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Special Report



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QATAR'S ECONOMY SETS SIGHTS ON NEW HORIZONS

A successful FIFA World Cup helped put Qatar squarely in the centre of the world stage. Now, with the tournament behind it, the country is moving forward with the next stage of its incredible economic journey

“Our successful hosting of the [World Cup] changed the international perception of Qatar as an ultra-modern and dynamic country with a diverse and fast-growing economy”

— Ahmed I. Hashem, acting group CEO, Dukhan Bank

There has been a great deal of focus on the World Cup as an end goal for Qatar. But hosting the tournament was just one of many milestones marking the country’s physical and institutional transformation. “It was not that Qatar built up the country so it could host the World Cup,” says Akber Khan, acting CEO at Al Rayan Investment. “Qatar built up the country and it also hosted a World Cup.”

When FIFA chose Qatar to host the competition back in 2010, the population had doubled in a relatively short space of time and the country’s infrastructure was lagging. What Qatar managed over the subsequent 12 years was to complete a building programme that reflects not only the country it has become, but the country it wants to be.

Hundreds of kilometres of highways, rail, metro and tram lines were laid. Air and sea ports were built that are now the envy of the world. Qatar’s population and business community enjoys modern real estate and cutting edge telecoms infrastructure.

Foreign direct investment has played a huge role in helping generate growth and diversification. Bassel Gamal, CEO

of Qatar Islamic Bank (QIB), points to data showing 70% annual growth in FDI from 2019 to 2022. “In 2022 alone, Qatar attracted \$29.7bn in FDI, generating new jobs across diverse sectors such as technology, business services and finance,” he says. “Qatar has strategically positioned itself as an appealing global investment hub through well executed policies and a favourable business environment.”

The World Cup proved a stellar demonstration of how well Qatar’s infrastructure — from stadiums to social spaces — caters to mega-events. “Our successful hosting of the event changed the international perception of Qatar as an ultra-modern and dynamic country with a diverse and fast-growing economy,” says Ahmed I. Hashem, acting group CEO of Dukhan Bank.

Maintaining this momentum, the authorities have built an impressive pipeline of future sporting competitions. This includes the Asian Football Confederation Cup and F1 Grand Prix in 2023, the World Swimming Championship Doha in 2024, the FIBA Basketball World Cup in 2027 and the Doha Asian Games in 2030.

Reflecting the country’s success in becoming a go-to host for such events, Qatar’s sports sector is projected to make \$26bn by 2025.

Sport is far from the only category of event drawn to the country’s world class capacity for spectacle. The World Horticulture Cultural Expo and the Geneva Motor Show will both take place in Doha this year.

A BRIGHT FUTURE

A future filled with attendees and participants of global competitions and events is a boon for Qatar’s already soaring construction and property industries. “Real estate is clearly a booming sector — not only in terms of residential property, but also, given the rise of the tourism sector, in hotels, resorts and entertainment destinations,” says Al-Subeai. Tourism numbers are showing strong signs of recovering back to pre-pandemic levels.

In the residential sector, the authorities have implemented a series of reforms of foreign investment and property ownership regulations. These progressive legislative changes have opened the door for foreign investors



to own properties in newly designated areas including The Pearl, West Bay Lagoon and Al Khor.

Trade is another area where Qatar has already established primacy and is set to reap the benefits. It is home to one of the world's leading international carriers — Qatar Airways — and container volumes are soaring across its key ports.

Earlier this year, Hamad Port hit 8 million containers handled since its inception in 2016. Hamad ranked 8th in the world and 3rd in the Middle East region on the Container Port Performance Index for 2022.

“The local logistics market is forecast to outpace all competitors in the Gulf Cooperation Council region between 2020 and 2026, ranking in the top quintile globally and second in the Middle East,” says Sheikh Fahad Bin Mohammad Bin Jabor Al Thani, chairman of Doha Bank.

The fact that Qatar's robust economic growth has been driven in large part by non-hydrocarbon sectors — not least construction and trade — is an important sign of evolution. This economic diversification has further contributed to Qatar's resilience and attractiveness to investors.

But Qatar also recognises the need to diversify its economy further. The country already offers businesses and investors world class physical infrastructure. Virtually the entire nation has 5G connectivity and one of the two local mobile operators was deemed to have the fastest mobile network in 2022.

One analogy likens Qatar to a house

that has been prepared to welcome visitors from all over the world. “You have your house ready for a huge party and everything is exactly how you want it to be,” says Khan at Al Rayan Investment. “The party was extraordinary. But now you want to continue to attract people, and that is an evolving proposition.”

OPENING UP OWNERSHIP

Attracting businesses, investment and talent may require a different skill-set from one focused on construction projects, but it is a skill-set that Qatar's government has been judiciously cultivating over the last few years.

In addition to minimal taxes, the authorities have worked to create a robust and reliable investment framework that caters to every sector from transport and technology to energy and education.

Part of this involves allowing greater foreign participation across the economy. Firms are already responding to the government allowing full international ownership. Logistics firm GWC announced in July that it had become one of the first companies in Qatar to raise its foreign ownership limit to 100%. The Qatar Central Bank (QCB) now allows listed Qatari lenders to accept up to 100% foreign investment, and major firms including Commercial Bank have availed themselves of this option.

Large scale projects that were once the exclusive purview of the Qatari state are also being made available to foreign capital. “Private-Public Partnerships and divestitures of state-owned assets are increasingly common, en-

abling private sector involvement in major projects,” says Ahmed I. Hashem at Dukhan Bank. He points out that Hamad International Airport was built and is operated through a partnership with the private sector.

PPPs are also helping transform Qatar's education sector — a strategic priority for the government, which has created strong investment incentives. Local firms are helping build schools and universities across the country.

