

Business

KIB concludes Annual General Meeting

Bank approves distribution of 10% cash dividends for 2017



KUWAIT: The 2017 Annual General Meeting (AGM) for Kuwait International Bank (KIB) was held on March 24th 2018, attended by 78.150 percent of shareholders approved the recommendation of the Bank's Board of Directors to distribute cash dividends of 10 percent of the share nominal value (i.e. 10 fils per share) to shareholders.

Chairman of KIB, Sheikh Mohammed Jarrah Al-Sabah, spoke about the Bank's performance in 2017, saying: "In spite of the many economic challenges we have witnessed this year, KIB was able to achieve positive results: strengthening its financial position, enhancing its shareholders' equity, witnessing improvement across all key performance indicators, restructuring many of its activities and improving internal operations."

According to the Bank's consolidated financial statements for the fiscal year ended 31 December 2017, KIB recorded net profit of KD 17.7 million mainly contributed by increase in revenues accompanied by an effective cost optimization. Bank's improved performance reflected positively on core operating income for 2017, which reached to KD 64.3 million compared to KD 63.2 million for the previous year. Financing revenues grew by 5 percent, an increase of KD 3.6 million to reach KD 74.6 million, compared to KD 71 million recorded during 2016.

Meanwhile, Acting Chief Executive Officer at KIB, Mohammad Said El Saka noted that the Bank's assets increased by KD 70 million, a 4 percent increase to reach KD 1.9 billion, compared to KD 1.8 billion in 2016. This increase was achieved as a result of 3 percent growth in the financing portfolio, by KD 36 million to reach KD 1.3 billion, compared to KD 1.27 billion at the end of 2016. The investment portfolio also grew by 14 percent to reach KD 145.7 million compared to KD 127.8 million at the end of last year. Customer deposits significantly increased by 7 percent, or KD 78 million to reach KD 1.2 billion compared to KD 1.1 billion in 2016.

El Saka also pointed out that KIB continues to maintain high levels of capital adequacy ratio (CAR) of 19.05 percent, well above the regulatory requirements of the Central Bank of Kuwait in accordance with Basel III. Financial leverage ratio was over 10.9 percent.

KIB increased its distributions to depositors' accounts since the beginning of 2017, whereby the annualized return on the Arzaq Deposits in Kuwaiti Dinars increased to 2.65 percent, 2.68 percent, 2.7 percent and 2.72 percent in the respective four quarters. This resulted in an average annualized rate of 2.687 percent for the year 2017. In addition, Al-Boushra Kuwaiti dinar three-year deposits offered 3.3 percent in Q4 2017 with annualized



Chairman of KIB Sheikh Mohammed Jarrah Al-Sabah

average rate of 3.275 percent. Arzaq deposits yields high returns on investment, with flexibility of deposit periods ranging from one month to one year and available in all major foreign currencies with quarterly profit distribution. Al-Boushra aims for longer term 3 years deposit which offers highest profit rates with 100 percent investment of the deposit amount. Profit on Al-Boushra deposits are distributed on a semi-annual basis. Profits are credited to deposit holders account on the same day of declaration.

Arzaq registered growth of 280 percent from 2015 till 2017. Al-Boushra increased by over 17 times in 2017 compared to 2016.

Further on the product lines, El Saka highlighted Al-Ithmar call accounts which combines features of both current and savings account benefiting corporate customers. This product offers instant access to funds through unlimited withdrawals and provides a chance to earn profit on the balance maintained in the account. There is no minimum balance requirement and no restrictions on withdrawals and deposits that gives businesses flexibility, better returns and unrestricted access to the funds at the same time with cheque book option. He also



Acting Chief Executive Officer Mohammad Said El Saka

mentioned about new deposit product "Flexible deposit" that was recently added to the portfolio of deposit products offered by KIB. This unique product carries features of both fixed deposit and current account i.e. it offers all benefits of a fixed deposit, with flexibility to access money whenever required.

