

## BANKS PUSH EUROPEAN SHARES HIGHER

### MARKET LOOKS TO YELLEN FOR FED RATES GUIDANCE

**LONDON:** European stocks rose yesterday, rallying after losses in Asia, as concerns about the health of banks that have hammered shares globally in recent days eased and oil prices recovered from Tuesday's steep falls. The more upbeat tone took the shine off safer assets such as the Japanese yen and low-risk government debt, though gold powered ahead for the eighth day in nine. Investors and traders were looking ahead to Congressional testimony from Federal Reserve chair Janet Yellen for clues to the outlook for monetary policy.

Sharp falls in global stocks and weak US economic data have led markets to slash expectations for the pace and extent of Fed interest rate rises to follow December's first hike in nearly a decade. The pan-European FTSEurofirst 300 index rose 1.5 percent, with investors cheered by a Financial Times report that Deutsche Bank was considering buying back several billion euros of its debt. Germany's flagship lender, whose shares have fallen almost 40 percent this year, rose more than 7 percent. The STOXX Europe 600 banks index was up 3.5 percent.

"The rebound in Deutsche Bank is helping to reassure some investors who had been concerned about possible contagion in the banking sector," said Francois Savary, chief investment officer at Geneva-based Prime Partners. The FTSEurofirst index has fallen for the last seven trading days and on Tuesday hit its lowest since September 2013.

The big banks' fortunes are seen as closely linked with the global growth outlook, which is faltering, while the adoption by several major central banks of negative interest rates to help lift growth

has hit their business.

Those concerns have spread across the globe and yesterday helped drive Tokyo's Nikkei index to its lowest since 2014. Mitsubishi UFJ Financial

Group fell 7.1 percent. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.3 percent. Australian stocks touched a 2 1/2-year trough and closed down 1.2 percent. Oil prices, which fell 8

percent on Tuesday, picked up after Iran said it was open to cooperation with Saudi Arabia on current conditions in the market. Brent crude, the international benchmark, rose 73 cents to \$31.05 a barrel, though prices were expected to stay volatile. Rising stocks dulled the appeal of perceived "safe-haven" assets, among which the yen has shone lately. The Japanese currency, gained 0.5 percent against the dollar but was below a 15-month high hit on Tuesday. It last traded at 114.50 yen per dollar. The euro was marginally firmer at \$1.1295.

#### Yellen eyed

BNP Paribas currency strategist Michael Sneyd, in London, said Fed chair Yellen's testimony, due at 1330 GMT, was unlikely to provide any kind of rebound for the dollar. "It seems we're likely to remain in this regime where the dollar continues to lose ground against the euro and the yen." German 10-year government bond yields, another safe haven, edged up just 0.6 basis points to 0.24 percent. "The risk backdrop remains fragile... however, now that the oil price has stabilized, Bunds are trading unchanged to slightly weaker," said Alexander Aldinger, senior analyst at Bayerische Landesbank. Ten-year Japanese government bonds closed in Tokyo yielding 0.005 percent, having hit a record low of -0.035 percent. The JGB yield went negative on Tuesday, in the wake of the Bank of Japan's introduction of negative policy rates on Jan 31. Gold, another asset sought in times of trouble, rose towards a 7 1/2-month high. It was last at \$1,186.80 an ounce.— Reuters



**DELHI:** Indian laborers unload materials from a bullock cart at a market place in the old part of Delhi, India yesterday. Densely populated markets in the old part of Delhi have been around for more than three centuries and were once visited by merchants from Turkey, China and even the Netherlands. — AP

## RUSSIA'S SECHIN FLOATS IDEA OF OIL OUTPUT CUTS

**LONDON:** The head of Russian state-run oil company Rosneft yesterday floated the idea of a coordinated output cut by major oil-producing countries to prop up sagging prices but fell short of saying whether Moscow would contribute to such a plan. Rosneft Chief Executive Igor Sechin, a close ally of President Vladimir Putin, told the IP Week conference in London that the global oil glut was predominantly the fault of the Organization of the Petroleum Exporting Countries. Sechin suggested major oil producers cut production by 1 million barrels per day (bpd) to reduce oversupply, which he estimated at 1.5 million bpd: "That would help the price significantly." Oil prices have slumped more than 70 percent to near \$30 a barrel over the past 18 months as supply exceeded demand after OPEC, seeking to drive higher-cost producers out of the market, decided not to cut production.

