

Business

Arqaam forecasts double-digit earnings growth for Gulf Bank

Positive margin expansion, operating ratio key drivers

KUWAIT: Gulf Bank's combined operating ratio (CoR) and non-performing loans (NPL) have improved as the bank resolves one of its corporate legacy issues, according to a report by Arqaam Capital, a specialist emerging markets investment bank. This has resulted in driving earnings growth and an improving return on equity (RoE).

Arqaam forecast strong double-digit earnings growth of 18 percent y/y in Q3/9M on margin expansion of 33 basis points and decline in CoR of 25bps. It said the NPL ratio improved to 1.5 percent from 2.1 percent in Q2 18, "probably driven by write-offs as recoveries only amounted to 6bps of net loans vs 2bps in Q2 and 47bps in Q1". "However, credit growth momentum slowed down during Q3, bringing YTD net loan growth (after provisions) to 0.3 percent," it said. The report added Gulf Bank remains best play on CoR normalization in Kuwait - trading at 1.1x 18e book - signaling a higher growth appetite as vintage CoR improves and delivering on RoE expansion should help the stock.

According to Arqaam, margin expansion is another driver of growth. Growth momentum has slowed down, while FY 18e loan growth is likely to be in line with sector. Non-funded income is weak across the board, with positive JAWs on margin expansion. Key drivers include an improving RoE, normalization of CoR and management changes (Kevin Smith was appointed as the new CFO), while legacy loan stock offers scope for recoveries.

Capital adequacy ratio improved to 16.8 percent in Q3 from 16.7 percent in Q2 and 17.8 percent in 2017 (interim earnings are not included), driven by soft growth and better RoE, according to the report. "Annualized CoR improved to 152bps in 9M 18 from 177bps in 9M 17 as GBK benefits from legacy stock. NPL ratio improved to 1.5 percent in Q3 from 2.1 percent in Q2 18 and 1.7 percent in 2017, while coverage remains very robust at 478 percent. The improvement could have been driven by resolution of the corporate loan collateralized by listed shares. GBK was expecting significant improvement in NPL

ratio as two legacy loans (a corporate and the land sale) are resolved before end of this year," Arqaam said.

Q3

Revenues: KWD 48.6m (-0.5 percent q/q, +9.7 percent y/y and +1.6 percent vs. AC)
Pre-provision profit: KWD 32.4m (-0.2 percent q/q, +10.6 percent y/y and +2.6 percent vs. AC)
Net profit: KWD 15.9m (-0.9 percent q/q, +18.6 percent y/y and -2.6 percent vs. AC)
Net loans: KWD 3,949.5m (-1.8 percent q/q, +7.1 percent y/y and -3.3 percent vs. AC)
Deposits: KWD 3,697.3m (-0.4 percent q/q, +5.4 percent y/y and -3.2 percent vs. AC)

9M

Revenues: KWD 145.7m (+8.3 percent y/y and +0.5 percent vs. AC)
Pre-provision profit: KWD 97.4m (+8.6 percent y/y and +0.9 percent vs. AC)
Net profit: KWD 42.7m (+18.1 percent y/y and -1.0 percent vs. AC)

BUY

KWD 0.37

Banks / Kuwait

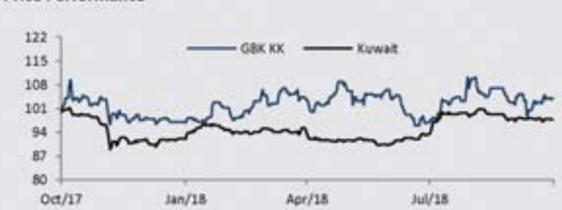
Bloomberg code	GBK KK
Market index	Kuwait
Target Price	0.37
Upside (%)	42.2

Market data 24-Oct-18

Last closing price	0.26
52 Week range	0.2-0.3
Market cap (KWD m)	745
Market cap (USD m)	2,453
Average Daily Traded Value (KWD m)	782.0
Average Daily Traded Value (USD m)	2,575.6
Free float (%)	64%