The start of the 2022-2023 academic year saw the opening of schools built by Barwa Real Estate Group under the first phase of the government's Qatar Schools PPP Programme. Internationally renowned universities — including Georgetown and Cornell — have campuses in Doha.

The authorities have been vocal about their desire to create a knowledge economy, which by definition requires a high level of education and skills. Qatar expects an influx of highly skilled expatriates targeting growing sectors like technology, manufacturing and services.

In a similar vein, the government has put real effort into advancing technology and innovation. Qatar's Investment Promotion Agency has played a pivotal role in promoting the country's investment potential. “IPA Qatar has actively engaged with renowned companies, forging partnerships with industry leaders such as Microsoft and Google on the technology side,” says Gamal at QIB. “Qatar has also committed itself to smart technology with the TASMU programme, and to leadership in

“Qatar has strategically positioned itself as an appealing global investment hub through well executed policies and a favourable business environment”

—Bassel Gamal, CEO of Qatar Islamic Bank

Qatar Formula One Grand Prix, Lusail; Hamad International Airport becomes an Orchard with curated, sustainable and Green Concourse; A Synchro-lift at Umm Alhoul Freezone; and Al Bidda Park where Dohar Expo 23 will host the first international horticultural exhibition in the Middle East and North Africa



The atrium in the student center at Georgetown University Qatar

“The local logistics market is forecast to outpace all competitors in the Gulf Cooperation Council region between 2020 and 2026”

—Sheikh Fahad Bin Mohammad Bin Jabor Al Thani, chairman of Doha Bank

innovation through initiatives such as the Qatar Science & Technology Park.” These collaborations have not only strengthened Qatar’s global economic ties but positioned it as a prime destination for foreign investment.

INSTITUTIONAL IMPROVEMENTS

Qatar has a proven history of attracting global firms, but in the past its primary appeal was energy supply and available land.

A partnership with Norwegian firm Yara more than 50 years ago has resulted in one of the world’s leading fertiliser exporters — Qatar Fertiliser Company (Qafco). The draw of abundant gas reserves has enticed Japanese petrochemical firms and European aluminium makers to set up major operations.

To sustain its economic journey, Qatar has sought to provide a comprehensive package that appeals on more fronts than simply power supply.

Heavy industry and petrochemical operators have made Qatar their home, but the country wants to attract tech firms and light manufacturing too. And it is working.

French company Gaussin is one of many examples. It has partnered with a Qatari company to create the country’s first electric vehicle assembly plant, in the Umm Alhoul Free Zone. “This is an example of a company that could have set up pretty

much anywhere in the world,” says Khan. But Gaussin chose Qatar.

There is no doubt the government recognises the need for continuous improvement. One such area is in the process of setting up companies — the permits, approvals and interactions with different government departments.

“Qatar needs to continue to enhance the regulatory environment, the frameworks and improve the ease of doing business,” says Khan. “There’s work to be done in a number of those areas to reach the country’s ambitions.”

Much of the registration process has already been digitised and the process brought on to an app. The launch of Qatar’s Investment Portal, a digital platform aimed at introducing foreign investors to business opportunities and facilitating expansion in Qatar, has further streamlined the investment process.

Last but by no means least, Qatar has a well developed and well regulated banking sector, able to help support the government’s economic development efforts. “In line with the Qatar National Vision 2030 and the country’s desire for industrial diversification, the Qatari banking sector plays a key role in supporting privatisation in semi-government areas such as energy, transportation, infrastructure, healthcare, education and telecommunications,” says Ahmed I. Hashem at Dukhan Bank.

The authorities are dedicated to fostering diversity and innovation in the financial sector. A perfect example is Qatar’s Fintech Strategy 2023, unveiled by the central bank earlier this

year. This is designed to boost financial inclusion and make the country a global leader in digital and financial innovation. By 2027, the strategy is intended to have tripled the number of licensed fintech companies and generated a twentyfold rise in the number of fintech jobs in the country.

“It also aspires to elevate Qatar as an appealing hub for foreign direct investment and expertise, all while laying the foundation for a knowledge-driven economy,” says Gamal at QIB.

Qatar’s economic transformation has been rapid and remarkable, but in some sense the journey is a never-ending one. Qatar is not developing in isolation, and there is a strong element of competition between regional neighbours trying to attract the same pools of knowledge and human and financial capital. Where Qatar stands out from potential rivals is its commitment to constant improvement.

“Every successful investor must take both short and long term views to achieve their most ambitious goals and fulfil their potential,” says Sheikh Fahad Bin Mohammad Bin Jabor Al Thani at Doha Bank. “In a world where change has never been faster, every business and investor needs a like-minded partner to achieve that.”

Combining award-winning infrastructure, a young and highly educated talent pool, a supportive business environment, world class healthcare and an unparalleled lifestyle in one of the safest countries globally, Qatar is the partner of choice in the Middle East. ●

The National Vision

The National Vision addresses five major challenges facing Qatar:

- Modernisation and preservation of traditions
- The needs of the current generation and of future generations
- Managed growth and uncontrolled expansion
- The size and quality of the expatriate labour force and the selected path of development
- Economic growth, social development, and environmental management

QNB GROUP

Following the successful World Cup, how is Qatar moving forward with the next phase of its development and what are the priorities?

The successful preparation and organisation of the 2022 FIFA World Cup — the largest event ever hosted in the region — led to strong economic growth. The momentum associated with the event contributed to an 8% year-on-year GDP growth for Qatar in Q4 2022, the strongest performance in more than a decade. Importantly, Qatar's non-energy sector was particularly buoyed, with close to 10% growth during the same period.

The event further consolidated the country's position as a regional and international hub for business, investments, commerce, tourism and culture. This accelerated the execution of the Qatar National Vision 2030 and assisted in the transition towards a knowledge-based economy. Private sector growth will be boosted by continuing structural reforms — including ownership liberalisation — the promotion of foreign direct investment, labour reforms, the permanent residency program and initiatives to support SMEs. Increasing self-sufficiency in strategic sectors, such as food security, will also provide support.