Sechin has in the past criticized OPEC's strategy, saying the group, of which Russia is not a member, had "lost its teeth." He has also said Moscow would never cooperate with OPEC as Russia's oil industry could withstand any price rout thanks to cheap labor and a weak local currency. Yesterday, Sechin gave similar messages but chose his words more carefully, rarely mentioning OPEC and blaming only "some producers" for creating the glut. Oil markets have risen in recent weeks on hopes of a deal between OPEC and non-OPEC producers after a number of Russian officials suggested dia-

logue should begin. But Putin has not spoken yet on the subject. Yesterday's speech by Sechin was also his first statement on the subject in recent weeks.

#### Who will cut?

Sechin declined to say whether Russia would participate in any coordinated cut, when quizzed by reporters after the speech. "Who are we supposed to be talking to about cuts? Will Saudi Arabia or Iran cut production?" Sechin said. Struggling oil-producing countries have urged OPEC leader Saudi Arabia in recent weeks to call a special meeting to discuss output cuts. Riyadh has indicated it would be willing to consider a cut only if all major producers agreed to one, while Iraq and Iran have said they intend to boost their output this year.

Sechin said he expected Iran to ramp up oil production to between 5 million and 6 million bpd by 2025 from 3 million now as the country opens up after the lifting of sanctions. Sechin also said US shale production, another key driver behind the global glut, would decline in the long term. "Shale oil production has its limitations in scope and time... US shale oil production will reach its peak in 2020," he said. Sechin said however that onshore US producers had proven more resilient to the oil price downturn. "Shale oil markets reacted very quickly to the price shock as productivity rose dramatically, costs of production dropped and fracking became more efficient," Sechin said.— Reuters

## WARBA BANK CONSOLIDATES POSITION IN LOCAL MARKET, EXPANDS ITS OPERATIONS

**KUWAIT:** Warba Bank, which is one of the fastest growing banks in Kuwait offering the entire spectrum of world-class Shari-compliant banking and investment service, announces its annual fiscal results for year ending 31st December 2015, reporting a growth in profits of 770% to reach KD 1 million. compared to 115,000 for the same period in 2014, as well reporting gains in its shares to reach 1 fils compared to 0.12 in 2014.

Commenting on the results of the Bank, the Chairman of the Board of Directors of Warba Bank Imad Al-Thaqib said that the Bank witnessed in 2015 noticeable and remarkable growth on all indicators with the support of its operational revenues which amounted 4.5 million Kuwaiti Dinars to reach 26.3 million KD compared to 18.5 in 2014, and deposits rose by 25% to reach 433.5 million KD compared to 346.1 in 2014.

Al-Thaqib added that the Bank's resulting net gains were 4.1 million Kuwaiti Dinars in 2015 compared to 1.9 in 2014 with an increase of 770%. While the Bank's financial portfolio has grown to 8.543 million Kuwaiti Dinars by the end of last year compared to 388.3 in 2014 with a growth percentage of 40%, and the Bank's assets rose to 776.1 million Dinars by the end of last December in comparison to 594.8 million KD by the end of 2014 with 30% growth

Al-Thaqib also remarked that the aggressive strategy of the Bank, which was announced last year and will continue till 2017, has started to bear fruit and effect in strengthening the Bank's presence amongst other Islamic banks in the local and regional markets, especially because this strategy serves as the safe platform upon which the Bank rests to ensure it renders the best services and to develop its performance and increase its market share as well as its competitiveness by enforcing and applying the best acceptable practices and innovation in the sector while seeking high level international expertise in the field.

He also emphasized that the Bank's strategy effectively strengthens its position and enabled it to succeed in achieving a leading role in the Islamic banking industry despite its short five years of existence, and it will continue to expand in the local market while ensuring a strong and healthy financial status for the protection of its shareholders.

#### Healthy level

It is worth noting that Warba Bank has elevated, healthy levels of capital due not only to the strength of its foundation capital but also to the strength of its asset portfolio where the first tier of its principal risk-weighted capital assets at 24.92% and the over-all principal capital reaching 26.07%. Such high percentages indicate the bank's ability to realize high future growth and to take advantage of good investment opportunities and optimize return on capital for the shareholders.

