

Business

KFH achieves KD 56.9 million in net profit for H1 of 2020: Al-Marzouq

Net profit decreases 47.1% compared to same period last year

KUWAIT: Chairman of Kuwait Finance House (KFH) Hamad Abdulmohsen Al-Marzouq said that KFH has, by the grace of Allah, reported net profit of KD 56.9 million for the first half of 2020 for KFH shareholders; a decrease of 47.1 percent compared to the same period last year.

Net financing income for the first half of the year reached KD 295.7 million; an increase of 18.0 percent compared to the same period last year. Net operating income for the first half of the year reached KD 267.6 million i.e., a growth increase of 11.2 percent compared to the same period last year.

Cost to income ratio dropped to reach 36.2 percent for H1 2020, compared to 38.7 percent for the same period last year. Earnings per share for the first half of 2020 reached 7.49 fils. Shareholders' equity reached KD 1.9 billion as of the end of the first half of 2020.

Total assets rose to reach KD 20.6 billion, i.e. an increase of KD 1.2 billion or 6.1 percent compared to end of last year 2019. Financing portfolio for the first half of 2020 reached KD 9.9 billion, i.e. an increase of KD 528 million or 5.7 percent compared to end of last year 2019.

Investment in Sukuk for the first half of 2020 reached KD 3.4 billion; an increase of KD 1.1 billion i.e., a growth of 49.3 percent compared to end of last year 2019. Depositors accounts reached KD 14.6 billion i.e., an increase of KD 1.0 billion or 7.6 percent compared to the end of last year. In addition, the capital adequacy ratio reached 16.53 percent which is above the minimum required limit.

Solid financial position

"The latest financial results underline the successful strategy of KFH, solid financial position, balanced performance and its ability to adapt to the exceptional conditions and current challenges due to the negative impacts of Covid-19 on local and global economies," Al-Marzouq said.

He added that KFH has a prudent risk management, solid capital base and precautionary provisions to maintain the effective role it plays in supporting the national economy and its



Hamad Al-Marzouq

global leadership in the Islamic financial industry. The recent pressure tests revealed that "KFH" enjoys a high level of immunity and strong buffers that enhance its ability to absorb shocks and deliver continuously high-quality banking services without interruption.

Healthy financial indicators

Al-Marzouq confirmed that KFH has achieved healthy financial indicators by continually focusing on the core banking activity, noting the growth in operating income supported by increases in net financing income.

He added that the challenging operating environment and the current economic conditions due to the coronavirus pandemic certainly affected the profits rate in the first six months of this year. Therefore, KFH has increased the precautionary provisions to preserve the quality of financings.

Supporting economy

Al-Marzouq said that KFH has supported the local economy which faces several challenges because of coronavirus pandemic. The aspects of support included a contribution to a KD 10 million fund to support the government's efforts to combat the spread of Covid-19, delay the payment of installments of consumer and installed financings as well as SMEs for six months along with cancelling profits and providing more support for the corporate sec-

- Solid capital base and precautionary provisions
- Recent pressure tests revealed that "KFH" enjoys a high level of immunity
- Coronavirus pandemic certainly affected the income and profits rate
- More support to local economy for facing current circumstances
- Further support to corporate sector including SMEs
- Successfully led the first Kuwaiti dinar-denominated Sukuk issuance for KD 150m
- Leading role in developing the Islamic finance industry
- Moving forward in the strategy of digital transformation

tor, including the SMEs. This comes in line with the commitment of KFH to the social and national responsibility and to the interest of its customers.

Pioneer role in Sukuk

Al-Marzouq said that KFH has succeeded in boosting its position in the global Sukuk market, noting that KFH Group led KD 150 million Sukuk to Warba bank, the first Kuwaiti Dinar-denominated Sukuk issuance, where KFH Capital, the investment arm of KFH Group, acted as Global Coordinator, Lead Manager and Bookrunner of the issuance.

He added that KFH occupied first place in the ILM Sukuk program which supplied liquidity with an excess of \$9 billion in 2019, across 29 USD Sukuk.

The Chairman emphasized the responsibility and vision of KFH to maintain leading the global development in the Islamic finance industry and to be part in developing and structuring the innovative Islamic financial services and products.

Digital transformation

Al-Marzouq stressed on moving forward in the strategy of digital transformation, increasing investments in technology through adopting the latest FinTech innovations, using the artificial intelligence and robotics in the banking transactions as well as achieving excellence in mobile banking and KFH Go services. This could strengthen the digital customer experience, drive the digital development in the banking industry, as well as successfully activate the business continuity plan in emergency cases.

He added that the demand for KFH's online services prove their efficiency and ability to meet customers' needs. KFH Customers benefited from Swift GPI service through KFHOnline, opening KFH gold account, online gold purchase and sell, KCC dividend subscription, transfer to KFH Trade, opening deposits, open-

ing bank account, checking the PINs for credit and debit cards, money transfer to credit card, cheque deposit online, cardless withdrawals using QR code through mobile, or using ID, KYC update, update profile service, checking installment and dues online, transfer to KFH accounts, transfer to other banks as well as several high-quality digital banking services.

Group banks

Al-Marzouq said that the synergy among the Group banks in Turkey, Germany, Bahrain, Malaysia and Saudi Arabia is one of KFH's core strengths along with the diversified financial and banking services and their compatibility with the latest developed FinTech such as "Digital Bank" in Turkey and "Jazeel" Platform in Bahrain.

Sustainability and development

"KFH is steadily pursuing the strategy of sustainable development and social responsibility. Recently, it has individually increased its contribution to the government's fund, to be one of the major participants of the fund which was put at the disposal of the cabinet to support the country's efforts to deal with the exceptional conditions. Supporting the Kuwait Red Crescent Society, KFH offered mobile security points to serve relevant authorities in medical quarantines and various security sites. It also raised awareness on preventive measures against the current exceptional conditions along with adherence to the health guidelines and taking measures to protect customers, employees, partners and society," Al-Marzouq explained.

Appreciation

Al-Marzouq extended his thanks to the shareholders and customers for their support and trust in KFH's operations and activities and to the regulatory authorities. He also commended the executive management and staff for their outstanding efforts in delivering services without interruption.

- KFH increased precautionary provisions due to coronavirus pandemic
- Net financing income reached KD 295.7 million; an increase of 18.0%
- Net operating income reached KD 267.6 million; an increase of 11.2%
- Financing portfolio increased to reach KD 9.9 billion; an increase of 5.7%
- Deposits reached KD 14.6 billion; an increase of 7.6%
- High-quality advanced banking services without interruption
- Balanced performance and high ability to adapt to the exceptional conditions