التاريخ : 24 يوليو 2024
إشارة : FIN-3/6719/2024

السادة/ شركة بورصة الكويت المحترمين

To: Boursa Kuwait Company

إفصاح عن محضر مؤتمر المحللين / المستثمرين للربع الثاني من العام 2024

Disclosure of the Minutes of Analysts/ Investors' Conference for Q2 2024

بالإشارة إلى الموضوع أعلاه وأحكام المادة رقم (8-4-2) البند (4) من قواعد بورصة الكويت الصادرة بموجب القرار رقم 1 لسنة 2018 وتعديلاته، والمتعلقة "بالالتزامات المستمرة للسوق الأول"، وحيث أن بنك الكويت الدولي"KIB" قد تم تصنيفه ضمن مجموعة "السوق الأول".

Reference to the above subject, and the provisions of Clause (4) of Article No. (8-4-2) of Boursa Kuwait's regulations issued by virtue of Resolution No. 1 of 2018, as amended, concerning "Continuing Obligations in the Premier Market", and whereas Kuwait International Bank has been classified under the category "Premier Market".

يرجى الإحاطة بأن مؤتمر المحللين/ المستثمرين للبنك قد انعقد من خلال بث مباشر على شبكة الانترنت (Live Webcast) في تمام الساعة الثانية (وفق التوقيت المحلي لدولة الكويت) من بعد ظهر يوم الأربعاء الموافق 24 يوليو 2024، علماً بأنه لم يتم تداول أية معلومات جوهرية تخص البنك خلال المؤتمر المذكور.

We would like to inform you that KIB's Analysts/ Investors' conference call was conducted through live webcast at 14:00 pm (local time) on Wednesday, 24 July 2024, noting that there was no material information related to the Bank circulated during the mentioned conference.

مرفق نسخة محررة من محضر المؤتمر الهاتفي والعرض التقديمي للمستثمرين للربع الثاني من العام 2024.

Attached is the edited transcript of the conference call, and the Investors presentation for Q2 2024.

وتفضلوا بقبول فائق الاحترام ،،،

Best Regards,

محمد سعيد السقا
نائب الرئيس التنفيذي
Mohamed Said EL Saka
Deputy Chief Executive Officer

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2Q/ 1H 2024 Kuwait International Bank KSCP – Earnings Call

Edited transcript of KIB's earnings call conducted on Wednesday 24 July 2024 at 14:00 (Kuwait) and 12:00 (London - UK)

Corporate Participants:

Mr. Mohamed Said El Saka	Deputy Chief Executive Officer
Mr. Ajai Thomas	General Manager - Financial Control & Planning/ CFO
Mr. Abdullah Alasousi	Deputy General Manager - Financial Control (Investor Relations)

Host:

Ms. Ahmad El-Shazly	EFG Hermes

Ahmad El-Shazly

Good morning and good afternoon everyone, thank you for joining with us today.

This is Ahmad from EFG Hermes, I am pleased to welcome you to KIB's second quarter 2024/ 1H 2024 earnings conference call and webcast.

I have with me here today Mr. Mohamed Said El Saka, Dy. Chief Executive Officer, Mr. Ajai Thomas, General Manager Financial Control and Planning/Chief Financial Officer and Mr. Abdullah Al Asousi, DGM - Financial Control.

I will now turn the call over to Abdullah, without further delay.

Abdullah Al Asousi

Thank you, Ahmad, Good morning and good afternoon everyone.
Please allow me to start this call today by reading a brief disclaimer while full disclaimer is available to read on the screens in front of you.

Disclaimer: Statements included or incorporated by reference in this presentation, other than statements or characterizations of historical fact, are forward-looking statements. Such forward-looking statements are based on KIB's current expectations, predictions and estimates and are not guarantees of future performance, achievements or results.

This presentation contains certain data based on internal management estimates, which may have not been independently verified by a third party.
In addition to the disclaimer I have just read, I request you all to read the full disclaimer text on slide #2 of our presentation.

Allow me to go through the format for today's call:
The Dy. Chief Executive Officer, will brief upon strategy update and second quarter financial performance for 2024 followed by the CFO, who will take you through with the presentation pack for the financial review in detail

After concluding the presentation, we will address your questions received through webcast platform. As the case may be, we will make every effort to answer the questions received. However, if any questions are left unanswered due to time constraints, or for any follow up questions that you might have, please feel free to contact us through the KIB's Investor relations email address, which you can find on our website or on the presentation pack.