#### Moody's Investors services

Al Thaqeb continued: "The bank had its first credit rating from international rating institutions where it was awarded by Moody's int'l with "Moody's Investors services" and with Baa2/Prim-2 for deposit with local and foreign currency. This rating comes despite the unstable economic situation on both regional and international levels which usually alert the rating institutions to be cautious in giving ratings for financial institutions and banks; considering the bank's young age in the market, we do see the ratings we've attained as an

achievement that we pride and will pave the way for a promising future for Warba bank".

From his end, Deputy Chairman and CEO of Warba bank, Jassar Dhakheil Al Jassar said: "The results of 2015 were in line with our expectations in 2014 for growth in gains and expansion, and this was due to the diligence of the Bank's management and staff to ensure that their hard work is in line with Bank's strategy to support and strengthen its operations in the company and personal sectors, both in banking and financing, and we work diligently to be close to our customers through our current and future branches as well as through the use of state-of-the-art technologies.

The bank's financial performance development indicators include the continued increase in financing revenues and deposits, ensuring a continuity of revenue sources from the principal operational activities, which realized an average growth of 46% in revenues amounting to 20.2 million Kuwaiti Dinars in 2015 compared to 13.9 million Kuwaiti Dinars in 2014.



**Jassar Dakheel Al-Jassar-Vice Chairman & CEO**

#### Operations and assets

With this increase in the bank's operations and assets, Warba Bank has succeeded in maintaining the excellence of its financing portfolio which is noticeable through the low percentage of unstable financing compared to the overall average in the banking sector. The defaulting financing recorded 0.92% at the end of 2015, while the defaulting financing coverage was 170% as the bank allocated some good levels of provisions, which was commensurate with the volume of its operations which realized a growth of 56% in allocations. It is to be noted that per the requirements of Kuwait Central Bank, most of these allocations and appropriations were general precautionary provisions of 79% of the bank's total allocations.

Al-Jassar noted that Warba Bank has made a number of achievements during 2015 which have contributed to its expansion in the regional and international markets in line with the Bank's strategy which aims at utilizing all recognized investment opportunities in the region and around the world. He indicated that the Bank has lately acquired a leasing portfolio of equipment from ATEL Capital Group, which is an independent equipment leasing company in the USA, to become the first Kuwaiti establishment investing in this Group. Also one of the funds considered as a primary investor in it has acquired The Nathaniel commercial building in New York City.

Warba Bank is deemed one of the pioneer investors concentrating on real estate strategy in the USA which is managed by the Wafra Investment Advisory Group. On the local level, the Bank has

participated in the aircraft leasing deal for Kuwait Airways which marks the first such deal with the International Air Finance Corporation for the leasing of five A330-200 aircraft for Kuwait Airways. Within the same framework, the Bank acquired in 2015 a financing portfolio from Al Mulla International Finance Company through a deal worth 20 million Kuwaiti Dinars or nearly \$66m.

On the regional level, Warba Bank has contributed \$25m in a deal to finance a compound in line with Islamic Sharia where the total value of \$155m project was led by Al-Noor Bank for and on behalf of Ajman Bank in the UAE, and the Bank also led the arrangement of a financing deal in line with Islamic Sharia for and on behalf of Azerbaijan International Bank for the amount of \$150m. Furthermore, in 2015 the Bank adopted new technology which offered its customers online banking services, as well as smart phone banking compatible with android and IOS, which enables customers to carry out fast transactions that in the past required the customer to visit the bank.



**Emad Abdullah Al-Thaqeb Chairman**

By implementing advanced electronic services and developing others, the Bank seeks to cement its leading role in the electronic banking services to ensure feasibility, user friendliness and value. This will enable current Warba customers to open a new saving or term deposit account and order check books and other checking services that enable them to obtain a summary of the checkbook and any transactions made, in addition to obtaining a detailed statement as well as uploading their civil ID card and updating information by means of Warba online, where all such services are performed by the touch of a button on their smart devices. All the client needs to do is to enter the information manually without having to visit the branch to complete forms.

#### Transactions

Warba Bank has also developed some services that were in practice in the past such as the card that enables the customer to view a summary of the ATM Card or credit cards and to view statements, as well as the latest transactions and the amounts drawn or available in addition to the date of the transaction and reporting lost cards. There are also transactions which enable a Warba client to make transfers between accounts or make local or international transfers, pay bills and view personal finances. On other related matters, the Bank has diligently worked to strengthen and enrich the customers' banking experiences through launching various bands of products and services such as distinguished credit cards that offer current customers extra advantages with their purchases.