Year-end (local m)	2016	2017	2018e	2019e
Revenues	169	181	194	214
Pre-provisioning profit	105	117	126	142
EPS	0.01	0.02	0.02	0.03
P/E (x) (mkt price)	17.3	15.5	12.6	9.6
BVPS	0.2	0.2	0.2	0.2
Tangible BVPS	0.2	0.2	0.2	0.2
P/B (x) (mkt price)	1.3	1.2	1.1	1.0
P/TBVPS (x) (mkt price)	1.3	1.2	1.1	1.0
DPS	0.01	0.01	0.01	0.01
Div. yield (%)	2.7	3.5	4.1	4.5
EPPS	-	-	-	-
RoAA (%)	0.8	0.9	1.0	1.3
RoRWA (%)	1.1	1.1	1.4	1.7
RoATE (%)	7.7	8.2	9.4	11.3
RoEcc (%)	8.5	9.1	10.7	13.5
RAROC (%)	9.4	13.0	13.6	15.1
Net Ltd ratio (%)	105.5	112.8	105.6	104.1
Risk Weighted Assets (bn)	3.9	4.2	4.3	4.6
Core Equity T1 ratio (%)	14.7	14.2	14.5	14.8
Tier 1 capital ratio (%)	14.7	14.2	14.5	14.8
Total capital ratio (%)	18.5	17.8	18.3	18.4
NPL ratio (%)	2.4	1.7	2.5	2.5
Coverage ratio (%)	332.9	345.7	225.5	235.1
Number of shares	2,910	2,910	2,910	2,910

Price Performance



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Bayt.com weekly report

Five hacks to make your CV stronger

Imagine yourself in an interview for your dream job, and the employer asks you to introduce yourself. Easy, right? Wait, you haven't heard the catch, yet. You only have seven seconds to do so. You're put on the spot. You're nervous. You're sweating. What do you say? What do you focus on? Should you start with your work experience...DING DING DING, time's up!

What if employers would actually put you through that? What a nightmare, right? Well...They already kind of do, to a certain extent. Studies have concluded that employers spend an average of seven seconds reading through a CV before making a decision on whether or not the candidate is qualified for the job.

First impressions definitely do count when you're trying to impress employers and get hired. And you probably only have a few seconds to make a good one, so make it count. That's why you should write and structure your CV in a certain way to make it stand out. It may seem like a difficult task to do. But, when you think about it, it's not that hard, as a large number of CVs out there are considered predominantly bland and standard. Boring. You need to market yourself. It's a game.

If you want to make a good first impression to employers, you'll have to put your best foot forward. As they say, "the first step is half the journey." And that's where your CV comes in. So, experts at Bayt.com have written this article to give you some tips on how to strengthen your CV and ultimately make a good first expression to employers.

Here are some hacks on how to have a killer CV:

* Keep your CV clear and concise

So, you've finally gotten the chance to brag about yourself without feeling arrogant or pretentious. It can certainly be tempting to shove as much information as you can in your CV, with lots of business terms, in order to seem more sophisticated. But, this method can backfire, big time, and just make your CV more complex to read. Keep it short and simple, it's not an extended essay.

Don't get the wrong idea. You should definitely aim to come across as polished and

professional. But don't overdo it, because that's when your CV loses your personal essence and character and becomes just like all the other old plain CVs out there. Your spirit should shine through your CV.

Keep your CV organized and easy to read, as not to discourage employers from properly going through it. Remember, you've got 7 seconds so you should aim to have a sense of flow in your CV. And you avoid repeating anything in your CV. There is just no need for redundancy.

Also, you should keep in mind that including a bunch of irrelevant information in your CV will just make you look like you don't get what the job responsibilities are. Avoid it. You don't want to seem as uninformed, do you?

* Focus on yourself

It's never too late to start focusing on enhancing your abilities and developing yourself. You can always learn something new. Your CV will thank you.