The presentation pack is also available for download from KIB website and will also be published through Boursa Kuwait.
Now, handing over the call to KIB's Dy. Chief Executive Officer, Mr. Mohamed Said El Saka.

Mohamed Said El Saka

Thank you, Abdullah, Good morning and good afternoon, everyone.
Thank you for joining.

I'm pleased to welcome all the participants to our earnings call to elaborate on the financial performance for the second quarter/ first half of 2024.

On the strategic front, our focus over the past four years has been on developing our infrastructure and digital capabilities and introducing innovative banking products and services to the market. We have launched a range of apps and initiatives, including, but not limited to, the Aqari Real Estate App and the Mubader Center. We have also upgraded mobile banking apps and online platforms for retail and corporate customers while enhancing operational efficiency and nurturing a culture of talent and innovation. These efforts have enabled us to successfully achieve the strategic mission we set for the past few years.

Today, we possess the strong foundation necessary to embark on our next strategic mission. We have developed and ratified our strategic plan for the next five years (2024-2028), bringing us one step closer to achieving our strategic vision. Innovation and digital transformation will remain key drivers of our future operations, enabling us to deliver superior value to our customers and enhance shareholder value

In May 2024, KIB successfully issued USD 300 million AT1 perpetual Sukuk in accordance with CBK Basel III guidelines. The Sukuk was priced at an annual profit rate of 6.625%. KIB received high demand from investors, as evidenced by an oversubscription rate of over 2 times. The final pricing represents the tightest spread ever achieved on an AT1 Sukuk globally at the time of issuance, with 195 bps spread over US Treasuries. The exceptional demand for KIB's Sukuk is a clear indication of the confidence shown by investors in our strategy, as well as our consistent financial performance.
This issuance is based on "Mudarabah" structure and compatible with the Islamic Sharia' principles. The Tier 1 Sukuk is listed on the London Stock Exchange.

During the current quarter. KIB fully redeemed the Tier 1 Sukuk issued in 2019

Moving to financial performance for the first half of 2024.
KIB reported impressive financial performance during the first half of 2024. KIB reported net profit attributable to shareholders of KD 12 million for the six months ended 30 June 2024 compared to KD 5.9 million for comparable period of last year, an increase of 103%. This was primarily supported by higher net financing income compared to similar period last year.

Financing income registered a growth of over 9% reaching 89.3 million KD compared to 81.7 million KD in 1H 2023.

Profit from operations improved to 12.7 million KD compared to 6.3 million KD in 1H 2023, an increase of 101%.

Total assets increased by 90 million KD to reach 3.50 billion KD, a growth of 3% compared to KD 3.41 billion as at 30 June 2023, primarily driven by growth in financing and investment portfolios.

Customer deposits registered double-digit growth of 12% or KD 231 million as at 30 June 2024 to reach 2.12 billion KD compared to KD 1.89 billion on 30 June 2023.

I would like to conclude my short briefing, and hand over to Ajai to take you through our financial results in detail and answer any questions that you may have.
Thank you very much.

Ajai Thomas Thank you, Mr. Mohamed.
Good morning and good afternoon everyone.

Thank you for joining and welcoming all to our 2Q/1H 2024 earnings webcast.

Fitch Ratings affirmed KIB's long term ratings at 'A' with a stable outlook, during the year. The Stable outlook reflects that on the Kuwaiti sovereign ratings.

Taking you through the presentation.
Slide #5 of the presentation pack provides a snapshot of our strategy updates. We are pleased with the outcome of our AT1 Sukuk transaction in line with our planned capital structure, which is the third sukuk issuance by KIB, others being the AT1 sukuk in 2019 and Tier 2 sukuk in 2020 for US$ 300 million each.

Slide#6 of the presentation pack provides a snapshot of the external ratings' update.

Slides #8 to #12 provides details of the Bank's financial performance during the 1H 2024.

Coming to slide #8 & 9:

KIB reported net profit of KD 12 million attributable to shareholders for the six months ended 30 June 2024 compared to KD 5.9 million for 30 June 2023, an increase of 103%, mainly due higher net financing income.

KIB's core business showed resilience with growth in total assets as at 30 June 2024 compared to 30 June 2023, as can be seen from slide #8.

