

## Business

# Boubyan Bank records net profit of KD 29 million in first half of 2019

## Al-Majed: This year marks 10-year milestone since the start of our journey of success

KUWAIT: Boubyan Bank has announced a net profit of KD 29 million for the first half of 2019, at a growth rate of 12 percent compared with the same period of the previous year, with an earnings per share of 9.55 fils compared with 8.72 fils for the comparative period of the previous year.

Adel Abdul Wahab Al-Majed, the Bank's Vice-Chairman and Chief Executive Officer, commented on such positive results by stating: "Thanks to Allah, the Almighty, the efforts of our staff, and the trust of our customers, we managed to achieve great results in the first half of the year. These are positive indicators showing that this year will be another successful year despite the increasing challenges in Kuwait and the region."

He added: "This is a special year as we celebrate the bank's 15-year anniversary, and as it marks the 10-year milestone since the start of our transformation strategy back in 2009, leading to this level of excellence."

Al-Majed stated that all of the bank's main indicators witnessed a remarkable growth for the first half of the year where the total assets increased to KD 4.8 billion at a growth rate of 15 percent while the operating income increased to KD 74 million at a growth rate of 5 percent in addition to the increase in customers' deposits by 12 percent, amounting to KD 4.0 billion. He further added that the total equity of the bank increased to KD 549 million compared with KD 378 million last year and that there was a notable increase in the financing portfolio to KD 3.5 billion at a growth rate of 13 percent in addition to the continuous growth of the bank's customers' base.

In May 2019, the capital increase of KD

132 million was successfully completed via a rights issue which is expected to strengthen our capital to support growth.

Al-Majed stated as well that the market share, in financing, increased generally to approximately 8.7 percent in the meantime, while Boubyan Bank's share of the retail finance increased to approximately 11.3 percent. Besides, the bank recorded outstanding growth rates in the corporate credit portfolio at 15 percent. This was achieved by attracting a number of operational companies known for their financial and economic creditworthiness while continuing to maintain the highest standards of credit quality, studying and diversifying risks.

### The best in Kuwait

Al-Majed added: "The bank continues its local achievements and has followed the journey it started many years ago, the latest achievement being named the Best Islamic Bank in Kuwait by the Banker, the renowned international financial publication, for the second year in a row due to the growth witnessed by the various indicators of the bank as well as the growth in market shares."

"The bank takes pride in its record of awards and recognitions, especially the ones received in the recent years, where we have been recognized by regional and global institutions which are renowned for their fairness and the credibility of their choices that are based on numbers, financial results, and market achievements", he added.

Al-Majed went on to add: "Such global recognitions put more responsibilities on the management to commit to the remarkable service levels we provide to our customers.



Adel Abdul Wahab Al-Majed

We believe that creativity and innovation are the way to continue in our path of success."

Furthermore, Boubyan Bank has continued to top the pyramid of customer service in Kuwait, supported by earning two awards from Service Hero, the international consumer-driven customer satisfaction index. The bank received the First Place Award in Customer Service as a Country Winner, for the fourth time in addition to being named the Best Islamic Bank in Customer Service for the ninth year in a row since 2010.

Al-Majed stated: "The confidence of our customers was well-placed, and this was fruitful as it contributed to earning those two special awards in Kuwait. The bank will surely continue at that remarkable level of customer service."

Al-Majed went on to explain: "Customer service is an integral part of the bank's culture. It is not secret that almost all competitors offer similar products and services, however, the excellence and outperformance come through service and the way of dealing with customers, especially in Kuwait where cus-

### Boubyan Bank's Key Financial Indicators

Indicator	In KD million		
	First Half 2019	First Half 2018	Growth
Net profits	29	26	12%
Operating income	74	71	5%
Customers' deposits	3,981	3,552	12%
Financing portfolio	3,541	3,132	13%
Assets	4,793	4,167	15%

tomers have high expectations."

He went on to add: "Upon reviewing our products and services, one can see that aside from contributing to our profitability, they also most importantly constitute a part of our social responsibility. This is because we contribute to emphasize the concepts of innovation and creativity in the first place besides minimizing the effort and time dedicated to obtaining the service or the product, thus, saving our customers the time which they may spend in doing more valuable activities such as family activities."

### Boubyan lifestyle campaign

Al-Majed also stated that the first half of this year witnessed the bank's launch of the "Boubyan Lifestyle" new campaign which conforms to the bank's clear vision and long-term strategy to reinforce its status as a major influencer in the banking sector that supports the values of transparency, innovation and

customer service excellence.

He added: "The campaign focuses on what distinguishes Boubyan Bank and makes it stand out from other banks such as the work methodology which is focused on customers, service quality and interaction with the needs of the society while fostering a culture marked by constant and strong commitment to and leadership in customer service. This is added to being customer focused, and providing customers with a complete package of products and services."