Qatar's energy industry is a huge growth driver of growth. What will be the main trends in that sector?

Tailwinds from increasing hydrocarbon production will help drive economic growth over the next decade. Six new LNG liquefaction trains are planned to increase Qatar's LNG production by 64% to 126 million tonnes per annum under the flagship North Field Expansion (NFE) project. This should maintain Qatar's leading position within this strategic segment for global energy security and the energy transition. The NFE is one of the largest capital expenditure projects regionally and industrial projects globally. The project will include an equivalent expansion of Qatar's refining, downstream, petrochemical and fertiliser capacity.

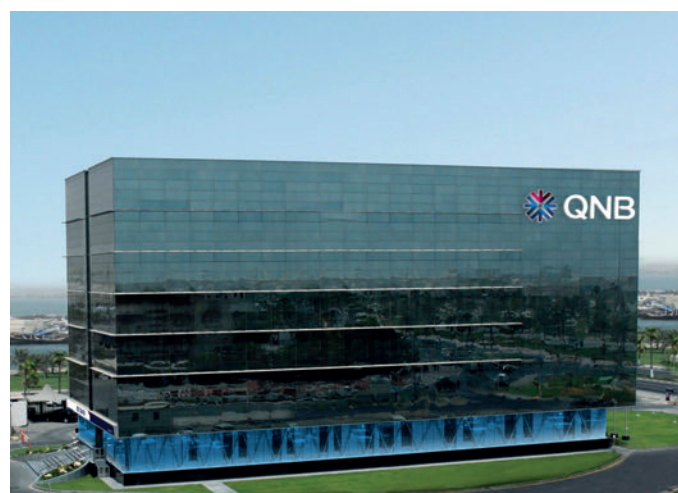
Positive spillovers from these projects will combine with diversification efforts and structural reforms to boost economic activity and spending in the broader manufacturing and services sectors. We see continued economic expansion in 2023 and 2024, before the NFE will further accelerate GDP growth from 2025 and beyond.

How can the banking sector best support the next stage of Qatar's economic journey?

The multi-billion dollar NFE is a major opportunity for banks as financial partners to support large scale infrastructure development in the coming years. The banking sector can mainly support the NFE through credit facilitation in two areas: credit to contractors working on project development and execution as well as funding of projects in adjacent downstream petrochemical industries and sectors. The first contribution can range from the financing of LNG mega-trains to wells, pipelines, LNG storage tanks and new LNG tankers. The downstream and petrochemical-related contribution could include support for new plants for liquefied petroleum gas, helium plants as well as other related petrochemical projects.

The economy will also benefit from the spillover effects of the LNG expansion on a wider scale through the inflow of a new qualified labour force to Qatar. Banks can support this evolution through the provision of all typical banking services around payments and transactions, financing, saving, investing and bancassurance services in the retail banking space.

Last but not least, the execution of Vision 2030 and the transition towards a knowledge-based economy will drive economic activity and spending in the broader manufacturing and services sectors. Banks are well positioned to support this private sector growth and engagement. They can act as a one stop shop through their various financing services and transaction banking services, such as trade finance and cash management,



payments, merchant banking and e-commerce-related services.

How strong is the banking sector in the face of rising inflation and interest rates?

There has been a significant tightening of monetary conditions since March last year, when the US started to raise interest rates. But overall credit demand in Qatar tends not to be significantly impacted by rate increases, given the dominance of government-related capital expenditure projects as well as other autonomous investments from the private sector. We expect that the capex associated with the NFE and its ancillary projects will drive credit demand over the medium term.

Liquidity conditions in Qatar and the region are also impacted by oil prices, which are still providing large fiscal account surpluses that can be directed into the local banking system. The banking sector remains resilient and healthy. We see significant growth, ample liquidity, adequate levels of capitalisation, high asset quality and robust profitability. Total assets grew by 4.2% in 2022, driven mainly by strong private sector activity. During the same period, growth in domestic loans and deposits was also healthy and stable at 4.4% and 2.6%, respectively. Banks remain well capitalised, with a capital adequacy ratio of 18%, well above Basel III guidelines. Asset quality also remains strong with non-performing loans at 2.4%. Overall sector profitability is solid, with return-on-equity at 14.7%. ●

“ The multi-billion dollar North Field Expansion is a major opportunity for banks ”

AHMED I. HASHEM, ACTING GROUP CHIEF EXECUTIVE OFFICER, DUKHAN BANK

“The banking sector plays a crucial role in facilitating state entity privatisation by providing financing, advisory services, market access, and risk management.”

Following the successful World Cup, how is Qatar moving forward with the next phase of its development and what are the priorities?

After the successful World Cup, Qatar is diligently pursuing its National Vision 2030 through a multifaceted approach focused on a number of priorities. These include diversifying its economy through investing in infrastructure and sustainability projects, expanding its tourism sector, enhancing sports and cultural initiatives. The World Cup served as a catalyst for these efforts, helping Qatar transition into a more diversified and globally connected economy.

Qatar can distinguish itself in a competitive regional landscape through a multi-pronged approach. Firstly, its commitment to diversifying the economy beyond oil and gas, focusing on sectors such as finance, technology, and tourism, will bolster its resilience and appeal to investors. Second, fostering innovation and becoming a regional tech hub can attract talent and businesses. Third, a continued emphasis on education and research, exemplified by institutions like Qatar Foundation, can create a knowledge-based economy.

How best can the banking sector support the next stage of Qatar’s economic journey?

