

## Business

# ABK-Egypt records 30% increase in net operating profit for H1 2019

## Net interest income climbed 34% to reach EGP 643 million

KUWAIT: Al-Ahli Bank of Kuwait - Egypt (ABK-Egypt), one of Egypt's fastest growing banks, has reported strong results for the first six months of 2019. Net operating profit rose 30 percent over the same period last year, to reach EGP 440 million, while net interest income climbed 34 percent to reach EGP 643 million.

Customer deposits grew by 8 percent to EGP 25.96 billion, and total assets increased 11 percent, to exceed EGP 31 billion. During the same period, the Bank's gross loans portfolio grew 13 percent, to EGP 18 billion. The non-performing loan (NPL) ratio stood at 2.39 percent and shareholders' equity at EGP 2.89 billion.

Commenting on the results, Ali Marafi, Chairman of ABK-Egypt said, "These positive results build on the success we achieved in 2018, where we delivered a record net profit, and reflects the consistent efforts of the Bank to provide superior customer service to our clients. This



year, ABK-Egypt has continued to expand geographically within the Egyptian market, while retaining our focus

on our long-term objective of delivering a "Simpler Banking" experience to our clients. With a robust capital base, I am confident we will continue this upward momentum in Egypt."

Khaled El Salawy, CEO and Managing Director said, "We will continue to deliver on our strategic goals. We have expanded our footprint in the Egyptian market, added new services and products that make the banking experience simpler and more accessible for customers, and continued to invest in our employees. We look forward to delivering sustainable growth, and to providing banking experiences that align with our clients' needs."

The bank has rapidly expanded and now has 42 branches with 81 ATMs placed in strategic locations across the country. ABK-Egypt has also opened three specialized centers for Trade Finance services, covering

East and Central Cairo and Alexandria, to cater to the needs of corporate customers.

ABK-Egypt has launched a range of innovative products and services including the ABK Wallet, a mobile application that allows customers to perform various transactions, and automated phone banking services. This year ABK-Egypt launched the World Elite Credit card, which goes beyond standard rewards cards to offer a personalized service to ABK-Egypt's most valued customers, and a Platinum Debit card. ABK-Egypt was named "Fastest Growing Bank in Egypt" by International Finance Magazine, recognizing the Bank's strong performance since entering the Egyptian market as well as "Most Innovative Bank in Egypt". 'Business Live' also recently recognized ABK as the fastest growing bank in the region. The Financial Times Magazine listed ABK Group on the 'movers' list in the region for 2019.

## Stimulus optimism boosts stocks, eases pressure on bonds

LONDON: World stock markets rose yesterday on signs that major economies would look to prop up stalling growth with fresh stimulus measures, easing pressure on bonds and dampening demand for perceived safe-havens such as gold.

US stocks surged yesterday on growing hopes that major economies would act to stymie the slowing economic effects of escalating global trade tensions, while technology stocks rose led by a nearly 3 percent gain in Apple's shares.

Hopes of government action to stave off fears of recession - triggered by an inversion in the US bond yield curve - grew. The prospect of Germany's coalition government ditching its balanced budget rule to take on new debt and launch stimulus steps also helped the mood, after boosting Wall Street shares on Friday.

Berlin could make available up to 50 billion euros (\$55 billion) of extra spending, Finance Minister Olaf Scholz said on Sunday, adding that Germany has the fiscal strength to counter any future economic crisis "with full force". MSCI's world equity index, which follows shares in 47 countries, gained 0.4 percent, powered by a 1 percent gain for the pan-European STOXX 600 index. Bourses in London, Frankfurt and Paris all registered gains of more than 1 percent.

The optimism was set to spread to Wall Street, too, where futures gauges were pointing to gains of between 0.9 percent-1 percent.

MSCI's broadest index of Asia-Pacific shares outside Japan gained 1.1 percent. Yet even as signs that major economies would act to support growth emboldened investors, some market players cautioned that the boost to markets from expectations of stimulus was fragile.

"You have just got a little bit of portfolio readjustment, a resetting of expectations. The big question is whether it can last," said Michael Hewson, chief market strategist at CMC Markets. "Talking about fiscal stimulus in Germany is one thing, doing it is something else." As investors tiptoed



NEW YORK: Traders work before the closing bell at the New York Stock Exchange (NYSE) in New York City. — AFP

back to riskier assets, gold fell as much as 1 percent to \$1,496.70 per ounce, with US futures for the precious metal also down.

The Japanese yen, another safe haven that benefits in times of stress, lost 0.2 percent to last trade at 106.57 to the dollar. The dollar index, which measures the greenback against six major currencies, was marginally higher in Europe at 98.179, close to a two-week high reached on Friday. Investors are focused on the annual meeting of central bankers in Jackson Hole, Wyoming, where US Federal Reserve Chairman Jerome Powell will speak at the symposium on Friday. Analysts think Powell's remarks will be aimed at reassuring nervous markets that the Fed will keep its easing stance.

"Powell's speech will set the stage for, at the minimum, a 25 basis points rate cut at the September meeting, stressing that quantitative tightening is over and stressing that

the committee's bias is now back in accommodation mode," said Elsa Lignos, global head of FX strategy at RBC Capital Markets.