Financing income grew by 9% to 89.3 million KD in 1H 2024 compared to 81.7 million KD for 1H 2023 supported largely by the elevated benchmark rates as CBK discount rate remained at 4.25%.

Fees and commission income grew by 28% at 7.8 million KD in 1H 2024 compared to 6 million KD in 1H 2023.

Decrease in investment income was due to the gains recognised from a property sale during first half of 2023. KIB does not operate an active investment trading book as per its conservative risk appetite.

Operating expenses were higher by 9% at KD 24.1 million in 1H 2024 compared to KD 22.2 million in 1H 2023, mainly due to increase in expenses supporting our digital initiative journey and also the staff costs which were higher by 7%.

Pre-provision income was at KD 17.8 million in 1H 2024 compared to KD 13.2 million in 1H 2023 for the reasons just mentioned.

KIB's net provision charge was lower by KD 1.8 million in 1H 2024 compared to previous period.

Coming to slides #10, 11 and 12:

These slides show an overview of the Bank's core business.

KIB reported higher total assets by 3% or 90 million KD as of 30 June 2024 of 3.50 billion KD mainly contributed by higher financing portfolio 48.1 million KD, investments securities 96.6 million KD, due from banks 50.7 million KD and investment properties 12.1 million KD to reach 2.52 billion KD, 405 million KD, 156.6 million KD and 72 million KD respectively as of 30 June 2024.

KIB's customer deposits increased by 12% or 231 million KD as at 30 June 2024 compared to 30 June 2023.

Continuing to Slide #12

KIB maintained adequate levels of Basel III total Capital Adequacy Ratio at 19.50% along with CET-1 ratio of 11.61%, supported by the capital increase through rights issue during 2023. All ratios were well above required regulatory limits as at 30 June 2024.

NSFR was 110.70% and LCR stood at 137.90% as at 30 June 2024, well above regulatory requirements of 100% each.

Slide #14 summarizes expectations for YE 2024.

Thank you. Handing it back to Abdullah for the Q&A session.

Abdullah Al Asousi: Thank you Ajai. We will now start taking questions, after a few minutes pause so as to receive most of your questions.

Operator: Ladies and gentlemen, we will now start our question and answer session. If you wish to ask a question, please type your question into the "ask a question text" area then click the submit button. Thank you for holding.

Abdullah Al Asousi: We have a question on the impressive financial performance. Please elaborate on the major growth in bottom-line along with projections for year-end.

Ajai Thomas: Net financing income for the period improved by almost 33% compared to the corresponding previous period which supported this impressive growth in net profit for the current period from KD 5.94 million to KD 12.04 million. Operating income before provisions improved by 18% during the current period. In addition, operational expenses were contained. We expect continued improvement in topline and net financing income during the rest of the year.

Abdullah Al Asousi: We have questions on the Bank's NIMs. Also, please elaborate on financing growth projections.

Ajai Thomas: The current rate environment is favorable from the Bank's NIM perspective, however funding costs pressure still remain due to the highly competitive environment. US Fed rate cuts are expected during third quarter which in turn may impact the yield on the financing portfolio. We expect the current NIM to continue to improve during the year.

With regard to the financing portfolio growth, we registered strong performance during the first half of 2024 and with the strong pipeline for the rest of 2024, we expect to record robust landing by year-end.

Abdullah Al Asousi	Please elaborate on the operational results for the current period.
Ajai Thomas	Total operating income before provisions improved by 18.6% during 1H 2024 compared to the corresponding period of 2023. The significant growth in topline and net financing income was also supported by an increase of 27.8% fees & commission which grew from KD 6.1 million to KD 7.7 million. Accordingly, total operating income before provisions improved from KD 35.4 million to almost KD 42 million.
Abdullah Al Asousi	Last question. Your views on the Bank's capital ratios?
Ajai Thomas	The rights issue of KD 60 million in June 2023 significantly improved all capital ratios of the Bank. Robust growth in net profit in 2023 also supported capitalisation. We issued US$ 300 million AT1 sukuk during the current quarter and settled the similar sized AT1 issued in 2019 in line with capital management strategy as mentioned earlier, considering growth prospects for the medium term. Basel III total capital adequacy ratio as at 30 June 2024 was 19.5% compared to the regulatory requirement of 13%. CET-1 ratio was 11.6% which was also well above the regulatory requirement.
Abdullah Al Asousi	Thank you all. We are nearing the close of our scheduled time for the call. Please feel free to get in touch with us at the investor relations contact provided at the end of the presentation, and we will respond to your inquiries. Any final words, Mr. Mohamed?
Mohamed Said El Saka	On behalf of KIB, I would like to thank all the participants and look forward to discuss our next quarter results. I thank all of you for joining KIB's earnings call.
Operator	This concludes today's conference call. Thank you for your participation. You may now disconnect.

