

Business

SUNDAY, MARCH 24, 2019

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CBK to distribute 20% cash dividends, 10% bonus shares

Commercial Bank holds AGM, approves BoD's recommendations



KUWAIT: Commercial Bank of Kuwait (CBK)'s Board of Directors during the Annual General Assembly (AGM) yesterday. — Photos by Yasser Al-Zayyat

By Faten Omar

KUWAIT: Commercial Bank of Kuwait (CBK) held its Annual General Assembly (AGM) yesterday and approved the Board of Directors' recommendation of distributing 20 percent cash dividends and 10 percent bonus shares to shareholders. Sheikh Ahmad Duaij Jaber Al-Sabah, CBK Chairman, opened the meeting by welcoming the shareholders and highlighting the bank's major business throughout 2018.

Message from the Chairman

In the name of Allah the Most Gracious, the Most Merciful

Dear shareholders,

It is both an honour and a privilege to deliver my first statement as the Chairman of the Bank. Bank's results in 2018 demonstrate the solid progress being made to advance our customer-focused growth strategy, digitalization drive, cleaning the loan portfolio, recovery of previously written off loans and building a quality balance sheet. Bank's business plans continue to deliver sustainable results and value to shareholders. The Bank witnessed 15.0 percent increase in the net profit and the board recommended the highest ever dividend distribution in the last ten years (20 percent cash and 10 percent bonus). I am pleased to share with you that achieving the Zero non-performing loans level is a demonstration of our commitment to operate within our risk appetite and maintaining strong capital and liquidity positions.

One of the board's most critical roles is to provide oversight on strategic direction. We provide guidance to management in order to focus on markets and segments where Commercial Bank is positioned to succeed. In order to anticipate and respond to a dynamic marketplace, we advise management on strategic plans, challenge assumptions, and assist in identifying and building pathways to sustainable growth, within the bank's risk appetite. In 2018, we supported the Management Team while challenging appropriately in order to ensure that the Bank continues to fulfil its obligations to our customers, regulators and employees. Besides achieving these objectives, the board focused to create value for investors over the medium and longer term.

A customer-first approach

In banking, relationships matter more than ever. This helped shape our thinking about every interaction we have with our customers and how we manage and invest in our bank. In 2018 we continued focusing on our customers and innovating for the future. These priorities have enabled us to invest in our business with the goal of further enhancing our



Sheikh Ahmad Duaij Jaber Al-Sabah speaks to the media

relationships with our customers. We have stayed close to our customers to understand what's important to them and how we can best serve them. We continued to invest in our technology and digital platforms to meet the evolving needs of our customers. This includes our investments in online and mobile banking to deliver industry-leading functionality. We concentrated on improving the information security systems of the bank to protect our customers. New measures were introduced on our website to incorporate more effective security features. Mobile banking application was enhanced significantly in 2018, offering a host of new features and allowing customers to conduct their banking transactions more easily and efficiently. Security and user functionality continue to be the primary focus as we enhance our online and mobile banking applications.

Talent Management

Talent management, including senior management succession planning, is vital to achieving the Bank's strategic objectives over the long term. We take a comprehensive approach to pipeline development that includes early identification of key candidates and in-depth evaluation of the skills and expertise required for both the short and medium term. The Bank's staff training and motivation programmes remained top priority during 2018. We identified "High Performers" to unveil their leadership potential and



accordingly provided them with targeted personal development training opportunities to grow their professional skills. As the banking industry continues to evolve, diversity of experiences, perspectives and backgrounds at all levels of management becomes a competitive advantage and the key to successful execution of the bank's strategy.

Robust risk management

The board assesses management's plans to ensure business opportunities are balanced with sound risk management priorities and an effective enterprise-wide framework. Board Risk Management Committee actively engages with management to assure that a strong risk culture is supported at all levels and that the bank's risk management function is independent from the business. We also provide guidance on, and approve the bank's risk appetite, and maintain open two-way lines of communications with regulators.

Synopsis of 2018 Financials

The results of our customer-first approach, talent development and robust risk management are reflected in the financial statements of the bank as we generated a net profit of KD 63.8 million in 2018 compared to KD 55.4 in 2017, a growth of 15.0 percent. These results have reflected positively on the performance ratios, where return on average equity reached 9.7 percent and the

return on average assets reached 1.4 percent. The earnings per share are 35.4 fils (compared to 30.8 fils for the last year). Shareholders' equity reached KD 729.0 million with a growth of 11.4 percent. Cost of funds was maintained at a reasonably low level. The cost/income ratio is 29.7 percent for year-ending 31 December 2018, which is amongst the lowest in Kuwaiti banks.

A concentrated effort to recover the previously written-off loans yielded results: KD 78.5 million were recovered during the current year.

Looking at the future

Since I took on the Chairmanship of Commercial Bank, I am very proud of how we have evolved our culture, re-focused on our customers and enhanced shareholder value. We are committed to deliver growth for our shareholders by executing our strategy to build a relationship-focused bank.

I am incredibly proud of all the work our team is doing together to focus on our customers, delivering value to our shareholders, and strengthening our economic environment. We are committed to continue to provide effective and efficient services every single day to our valued customers, and we appreciate the trust our customers place in us. Last but not the least, thanks to all the regulatory authorities, especially the Central Bank of Kuwait for their constant support.