

Kuwait Times BUSINESS

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ATHENS: People line up to withdraw money at a national bank branch in Athens. Greek banks reopened after a three-week shutdown imposed to stop mass cash withdrawals crashing the financial system, but citizens woke up to widespread price hikes as part of a cash-for-reform deal with the country's creditors. — AFP

GREECE STARTS REPAYING ECB, IMF LOANS

BANKS REOPEN, FIRST REPAYMENTS START

ATHENS: Greece reopened its banks and started the process of paying off billions of euros owed to international creditors yesterday in the first signs of a return to normal after a deal to agree a new package of bailout reforms. Customers were queued up outside bank branches open for the first time in three weeks on Monday after they were closed to save the system from collapsing under a flood of withdrawals. Increases in value added tax agreed under the bailout terms also took effect, with VAT on food and public transport jumping to 23 percent from 13 percent. The stock market remained closed until further notice.

The bank closures were the most visible sign of the crisis that took Greece to the brink of leaving the euro earlier this month, potentially undermining the foundations of the single European currency. Their reopening followed Prime Minister Alexis Tsipras' reluctant acceptance of a tough package of bailout demands from European partners, but a revolt in the ruling Syriza party now threatens the stability of his

government and officials say new elections may be held as early as September or October.

"Things are better than the last few weeks. Thank God we didn't end up with the drachma!" said 62-year-old pensioner Maria Papadopoulou. "I came to pay bills and my taxes today. Last week I couldn't and all of this is very tiring for the older people like me." Limits on withdrawals will remain, however-at 420 euros per week instead of 60 euros per day previously-and payments and wire transfers abroad will still not be possible, a situation German Chancellor Angela Merkel said on Sunday was "not a normal life" and warranted swift negotiations on a new bailout, expected to be worth up to 86 billion euros.

"Capital controls and restrictions on withdrawals will remain in place but we are entering a new stage which we all hope will be one of normality," said Louka Katseli, head of the Greek bank association. Greeks will be able to deposit cheques but not cash, pay bills as well as have access to safety deposit boxes and withdraw

money without an ATM card. Bankers said there may be minor disruptions after the extended interruption to services but said they expected services to resume largely as normal.

"I don't expect major problems, our network and the network of our competitors are ready to serve our clients," said a senior official at Piraeus Bank, one of the big four lenders. "There might be lines because many people will want to withdraw money from their deposit boxes," the official said. Athens initiated procedures to pay 4.2 billion euros in principal and interest to the European Central Bank due yesterday after European authorities agreed last week to provide emergency funding assistance. It is also paying 2.05 billion euros to the International Monetary Fund in arrears since June 30, when Greece became the first advanced economy to default on a loan to the IMF, along with 500 million euros owed to the Bank of Greece.

Vote tomorrow

Tsipras is eyeing a fresh start and swift talks on

the bailout aimed at keeping Greece afloat but faces hurdles with factions in his party. Although the Greek parliament approved the bailout package on Thursday, the 40-year-old prime minister was forced to rely on votes from the opposition after 39 rebels from Syriza refused to back the government by voting against or abstaining. A second vote will be held tomorrow on measures including justice and banking reforms and a similar outcome is expected. The voting arithmetic is finely poised, however. Together with his coalition partners from the right-wing Independent Greeks party Tsipras has 162 seats in the 300-seat parliament. But Thursday's rebellion cut his support to just 123 votes, meaning he is likely to need opposition votes again.

Some officials in the government have suggested that if support from lawmakers from within the coalition dropped below 120 votes, early snap elections would have to be called while the bailout was still being negotiated. Their argument is that under Greek law, the lowest number

of votes a government can have to win a confidence motion is 120 out of 240, the minimum quorum in parliament for a vote to be valid. Dropping below 120 would be a symbolic blow but whether it would actually push Tsipras to step down is unclear given that he would have the support of the pro-European opposition parties if a confidence vote were called.

