

Qatar: Financial sector holds up



QATAR

By Amjad Hussain

The governor of the Qatar Central Bank (QCB) recently stated that the global dip in oil prices has not had an adverse impact on the financial services sector in Qatar. Instead, the sector grew by around 5% in the second half of 2014 and the growth in Islamic banking was seen as a key contributor to this.

There has also been an increase in lending to the private sector, which has protected the banking sector from potential uncertainty around major projects. Though, given the amount of infrastructure development that is required to meet the commitments for the FIFA World Cup 2022 and Qatar National Vision 2030, it is unlikely that there will be any significant decline in government projects for Islamic banks to participate in. The optimism expressed by the QCB governor is shared by Qatar National Bank, which predicted growth rates for the bank of 7% this year, 7.5% for 2016 and 7.9% for 2017.



growing investment flows between Qatar and the UK.

Islamic banks have started to report their 2014 results and there seems to be some cheer in the marketplace. Of particular note is that QInvest has reported significant growth in its revenue, which increased by a remarkable 134% to QAR299 million (US\$82.04 million) last year. Its debt capital markets business continued to generate global mandates and completed Sukuk transactions with a total value of US\$3.5 billion, acting for government and non-government participants.

Barwa Bank has been active internationally too. It has been mandated by Emirates Airline for a possible Sukuk issuance rumored to be in the US\$1 billion range and has participated in the US\$150 million loan for International Bank of Azerbaijan.

Finally, it is understood that Qatar International Islamic Bank is also seeking shareholder approval to raise up to US\$825 million to boost its capital in compliance with Basel III. The extra capital will also help to fund future growth and expansion plans for the bank.☺

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Qatar Islamic Bank has announced that shareholder approval has been obtained for a plan to raise up to US\$1.37 billion through a series of Sukuk; up to US\$550 million of which would be aimed at enhancing its Basel III Tier I capital requirements. This is expected to stimulate the local Sukuk market, which has been rather passive in recent months. Also, more recently, QIB's UK subsidiary has opened its new offices in the affluent Mayfair district of London. The aim of this branch is to attract more high-net-worth clients and to help support the