Margin



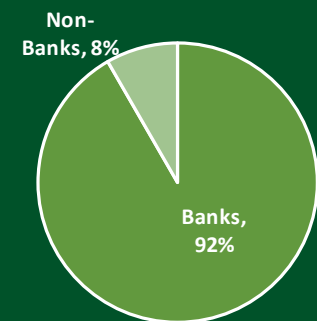
Provision and Impairment (KD mln)

- Financing
- Other

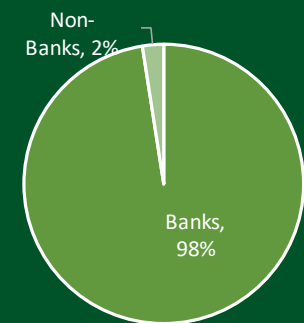


Net Operating Income Banks/ Non-Banks

9M-19



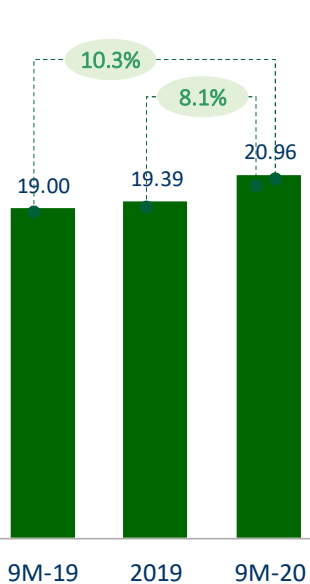
9M-20



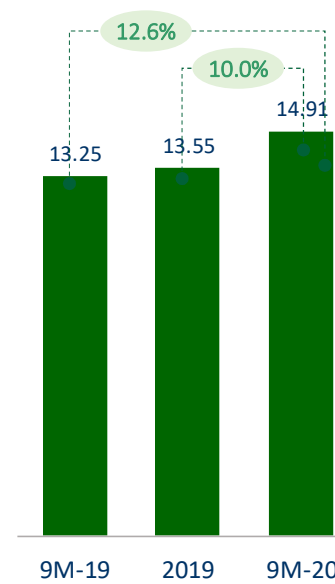
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9M20 Operating Performance

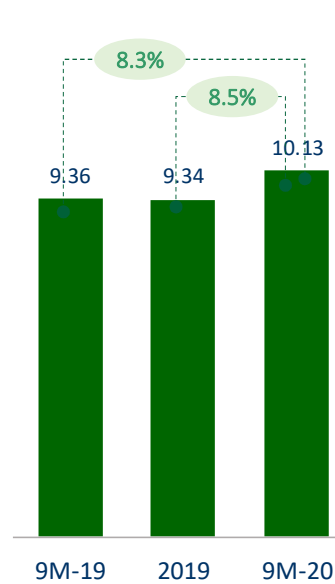
Total Assets
(KDBln)



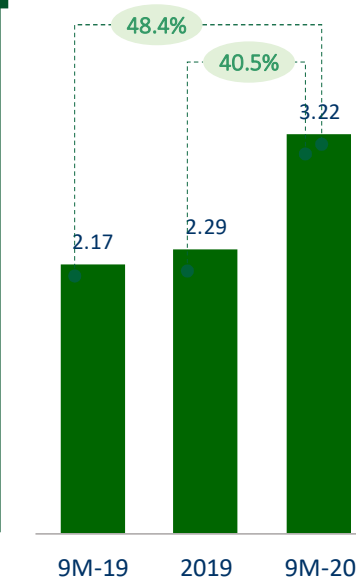
Depositors' Accounts
(KDBln)



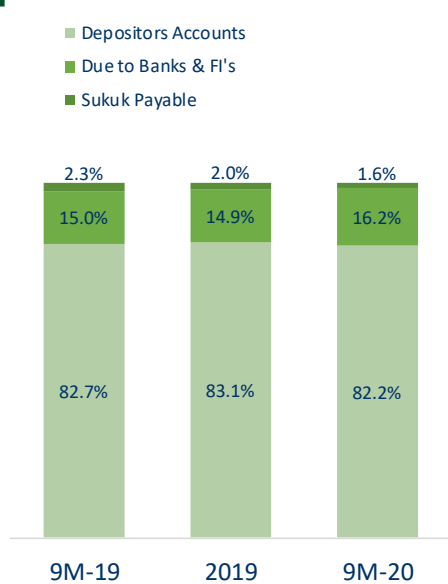
Financing Receivables
(KD Bln)



Investment in Sukuk
(KD Bln)