This emanates from the Bank's belief in making such innovative products and services available for the different tiers of the public, and in line with its strategy of launching new products that meet the aspirations of customers. Warba Bank has launched the new BCT service which serves as a platform for trading domestic and international goods, and launched the Murabaha Express in line with Group's efforts of continuing to offer the best to a customer in personal financing and in helping the customer to obtain whatever he or she wishes to possess in line with Islamic Sharia and personal financing controls.

On the social and community level, the Bank has ensured during 2015 to strengthen its relationship with the Kuwaiti community by sponsoring and patronizing social, cultural and health-related events that aimed at strengthening the Kuwaiti youths' competence and diligence towards creativity and excellence. For example, Warba Bank takes part in the Innovation Challenge 2016, which is sponsored by the Kuwaiti Foundation for the Advancement of Sciences in cooperation with Executive Education Center from the College of Business Administration in Cambridge University from November 2015 to May 2016, which is considered to be one of the important applied executive education practices which enables Kuwaiti private sector companies to innovate and develop.

Al-Jassar also added that Warba Bank believes strongly in the investment in human resources as partners in its success, and as such the Bank has organized a number of training and development workshops run by talented experts for its employees to enable them to provide the best services to customers in turn. The year 2015 also noticed a good number of training functions which also included a workshop with the title "The Art of Persuasion" in order to develop the staff's knowledge in offering the best services to customers. Another training session was done to promote banking operation services and trained 50 young Kuwaiti people in the field where they learnt the various banking services.

#### Promoting potential

As well, in line with its policy to recruit national cadre and promoting their banking potential, the Bank has certified and graduated a new batch of trainees who passed their intensive training courses; where they learnt basic banking operations that will equip them to work in the Bank in the future. In the field of excellence, Warba Bank's performance in the past years saw it landing a number of awards, of which was the Best Call Centre award from the Banker Middle East magazine's industry awards in Kuwait 2014, from CBA Financial, and the award of Fastest Growing Bank in Kuwait, as well as the Best Developing Bank in the Middle East in 2014 from the same magazine in recognition for its banking services.

The Bank also was given its first credit classification from the international classification agency, Moody's, where it was assigned Baa2/Prime-2 rating for long and short term local and foreign currency deposit with a stable future outlook. Finally, Al-Jassar emphasized that Warba Bank is continuing its efforts during 2016 to be the first choice for customers and to expand in the various Kuwaiti areas to be with its customers anywhere and anytime to provide them the best quality Islamic banking services in order to strengthen their banking experiences.

## GOLD SLIPS FURTHER

**LONDON:** Gold slipped further from a 7-1/2 month high yesterday as European shares rose, dimming safe-haven demand and investors awaited guidance on the pace of further US rate increases. US Federal Reserve Chair Janet Yellen will address Congress at 1330 GMT for the first time since hiking interest rates in December and is expected to insist that further rises this year remain on track, albeit at a slower pace.

A slowing of rate hikes could help bullion, keeping down the opportunity cost to hold it. "The gold market will listen carefully to what Janet Yellen has to say (as) it is not factoring in a 100 percent probability of a Fed hike until well into 2017," Danske Bank senior analyst Jens Pedersen said. Spot gold was down 0.5 percent at \$1,183.06 an ounce by 1302 GMT. The metal climbed to \$1,200.60 on Monday, the highest since June 22, 2015, benefiting from a weakening dollar and lower appetite for risk amid worries about European banks.

Gold will likely push higher on continued jitters in global equity markets, dollar weakness, bullish

technicals and an increase in bullion investment buying, INTEL FCStone analyst Edward Meir said. "We suspect (Yellen's) remarks will come across as unusually dovish, allowing the dollar to resume its descent and giving commodity markets a bit of a lift late in the day on Wednesday," Meir said. European stocks rallied after losses in Asia, while the dollar was unchanged against a basket of currencies, close to a 3-1/2 month low. The US Treasury benchmark yield declined to a one-year trough.

The gold price rally has hurt demand from physical buyers of the metal, traders said. Prices in India slipped to a record discount as traders struggled to draw buyers. Dealers were offering a record discount of up to \$25 an ounce to the London benchmark price. Top consumer China is closed this week for the Lunar New Year holiday. In other precious metals, spot silver was down 0.6 percent at \$15.13 an ounce, after hitting a three-month high of \$15.45 on Monday. Spot platinum fell 1.5 percent to \$921.37 an ounce while palladium fell 0.9 percent to \$508.55.— Reuters