

Business

TUESDAY, MARCH 26, 2019

12 ABK named 'Best Retail Bank in Kuwait' for fourth straight year**13** Al-Mulla Automobiles, Mercedes-Benz ME open Mercedes-Benz commercial showroom**14** Agility and MIT Media Lab host 'Data Agility' Hackathon

AUB AGM approves a cash dividend of 15 fils per share

AGM held with 92.174 % attendance, to distribute a bonus of 5 shares per 100 shares

KUWAIT: Chairman of Ahli United Bank, Dr Anwar Al-Mudhaf assured that "during the year 2018, the Bank continued to achieve good financial results, which was reflected by a 15.3 percent increase in net profit to reach to KD 51.3 million compared to KD 44.5 million in the previous year.

The Bank also recorded a growth in total operating profit of KD 121.6 million for the year 2018 with a growth of 1.2 percent compared an operating profit of KD 120.1 million for 2017. The Shareholders' equity of the Bank increased by 5.9 percent to KD 430.8 million as of 31 December 2018 which is higher than its KD 406.9 million as of 31 December 2017. The net operating profit grew by 3.3 percent to KD 84.4 million by the end of 2018 compared to KD 81.7 million in 2017.

In addition to the achievements, the Bank maintained a good rate of capital adequacy ratio of 16.6 percent as of 31 December 2018 (compared to 18 percent as of 31 December 2017) this is before dividends exceeds the level required by the regulators. Thereby increasing the chances of future expansion at the level of credit facilities and operations.

The Bank also achieved a return on equity and assets of 12.4 percent, 1.4 percent respectively, by the end of 2018, which is one of the highest in the market and this led to increase the earnings per share from 23.3 fils in 2017 to 27.1 fils for 2018.

Total assets, customer deposits and net financing debts are, KD 3,914 million, KD 2,425 million and KD 2,800 million respectively by the end of 2018. All of them are managed robustly and accurately to ensure maximum financial returns.

The Bank has maintained a conservative approach of risk management, which contributed to improve the quality of assets and reducing the irregular financing ratio to 1.27 percent (in 2017: 1.39 percent) and 33.4 percent coverage ratio. During the year, the Bank has implemented the Central Bank of Kuwait's instructions regarding IFRS 9.

Based on these good results, the Board of Directors proposes to the General Assembly a cash dividend of 15 plus bonus shares of 5 percent of issued and paid up share capital (15 fils per share and 5 shares per 100 shares, respectively).

Corporate governance and risk management

The Bank, through its Board of Directors and Board Committees, was able to adopt and implement a robust governance framework aligned with the regulatory requirements and benchmarked with leading practices and international recommendations. The Bank adopts corporate governance as a business culture which is embedded in its day to day business operations and which serves the best interest of the Bank's shareholders and customers.

The risk governance pillar is a key building block in the overall governance framework of the Bank, this is reflected through an approved risk strategy aligned with the Bank's business strategy governed by a group of policies that ensures driving the Bank's activities within an approved risk appetite statement

Credit ratings

In 2018, Ahli United Bank managed to maintain its high credit ratings of international credit rating agencies, this is due to the advanced capabilities of the Bank and its commitment to the highest professional standards which support the trust of the international rating agencies by considering us as a leading Bank providing banking and financial services in Kuwait. Fitch agency has confirmed the long-term creditworthiness of the Bank at A + rating and F1 valuation for short term with a future stable overview.

Also Moody's agency has fixed its assessment in local currency at A2 with a stable future overview. Capital Intelligence agency has fixed the long term credit assessment of the Bank in foreign currency at A+ rating with a future stable overview, also it strengthen the short-term assessment in foreign currency rating of the bank to A2 . These ratings reflect the quality and the credit worthiness of the Bank's financial position, with stability and ability to achieve good profit rates in the future.

The awards

As the Bank is completing its seventy-seventh year, I am delighted that its journey is appreciated by the global banking community. This is reflected by the achievement of many prestigious awards in 2018, including the Best Islamic Bank of 2018, the Islamic Banking Award of 2018 and the Award "The Best Bank in Private Banking in Kuwait for 2018 by the prestigious



KUWAIT: Chairman of Ahli United Bank Dr Anwar Al-Mudhaf speaks during the annual general assembly meeting yesterday.

Islamic Finance and Business magazine under the supervision of CBI Financial, the magazine's publishers.

Also the award of (The best bank of corporate governance in Kuwait of 2018) issued by Capital Finance International magazine. You may agree with me that the international recognition of the prestigious awards granted to the Bank for successive years is a best proof of its success journey from year to year, so that it was able to take this leading position among the other Islamic Banks across the region.

Increased reliance on fintech

Always we are looking to meet the expectations of our customers. In 2018, we took great strides in employing technology to facilitate the needs of our customers and pave the way for them to achieve a better life. We continue to focus on increasing customer capabilities and enriching their experience in dealing with the Bank by increasing reliance on financial technology (Fintech).

