

Business

UK banks say business investment slowing further ahead of Brexit

Bank execs say work with business customers has declined

LONDON: Britain's major banks have seen a growing number of business customers delay decisions on investments and borrowing in recent weeks, as the probability of a disorderly exit from the European Union inches higher. Britain's banks have largely played up the resilience of businesses since the June 2016 referendum decision to leave the EU, but senior executives speaking to Reuters say that in recent weeks they have seen a dip in firms' activity levels.

The country's largest lenders - Royal Bank of Scotland (RBS), Lloyds, Barclays, HSBC, and the UK arm of Spain's Santander - are all set to publish half-year results in the coming weeks, with investors watching for any signs of strain. Bankers responsible for tens of billions of pounds in business debt told Reuters that activity among corporate customers had fallen in recent months, as the two candidates to be Britain's next prime minister have both said they are ready to take the country out of the EU without a withdrawal deal.

"The world has changed a bit," one bank executive who asked not to be named told Reuters. "There is a slowdown across the commercial piece. It started off with people holding off investment, now they're just not transacting."

An executive at a second bank said more big corporates were delaying investment decisions, with the conversion rate of the bank's potential new commercial business pipeline falling from 70 percent to 50 percent in recent months, although lending to smaller firms was holding up. The executives said they were preparing for a potentially disorderly Brexit, including refining 'early warning' systems to identify struggling clients and spot possible weak links in their supply chains. Frontrunner to be the next prime minister, Boris Johnson, has committed to Britain leaving the EU by the Oct. 31 deadline with or without a deal, concerning firms that want to see an orderly departure to avoid disruption to cross-border trade.

RBS, HSBC and Barclays have all previously taken multi-million pound provisions against potential future loan losses if the economy dips. The Bank of England has said lenders are resilient enough to cope with a no-deal Brexit. Banks are also braced for an expected spike in costs for meeting claims for mis-sold insurance known as PPI, which has already cost more than 35 billion pounds (\$44 billion), ahead of an August deadline for claims.

Britain's economy grew more than expected in May, according to official statistics published last week, but economists warned the outlook remained weak.

Small businesses in Britain are planning the least investment in two years, a survey by the Federation of Small Businesses found this month.

Getting on with it

One bank executive said communication efforts with business customers about potential Brexit disruption had been stepped back up after a lull following the extension of the original departure date from March 29. This lender was trying to offer clients products to help, such as extending supplier financing and currency hedging, but said take up had been slow.

Britain's state-backed RBS has committed 5 billion pounds of its 6 billion pound small business growth fund - partly designed to help businesses out with Brexit - although only a small proportion of this has been drawn down, a source familiar with the situation said. RBS has contacted 15,000 businesses to assess their potential exposures, mapping risks



LONDON: HSBC's building in Canary Wharf is seen behind a City of London sign outside Billingsgate Market in London. — Reuters

across supply chains from big retailers like Sainsbury's and Tesco through to farmers and putting in extra credit lines where necessary. — Reuters

Gulf Bank announces winners of Al-Danah weekly draw

KUWAIT: Gulf Bank held its weekly draw on 14th July 2019 announcing the names of the winners for the week of 7th until 11th July 2019. The weekly draw consists of five winners who receive KD 1,000 each, every week.

The winners this week are:

- Mohsen Abdulkareem Edrees Al-Mansour
- Mohammad Abd Alnabi Hasan Al-Sarraf
- Naif Khamees Lafi Al-Enizi
- Lubna Hussain Ibrahim Al-Saffar
- Bader Khaled Bader Alomar - minor

Gulf Bank's third Al-Danah quarterly draw for the prize of KD 500,000 will be held on 25 September 2019. The final Al-Danah draw for KD 1,000,000, will be held on 16 January 2020, where the Al-Danah millionaire will be announced at a live event. Gulf Bank encourages customers to increase their chances of winning with Al-Danah by depositing more into their Gulf Bank accounts using the new ePay (Self-Pay) service, which is available on Gulf Bank's online and mobile banking services.