INVESTOR PRESENTATION

2Q/ 1H 2024 EARNINGS CALL

WEDNESDAY

14:00 KST 24 JULY 2024

KUWAIT INTERNATIONAL BANK

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STRATEGY UPDATE

5Y Strategy : To Be The Islamic Bank of Choice in Kuwait

KIB's Belief System

VISION

To Be The Islamic Bank Of Choice In Kuwait

MISSION

Revitalize performance across our core businesses and expand into new growth avenues to forge a unique and invaluable market position as a profitability leader within the next 5 years

VALUES

Adhere to the belief that teamwork, efficiency and customer centricity (TEC) are the cornerstones of our success

EXTERNAL RATINGS

FitchRatings

Fitch Affirmed KIB Ratings at ‘A’; Outlook Stable

Long-Term IDR : A
Long-Term IDR (xgs) : BB-
Short-Term IDR : F1
Short-Term IDR (xgs) : B
Viability Rating : bb-
Government Support Rating : a

KIB Sukuk Ltd – Rating Affirmed

25 Mar 2024

KIB

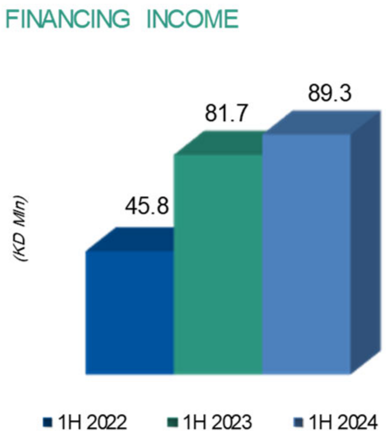
Financial Performance

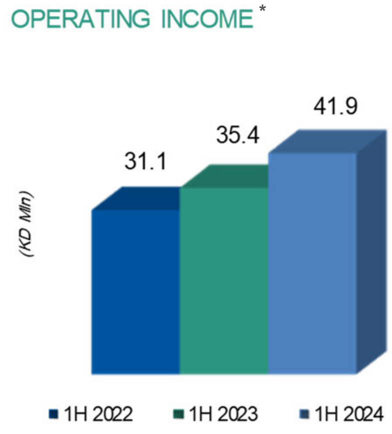
Financial Performance

Highlights

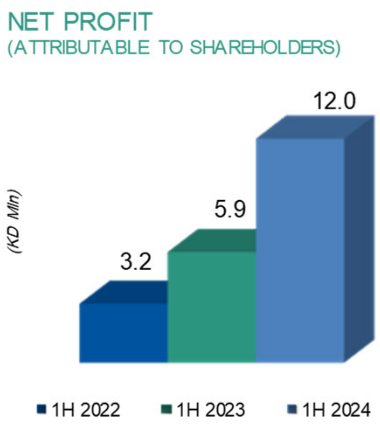
Financial Results for the 6 months period ended 30th June 2024	1H 2024	1H 2023	%
Net Profit attributable to shareholders 'KD Million'	12.04	5.94	103%
Earnings Per Share 'Fils'	5.99	2.79	115%
Financing Income 'KD Million'	89.25	81.70	9%
Operating Income 'KD Million'	41.92	35.36	19%
Total Assets 'KD Billion'	3.50	3.41	3%
Financing Receivables 'KD Billion'	2.52	2.47	2%
Customer Deposits 'KD Billion'	2.12	1.89	12%