If you already have strong qualifications and a solid skill set, then you probably already have them listed on your CV. Don't you? But why leave them as is? Why not make them shine even brighter? And if you don't really have that much experience and believe that your skill set might be lacking, then now is the time to change that and step up your game.

You'll need to focus on building and enhancing the skills and qualifications that are relevant for the job that you're seeking. Let's say, for example, that you're looking to get a job in the accounting industry, you should try to get as involved as possible with anything significant in the industry. This can include volunteering to do your family's and friends' book keeping, joining an accounting society, or even going to accounting events where you can learn valuable insights on industry developments - something that you might be asked about during the recruitment process.

Remember, employers will want to know when, where and how you have used your skills to create value. So, you should try to put your skills to practice whenever possible. This is also why you should never lie on your CV. Keep it real. Don't expect to have "Capacity Building" as a primary skill on your CV and not be asked about it.

You can also develop your skills by using Bayt.com's learning tools such as online courses and training courses.

* Tailor your CV to it

You might have already picked up on the memo of this article but tailoring your CV for each job you apply for is considered the gold-

en rule of CV writing. Employers already have set skills and qualifications that they're looking for, so you should include the ones you have that mirror the job description.

Begin your CV with a solid personal summary (also known as career objective) that can brand you as right for the job, as well as grab the attention of the recruiter. At the end of the day, it does occupy the most important part of your CV, the top center.

Your CV should reflect that you're fit for the job. This means you should only include information that is related to the job and can be appreciated by the employer. Don't put that you're an expert in animal behavior when applying to a corporate job. They don't need to know that, and probably don't want to know.

* Keep your CV fresh

When was the last time you updated your CV? A month ago? Two months ago? You can't remember?

It's extremely important to keep updating your CV, at least once every few months, as employers always prefer and sometimes prioritize freshly updated CVs over old rusty ones. You never know when a job opportunity might appear, and it's always best to apply within the first 48 hours of a job posting. You don't want to delay applying because of an outdated CV, do you?

If you already have an updated CV on Bayt.com but want to make it fresh to employers, you can easily do that by pressing the "Refresh Last Update" on your profile.

* Focus on your achievements

Okay, everyone gets it, you had like a million responsibilities at your former job. But the question is were you good at your job? Did you deliver?

Don't just include a long list of your job tasks you performed. Tasks are self-explanatory, for the most part, and any other person could have done them. You should illustrate how you added value to the company. And use numbers, employers love their numbers.

For example, "I was able to develop and incorporate a project management strategy that aided in cutting costs by 30 percent, as well as making the whole procedure considerably simpler and shorter."

Lastly, if you've gone through your CV multiple times and feel like it still needs some work and you're a bit stuck, then you can always consider seeking professional help. Thankfully, Bayt.com offers various CV writing services that job seekers like you can take advantage of such as CV Writing Service, and