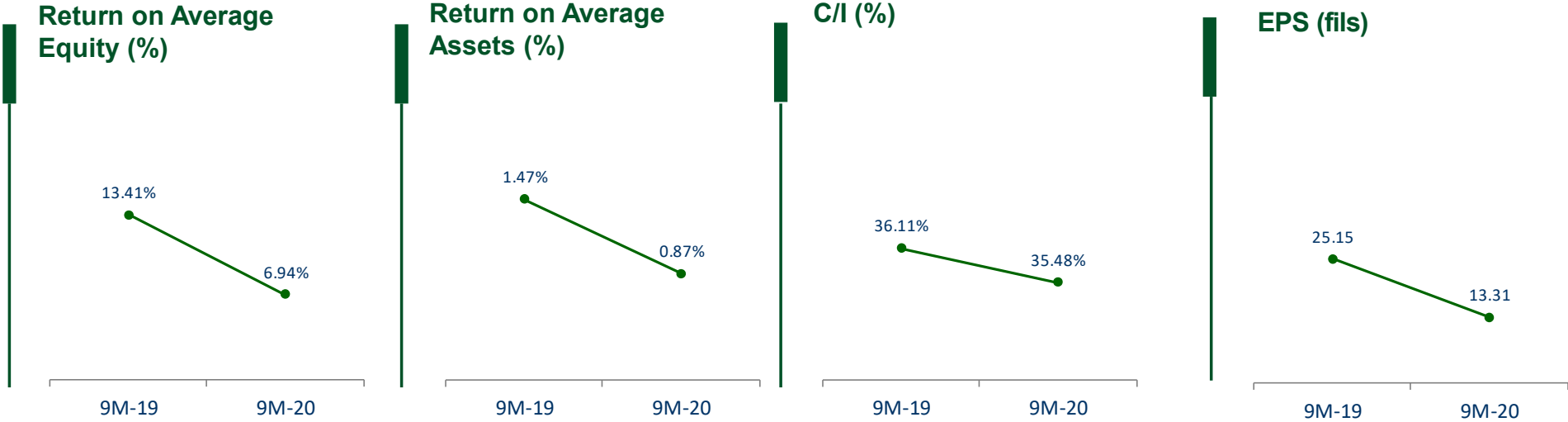


Funding Mix



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9M20 Operating Performance



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Q&A

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Appendix

Consolidated Financials

Consolidated Statement of Financial Position (KD million)	Sep-20	Dec-19
Cash and balances with banks and financial institutions	2,453	1,910
Due from Banks	3,283	3,783
Financing receivables	10,130	9,337
Investment in sukuk	3,220	2,292
Trading properties	103	108
Investments	180	195
Investment in associates and joint ventures	527	504
Investment properties	372	455
Other assets	437	547
Intangible assets and goodwill	31	31
Property and equipment	225	229
TOTAL ASSETS	20,961	19,391
Due to banks and financial institutions	2,940	2,427
Sukuk payables	289	320
Depositors' accounts	14,914	13,553
Other liabilities	778	848
TOTAL LIABILITIES	18,921	17,147
Share capital	767	698
Share premium	720	720
Treasury shares	(28)	(36)
Reserves	413	679
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	1,873	2,060
Non-controlling interests	167	183
TOTAL EQUITY	2,040	2,243
TOTAL LIABILITIES AND EQUITY	20,961	19,391

Consolidated Statement of Income (KD million)	Sep-20	Sep-19
Financing income	665	701
Financing cost and estimated distribution to depositors	215	306
Net finance income	450	396
Investment income	38	96
Fees and commission income	52	62
Net gain from foreign currencies	54	30
Other income	28	32
Non-Financing Income	172	220
Tota Operating Income	623	615
Staff costs	129	136
General and administrative expenses	61	56
Depreciation and amortization	32	30
Total Expenses	221	222
Net Operating Income	402	393
Provisions and impairment	246	145
Profit for the Period Before Taxation	156	248
Taxation	25	45
Non-controlling interests	30	12
Profit Attributable to Shareholders of the Bank	101.2	190.5

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Consolidated Statement of Financial Position 2015 - 2019

Consolidated Statement of Financial Position (KD million)	2015	2016	2017	2018	2019
Cash and balances with banks	1,600	1,495	1,262	1,381	1,910
Due from Banks	3,194	2,877	2,982	3,444	3,783
Financing receivables	8,095	8,176	9,159	9,190	9,337
Investments in sukuk	807	1,100	1,429	1,563	2,292
Trading properties	214	186	161	148	108
Investments	508	357	304	285	195
Investment in associates and joint ventures	535	469	464	499	504
Investment properties	580	591	554	490	455
Other assets	469	549	465	544	547
Intangible assets and goodwill	48	39	39	31	31
Property and equipment	264	216	214	195	229
Leasehold rights	180	0	0	0	0
Assets classified as held for sale	0	445	324	0	0
TOTAL ASSETS	16,495	16,499	17,358	17,770	19,391
Due to banks and financial institutions	2,730	2,399	2,240	2,689	2,427
Sukuk payables	322	473	518	499	320
Depositors' accounts	10,756	10,717	11,597	11,780	13,553
Other liabilities	630	645	699	728	848
Liabilities directly associated with assets classified as held for sale	0	227	188	0	0
TOTAL LIABILITIES	14,439	14,461	15,242	15,696	17,147
Share capital	477	524	577	634	698
Share premium	720	720	720	720	720
Treasury shares	(50)	(49)	(45)	(44)	(36)
Reserves	632	615	620	584	679
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	1,779	1,810	1,872	1,894	2,060
Non-controlling interests	276	228	244	180	183
TOTAL EQUITY	2,055	2,039	2,116	2,074	2,243
TOTAL LIABILITIES AND EQUITY	16,495	16,499	17,358	17,770	19,391

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Consolidated Statement of Income 2015 - 2019

Consolidated Statement of Income (KD million)	2015	2016	2017	2018	2019
Financing income	695	718	741	862	932
Financing cost and distribution to depositors	263	283	296	335	401
Net finance income	432	435	445	527	530
Investment income	108	79	107	63	130
Fees and commission income	79	89	97	87	79
Net gain from foreign currencies	25	23	17	30	34
Other income	59	34	48	39	41
Non-Financing Income	271	225	268	219	284
Total operating income	703	660	713	746	814
Staff costs	172	174	188	178	182
General and administrative expenses	81	84	83	81	79
Depreciation and amortisation	78	37	35	33	43
Total Expenses	330	295	305	292	304
Net Operating Income	372	365	408	454	510
Provisions and impairment	184	157	163	163	197
Gain / (Loss) for the year from discontinued operations	22	(22)	0	0	0
Profit Before Tax and Zakat	211	186	245	291	313
Taxation and Proposed Directors' fees	21	24	30	27	51
Non-controlling interests	44	(3)	30	36	11
Profit Attributable to Shareholders of the Bank	146	165	184	227	251

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Investor.relations@kfh.com