The shift towards appetite for riskier assets played out in bond markets, too. Benchmark government debt in the Eurozone fell off record lows, with Germany's 10-year bond yield steady at -0.69 percent. Its 30-year bond yields also gained.

The 10-year US Treasury yield stood at 1.6097 percent, having pulled away from a three-year trough marked last week as fears of a global slowdown panicked markets. In commodity markets, crude oil prices rose after an attack on a Saudi oil facility by Yemeni separatists on Saturday, with traders also looking for signs that Sino-US trade tensions could ease. Brent crude was 0.3 percent higher, at \$58.81 a barrel. US West Texas Intermediate (WTI) crude futures were up 0.5 percent, at \$55.12 a barrel. — Reuters

## Argentina virtually in default: Fernandez

BUENOS AIRES: The Argentine opposition candidate, Alberto Fernandez, said that the country would struggle under present conditions to repay a loan to the International Monetary Fund and he would seek to renegotiate the repayment terms, according to an interview published on Sunday by the newspaper Clarin. "I would say that there is only one incontrovertible reality and that is that Argentina in these conditions is not able to repay the debts it took on," said Fernandez, the favorite to win the October elections.

"I have no problem helping the president (Mauricio Macri) to renegotiate in the way that I propose but do have a lot of trouble with it having to explain to the Fund the failings of the president. That the president will have to do," he added. Argentina under Macri signed a stand-by agreement with the IMF in mid-2018 for \$57 billion, pledging in return to implement a significant fiscal adjustment, a pact Fernandez described as "harmful." Fernandez, who last week drubbed Macri in primary elections, said that without the IMF deal the country would have defaulted on its repayments, but added that the relationship with the financial institution had to be one of "respect" not "submission."

"We have to understand that we are virtually in default conditions now and that is why Argentine bonds are worth what they are worth, because the world knows that they cannot be paid," he told Clarin. "We must act sensibly, and it is sensible that Argentina must fulfill its obligations."

Argentine markets collapsed in the week after Fernandez, who has former center-left ex-president Cristina



WASHINGTON, DC: In this file photo, International Monetary Fund (IMF) Managing Director Christine Lagarde meets with Argentina's Economy Minister Nicolas Dujovne at IMF Headquarters in Washington, DC. — AFP

Fernandez de Kirchner as his running mate, came in around 15 points ahead of Macri in the primaries, a result that leaves him in a strong position to win the October election without a second round. Argentina, Latin America's third-largest economy, is struggling with economic turmoil that saw the peso currency tumble against the dollar and annual inflation climb above 50 percent.

The peso ended the week 17.58 percent weaker, going from 45.33 pesos per dollar before the elections to 55 pesos on Friday, despite intervention by the central bank. Fernandez, who during the campaign said that the dollar was being held at a "fictitious" value, urged Macri in the Clarin interview to heed the call of the central bank to safeguard its international reserves.

"Even if on Monday they had laid down all of the country's reserves, they still would not have held back the price of the dollar," he added. Fernandez, a former cabinet chief during the administration of former President Nestor Kirchner (2003-2007), said he believed that with the dollar at 57 pesos, inflation would close the year up more than 50 per-

cent. "If I finish my term and have inflation down to a single digit, I will be very happy. That's four years of hard work," he said.

Fernandez said his aim, if he wins the election, will be to reboot Argentina's economy and bolster exports to earn dollars to pay back its debts. He said he would also seek to negotiate with those holding Argentine bonds. "I will do everything necessary to ensure we can export because that way Argentina will produce dollars," he said. "There is no other way. Meanwhile I will speak to our creditors to see if we can come to an arrangement. We must sit down and speak, one to one, as we did with the debt at one time," he said, referring to the debt restructuring he negotiated when he served as cabinet chief in 2005. Fernandez rejected a suggestion by Brazilian President Jair Bolsonaro that, if elected, he would shut down the economy. Bolsonaro said Brazil would consider leaving the Mercosur economic bloc if problems arise with Argentina in the event of an opposition victory. "Bolsonaro must relax. I do not plan to shut down the economy. It's silly," Fernandez told La Nacion newspaper. — Reuters

## Greek PM on EU tour in bid to soften fiscal targets

ATHENS: Greek Prime Minister Kyriakos Mitsotakis will begin a tour of EU capitals this week, officials said yesterday, in a bid to persuade the country's creditors to alleviate tough fiscal targets. Mitsotakis will begin his meetings with a trip to Paris on Thursday to see President Emmanuel Macron, a government source said. He will then see German Chancellor Angela Merkel in Berlin on August 29 and Dutch Prime Minister Mark Rutte on September 2.