The banking sector can support Qatar’s economic journey by providing access to capital for diversification, facilitating foreign investment, and supporting infrastructure projects. For example, Dukhan Bank, a key player in Qatar’s banking sector, supports the country’s economic journey by offering tailored financial solutions for businesses and individuals, financing infrastructure and oil and gas expansion projects, and adhering to responsible banking practices that contribute to economic stability and growth.

What is the role for the banking sector in helping attract foreign investment and assist with privatisation efforts?

With the active support of the government, the financial industry plays a key role in realising major projects in property, energy, infrastructure, transport, telecommunications and many other sectors. As a bank, our contribution is to develop relationships that serve the evolving needs of business, from corporate lending and project finance to treasury services. On the

retail side, the rise of AI and data analytics will create a more sophisticated personal banking sector. For investors, industries such as renewable energy, healthcare, technology, and infrastructure development typically stand out as attractive sectors for foreign investment due to their potential for growth, innovation, and long-term sustainability.

The banking sector plays a crucial role in facilitating state entity privatisation by providing financing, advisory services, market access, and risk management. Qatar has made significant progress in privatisation, with notable examples like the privatisation of telecommunications giant Ooredoo, and the listing of various state-owned companies on the Qatar Stock Exchange. These efforts align with Qatar’s economic diversification strategy, attracting private investment and boosting economic growth.

How strong is the banking sector in the face of rising inflation and interest rates?

The resilience of the banking sector amid rising inflation and interest rates differs by country and bank. As long as the financial sector continues to meet the evolving needs of the citizens, residents and the business community, then the economy can build from a strong base. How effectively banks can adjust interest rates to counteract purchasing power erosion determines the impact of inflation. In essence, the banking sector’s strength in this situation hinges on factors such as risk management, asset quality, and the broader economic conditions.

What is your bank’s strategy for growth and development for the coming years?

Dukhan Bank is continuing to focus on its ongoing digital transformation program, which has encouraged a new world of innovative, multi-channel banking products and next-generation smart services. This year, our listing on the Qatar Stock Exchange has been the latest milestone in the Bank’s progress. Our objectives now are to attract a broader base of international investors, raise our profile on the global stage, and build on the exciting digital transformation that has begun.

Can you outline the highlights of the bank’s financial performance over the last year?

In the face of challenging market condi-



tions, our 2022 financial performance yielded remarkable results. Total income rose by 10% to reach QAR 4.5bn, and our net profits experienced a solid 5% growth to reach QAR 1.25bn. Furthermore, our total assets expanded to QAR 106bn, with total equity showing a commendable 3% increase, now standing at QAR 12.5bn. In terms of industry accolades, we proudly secured the title of “World’s Best Islamic Private Bank” for the second consecutive year at the Global Finance Awards.

What are priorities for digitalisation across the bank’s products and overall operations?

The bank’s top priorities for digitalisation include enhancing customer experience through user-friendly digital interfaces. For example, our virtual assistant, named ‘Rashid,’ efficiently addresses customer inquiries on all of the bank’s online channels. We’re also prioritising robust cybersecurity measures, streamlining internal operations for efficiency gains, and developing innovative digital products and services to meet evolving customer needs and preferences.

Sustainability and ESG are becoming ever more important for the banking industry. How is your bank addressing these issues?

At our bank, we are fully committed to sustainability Environmental, Social, and Governance principles. We have set clear ESG targets, implemented rigorous reporting and transparency measures, and actively developed sustainable financial products. Our aim is to align our banking practices with the global drive towards a more sustainable and responsible financial industry. Bank financing opportunities in Qatar are abundant across various sustainable energy sectors. Banks can provide capital for solar and wind energy projects, supporting the country’s transition to cleaner sources. Green hydrogen production, with its potential for export, also presents investment opportunities. ●

JOSEPH ABRAHAM, CHIEF EXECUTIVE OFFICER, COMMERCIAL BANK

How can lenders like Commercial Bank support the next stage of Qatar's economic journey?

Supporting the next stage of Qatar's economic journey is a priority for Commercial Bank, and we believe that the banking sector can play a pivotal role. We aim to provide tailored financial solutions that enable both local and international investors to participate in Qatar's economic development. This includes offering competitive lending terms, structured finance solutions, and investment advisory services to help businesses thrive and expand. We empower SMEs — which are vital drivers of economic diversification and job creation - by providing access to capital, financial advice, and specialised banking solutions. Commercial Bank's efficient and convenient digital platforms allow businesses and individuals to conduct financial transactions seamlessly. We aim to be a catalyst for economic growth, innovation, and prosperity in Qatar.

What is your bank's strategy for growth and development for the coming years?

Our approach is tailored to address both short-term challenges in 2023 and longer-term objectives. Building sustainable revenue streams not solely reliant on lending activities is one key pillar. This includes fees from various financial services and products that expand our revenue base. This diversification allows the bank to reduce risk and enhance its financial stability. Increasing low-cost deposits is another key pillar. Commercial Bank has achieved remarkable success in this regard through market-leading transaction banking initiatives and the popularity of its digital products. These initiatives contribute to a stable and cost-effective funding base. I would also mention our guiding principles — the 5Cs of Commercial Bank are Client Centricity, Creativity, Collaboration, Compliance and Corporate Earnings. We adhere to the 5Cs as the guiding principles for our actions and decisions. This framework ensures that the bank maintains a customer-centric approach and stays aligned with its core values.

What are some of the highlights from the

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bank's financial performance over the last year?

Commercial Bank achieved a consolidated net profit of QAR1.5bn for H1 2023 - an 8.5% increase on the same period in 2022. This growth in profitability is a testament to our ability to generate sustainable earnings. A significant contributor to our improved financial performance has been the growth in operating income. This expansion demonstrates our capacity to generate revenue through a diverse range of banking activities. Our ability to recover assets and mitigate potential losses has also played a pivotal role in enhancing our bottom-line performance. This highlights our prudent risk management practices. Commercial Bank has leveraged its strategic partnerships and investments in associates to contribute positively to our overall performance. These results not only highlight the bank's resilience but also showcase our ongoing commitment to operational excellence in alignment with Qatar's strong macroeconomic fundamentals.