AUB congratulates winners of Al-Hassad weekly draw

KUWAIT: Ahli United Bank announced on the 10th of July 2019 the winners of its weekly draw of Al-Hassad Islamic account which is the very first draw account in Islamic banking in Kuwait that has reshaped the lives of thousands lucky winners. Al-Hassad has have over 850 prizes, over a 12 month period. The weekly draw announced the grand prize winner of KD 10,000 as Azizah Nasser Abdullah.

20 other winners won prizes of KD 1,000 and are as follows: Ali Naser Al-Attar, Hothamah Hasan Ali, Hani Nabeel Mohammad, Badriya Mattar Hassan, Jameelah Mubarak Al-Daihani, Laila Ghloom Abbas, Ibrahim Ismaeil Al-Sayyar, AlGhala Awadh Al-Barak, Fazal Rehman Abdul Manan, Eman Mohamed Salam, Saad Mohammad Al-Azmi, Shaikhah Abdulaziz Al-Muzaini, Sanad Hamed Al-Sanad, Meshal Hammad Al-Kafeef, Mustafa Ebrahim Ali, Abdul Redha Khalaf Ebrahim, Mariam A Karim Makki, Rashid AbdulRahman Mandi, Salah Yousif and Sabah A Hussain Hassan.

Citigroup profit beats estimates

NEW YORK: Citigroup Inc beat analysts' estimates for quarterly profit yesterday, as a tight lid on costs and strength in consumer lending helped the third-largest US bank counter weakness in its trading business. New York-based Citi is the first major bank to report second-quarter earnings. Wall Street titans JPMorgan Chase & Co, Bank of America Corp and Goldman Sachs Group Inc are scheduled to report later in the week.

Bank stocks have been falling in recent weeks amid concerns that their net interest margins, or the difference between what they pay on deposits and earn on loans, have been squeezed by falling interest rates. Citi's interest margin declined slightly to 2.67 percent from 2.70 percent a year earlier and 2.72 percent in the first quarter of 2019.

Citi shares were down 2.3 percent in early trading. Other banks were also trading lower.

Citi continued to add loans and deposits in the most recent quarter, allaying concerns that a weaker economic outlook was hurting consumers' ability to borrow. Total loans at the third-largest US bank by assets rose 3 percent to \$689 billion, while deposits increased 5 percent to \$1.05 trillion, excluding foreign exchange fluctuations. Trading revenue

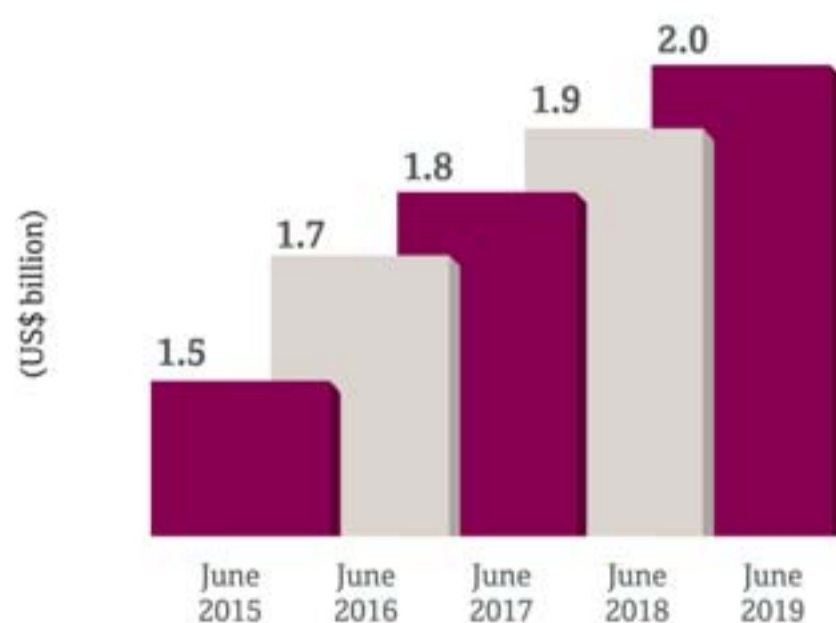
remained challenged. Fixed-income trading fell 4 percent, excluding a gain from Citi's investment in Tradeweb, while it declined 9 percent at its equities business.