"We also stand out by our never-ending passion for innovation while adopting a realistic approach towards customers' needs, giving due attention to their expectations and maintaining a transparent relationship with customers based on trust, confidence and mutual respect as we aspire to distinction and uniqueness through leadership in innovation of simple solutions which are more convenient to customers", Al-Majed concluded.

## US stocks continue retreat ahead of Powell testimony

NEW YORK: Wall Street opened in the red yesterday, leaving US stocks down for the third straight session as investors awaited this week's testimony from Federal Reserve Chairman Jerome Powell. Stock prices have retreated from last week's record highs as hopes faded that the Fed will make an unusually deep cut in interest rates this month, following a strong employment report.

While all eyes are on Powell's comments today and tomorrow, markets also were expecting stalled US-China trade talks to restart this week. About 25 minutes into the trading day, the Dow Jones Industrial Average had lost 0.5 percent to 26,684.15. The broader S&P 500 dropped 0.3 percent to 2,967.08 while the tech-heavy Nasdaq slipped 0.1 percent to 8,087.11. A robust report on US job creation in June last week dampened hopes the Fed could cut interest rates by as much as 50 basis points later this month.

Meanwhile, top White House economic advisor Larry Kudlow said yesterday that Powell's job was not in danger despite Trump's very public displeasure with the central bank. Analyst Patrick O'Hare wrote at Briefing.com that Wall Street was also concerned the federal government could run out of money sooner than expected amid fraught congressional efforts to raise the borrowing limit.

European and US stock markets retreated yesterday, with the biggest declines in share prices seen in Frankfurt following a profit-warning from German chemicals giant BASF. Asian indices mostly closed down as investors awaited the start of testimony from US Federal Reserve head Jerome Powell. Clues on the outlook for US interest rates are keenly awaited after the country's recent strong jobs report threw into doubt expectations for a deep cut in American borrowing costs later this month to help boost the economy.

"Equities are weaker and the dollar firmer as the prospect of the Fed not being as dovish as the market wants it to be takes the shine off things", said Neil Wilson, analyst for Markets.com. Frankfurt was down a hefty 1.1 percent in afternoon trading, while London slid 0.3 percent and Paris shed 0.4 percent compared with the closing levels on Monday.



NEW YORK: Traders work on the floor of the New York Stock Exchange in New York. Wall Street stocks fell for a second straight session yesterday as investors reassessed the prospects for lower interest rates ahead of key Federal Reserve congressional testimony. — AFP

Wall Street opened lower, with the Dow dropping 0.5 percent in the first minute of trading. The euro and pound dropped versus the dollar, while oil prices rose.

Shares in BASF slumped over six percent after the company slashed its earnings forecast for the full year, blaming the impact of trade conflicts on the industry, before clawing back some of the decline.

"European stocks have resumed their downward move... with a warning from BASF providing another indication that the economic picture remains gloomy," said Chris Beauchamp, analyst at IG trading group. "In this context, a rate cut from the Fed may have little impact."

Shares in Deutsche Bank, Germany's embattled biggest lender, continued to decline, as analysts said the jury was still out on the massive restructuring announced at the weekend. Deutsche Bank stock was down 3.8 percent in afternoon trading, also among the worst performers on Frankfurt's DAX index of blue-chip companies. — AFP

Topping London's FTSE 100 index meanwhile was UK online supermarket Ocado, whose shares jumped 6.8 percent after the company posted strong revenues. — AFP

## Virgin Galactic seeks space tourism boost with market launch

LONDON: Richard Branson's Virgin Galactic will merge with a New York-listed company to become the world's first publicly-traded space tourism venture, the British billionaire's group announced yesterday. "By embarking on this new chapter, at this advanced point in Virgin Galactic's development, we can open space to more investors and in doing so, open space to thousands of new astronauts," Branson said in a statement.

Virgin Galactic and public-investment vehicle Social Capital Hedosophia will merge, with SCH expected to own up to 49 percent of the combined company, the statement said. "Upon closing of the transaction, which is expected in the second half of 2019, VG will be introduced as the first and only publicly traded commercial human spaceflight company," it added.

The total value of the merger is \$1.5 billion, the parties said. The Wall Street Journal earlier reported that SCH planned an investment of \$800 million (714 million euros).

The capital injection from the special-purpose acquisition company, or SPAC, will enable British billionaire Branson to fund Virgin Galactic until its spaceships are able to commercially operate and become profitable, the paper added. Virgin Galactic is up against Amazon founder Jeff Bezos and Tesla's Elon Musk to be the first to send tourists into space.

"Great progress in our test flight program means that we are on track for our beautiful spaceship to begin commercial service," Branson said in yesterday's statement. "We are at the dawn of a new space age, with huge potential to improve and sustain life on Earth."

"I am delighted that SCH has decided to become such an important part of our amazing journey. They share our dreams and together we will make them reality," the entrepreneur added.