What are the priorities for digitalization across the bank's products and overall operations?

In today's rapidly evolving financial landscape, banks that fail to innovate and adapt risk losing ground to more agile competitors. Recognising this, Commercial Bank has made digital transformation a central pillar of its five-year strategic plan. Over recent years, we have made substantial investments to reshape our revenue and cost structures, enhance the customer experience, and leverage digital innovation in both client-facing and operational aspects of our business. Our approach is geared towards delivering client-centric solutions through mobile engagement, innovative digital products and enabling self-service and on-demand services:

As part of these efforts, we have introduced cutting-edge solutions like Samsung Wallet and Apple Pay, which offer fast, secure, and convenient payment options for everyday transactions. In the competitive payments space, where fintech companies are making significant inroads, our aim is to simplify payment processes for consumers. Our solutions

blend advanced technology with a deep understanding of customer needs, ensuring a superior banking experience for every service.

We also pioneered with Lulu Group the first cashier-less check out system in Qatar and the Middle East powered by Commercial Bank payment systems. Our innovation has been recognized by multiple awards the latest being "The Top Innovation in Mobile Banking" award in the World by Global Finance, "The Most Innovative Bank" award in the Middle East by World Finance, and "The Best Corporate Mobile Banking App" award in the Middle East by Global Finance, and the "Best Customer Service Initiative" award in Qatar by International Finance.

Sustainability and ESG are becoming ever more important for the banking industry. How is your bank addressing these issues?

Commercial Bank is deeply committed to sustainability and ESG considerations, both as an integral part of our corporate strategy and as a reflection of our responsibility to our stakeholders. We have identified key sustainability topics that are highly relevant to our business and our commitment to a sustainable future. In line with Qatar's National Environment and Climate Change Strategy, we are intensifying our efforts to reduce our carbon footprint. Our goal is to achieve a 25% reduction in greenhouse gas emissions associated with our own operations by 2030 compared to 2021 levels. Furthermore, our commitment to ESG is reflected in our approach to lending and social and governance aspects. As an example, we are one of the few banks in the Middle East with a deferred bonus arrangements for senior executives which is a component of good governance. As part of our lending and investment activities, we have implemented a comprehensive methodology to identify and measure ESG risks associated with our customers. This demonstrates our dedication to responsible lending practices and aligns with our broader sustainability goals. ●



“We have identified key sustainability topics that are highly relevant to our business and our commitment to a sustainable future”

QATAR STRIVES TO LEAD ON SUSTAINABILITY



For a country with Qatar’s incredible fossil fuel resources, the move towards decarbonisation is a substantial challenge. But its leaders have acknowledged the importance of placing renewable power and sustainable economic growth at the forefront of the country’s strategy

“The portfolio of Qatari banks is expected to accommodate ESG projects in line with the country’s objectives”

—Sheikh Fahad Bin Mohammad Bin Jabor Al Thani

Qatar famously has the world’s third largest gas reserves, which have provided plentiful, cheap electricity and served as a major driver of economic growth.

The hydrocarbon sector contributed an average 38% of real GDP between 2019 and 2021, according to S&P Global Ratings. This fell only slightly in 2022, when hosting the football World Cup increased the contribution from other sectors.

Looking to the future, the country’s abundant gas fields will continue to help finance Qatar’s transformation and provide an important source of activity for domestic banks.

The flagship North Field Expansion (NFE) project — one of the largest industrial projects in the world — will bring six new gas liquefaction trains, boosting production by over 60%. This will help maintain Qatar’s dominance in the liquefied natural gas market, ensuring the country is protected from inflationary pressures being felt elsewhere in the region.

There will be attendant benefits for

industries that rely on LNG, including Qatar’s world-beating petrochemical and fertiliser firms. For the banks, there will be ample opportunity to help finance sub-contractors and downstream operators.

Natural gas is also an important base fuel that can help drive the global energy transition and there is much Qatar can do to reduce LNG emissions. Sheikh Fahad Bin Mohammad Bin Jabor Al Thani, chairman of Doha Bank, notes that Qatar’s Vision 2030 aims to have the country assume a leading international role in assessing the impact of climate change and how to improve mitigation.

Although Qatar will continue to develop its natural gas sources, Vision 2030 also highlights the importance of energy efficiency. The country’s energy sustainability strategy includes a variety of targets to improve performance across the LNG sector and boost renewable energy capacity. In total, Qatar aims to reduce the carbon intensity of its LNG operations by around 30%.

CAPTURING VALUE AND EMISSIONS

The authorities are already hard at work making this vision a reality. Earlier this year, French firm Technip Energies was awarded the engineering, procurement, and construction contract for the North Field South project. This will include two new LNG mega-trains with a combined capacity of 16 million tonnes per annum, but the project also includes a large CO₂ carbon capture and sequestration (CCS) facility. Technip estimates that the CCS system will capture 1.5 million tonnes of carbon each year — reducing emissions by 25%. The firm has a similar contract for the North Field East project.

Recognising the huge potential for combining LNG production with CCS, Qatar’s government is working hard to support and develop carbon capture technology. The first ever MENA region Capture Capital Utilisation and Storage (CCUS) forum took place in Qatar in May this year, and the authorities are investing heavily to meet a target of capturing 11 million

The Al Kharsaah solar plant project

© Photos courtesy of Reuters

BASSEL GAMAL, GROUP CHIEF EXECUTIVE OFFICER, QIB

Following the successful World Cup, what are the priorities for the next phase of Qatar's development?