Executives at leading US banks had warned that trading revenue would be hit by a slump in client activity due to burgeoning trade tensions and uncertainties around Britain's planned exit from the European Union. "We navigated an uncertain environment successfully by executing our strategy, and by showing disciplined expense, credit and risk management," Chief Executive Officer Michael Corbat said in a statement. A key was that the bank was able to make more money from its lending activities during the quarter. Net interest income rose 2 percent. Net income rose to \$4.80 billion, or \$1.95 per share, in the second quarter, from \$4.50 billion, or \$1.63 per share, a year earlier. The quarter included a one-time gain of 12 cents per share related to the investment in electronic trading company TradeWeb.

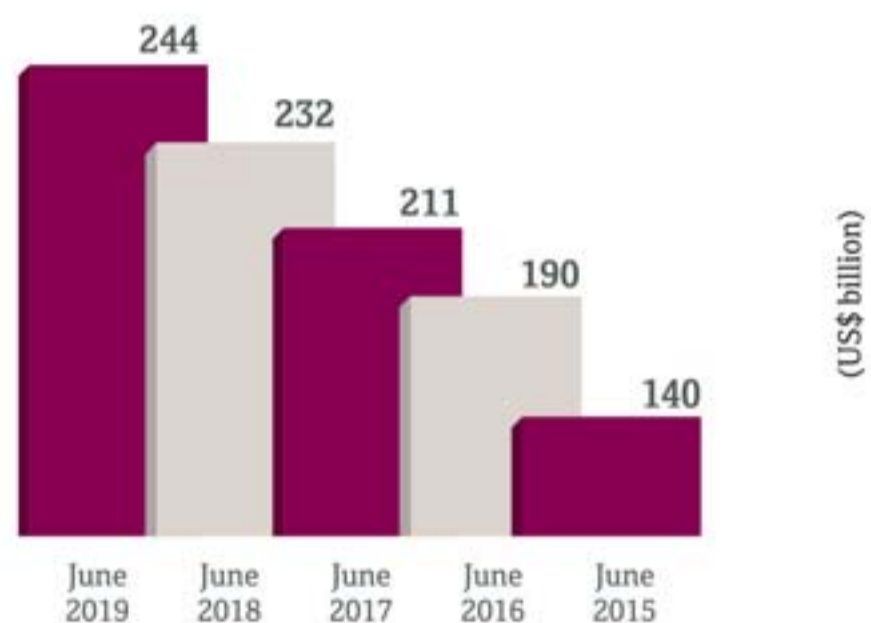
Revenue rose 2 percent to \$18.76 billion, while expenses fell 2 percent. Analysts had expected a profit of \$1.80 per share and revenue of \$18.50 billion, according to IBES data from Refinitiv. One of the broadest measures of performance improved dramatically as Citi posted a return on tangible common equity of 11.9 percent, up more than a percentage point from a year earlier. Banks have been under pressure to cut costs as a weaker economic outlook raised concerns about revenue growth. Chief Financial Officer Mark Mason said earlier this year the bank has already accelerated some cost-cutting plans to cope with potential headwinds. — Reuters

QNB Group, the largest financial institution in the MEA region, continues to deliver strong results for the first half of 2019

Net Profit US\$2.0 billion, up by 4% on June 2018



Total Assets US\$244 billion, up by 5% on June 2018



QNB Group delivers strong financial results for the six months period ended 30 June 2019.

- QNB Group, the largest financial institution in the MEA region, is currently present in more than 31 countries across three continents
- QNB Group is supported by 30,000 staff serving more than 24 million customers through 1,100 locations and 4,400 ATMs
- QNB Group credit rating is one of the highest among top tier banks: Capital Intelligence AA-, Fitch A+, Moody's Aa3, Standard & Poor's A

Call +974 4425 2444 or visit qnb.com