Unique model

Ahli United Bank has been able to provide a unique model for an attractive working environment for the developing its human capital, which is considered the real engine for its success. This has been demonstrated by the ability of the Management to retain many employees who consider the real wealth of the bank for more than 30 years. Also the Bank was able to achieve a promising program to attract the best national resources and develop their skills and qualifications to take over leadership positions through advanced training programs. In addition of providing an attractive working environment to the national calibres. The Kuwaiti leadership positions in Ahli United Bank with the highest professional degrees from the prestigious academic and training institutions are the best example of our confidence in the capabilities and competencies of our young Kuwaiti youth.

Social responsibility

The social responsibility of the Bank is an integral part of its identity being the oldest Bank established in Kuwait and which made many social contributions in various centuries and conditions. Ahli United Bank was keen to develop a premier social program aligned with the vision of His Highness the Amir of Kuwait Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah (New Kuwait

2035), which interacts with all matters affecting the Kuwaiti society and contributes to the improvement of citizens' lives. From that aspect, the Bank was keen to support several successful events in different areas with a main focus on the Kuwaiti youth and environmental support programs.

Thanks and gratitude

At the end, on the behalf of myself, the Board of Directors and Executive Management of Ahli United Bank I would like to express my sincere gratitude and appreciation to His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah and His Highness the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah and the Prime Minister, Sheikh Jaber Al-Mubarak Al-Sabah for his continuous support to the banking sector of Kuwait.

I would also like to express my appreciation and thanks to the Central Bank of Kuwait (CBK) and Governor of the Central Bank of Kuwait Dr. Mohammed Yousef Al Hashil, and to all regulators in the State of Kuwait for their positive role in supporting Ahli United Bank.

I would also like to thank the Bank's Fatwa and Shari'a Supervisory Board as well as the Board of Directors and Executive Management for their outstanding efforts. I would also thank the shareholders and our customers for their loyalty and trust which have played a major role in achieving the growth and success of this prestigious financial institution.

Tareq Muhmood, the Acting Chief Executive Officer, added: During 2018, the Bank continued its upward momentum, achieving a return on equity and assets of 12.4 percent, 1.4 percent respectively, which is one of the highest in the market.

Our focus on operational excellence supported the solid business performance during the year, delivering a growth in total operating profit of KD 121.6 million for the year 2018 with a growth of 1.2 percent compared to an operating profit of KD 120.1 million for 2017.

Net operating profit grew by 3.3 percent to KD 84.4 million by the end of 2018 compared to KD 81.7 million in 2017. This is maintained through a strong focus on core earnings and revenue streams while maintaining sound asset quality and a strong liquidity and capital adequacy position.

Total assets grew by 6.8 percent to KD 3,914 million for 2018. The increase in total assets was attributable to a 4.8 percent growth in the loans portfolio which rose to KD 2,800 million (2017: KD 2,673 million) and a 21.7 percent growth in the investments portfolio to KD 264 million (2017: KD 217 million). All of them are managed robustly to ensure maximum financial returns and efficient management of our balance sheet.

Asset growth was funded through focused balance sheet management and effective liquidity deployment

to optimize yields and ensure funding stability in terms of quantum and duration.

The Bank adopts a combination of prudent credit strategy and focused recovery initiatives, and this ensures our stability during volatility in market conditions. We were able to improve the quality of assets during 2018 and, as a result, the nonperforming loan ratio fell to 1.27 percent at year-end 2018 as compared with 1.39 percent at the prior year-end while the specific provision coverage ratio was maintained at the very solid level of 22.8 percent (2017: 14.1 percent). The total provision coverage, excluding existing available securities and collaterals of KD 124.1 million, stood at 333.8 percent (2017: 292.8 percent) underlining the Bank's conservative cash based provisioning approach.

AUB's overall performance in 2018 was testament to its focused and resilient business model, accordingly the overall credit rating was maintained at a high level by the international credit rating agencies. The Bank continues its strategy towards innovation, partnering with local and global Fintechs, to enhance our products, services and how these are experienced through our various digital and non-digital channels. With constant upgrades to our Mobile Banking applications, active engagement on Social Media and the enhanced Business to Business (B2B) cash management platform, it demonstrates the Bank's commitment towards providing customers with hassle-free and creative digital solutions. A significant enhancement was delivered through the B2B cash management platform being made available via the mobile application for our corporate customers.

During the year, we were recognized by the wider community through prestigious awards granted to us in 2018, including the Best Islamic Bank, the Islamic Banking Award of 2018 and the Award "The Best Bank in Private Banking in Kuwait for 2018 by the prestigious Islamic Finance and Business magazine under the supervision of CBI Financial, the magazine's publishers. This was in addition to the Best Bank in Corporate Governance, Kuwait in 2018 issued by Capital Finance International magazine.

Muhmood added: Looking to the future, AUB will remain focused on its core strategy to pursue business growth through business diversification and cross border investment and trade flows. Operationally, our continued digital transformation journey will be key to enhancing the Bank's competitive edge whilst enhancing the customer experience in using our channels.

I would like to express my gratitude to the Board of Directors for their continued support and guidance. My sincere appreciation is due to all my colleagues in the management and staff of the Bank whose commitment to excellence, dedication and team work, have been, as usual, valuable in delivering the successful performance levels of the past year.