Following the 2022 World Cup, we are experiencing a transformative 2023. Slower credit growth is signalling a shift from rapid non-oil sector expansion, which was driven by extensive infrastructure investments tied to the event. The remarkable infrastructure built for the World Cup will find a new purpose, boosting the economy through international events. The tourism and hospitality sectors, along with upcoming events like the Asian Football Cup and Formula 1 Qatar Grand Prix, will enhance global attention.

While a temporary population decline is expected due to departing blue collar workers, skilled expatriates will drive sectors like technology and manufacturing. Sustainability is a core focus, with carbon footprint reduction and investments in education and research. As Qatar embarks on this crucial phase, its strategic vision, modern infrastructure and dynamic economy promise enduring growth and global influence, building upon the World Cup legacy.

How has the banking sector managed rising inflation and interest rates?

Qatar's banking sector remains robust amid global inflation and rising interest rates, boosted by the country's strong economy and the North Field expansion. This expansion involves funding sub-contractors and supporting downstream industry development, which are promising opportunities for banks. Qatar's favourable liquefied natural gas market position shields it from high inflation, resulting in a lower consumer price inflation rate compared with the Arab world and Gulf Cooperation Council region. Self-sufficiency in dairy and vegetables helps counter imported inflation.

Limited credit growth driven by government repayments will intensify competition among banks to maintain low interest rates. Yet the retail banking sector shows promise, driven by new residential policies. Qatar's banking sector remains resilient and poised to seize emerging opportunities for sustained economic growth.

What is your bank's strategy for growth and development for the coming years?

Qatar Islamic Bank has devised a comprehensive growth and development strategy for the coming years, with customers at the centre. Our approach involves the strategic evolution of our business model, exploration of novel revenue streams and the seamless integration of environmental, social and governance principles into our operations. QIB recently formulated a sustainability strategy aligned with the aspirations of Qatar National Vision 2030, the sustainability criteria set forth by the Qatar Stock Exchange, and the United Nations Sustainable Development Goals. These guiding frameworks steer our future endeavours, emphasising sustainability in our financing activities, support for local communities and pioneering initiatives to mitigate our environmental footprint.

QIB's dedication to Qatar's long term vision includes rigorous ESG assessments for all business finance requests, leading to substantial investments in areas such as green buildings, pollution prevention, education, healthcare and small and medium-sized enterprise support. Furthermore, QIB actively engages in initiatives aimed at facilitating Qatar's transition towards renewable energy and decarbonisation, underscoring our commitment to environmental stewardship. Concurrently, our pursuit of digitalisation serves a dual purpose, promoting financial inclusion while enhancing resource efficiency, thereby contributing to both the nation's development goals and environmental sustainability.

What are some of the key highlights from QIB's financial performance over the last year?

QIB achieved strong financial results in 2022, with a record-breaking net profit of QR4bn (\$1.1bn) and total income of nearly QR9bn. Over the past five years, QIB has demonstrated substantial growth, with a 63% increase in net profit and a 30% surge in total assets. The bank achieved a return on equity in 2022 of 18.2%, a return on assets of 2.1% and an efficiency ratio of 17.4%, making it Qatar's best-performing bank. QIB's strategic

investments in technology and digital banking have also improved revenue growth and efficiency. The bank maintained sound financial stability with a capital ratio of 19.9% and exemplary asset impairment management, remaining the largest Islamic and private bank in Qatar.

Speaking of digitalisation, can you expand on the bank's investments on that front?

Since 2018, QIB has undergone a comprehensive digital transformation, resulting in increased sales and revenue, while shifting branch transactions to digital channels. In 2022, there was a 20% increase in retail mobile app users and a 48% rise in app-based transactions. Branch transactions have decreased by 44% since early 2020, and digital channels now contribute to almost 60% of the total sales volume for key retail products. On the corporate side, digital channels account for 94% of transfers and 60% of digital check clearing. QIB's digital solutions offer 24/7 banking, a user-friendly interface and instant service fulfilment.

This focus on innovation and customer experience has made QIB the most customer-centric and efficient bank in Qatar. The firm leverages advanced technologies like optical character recognition, artificial intelligence and data science, setting new standards in digital banking in Qatar. Going forward, we will continue our investment in digitalisation, with a greater focus on strategic partnerships with fintech and other innovative players.

Earlier this year, the Qatar Central Bank unveiled the Qatar FinTech Strategy 2023, in line with the Qatar National Vision 2030 objective of fostering diversification and innovation in the financial sector. In this context, the Qatari banking sector is actively reshaping its services and operations to maintain competitiveness amid the ever-evolving technological landscape. ●



“The remarkable infrastructure built for the World Cup will find a new purpose”

“Qatar Central Bank's Fintech Strategy 2023 fuels Qatari banks' drive for competitiveness”



Gord Insitute research and development Technohub; Qatar Energy CEO and Qatar's State Minister at the inauguration event of the Al Kharsaah solar plant project



tonnes of CO₂ each year by 2035.

Key technology incubators include the Gulf Organisation for Research & Development (GORD) Institute based in the Qatar Science and Technology Park. Focussed on using scientific research to improve sustainability, the institute's research projects include reducing CO₂ emissions in the built environment and — in collaboration with University College London — CCUS systems for gas-fired combined heat and power schemes. Visitors to the science park during the carbon capture forum were treated to demonstrations of the latest innovations from global leaders including Shell, ExxonMobil and General Electric.

"CCS is being used to reduce emissions from the country's operations in the already cleaner-burning natural gas sector, while green building initiatives promote sustainable building practices and environmentally friendly construction," says Ahmed I. Hashem, acting group CEO of Dukhan Bank. "All of these areas offer excellent prospects to potential investors."

Qatar has multiple attributes that make it suitable for carbon capture. The country's geology and underground gas deposits are ideal for storing CO₂. Its large scale, concentrated

LNG infrastructure, meanwhile, is optimal for CCUS hubs.