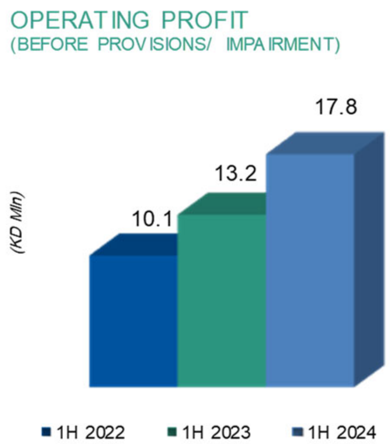
3Y Income/ Profitability Trend





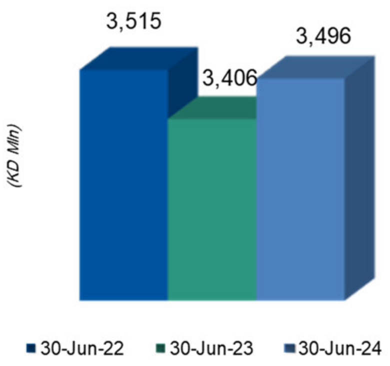
* Before expenses & provisions



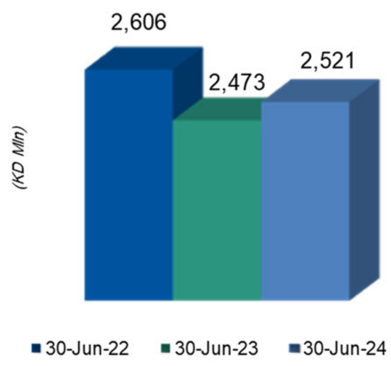


3Y - Key Balance Sheet Parameters

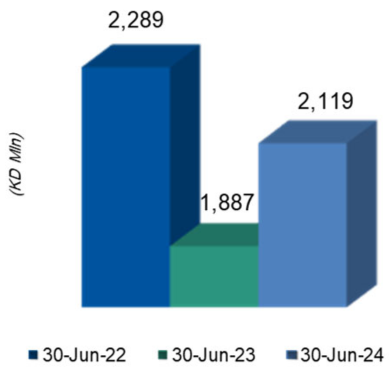
TOTAL ASSETS



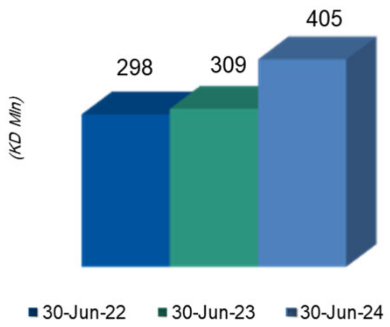
FINANCING RECEIVABLES