SCH founder and chief executive Chamath Palihapitiya meanwhile expressed confidence that VG "is light years ahead of the competition". Palihapitiya is investing \$100 million of his own money in the merger and is set to be the new partnership's chairman.

"I cannot wait to take my first trip to space and become an astronaut," he added yesterday. Branson has already invested more than \$1.0 billion in the project since 2004, while a similar proposed Saudi capital injection was suspended last year. Virgin Galactic's last test flight was in February when its spacecraft reached an altitude of more than 55 miles following a launch from California's Mojave desert. To date VG has space tourism reservations from more than 600 people across 60 countries, earning it about \$80 million in paid deposits and \$120 million in potential revenues, the group said yesterday. — AFP



In this file photo, flags bearing the logo of German chemical giant BASF fly during the presentation of the group's financial results for 2018 at BASF headquarters in Ludwigshafen am Rhein, Germany. — AFP

## BASF shares plunge on profit warning

FRANKFURT: Shares in German chemical giant BASF tumbled at the start of trading yesterday, after the group slashed its earnings forecast for the full year, blaming the impact of trade conflicts on the industry.

After plunging more than five percent at the open, the stock was showing a loss of nearly six percent at 58.87 euros (\$65.98) just before 10:00 am (0800 GMT), making it the second-worst performer on the DAX index of blue-chip companies.

In a statement late Tuesday, BASF had warned that it expects to report a 71-percent year-on-year slump in operating profit for the second quarter, to 500 million euros. Over the full year, operating profit before

special items could be as much as 30 percent lower than the 7.6 billion euros booked in 2018. The forecast cuts were "a consequence of the considerably weaker-than-expected business development in the second quarter of 2019 and the slowdown in global economic growth and industrial production, mainly due to the trade conflicts" between the US, China and Europe, BASF said.

A long-awaited breakthrough in Washington's face-off with Beijing has so far failed to materialize, despite a meeting between presidents Donald Trump and Xi Jinping at the G20 gathering in Japan. "The G20 summit... has shown that a rapid detente is not to be expected in the second half of 2019," BASF said, but "uncertainty remains high". As well as the impact on manufacturing, particularly car production, adverse weather in North America has weighed on agriculture — lowering demand for the chemical maker's pesticides. The headwinds strike BASF as it is tackling a far-reaching restructuring, including 6,000 job cuts by the end of 2021. — AFP

## US slaps new duties on steel from Mexico and China

WASHINGTON: The United States announced fresh duties on some Mexican and Chinese steel goods on Monday, saying those countries helped their manufacturers with unfair subsidies.

The decision comes two months after President Donald Trump agreed to lift tariffs on steel and aluminum from Mexico and Canada after the three nations agreed on a revised North American free trade pact. The Commerce Department found that imported steel used in construction benefited from subsidies in China, Mexico and Canada, but in the case of Canada the subsidies were negligible, so no retaliatory duties were imposed.

The action was in response to a grievance lodged in February by US steel producers. In its preliminary findings Commerce found Mexican and Chinese exporters of fabricated structural steel benefitted from subsidies ranging from 30.3 percent to 177.43 percent. Structural steel imports from China and Mexico together amounted to \$1.5 billion in 2018, the Commerce Department said in a statement.

US customs agents will begin collecting import duties based on the subsidy rates, but the funds could be returned if officials later reverse the finding. The independent US International Trade Commission sometimes blocks Commerce Department actions if they find American firms were not harmed by the subsidies. Citing purported threats to US national security, Trump last year announced global tariffs of 25 percent on steel and 10 percent on aluminum but in May agreed to lift them for Mexico and Canada.

Trump has hailed the tariffs, claiming they have breathed new life into a moribund but crucial US metals industry. But the US steel industry has continued to suffer, with production halted at blast furnaces last month and overall employment edging downward at mills and foundries. — AFP



WASHINGTON, DC: In this file photo taken on February 07, 2019 Virgin Galactic founder Sir Richard Branson speaks during a ceremony to award test pilots Mark "Forger" Stucky and Frederick "C.J." Sturckow their FAA commercial astronaut wings during a ceremony at the Department of Transportation in Washington, DC. — AFP

## Trump again attacks India, says tariffs 'unacceptable'

WASHINGTON: US President Donald Trump yesterday fired a new Twitter salvo at India, accusing the giant Asian economy of unfairly blocking American imports. "India has had a field day putting tariffs on American products," the president tweeted. "No longer acceptable."

Trump's sparring with Delhi over trade has heated up just as Washington seeks to resolve its year-long trade battle with China. Earlier this year he stripped India of benefits which allowed some duty-free exports to the United States, claiming that India had refused to grant wider access to American-made goods. India also was hit by worldwide tariffs on steel and aluminum that Trump imposed last year and lodged a dispute against the United States in the World Trade Organization with about 30 other economies. Last month, India slapped duties on dozens of US products, including hundreds of millions of dollars in almonds from California as well as other US fruits and nuts. — AFP