Major industrial centres like Ras Laffan have large manufacturing operations that could also benefit from carbon capture. QatarEnergy has signed a memorandum of understanding with GE to develop a carbon capture roadmap for the country's energy sector. This includes exploring the development of a "world scale" carbon hub at Ras Laffan.

SUN AND WIND

The ambition and intent do not end there. As part of Qatar's commitments to the Paris Agreement and its own Vision 2030 goals, the authorities have set a target to bring renewables up to 20% of its total electricity generation capacity by 2030.

"Qatar has made significant progress in recent years in advancing renewable energy and energy efficiency initiatives," says Joseph Abraham, group CEO of Commercial Bank of Qatar. "This strategic commitment aligns with the nation's goals to diversify its energy sources, reduce its carbon footprint and contribute to global sustainability efforts."

The government itself has set an example, by widely installing solar panels on ministry buildings and establishing the Qatar Environment and Energy Research Institute to explore renewable energy and environmental responsibility.

One important entity dedicated to building out renewables is Siraj Energy, formed through a joint venture between QatarEnergy and Qatar Electricity & Water (QEWC).

Last year, QatarEnergy agreed to buy the remaining 49% stake in Siraj from QEWC as part of its 4C Climate Framework, which will significantly reduce the carbon intensity of its upstream operations and LNG facilities by 2030.

Given its location, Qatar's solar potential is enormous and this is reflected in the scale of the projects. Late last year, the country inaugurated its first large solar power installation — the 1,000 hectare Al Kharsaah plant, developed by a consortium that includes Siraj and TotalEnergies.

Two million solar modules spread over an area the size of 1,400 football fields have the potential to generate 800MW — enough to cover 10% of the country's peak demand. TotalEnergies estimates that over the plant's lifetime it will reduce the country's CO₂ emissions by 26 million tonnes.

Several other major projects are already under way. QatarEnergy Renewables Solutions has picked Samsung C&T as the contractor for its industrial cities solar power project IC Solar.

This will see two more large scale solar photovoltaic plants built at the Mesaieed Ras Laffan Industrial cities. The authorities hope these will come online in late 2024, taking the country's total renewable generation capacity up to 1.675GW.

That will have to increase much more if the country is to meet its goal of 5GW of solar power by 2035, but BMI analysts expect solar generation capacity to increase rapidly, at an

Selected aspects of QatarEnergy's Sustainability Strategy

- Methane intensity reduction to 0.2% by 2025
- Carbon intensity reduction of 15%-25% from upstream and 25%-35% from LNG facilities by 2030
- Zero routine flaring by 2030
- Addition of 2GW to 4GW of renewable energy by 2030
- Deployment of carbon capture and sequestration technology to capture over 11 million tonnes per annum of CO₂ by 2035

Source: International Energy Agency

SHEIKH FAHAD BIN MOHAMMAD BIN JABOR AL THANI, CHAIRMAN, DOHA BANK

Following the successful World Cup, how is Qatar moving forward with the next phase of its development and what are the priorities?

The success of the FIFA World Cup has raised Qatar's profile as a destination for tourism and foreign direct investment and highlighted its potential as a host for international events. The country invested more than \$200bn in infrastructure for the World Cup, which is now expected to result in positive economic multiplier effects. The increase in FDI is a crucial component of economic diversification.

In addition, the North Field Expansion to increase liquefied natural gas production will provide financial resources to diversify the economic fabric of Qatar. The legacy of advancements in transport — in particular improvements in the aviation sector — and in innovation, sustainability, digitisation and utility infrastructure will bring a major boost for the country's long term competitiveness and international standing.

How strong is the banking sector in the face of rising inflation and interest rates?

The International Monetary Fund's review in May 2023 indicated that the Qatar Central Bank had maintained price and financial stability. Furthermore, the IMF indicates that Qatar's monetary policy has been broadly tightened, following the similar moves from the US Federal Reserve. This is consistent with Qatar's currency peg to the US dollar. Monetary policy transmission has also been strengthened through more effective liquidity management.

The country's banks remain well capitalised, have sufficient liquidity and are very profitable. The non-performing loans ratio has edged up amid monetary policy tightening. On the other hand, sound regulation that includes relatively high provisioning for NPLs helps mitigate any risk.

How best can banks support the next stage of Qatar's economic journey?

The expansion of Qatar's North Field project is expected to be a key driver of the economy. This provides an opportunity for banks to support infrastructure development. As analysts and commentators have noted, major project investments are likely to have

beneficial multiplier effects for the economy and the banking system. These come through the positive knock-on effects that project investments have in other areas of the economy like the consumer sector. Also, the Qatar National Vision 2030 presents significant opportunities for banks. Recently, Qatari banks have populated their books with environmental, social and governance-related projects. The proportion of such projects on banks' loan books is expected to rise, given the project priorities of the country.

What is your bank's strategy for growth and development for the coming years?

Doha Bank has set a clear vision and mission. The bank's focus remains on achieving its objectives through a well versed strategy, which encompasses eight strategic guiding principles. These principles help us to focus on growth and development in key business segments, such as customer experience enhancement, prudent risk management, revenue enhancement and cost optimisation opportunities.

Could you outline the highlights of the bank's financial performance?

Doha Bank has a well established banking franchise with strong brand value, a diversified shareholder base, strong capital and liquidity management, healthy diversification of income and asset portfolio, digitisation focus, global footprint and a continued commitment to ESG.

Net profit for the first half of 2023 reached QAR 392m. This is after taking additional provisions for the first half of the year to support the bank's financial position. In the first six months of 2023 net fee and commission income was up 7% on the same period in 2022. Our net loans and advances reached QAR 55.8bn in the first half of 2023, which was helped by a 2.2% year-on-year increase in lending to the private sector. Doha Bank's customer deposits stood at QAR 44.1bn. Other highlights include a QAR 1bn year-on-year rise in securities investments and an impressive average return on shareholders' equity of 5.8%.