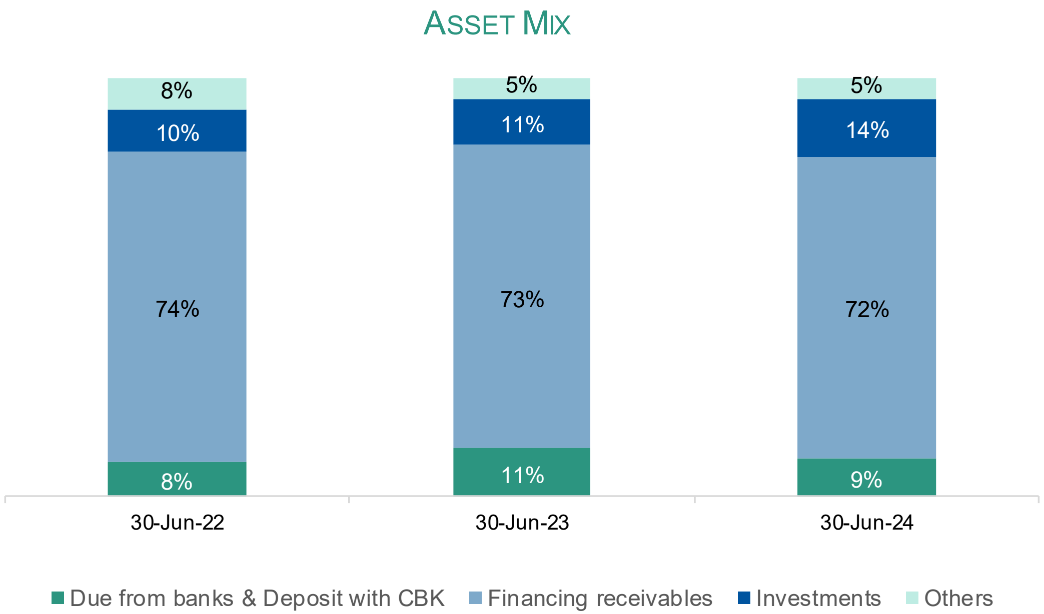
CUSTOMER DEPOSITS

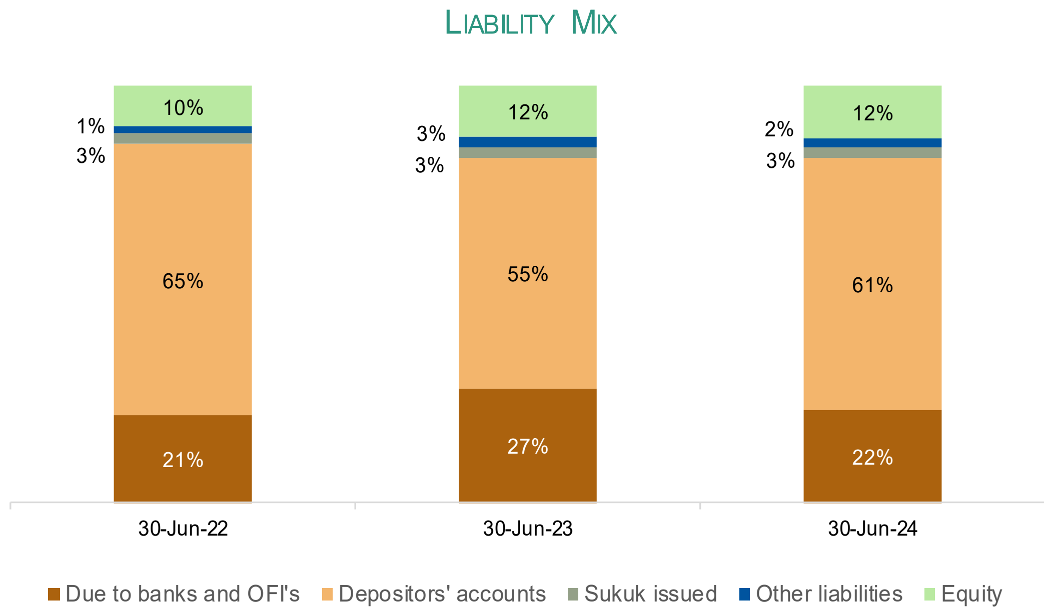


INVESTMENT SECURITIES

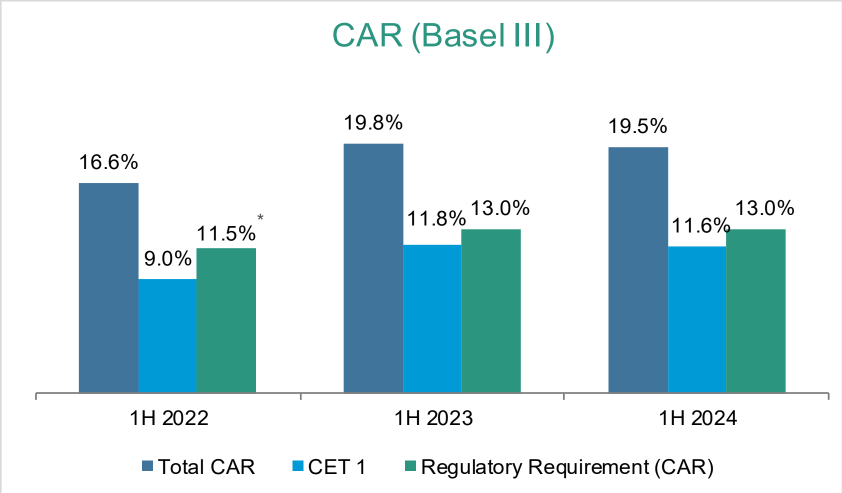


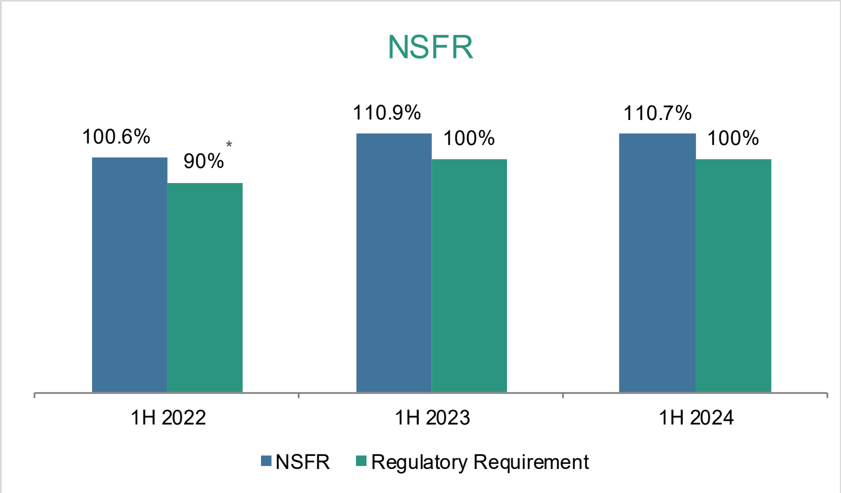
3Y - Asset Liability Mix

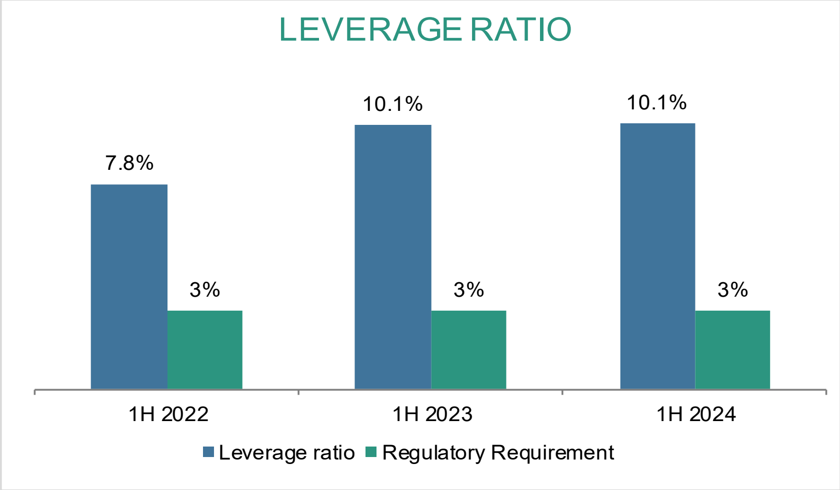


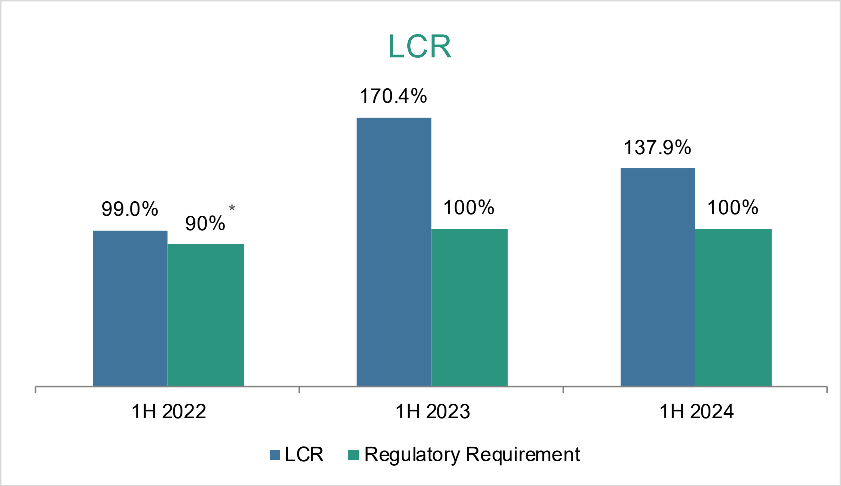


3Y - Capital/ Liquidity Ratios









* Relaxed regulatory ratios due to Covid 19 Pandemic

2024 Expectations

YE 2024 Expectations

- ✓ Maintain capital ratios
- ✓ Improve asset quality and sustain growth in financing portfolio
- ✓ Align core assets in line with strategy
- ✓ Improved profitability
- ✓ Operating expenses expected to be in line with industry/market trends
- ✓ Growth in depositors account in line with strategy