New Greek finance minister Christos Staikouras told the Financial Times this weekend that the government would swiftly implement a program of tax cuts and privatizations to promote growth, reassure investors and "move the economy to an upward virtuous spiral". Mitsotakis, elected last month on a ticket of boosting growth, hopes to win agreement to cut the annual target of 3.5 percent of primary budget surplus which Greece's previous leftist government had pledged to maintain to 2022. Greece exited its final bailout last year. Before his victory, Mitsotakis had expressed confidence that he could persuade Greece's creditors to lower the primary surplus target with a front-loaded program of reforms. "I've...told my European partners that should we be able to deliver real reforms, we should be rewarded with smaller primary surpluses, at least in 2021 and 2022," he told CNBC earlier this year.

"Symbolically it would be a reward for a country that is actually engaging in meaningful reforms," he said. The austerity, maintained by the previous government to boost credibility, is also intended to help cut a public debt that last year stood at 335 billion euros (\$372 billion), or 180 percent of GDP.

The debt load is forecast to fall to 168 percent of GDP this year, but only through the belt-tightening brought in by the previous leftist government which Mitsotakis's New Democracy party says is stifling growth. Macron's office yesterday said he would discuss with the new Greek PM "European and bilateral issues, in addition to eastern Mediterranean issues."

Staikouras next month is expected to announce an early repayment of about one-third of the 8.5 billion euros (\$9.4 billion) bailout debt that it owes to the IMF, the FT said. — AFP

## Yen, Swiss franc fall on optimism about central bank action

LONDON/NEW YORK: The safe-haven yen and Swiss franc retreated against the dollar yesterday, as risk sentiment gradually improved after a week of turmoil on hopes that major central banks would look to launch fresh stimulus measures to lift their sluggish economies.

The Japanese currency fell for a third straight session versus the greenback, while the Swiss unit slid to a two-week low against the dollar. Optimism about government action to avert recession concerns in the United States, which was triggered by last week's inversion in the US bond yield curve, rose in advance of the US Federal Reserve's symposium in Jackson Hole, Wyoming, toward the end of the week, where central bankers could announce key measures.

"We think the more accommodative central bank backdrop should help insulate the downside in risk markets," said Mazen Issa, senior FX strategist at TD Securities in New York. "With markets fixated on the (Jackson Hole) symposium later this week and little data to deter focus, we are biased to see an extension of (last) Friday's relief rally in risk extend in the coming days, barring another 'Trump Tweet-bomb,'" he added, referring to US President Donald Trump's penchant for announcing policy or making market-moving comments on Twitter.

In morning trading, the dollar rose 0.1 percent against the yen to 106.51 yen, helping push the dollar index trade higher on the day to 98.239. The euro was up versus the greenback at \$1.101, after falling 1 percent last week, its biggest weekly drop since early July. Against the Swiss franc, the dollar climbed 0.2 percent to 0.9801 franc. Sight deposits at the Swiss National Bank posted another big weekly rise, indicating more intervention from policymakers. FED EYED Investor optimism is also likely to be capped before a speech by Fed Chairman Jerome Powell later this week at the Jackson Hole conference. Market strategists believe his comments will be aimed at reassuring nervous markets that the Fed will remain in an easing stance and set the stage for more rate cuts after a quarter-percentage-point rate cut in July.

"Powell's speech will set the stage for, at the minimum, a 25 basis-points-rate cut at the September meeting, stressing that quantitative tightening is over," said Elsa Lignos, global head of FX strategy at RBC Capital Markets. Money markets are pricing in a cumulative 67 basis points of rate cuts from the Fed by the end of the year. — Reuters

## AUB congratulates winners of Al-Hassad weekly draw

KUWAIT: Ahli United Bank announced on the 18th of August 2019 the winners of its weekly draw of Al-Hassad Islamic account which is the very first draw account in Islamic banking in Kuwait that has reshaped the lives of thousands lucky winners.

Al-Hassad has have over 850 prizes, over a 12 month period.

The weekly draw announced the grand prize winner of KD 10,000 as Wajeeh Haleem Jerjes.

20 other winners won prizes of KD 1,000 and the winners are as follows: Saleha M J H Alrashid, Esam H A Jaragh, Naser Dh Alotaibi, Wadhwa Abdullah Alzaid, Sherefa Jaber Jazea, Aysha Ali Ahmed, Yousef Johar Hassan, Philomina John Dsouza, Mohammad Saad Alotaibi, Hamad Khaled Alenezi, Jameelah Hanania Enestas, Mohammad Saheb Saleh, Adelah Ibraheem Alrumaih, Sadeq Abdullah Safar, Nadia Sadoun Jassem, Abathar Abdulla Alhalwach, Habib Abbas Abdulla, Martina Horan, Saeed Mohamed Almudaifa and Rabab Jaffar Saleh.

Al-Hassad Islamic Account presents also four quarterly mega prizes of KD 250,000 that will help the lucky winners achieve their dreams and aspirations in addition the monthly draw to win a prize of KD 100,000. One powerful new aspect of the Al-Hassad Islamic Account is the prize draws on the holy occasion of both Eid Ul-Fitr and Eid Al-Adha, when the winning customers will receive the Eid prizes of KD 100,000 each. May the Eid always bring prosperity and blessings to the Islamic nation. Al-Hassad Islamic Account presents also 21 weekly prizes comprised of a grand prize of KD 10,000 and 20 prizes of KD 1,000 each.