Al-Jarrah lauded the efforts made by KIB's Board of Directors, its executive management and its employees, stating that these efforts have been vital towards boosting the Bank's performance. In 2017, Fitch Ratings affirmed KIB's Long Term Issuer Default Rating (IDR) at "A+", with a "Stable" Outlook. Al-Jarrah further stated that KIB's outstanding performance and robust financial position reflects its strong growth in a number of business areas, as the Bank remains committed to its long-term strategic goal of becoming the 'Islamic Bank of Choice in Kuwait'.

Al-Jarrah added: "We at KIB have faced countless challenges in our pursuit of innovative banking products and services that meet the changing needs of our customers: thereby ensuring our continued success. Still, we remain relentless, as we aim at increasing our efforts to provide an enhanced digital banking experience that is

accessible at any place, whilst also being easy to use. By doing so, we hope to provide the best banking experience for our existing customers, as well as new ones.

As a testament to KIB's achievements during 2017, the Bank received a number of prestigious local, regional, and international awards and recognitions. One of the most notable achievements for KIB was receiving the 'Best Strategic Vision in Banking' award from the World Union of Arab Bankers (WUAB). KIB also garnered the "Best Change Management - Kuwait" award by The Banker Middle East and the "Best Islamic Bank in Kuwait" award from World Finance for the fourth consecutive year. This year also marked the second year that KIB received the 'Fastest Growing Islamic Bank MENA 2017' and the 'Best Sharia-Compliant Bank MENA 2017' for the third consecutive year from Capital Finance International (CFI.co). KIB also earned the 'Excellence in Development of Islamic Banking Services' award by the Union of Arab Banks (UAB), as well as the inaugural 'Best Customer Acquisition in GCC' 2017 award and the "Best Islamic Bank in GCC" 2017 award for the second consecutive year, both from World Finance. Additionally, the Bank was recognized by Forbes Middle East as one of the top 50 listed companies in Kuwait in 2017.

In recognition of its achievements in the area of social responsibility, KIB also received the 'Distinction in Social Responsibility in Islamic Banking 2017' award by the Regional CSR Network, as well as the "Best CSR in Islamic Banking in Kuwait" award for the year 2017 by CPI Financial (CPI.co), marking the third consecutive time the Bank received this honor.

Al-Jarrah concluded by expressing his gratitude towards the Central Bank of Kuwait for the guidance and the Board of Directors, Fatwa & Sharia Board, the executive management, employees and customers for their support with which KIB could achieve this remarkable performance.

Kuwait International Bank (KIB) is a bank that operates according to the Islamic sharia, based in the State of Kuwait. Incorporated in 1973, and originally known as Kuwait Real Estate Bank, KIB made the transition to its current Islamic operating model in 2007.

Today, KIB is a full service Bank operating through a network of 26 branches spread across the State of Kuwait, and offering a broad range of banking products, services and solutions in accordance with the principles of the Islamic Sharia. The Bank's mission and vision also encompasses a leading social responsibility program that aims at supporting every member of Kuwait's society by spearheading a multitude of initiatives and activities.



Operating income
in 2017 reached
KD 64.3 million

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Sheikh Mohammed Jarrah Al-Sabah

- Strengthened financial position, enhancing shareholders' equity, improvement across all key performance indicators, restructuring many of its activities and improving internal operations
- Improved operating income
- Higher distribution for depositors

- Al-Boushra offered 3.3% annualized profit for 4Q '17
- Enhanced digital and electronic channels offerings
- KIB included in the MSCI FM small cap index
- KIB shortlisted to be included in FTSE Russell Global Equity Index Series
- Fitch affirms long term issuer ratings "A+" with stable outlook

Mohammad Said El Saka

- Increase in financing portfolio to reach approximately KD 1.3 billion
- Increase in deposits by 7% to touch almost KD 1.2 billion
- Increase in the profits rates offered for Arzaq and Savings for the third consecutive year

- Highest profits rates for savings Kuwaiti dinars @ 1.632% (annualized for 4Q '17)
- Total assets increased by 4% reaching in excess of KD 1.9 billion
- Maintained high Capital Adequacy Ratio of over 19%
- Among the top dividend-yield ratio of all Kuwaiti banks in 2017



KUWAIT: KIB Chairman Sheikh Mohammed Jarrah Al-Sabah (center) addresses the 2017 Annual General Meeting (AGM) for Kuwait International Bank. — Photos by Joseph Shagra

