

# Business

SUNDAY, JULY 29, 2018

**12** Boursa Kuwait stocks fluctuate amid buy & hold, profit-booking

**13** 91% of KFH's H1 total profits from core earnings: Nahedh

**14** KAMCO issues KD 40m, five-year tenure bond



## ABK announces 18% increase in H1 net profit

Net profit reaches KD 19.1 million, operating income KD 83.8 million

**KUWAIT:** Al-Ahli Bank of Kuwait (ABK) yesterday reported an 18 per cent increase in net profit for the first half ending 30th June, 2018. The upward trend in 2018 continued as ABK's net profit for the period reached KD 19.1 million and operating income was KD 83.8 million, a 11 per cent increase compared to KD 75.5 million for the same period in 2017. Total assets reached KD 4.5 billion, up 4 per cent from 2017, while total shareholders' equity reached KD 569 million, a growth of 2 percent year-on-year. Customer deposits grew by 5 per cent from the corresponding period to reach KD 3.1 billion. Asset quality remained strong with the non-performing loan (NPL) ratio at 1.80 per cent and NPL coverage of 370 per cent. Capital adequacy ratio was robust at 16.30 per cent, well in excess of regulatory requirements and earnings per share was at 12 fils compared to 10 fils in 2017.

Commenting on the results, Talal Mohammed Reza Behbehani, Chairman of ABK said: "The bank has upheld its growth trajectory and maintained its focus on regionally expanding its corporate finance and investment banking operations, which have delivered excellent results this year. We are committed to executing our strategic priorities and are well equipped to deliver sustainable long-term shareholder value."

Michel Accad, Group CEO of ABK said: "Our continued growth is testament to the balanced and healthy lending portfolio at ABK which is supported by state-of-the-art technology across our operations. In the face of fast-growing competition we have a focused on being a customer centric, digitally enabled, and integrated organization. Our digitization efforts are gradually transforming the bank, generating benefits for our clients and ultimately creating long-term share-



Talal Behbehani



Michel Accad

holder value. We are moving forward with our next three year Strategic Plan, which we believe will further enhance our customer's banking experience."

In line with ABK's growth strategy, the

Bank successfully expanded its presence in the UAE with a new branch in the DIFC. The first transaction out of the DIFC branch took place in the first month of operation, when ABK signed a land-

mark agreement with Dubai Aerospace Enterprise (DAE) for syndicated funding worth \$500 million expandable to \$800 million. The four-year revolving loan facility, which has both conventional and Islamic tranches, has been arranged through a syndicated structure with ABK serving as the Coordinating Mandated Lead Arranger together with UAE-based First Abu Dhabi Bank (FAB) and Noor Bank as Mandated Lead Arranger.

ABK recently launched its new 'Global View' service, the first-of-its-kind in Kuwait. The Global View platform provides ABK customers across UAE, Kuwait and Egypt a simpler and smarter way to view multiple accounts, on digital touch points such as online & mobile banking through a single login.

ABK also continues to be recognized internationally and locally having received a number of awards in the second quarter of 2018.

## Trump touts US economic growth as a 'miracle'

**WASHINGTON:** President Donald Trump on Friday hailed roaring US economic growth as a "miracle," and said the quickest expansion in almost four years was a vindication of his economic agenda.

With the size of the American economy now surpassing \$20 trillion, GDP expanded by 4.1 percent in the April-June quarter, making the United States the fastest-growing of advanced countries, according to a government report. "We're on track to hit the highest annual average growth rate in over 13 years," Trump said in remarks at the White House. "Everywhere we look, we're seeing the effects of the American economic miracle."

The second quarter acceleration came in part after the injection of stimulus and Republican tax cuts.

But economists warned it could be a blip caused by temporary factors, including a one-off bounce produced by Trump's trade confrontation with China.

The robust results put growth in the first half of the year at just over three percent, matching a White House target and faster than the trend in previous years. Trump said the United States was "the economic envy of the world," and "As the trade deals come in one by one, we are going to go a lot higher than these numbers and these are great numbers."

His jubilation did not extend to Wall Street, where stocks closed down markedly as investors feared the economy has peaked and amid disappointing earnings and trade war fears. In the April-June period, consumer spending had its biggest bounce in nearly four years, with Americans buying more cars and spending more liberally on health care, housing, utilities, restaurants and hotels, according to the Commerce Department report.

Purchases of goods jumped 5.9 percent-with the largest contribution coming from booming auto sales-while services rose 3.1 percent. But the report got

another boost from an unusual source: strong exports which leapt 13.3 percent, driven higher by foreign sales of oil and soybeans, which now face stiff Chinese tariffs.

Analysts said that increase was due to stockpiling by Chinese importers before Beijing's retaliatory tariffs on US goods hit in July, which means trade is likely to fall off in the third quarter, dragging down the growth rate.

### Accelerating in a trade war?

But Trump nevertheless focused on the sudden drop in the US trade deficit as another triumph for his tough trade policies.

"Perhaps one of the biggest wins in the report, it is indeed a big one, is that the trade deficit, very dear to my heart because we've been ripped off by the world, has dropped by more than \$50 billion," Trump said.

The report showed imports rose only 0.5 percent, the smallest increase in two and a half years.

Also contributing to economic growth, spending by state and local governments rose 1.4 percent. The report fell short of the most bullish forecasts of five percent or higher, with which Trump had teased audiences at events in Iowa and Illinois as recently as Thursday. The White House is counting on faster growth to pay for December's sweeping tax cuts by generating higher revenues. But federal tax receipts are already plummeting, widening the federal budget deficit, just as the costs of borrowing increase due to mounting interest rates.

Ian Shepherdson of Pantheon Macroeconomics said swings in inventories and trade, as well as the fading effects from the income tax cuts could put third-quarter growth at three percent.

"The message, then, is that if you borrow enough money from your grandchildren and throw it at the economy, it will grow faster, for a while," he wrote in a research note. Diane Swonk, chief economist at Grant Thornton, said the growth rate was likely to meet the White House's three percent target for the year and noted that a sudden drop in business inventories in the second quarter could point to a rebuild in the latter half of 2018. "The question is, how much are firms willing to stock up with the threat of a trade war?" she said in a research note. — AFP



WASHINGTON DC: US President Donald Trump, with Vice President Mike Pence, speaks about the economy on the South Lawn of the White House on Friday, in Washington, DC. — AFP

