

Business

Ahli United Bank AGM approves a cash dividend of 15 fils per share

Bank also approves a bonus of 5 shares per 100 shares

KUWAIT: Ahli United Bank (AUB) held its Annual General Meeting (AGM) on April 20, 2020, with 90.003 percent quorum and approved a cash dividend of 15 fils per share (15 fils per share) in addition to 5 percent bonus shares (5 shares per 100 shares).

In alignment with the guidelines and measures issued by the Kuwaiti Ministry of Health, AUB took all necessary health and safety measures, including implementing social distancing between all attendees.

Ahli United Bank's Deputy Chairman, Raed Mohammad Al-Nusf, commenced the meeting by welcoming the attendees and expressing appreciation to the measures issued by the Kuwaiti Government and the Central Bank of Kuwait (CBK) aimed at protecting the domestic economy and the banking sector from any negative impacts from COVID-19. Al-Nusf affirmed his belief in the strength of the Kuwaiti banking sector and its ability to face challenges and overcome obstacles.

Al-Nusf added: AUB continues to pursue success while capitalizing on its clear strategy, strong presence and leading brand, let alone its long-established history and unique position as the first bank in Kuwait since its inception on the 28th of February 1942. Over several decades and despite the varying political, economic and social conditions, AUB further developed and expanded its business activities, operated under different brand names, until in 1971, it became a 100 percent Kuwaiti bank under the name "Bank of Kuwait and Middle East". 2002 witnessed a historical milestone, as the bank became part of AUB Group, capitalizing on its goodwill and pre-eminence in the banking industry. AUB reached the most remarkable turning point and significant breakthrough in its journey when it converted its business activities to comply with Islamic Sharia on April 1, 2010.

AUB has been consistently able to witness success while overcoming several challenges and arising conditions for 78 years. Today, AUB continues to capitalize on growth opportunities wherever they exist. The efforts exerted by the Executive Management in line with the plans and guidelines set by the Board of Directors have been fairly essential to AUB's continued success.

2019 was an eventful year for AUB, featuring several achievements at different levels. AUB realized record high profits, earned several awards from internationally-recognized organizations, promoted Corporate Social Responsibility (CSR), maintained investments in its human wealth, as well as set up a prudent framework that could meet the regulatory requirements and follow international practices and recommendations. I could affirm that AUB's pursuit of digital transformation was the most significant achievement for AUB during 2019. Sustainable investment in state-of-the-art technologies has been a key characteristic of our performance and a key component of our strategy. At AUB, recognized early on the significance of embracing digital transformation and latest technologies which would simplify and shorten the banking process and position AUB at the forefront, making banking with AUB an unrivalled experience!

In view of the above, I would like to emphasize that AUB intends to further support the role of the newly-established Digital Transformation Department that will



KUWAIT: Ahli United Bank's Deputy Chairman Raed Mohammad Al-Nusf chairs the AGM

drive AUB towards innovation and apply the latest banking technologies.

Maximizing shareholders' profits

In view of these commendable results, the Board of Directors is pleased to propose to the General-Assembly the distribution of a cash dividend of 15 fils per share, as well as 5 percent bonus shares of the issued and paid up capital (15 fils per share and 5 shares per each 100 shares).

Focus on corporate governance and risk management

AUB always seeks to sustain the highest standards in integrity and transparency that solidify the culture of corporate governance. In this context, AUB adopts a balanced governance framework that is aligned with regulatory requirements of applying governance principles and rules at Kuwaiti banks, and follows the international practices and recommendations to achieve AUB's goals and maximize AUB's value for its shareholders, clients and stakeholders. AUB continues to maintain a high standard of governance benchmarked against highly efficient standards and practices with the aim to foster a governance culture that maintains AUB's values and financial integrity, as well as safeguards shareholders' equity, secures depositors' and stakeholders' rights, and supports in making AUB's vision a reality.

I would like to note that the Board of Directors con-

tinuously working collaboratively with the Executive Management to adopt the highest standards of corporate governance and enable AUB to consistently enhance its practices in alignment with the highest international standards. In 2019, AUB successfully adopted a risk strategy as part of the Bank's overall integrated strategy, with a set of regulatory policies and regulations in place to ensure that AUB will continue to pursue its business activities according to the approved risk appetite and sustain independence of the internal and external audit functions.

