

## To merge or not to merge?



**QATAR**

By Amjad Hussain

**We have now entered into the summer months, where activity in Qatar, including in the banking sector, usually slows down. However, despite this relatively quiet period, there have been some significant announcements that were made and developments that have occurred over recent weeks that should be monitored closely.**

A positive announcement that was made recently was that the Qatar Stock Exchange Index recorded an increase of 5.52% as at the end of June 2018 to reach 9,024 points compared with 8,620 at the beginning of the year. As a result, the Qatar Stock Exchange ranked second in terms of GCC market index performance, after Tadawul which increased by 15.51%. This announcement will surely increase market confidence in the Qatar Stock Exchange and its listed securities.

However, perhaps the most important development that occurred in recent weeks relates to the landmark merger in the banking sector, which has been on the cards for the past 18 months. Initially, on the 14<sup>th</sup> June, Masraf Al Rayan, Barwa Bank and International Bank of Qatar announced that negotiations on the

proposed merger between the three banks have now ended on the grounds that the three banks could not reach an agreement to complete the transaction. Accordingly, the three banks shall continue their business as usual in line with their individual business plans. However, only days later, Barwa Bank and International Bank of Qatar announced that they are in advanced talks to merge after discussions for a three-way merger with another bank collapsed. While there are no further developments at this stage, this proposed bilateral merger is one to keep a close eye on.

QIIB announced that Fitch Ratings has upgraded its outlook to stable and affirmed its long-term issuer default rating at 'A', which underlines the strength of the Qatari economy, of which the bank is part of, and on which the bank has based its various strategic operations and plans. Similarly, Qatar Islamic Bank announced that Fitch has upgraded its outlook to stable.

Masraf Al Rayan announced that it has appointed Paul McMillan as the new COO of its subsidiary in the UK. In its announcement, Masraf Al Rayan said that McMillan brings over two decades of financial services experience to his new post. During his impressive career,

McMillan has worked for some of the best-known brands in banking, including RBS and Ulster Bank.

Qatar National Bank announced that it recently signed an MoU with Carnegie Mellon University in Qatar (CMU-Q), for cooperation in the field of training, education and community work. The partnership was signed by QNB Group CEO Ali Al-Kuwari and Michael Trick, the dean of CMU-Q. It will include a wide range of fields, but in particular will focus on the utilization of any appropriate executive education programs offered by CMU-Q for QNB employees, cooperation in providing scholarships and internships for CMU-Q students and encourage CMU-Q students to engage in volunteer work during QNB's activities for community service in Qatar.

The recent announcements provide a positive and promising outlook for activity in the banking sector over the next few months. One has to continue to monitor ongoing developments, particularly in relation to the proposed bilateral merger and whether or not that merger will come to fruition. ☺

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