"What worries me is that some people still think that there would be no austerity if we were out of the euro. This argument is absolutely false," State Minister Nikos Pappas, one of Tsipras' closest aides told the leftist Efimerida Ton Syntakton newspaper. Acceptance of the bailout terms and reopening of the banks have marked a new stage for Tsipras after months of difficult talks. The bailout terms, which are tougher than those rejected in a referendum earlier in July, include tax hikes, pension cuts, strict curbs on public spending, an overhaul of collective bargaining rules and a transfer of 50 billion euros of state assets into a special privatization fund. — Reuters

BURGAN BANK GROUP REPORTS NET INCOME OF KD37.4 MILLION

OPERATING INCOME GREW BY 10.4% TO REACH KD144.1 MILLION

KUWAIT: Burgan Bank Group yesterday announced its first half results for the financial year 2015. Burgan Bank Group reported net income of KD37.4 million for the first half of the year reflecting a 12.3 % growth from the same period in 2014. Compared to the same period last year, Burgan Bank Group continues to register consistent growth with operating income up to reach KD 144.1 million from in KD130.5 million in 2014 while Operating Profits before provisions reached KD 80.2 million from KD 72.8 million in 2014 reflecting a growth of 10.2%. On annualized basis, Loans and advances grew by 5.7% to KD4.5 billion while customer deposits grew by 7.4% to KD4.9 billion.

Asset quality remains stable and on comfortable levels, the Non-Performing Assets (net of collateral) to gross facilities ratio stands at 1.7% and coverage (net of collateral) stands at 259%. Majed Essa Al Ajeel, Chairman of Burgan Bank Group said: "Once again, we have managed to grow smartly amid pressures of global markets and the geopolitical scene and amid unchanging conditions. Our focus on operational performance and prudent approach at optimizing the group's operations have proven the success of our model."



Majed Essa Al Ajeel, Chairman of Burgan Bank Group

"Our performance do not only highlight our consistent growth over the last 5 years in harsh conditions for the Banking industry locally, regional and globally, but also highlights the solidity of our growth structure. We have managed to build an adaptable risk-savvy model, resilient to slowdowns, shakeups, and threats," added Al Ajeel. "Our diversi-

fication strategy continues to pay off through a balanced approach to diversifying our revenue streams and to steadily grow our international operations which now contribute to 55.5% of the group's revenue making Burgan Bank the most diversified in Kuwait. We have confidence in our strategy and we are definitely heading in the right path," Al Ajeel said.

"On behalf of the board, I take this opportunity to thank our customers and shareholders for their continued confidence, loyalty, and support. I would also like to thank our executive management team for their leadership and the excellent execution of the corporate strategy, and to our staff for their continued support and commitment," concluded Al Ajeel. The consolidated financials encompass the results of the Group's operations in Kuwait, and its share from its regional subsidiaries, namely Jordan Kuwait Bank, Burgan Bank - Turkey, Gulf Bank Algeria, Bank of Baghdad, Tunis International Bank, in which Burgan Bank owns a majority stake in. Burgan Bank Group has one of the largest regional branch networks with more than 235 branches across Kuwait, Turkey, Jordan, Algeria, Iraq, Tunis, Lebanon and Palestine.

WHITE HOUSE OFFICIAL OBSTFELD NAMED IMF'S CHIEF ECONOMIST

WASHINGTON: The International Monetary Fund named Maurice Obstfeld, one of US President Barack Obama's top economic advisers, as its new chief economist yesterday. Obstfeld, a professor at the University of California, Berkeley, will replace outgoing IMF economist Olivier Blanchard. "His outstanding academic credentials and extensive international experience make him exceptionally well-placed to provide intellectual leadership to the IMF at this important juncture," said the Fund's managing director, Christine Lagarde, in a statement.

"He is known around the globe for his work on international economics and is considered one of the most influential macroeconomists in the world." Obstfeld, 63, has been on leave from Berkeley since mid-2014 to serve on the White House Council of Economic Advisers. He will start at the Washington-based IMF on September 8, where a key task will be helping with the Fund's huge, troubled rescue programs for Greece and Ukraine, and more broadly, keeping a close eye on the slowdown in the global economy.

Meanwhile, the International Monetary Fund said yesterday that

Greece was no longer in default on its loans after remitting about two billion euros (\$2.2 billion) to make up for missed debt payments. "I can confirm that Greece today repaid the totality of its arrears to the IMF... Greece is therefore no longer in arrears to the IMF," said spokesman Gerry Rice in a statement. Greece's ongoing IMF support program was frozen on June 30 when the country, in the middle of tense negotiations with European Union creditors on more funding, failed to make a key payment on outstanding loans from the Fund.

It missed a second payment on July 13 as the negotiations for bridge funding ahead of a huge third bailout program for the cash-strapped nation were being finalized. The repayments were finally made possible by a short-term loan of 7.16 billion euros granted by the European Union on Friday. The government also needs to make a 4.2 billion euro payment to the European Central Bank yesterday. Rice said that now that Athens is no longer in arrears, the IMF "stands ready to continue assisting Greece in its efforts to return to financial stability and growth." — Agencies