International recognition

Driven by its enormous potential and ongoing commitment to the highest professional standards which earn the trust of prestigious international rating agencies as a leading Sharia-compliant banking and financial organization, AUB proudly sustained the positive assessments and ratings by international rating agencies. In addition, AUB earned several prestigious awards from renowned global bodies known for closely monitoring and assessing the performance of banks and financial institutions. This a remarkable testimony to AUB's effective business strategy and outstanding performance.

Sustainable Corporate Social Responsibility (CSR)

AUB's success is not only limited to its solid performance and ability to generate profits, rather it includes the Bank's ability to support others and fulfill its obligations towards the communities in which it operates. CSR and sustainable development initiatives have long been considered a top priority by AUB. For over 78 years,

CSR has been a key component of AUB's culture and values.

Based on such an approach, AUB continues to strengthen its distinctive CSR role as inspired by the Vision of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah's "New Kuwait 2035", which addresses all aspects of the Kuwaiti society, enhances the quality of life, as well as places great emphasis on youth and environment. AUB's early endeavors to adopt "Green Banking Practices" with the aim to improve the quality of assets and contribute to achieving sustainable development is another source of pride.

In 2019, AUB participated in several initiatives and projects designed to support the most disadvantaged segments of the society in line with AUB's partnerships with several organizations fostering CSR activities.

Our human wealth is a key competitive edge

In light of the continuous development in the banking sector, human resources with diverse hands-on expertise, as well as possessing professional and management skills stand out as a key competitive advantage and the most decisive factor to achieve and sustain success in the banking industry. Now that ongoing technological breakthroughs have increased the competitive edge between banks, the development of human resources, maximizing abilities for innovation and creativity, in addition to adopting and leveraging constructive ideas have become essential to AUB's business continuity.

Continuing to invest in its much valued human resources during 2019, AUB developed a well-established plan to attract experienced professionals and national skilled youth. AUB launched a comprehensive talent management program AUB's leadership succession plan, and placed a high priority on polishing its staff's ability to cope with and take advantage of the digital transformation to the best interest of clients.

I have every reason to take pride in AUB's pre-eminent position as a unique employer of choice, which is fairly demonstrated by AUB's retention of several highly-experienced professionals for more than 30 years.

Appreciation & gratitude

In conclusion, on behalf of AUB Board of Directors, Executive Management and all staff, I am honored to extend 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, as we look forward to seeing Kuwait prosper and flourish at all times. In addition, I would like to express gratitude to the Central Bank of Kuwait (CBK), especially CBK Governor Dr Mohammad Y. Al-Hashel and all regulatory bodies in the State of Kuwait for their positive support to AUB.

Finally, I am pleased to express heartfelt thanks to our valued shareholders for their valued trust in AUB. I would like to also take the opportunity to share utmost appreciation to our Fatwa & Shariah Supervisory Board (FSSB) for their efforts, to our valued clients for their continued trust and loyalty, as well as to our Executive Management and employees for their collaborative contributions to maintain the ongoing growth and leading position of AUB.

On her part, the Acting Chief Executive Officer of AUB Jehad Al-Humaidhi said: Without any doubt, I am confident that we will continue realizing more success due to the dedication and reliability of our employees that are key in achieving our future strategy utilizing state-of-the-art technological solutions and innovations in our business to fulfill the aspirations of our customers.

Digital transformation & preparing for future requirements

AUB achieved its goals in the year of 2019 through its successful journey of digital transformation as a key step to prepare for future requirements. AUB set up the Digital Transformation Unit with the objective of enhancing the customers' experience and open up new horizons of digitalized services. These include Internet and Mobile Banking, as well as Automated ATMs, POS, E-Payment Gateway, Call Centers, Interactive Voice Response (IVR). In addition, we rolled out initiatives to improve current manual processes by using automation and direct processing tools, and introducing automated banking processes solutions (Robotics) in certain operational functions to achieve greater operational efficiency and minimize human errors.

AUB has continued its digital transformation journey

in a world where technological development is a key differentiator for success. On such basis, we launched our new and updated Mobile Banking application with its attractive interface and smooth functions. As a result, AUB earned The Best Mobile Banking Application Kuwait 2019 Award" by Banker Middle East (BME).

As added confirmation of our successful efforts in digital transformation, AUB Smart Branch at the Avenues Mall received "The Most Innovative Digital Banking Initiative Smart Branch Kuwait 2019 Award" from Global Banking & Finance Review.