EXCHANGE RATES

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
Europe		
British Pound	0.383299	0.397199
Czech Korune	0.005437	0.014737
Danish Krone	0.042491	0.047491
Euro	0.340281	0.353981
Georgian Lari	0.134978	0.134978
Hungarian 0.001147	0.001337	
Norwegian Krone	0.032482	0.037682
Romanian Leu	0.065231	0.082081
Russian ruble	0.004658	0.004658
Slovakia	0.009099	0.019099
Swedish Krona	0.029350	0.034350
Swiss Franc	0.299226	0.310226
Australasia		
Australian Dollar	0.208234	0.220234
New Zealand Dollar	0.192468	0.201968
America		
Canadian Dollar	0.227187	0.236187
US Dollars	0.300300	0.305600
US Dollars Mint	0.300800	0.305600
Asia		
Bangladesh Taka	0.002977	0.003778
Chinese Yuan	0.042358	0.045856
Hong Kong Dollar	0.037036	0.039786
Indian Rupee	0.003599	0.004371
Indonesian Rupiah	0.000016	0.000022
Japanese Yen	0.002647	0.002827
Korean Won	0.000258	0.000273
Malaysian Ringgit	0.069535	0.075535
Nepalese Rupee	0.002579	0.002979
Pakistan Rupee	0.001750	0.002520
Philippine Peso	0.005502	0.005802
Singapore Dollar	0.215248	0.225248
Sri Lankan Rupee	0.001447	0.002027
Taiwan	0.010445	0.010625
Thai Baht	0.008916	0.009466
Vietnamese Dong	0.000013	0.000013
Arab		
Bahraini Dinar	0.792857	0.809357
Egyptian Pound	0.014308	0.020026
Iranian Riyal	0.000084	0.000086
Iraqi Dinar	0.000213	0.000273
Jordanian Dinar	0.425039	0.434039
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000157	0.000257
Moroccan Dirhams	0.022511	0.048511
Omani Riyal	0.784331	0.790011
Qatar Riyal	0.079321	0.084261
Saudi Riyal	0.080087	0.081387
Syrian Pound	0.001290	0.001510
Tunisian Dinar	0.102125	0.110125
Turkish Lira	0.048420	0.059920
UAE Dirhams	0.008152	0.083152
Yemeni Riyal	0.000989	0.001069

Open rift between Indian CB, govt as official warns of catastrophe

MUMBAI: In a sign of a mounting policy struggle between India's central bank and the government of Prime Minister Narendra Modi, a top bank official warned on Friday that undermining a central bank's independence could be "potentially catastrophic". The comments by Reserve Bank of India (RBI) Deputy Governor Viral Acharya showed that the central bank is pushing back hard against government pressure to relax its policies and reduce its powers ahead of a general election due by next May, and as Indian financial markets have been dropping in recent weeks.

In a speech to top industrialists he cited the Argentine government's meddling in its central bank's affairs in 2010 as an example of what can go wrong. That led to an investor revolt and a surge in bond yields, badly hurting the South American nation's economy.

"Governments that do not respect central bank independence will sooner or later incur the wrath of financial markets, ignite economic fire, and come to rue the day they undermined an important regulatory institution," Acharya said.



Viral Acharya

He had three of his fellow deputy governors in the audience and also thanked RBI Governor Urjit Patel for his "suggestion to explore this theme for a speech", in a show of unity from an institution typically known for its restraint. Government officials have recently called for the RBI to relax its lending restrictions on some banks, and New Delhi has also been trying to trim the RBI's regulatory powers by setting up a new regulator for the country's payments system.

Acharya said more needed to be done to ensure effective independence for the central bank in its regulatory and supervisory powers. "The risks of undermining the central bank's independence are potentially catastrophic," said Acharya, adding that rash moves could trigger a "crisis of confidence in capital markets that are tapped by governments and others in the economy." —Reuters

Iraq to halt Kirkuk oil exports to Iran

BAGHDAD: Iraq will stop trucking crude from its northern Kirkuk oilfield to Iran in November to comply with sanctions imposed on its neighbor by the United States, five sources familiar with Iraqi oil export operations said on Friday. Kirkuk is one of the biggest and oldest oilfields in the Middle East. Last year Iraq began to ship crude from Kirkuk to Iran for use in its refineries, and Iran agreed to deliver the same amount of oil to Iraq's southern ports. Currently, Iraq is exporting less than 30,000

barrels per day (bpd) to Iran via truck, the sources told Reuters. "Kirkuk oil trucking to Iran will be halted in November in line with the American sanctions against Iran. (State oil marketer) SOMO plans to sell 30,000 bpd from a small oilfield near Mosul as of November as an alternative. SOMO issued the tender on Thursday," one source said.

President Donald Trump's decision to withdraw the United States from a 2015 international nuclear accord with Tehran in May and reimpose sanctions has put Iraqi Prime Minister Adel Abdul Mahdi's incoming government in a difficult position as the country's economy is closely intertwined with neighboring Iran. —Reuters