

## Qatar: The positive outlook continues



**QATAR**

By Amjad Hussain

**As part of the Qatar Stock Exchange (QSE)'s commitment to creating effective communication channels and improving the ongoing communication between listed companies and the investor community, the Qatar Financial Markets Authority (QFMA) has approved a set of minimum requirements for investor relation practices (IR Rules) that will become part of the QSE's Rulebook.**

The purpose of the IR Rules is to introduce a set of mandatory requirements under which each company listed on the main market of the QSE will be required to appoint an investor relations officer, create and maintain a dedicated investor relations section on its website and hold at least one investor call conference, as well as submit an annual report to the QSE on the company's compliance with the IR Rules and requirements. The QSE issued a circular to all listed companies explaining the various aspects of these requirements and it will also hold a workshop for listed companies during the first quarter of this year to answer any queries raised by listed companies.

Qatar Islamic Bank (QIB), Qatar's largest Shariah compliant lender by assets, reported a 19% rise in net profit for the fourth quarter of 2018 (Q4 2018), according to calculations by Reuters, narrowly beating analysts' forecasts.

QIB made a net profit of QAR750 million (US\$205.7 million) during the three months to the 31<sup>st</sup> December 2018, compared with QAR630.2 million (US\$172.84 million) in the same period of 2017.

Non-resident deposits within Qatari banks witnessed a robust 21.75% year-on-year expansion to QAR164.26 billion (US\$45.05 billion) in Q4 2018, indicating the strong confidence among international investors in the local economy amidst the continuing geopolitical situation. However, total deposits were on the downside due to the decline in public and private sector deposits, Qatar Central Bank data for Q4 2018 suggests.

Qatar's banking industry appears optimistic about the new public-private partnership (PPP) program introduced in the education sector. The PPP initiative, the first of its kind in the social infrastructure of the country, aims to encourage the private sector to participate in the construction of 45 public schools at an estimated capital expenditure of more than QAR4 billion (US\$1.1 billion) in the next five years. The guaranteed payment and the government's shouldering of demand risk are seen by the lending community as particularly attractive. It is understood that the funding from the banks is expected to be on lenient terms given the importance of these projects to the State.

The Commercial Bank of Qatar (CBQ) is looking to jumpstart 2019 by issuing

around AU\$200–250 million (US\$142.51–178.14 million) 'kangaroo' bonds in the coming months, according to the group's CEO, Joseph Abraham. Abraham also gave a positive outlook for Qatar in 2019, citing several indicators like GDP growth, budget surplus, rising global demand for liquefied natural gas and continued investments in Qatar, among others. The CBQ Group recorded a QAR1.66 billion (US\$455.28 million) net profit in 2018, a 175.5% increase compared with 2017. The group's operating profit was QAR2.3 billion (US\$630.81 million), up by 5.9%, while its cost-to-income ratio was 33.4%, reduced from 37.5%.

Deutsche Bank won a commitment for new investment from Qatar as the troubled German lender moves toward a potential merger with Commerzbank. The investment is likely to be made through the Qatar Investment Authority, the country's sovereign wealth fund. Last year, Qatar said its projected investments of EUR10 billion (US\$11.33 billion) in the German economy over the next five years would be its largest single investment in the country to date.

We see some solid steps being taken in the last month to support the Qatar banking sector. This will support the gradual growth of the Islamic finance market. ☺

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