Enjoyable banking experience for customers

With the satisfaction of our customers a top priority for AUB, we do not spare any effort to grant them an enjoyable banking experience that is aligned with their aspirations while maintaining their trust and approval. Based on that, we expanded our range of Real-Estate products within the Retail Banking to include "Tawarruq", while simplifying the process of approval and execution, while continuing to adhere to our prudent risk parameters. The consumer and installment finance receivables continued to grow, primarily due to the automated Sharia-compliant financial brokerage and the broadened scope of the "Qard Hasan" (profit free financing) initiative.

AUB enriched its Premium Banking Package and set up the Wakala-based Investment Account for its valued depositors. The enhanced pricing flexibility led to achieving a record growth of fixed deposits. The automotive finance sales hit a high record, mainly due to enhancing promotional channels, tuning the products criteria, as well as promotions in partnership with major automotive dealers and showrooms in Kuwait.

AUB consistently improved its flagship Al-Hassad Islamic Account which was positively received by customers, especially the unique draws during Eid Al-Adha and Eid Al-Fitr. This resulted in a rise in customers' balances and Al-Hassad Islamic Account earned the prestigious "Best Savings Product Kuwait 2019 Award" from Banker Middle East. Corporate Banking continued its uniquely-tailored products and services to fulfill the needs and requirements of corporate and institutional customers. This resulted in expanding the base of B2B customers benefiting from Internet Banking as a platform that provides holistic and secure electronic solutions to simplify banking transactions through integration between the system of AUB and the customers' corporate planning systems. Such an accomplishment was recognized through AUB earning "The Best Online Cash Management Bank Kuwait 2019 Award" in corporate banking for the third year in a row by Global Finance.

Additionally, AUB's Personal Banking & Wealth Management was successful in developing facilities processing systems to ensure enhanced efficiency and decrease turnaround time. In recognition of these efforts, AUB's Personal Banking earned "The Best Personal Banking Kuwait 2019 Award" for the third year by the Banker Magazine in collaboration with Private Wealth Management Magazine.

Appreciation & gratitude

In conclusion, Al-Humaidhi said: on behalf of AUB, I seize this opportunity to extend 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 for their substantial support for all key sectors in Kuwait, namely the banking industry. Moreover, I would like to express gratitude to the Central Bank of Kuwait (CBK) for its continuous support to AUB and the Banking sector. In addition, I am pleased to express heartfelt acknowledgement to the Chairman and Members of the Board for their support and guidance, as well as to our valued shareholders and customers for supporting AUB's remarkable success. I would also reiterate gratitude and appreciation to AUB's Executive Management and all staff for their sincere dedication and relentless efforts in leading and executing AUB's vision to fulfill the expectations and aspirations of our valued shareholders and customers. We look forward to 2020 as a new year, full of momentous achievements, robust performance.

After the AGM, AUB held its 33rd Extraordinary General Assembly (EGM) to amend articles (1), (12), (14), (15), (16), (17), (18), (24), (39), (41) and (47) of the Articles of Association. All articles were approved by the shareholders.



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Solid financial performance

AUB's effective strategy that is based customer-centricity, human resources' development and prudent risk management approach have obviously paid off in enhancing the 2019 consolidated financial statements. The positive achievements by AUB are a fair representation of the notable operational performance and strong financial indicators as AUB reported a net profit of KD 55 million in 2019 compared with KD 51.3 million in 2018, a growth by 7.3 percent.

AUB reported growth in total assets by 11.2 percent reaching KD 4.4 billion compared with KD 3.9 billion in the previous year. The financing receivables grew by 7.8 percent to reach KD 3 billion. The customers' deposits, cautiously and prudently managed to achieve sustainable proceeds, increased by 11.2 percent to hit KD 2.7 billion during 2019. Shareholders' equity grew by 5.8 percent total record KD 0.5 billion by the end of 2019.

The return on average equity (ROAE) and return on average assets (ROAA) recorded 12.7 percent and 1.4 percent respectively by the end of 2019; marking some of the highest returns in the market. The resultant earnings per share (EPS) increased to 27.8 fils in 2019 compared to 25.8 fils in 2018. AUB effectively adopted a conservative risk management approach: enhancing the quality of assets, reducing irregular financing to 1.26 percent, with the coverage ratio including collateral to 330 percent. In addition to such achievements, AUB maintained a high capital adequacy ratio (CAR) before dividends at 16 percent as of the 31st of December