

**AHLI UNITED BANK B.S.C. REPORTS A 12.7% SURGE IN 2018 NET PROFIT
ATTRIBUTABLE TO OWNERS OF THE BANK TO US\$ 697.5 MILLION**

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Ahli United Bank B.S.C. (AUB) reported a net profit attributable to its equity shareholders of US\$ 697.5 million for the year 2018, representing a rise of 12.7% as compared to the net profit of US\$ 618.7 million in 2017. The net profit in Q4/2018 was US\$ 169.3 million as compared to US\$ 150.0 million in Q4/2017.

Operating income increased from US\$ 1,119.4 million to US\$ 1,210.6 million in 2018 (+ 8.1%). The growth in operating income, mainly driven by an increase in net interest income (NII) by US\$ 64.1 million (+7.3%) to US\$ 940.5 million (2017: US\$ 876.5 million), was attributable to an increase in average interest earning assets and to the repricing and re-positioning of the loan portfolio, complemented by an effective interest rate risk management strategy. Net operating income increased from US\$ 1,030.4 million to US\$ 1,124.3 million in 2018 (+ 9.1%).

Operating income in Q4/2018 was US\$ 303.5 million as compared to US\$ 294.2 million in Q4/2017 (+3.1%). Net operating income for Q4/2018 was US\$ 279.1 million, higher by 6.7% compared to US\$ 261.6 million in Q4/2017.

The continued disciplined implementation of the intelligent spend approach and the benefits of growing operational efficiencies within the AUB Group resulted in a cost income ratio of 27.1% (2017: 28.8%).

Solid asset quality levels were sustained with a gross non-performing loans ratio of 1.9% (31 December 2017: 1.9%) while the specific provision coverage ratio increased to 85.5% (31 December 2017: 85.1%). The total provision coverage ratio, inclusive of credit loss provisioning under IFRS 9 but excluding very substantial non-cash collaterals available, improved to 214.7% as at 31 December 2018 (31 December 2017: 154.3%).



Press Release

Overall Return on Average Equity (ROAE) increased to 18.1% (2017: 16.5%) while the Return on Average Assets (ROAA) increased to 2.2% (2017: 2.1%).

The Group's total assets grew by US\$ 2.3 billion (+6.8%) to reach US\$ 35.5 billion at 31 December 2018 driven by a growth in the non-trading investments portfolio to US\$ 7.6 billion (31 December 2017: US\$ 6.0 billion) as part of an overall strategy to further balance-sheet diversification and to enhance in-built liquidity sources. Asset growth was funded from an increase in customer deposits (+US\$ 1.7 billion) and through repo borrowings (+US\$ 0.6 billion). Equity attributable to the owners of the bank increased by 2.4% to US\$ 3.9 billion in 2018 (2017: US\$ 3.8 billion).

The resultant basic earnings per share increased by 12.2% to US cents 8.3 for the year ended 31 December 2018 (2017: US cents 7.4). The Board of Directors has recommended a distribution comprising of a cash dividend of US cents 5.0 per share (2017: US cents 4.5 per share) together with a bonus ordinary share issue of 10% (2017: 5%).

Mr. Meshal Al-Othman AUB Chairman, commented: "AUB continued its solid performance in 2018 against the backdrop of a continuing general difficult operating environment. Achieving a very robust growth of 12.7% in net profit over 2017 demonstrates its strong underlying fundamentals and the resilience of its diversified business and geographic model."

Ends

The press release and full set of the consolidated financial statements for the year ended 31 December 2018 are available on the Bahrain Bourse, Bursa Kuwait and AUB websites.

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