KIB
BANK FOR LIFE

? Q&A

CONTACT FOR FURTHER INFORMATION

Investor-relations@kib.com.kw

Annexures

KIB AT A GLANCE

KIB AT A GLANCE

SNAPSHOT

BACKGROUND	• In business since 1973, KIB is a publically-traded Kuwaiti bank that in 2007 adapted all its operations and processes to fully comply with Islamic Sharia'.
AWARDS	• Best Banking Vision in MENA – 2023, 22 & 21 (CFI.co) • Euromoney Market Leader - CSR and Digital solutions • Best Consumer Digital Bank - 2023 (World Finance) • Best Mobile Banking App – KIB Mobile - Year 2023 (World Finance) • Best Islamic Bank in Kuwait - 2023 (World Finance)
OWNERSHIP	• Listed on the Boursa Kuwait since 1984, Bukhamseen Group Holding & its affiliates hold 37.38% shares of KIB. Govt. of Kuwait holds around 5.89% through PIFSS as of 30th June 2024. • KIB's market capitalization at 30th June 2024 was KD 303 million.
OPERATIONS	• KIB's business covers all Sharia compliant banking services including acceptance of deposits, financing, investments, Murabaha (auto, real estate and commodities), Ijara Muntahia Bittamleek (lease-to-own), Istisna'a, Tawarruq, credit cards, Wakala, and other products in addition to corporate and project finance, treasury services, issuing letters of credit and letters of guarantee. • Material subsidiaries : Al Dawli Takaful Insurance Co.& Al Dawli Invest Investment Co.
RATINGS	• Long- Term IDR "A" with "Stable Outlook" FitchRatings 25th March 2024

SUMMARY

KD million	1H 2024	1H 2023
Total Assets	3,496	3,406
Financing Receivables	2,521	2,473
Customer Deposits	2,119	1,887
Total Equity	432	409
Operating income	42	35
Net Operating profit after provisions	13	6
Net Profit attributable to shareholders	12	6
Net Financing Margin (%)	1.9%	1.5%
Net Profit Margin (%)	0.7%	0.4%
NPL Ratio (%)	2.79%	3.38%
Total Coverage Ratio*	189.9%	173.9%
Return on Average Equity (%)	7.2%	4.2%
Tier 1 Ratio (%)	15.0%	15.1%
CET 1 Ratio (%)	11.6%	11.8%
CAR (%)	19.5%	19.8%
No of Branches	17	16

* Total coverage ratio includes collateral.

Consolidated Income Statement & Balance Sheet

Income Statement Consolidated (6M -1H'24 & '23)

STATEMENT OF PROFIT OR LOSS (UNAUDITED)		
KWD 000's	**1H 2024**	**1H 2023**
Financing income	89,251	81,703
Finance costs and distribution to depositors	(58,250)	(58,347)
NET FINANCING INCOME	**31,001**	**23,356**
Fees and commission income	7,793	6,100
Net gain from foreign exchange	841	609
Investment income	1,929	4,684
Other income	357	611
TOTAL OPERATING INCOME	**41,921**	**35,360**
Staff costs	(12,126)	(11,289)
General and administrative expenses	(8,318)	(7,531)
Depreciation	(3,652)	(3,345)
TOTAL OPERATING EXPENSES	**(24,096)**	**(22,165)**
Profit from operations before provisions and impairment	17,825	13,195
Provisions and impairment	(5,094)	(6,866)
PROFIT FROM OPERATIONS	**12,731**	**6,329**
Taxes	(570)	(283)
PROFIT FOR THE PERIOD	**12,161**	**6,046**
Attributable to:		
Shareholders of the Bank	12,042	5,943
Non-controlling interests	119	103

Balance Sheet Consolidated (As at 30 June ’24 & ’23)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)		
KWD 000's	**30-Jun-24**	**30-Jun-23**
Cash and balances with banks	86,599	97,965
Deposits with Central Bank of Kuwait	167,284	284,944
Due from banks	156,584	105,880
Financing receivables	2,520,862	2,472,740
Investment securities	405,179	308,546
Investment in an associate	1,828	1,761
Investment properties	71,948	59,867
Other assets	41,518	33,130
Property and equipment	43,871	40,784
TOTAL ASSETS	**3,495,673**	**3,405,617**
Due to banks	147,778	382,523
Due to financial institutions	626,239	549,901
Depositors' accounts	2,118,603	1,887,388
Sukuk issued (AT2)	91,741	91,821
Other liabilities	79,106	85,203
TOTAL LIABILITIES	**3,063,467**	**2,996,836**
Share capital	170,338	165,377
Share premium	66,623	66,623
Treasury shares	(45,161)	(45,161)
Other reserves	144,529	127,432
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**336,329**	**314,271**
Perpetual Tier 1 Sukuk	92,400	91,035
Non-controlling interests	3,477	3,475
TOTAL EQUITY	**432,206**	**408,781**
TOTAL LIABILITIES AND EQUITY	**3,495,673**	**3,405,617**

Thank you