What are some of the key operational areas where the bank is planning to increase investment?

Considering the rapid evolution of the

technological landscape, automation, digitisation and innovation are at the heart of Doha Bank's strategy. Doha Bank will continue embracing emerging trends and technologies to build world class, customer-centric solutions. Our ongoing investment in technology — with a priority focus on digitisation across all banking channels — will further enhance the customer experience across all products and services.

Sustainability and ESG are becoming ever more important for the banking industry. How is your bank addressing these issues?

Doha Bank considers ESG and sustainability as a key component of its strategy. The bank has made exemplary progress in sustainability since we published our first corporate social responsibility report and launched our first green accounts in 2009. We offer a variety of green products including mortgages and car loans. Our engagement with ESG disclosure and various reporting frameworks including GRI and UNGC-COP has seen Doha Bank included in the FTSE4Good Index Series.

Most recently, in May this year Doha Bank published its inaugural Sustainable Finance Framework. This allows for the issuance of green, social and sustainability financing instruments. The proceeds raised will be dedicated to (re)financing eligible green and social assets.

We focus on collaboration to heighten our contribution to improving local and regional financial sectors. Our approach includes responsible lending to the commercial banking sector, sustainable products and a focus on energy efficiency, among other objectives. In the medium and long term, Doha Bank will ensure a culture of transformational growth and continuous improvement, with sustainability remaining at the top of our agenda in pursuing the four pillars of the Qatar National Vision 2030, by building a responsible business as well as helping Qatar to prosper. ●



“Doha Bank considers ESG and sustainability as a key component of its strategy”

“CCS is being used to reduce emissions from the country’s operations in the already cleaner-burning natural gas sector”

—Ahmed I. Hashem, acting group CEO of Dukhan Bank

average of over 16% each year between 2022 and 2032.

Qatar’s wind power potential may not match that of its solar endowment. But the authorities have recognised a resource of major value. The Asia Wind Energy Association highlights the particular promise for projects along the Qatar-Bahrain Causeway. “Although wind energy has less potential than solar in Qatar, technological advances and falling costs have led to the development of offshore wind energy projects,” says Ahmed I. Hashem at Dukhan Bank.

HOLISTIC APPROACH

Sustainability is about far more than simply building renewable energy capacity, and Qatar’s efforts are placing the country at the cutting edge of sustainability on multiple fronts.

It boasts the Middle East’s largest waste management facility — the Domestic Solid Waste Management Centre in Mesaieed — which generates 50MW of electricity and helps produce organic fertilisers.

Ooredoo Qatar has partnered with Ericsson to install the firm’s Smart Connected Site Solution across its telecom operations. This allows Ooredoo sites to use lithium ion batteries, dramatically reducing reliance on diesel generators and the grid.

Qatar’s desert environment brings sunlight for solar, but also challenges when it comes to water.

ConocoPhillips operates a Global Water Sustainability Center in Doha’s Science and Technology Park, developing water-related technologies and promoting conservation awareness. Qatar’s colossal desalination plants are becoming increasingly environmentally friendly through more efficient chemical processes and lower energy use.

“Qatar’s sustainability initiatives extend beyond energy to encompass water conservation, waste management and green transportation,” says Abraham at Commercial Bank. “These efforts contribute to a holistic approach to sustainability and resource management.”

BANKS ON BOARD

Sustainability has been a priority for the nation’s banks for years now, providing investors, business and entrepreneurs with expertise across the environmental, social and governance spectrum. “As one of the main funding engines in the country, the banking system appears to be well placed to help facilitate the growth of new economic activity, including sustainability-linked projects,” says Benjamin Young, director at S&P Global Ratings.

The landscape of green loan products available from major lenders continues to grow. “Commercial Bank offers green loan products designed to finance environmentally responsible initiatives,” says Abraham. “These loans are directed toward projects that promote energy efficiency, renewable energy, water conservation, waste management and other sustainable practices.”

Dukhan Bank’s suite of green lending products includes electric vehicle financing — appropriate for a country that now hosts international EV manufacturing operations.

Lenders are also financing eco-friendly real estate projects and sustainable infrastructure. Qatar has introduced green building standards and certifications to promote sustainable construction practices. The Qatar Sustainability Assessment System encourages the design and construction of environmentally friendly buildings. This type of involvement reflects a broader global shift toward environmentally responsible finance and Qatar’s own sustainability objectives.

In the capital markets, Qatari banks have already become issuers of green bonds and more are putting issuance plans in place. In May 2023, Doha Bank published its inaugural Sustainable Finance Framework, which allows for the issuance of green, social and sustainability financing instruments. “The portfolio of Qatari banks is expected to accommodate ESG projects in line with the country’s objectives,” says Sheikh Fahad Bin



Mohammad Bin Jabor Al Thani.

Part of adopting an ESG mindset involves banks improving their own internal operations. Many lenders have been working diligently to track and lower their emissions across key areas including fuel, water and waste usage. Doha Bank’s annual sustainability reports show that over the last five years it has managed to steadily reduce carbon dioxide-equivalent emissions. “The bank has embraced the principles outlined in the Qatar National Vision 2030,” says its chairman. “In its operations, the bank not only reviews the emissions, but also investigates the retail and wholesale loans of customers and their impact on climate change.”

Dukhan Bank’s community initiatives have included a partnership with the Al Meera supermarket chain to reduce the use of plastic bags. In 2022, the bank announced a new ESG strategy that includes a commitment to achieving a net zero carbon footprint by 2035.



“Not only will this help protect the planet, but it is good business, since customers and investors increasingly choose banks that recognise the importance of sustainability and ESG principles,” says Hashem.

All this serves to illustrate the significant strides Qatar has made in

advancing renewable energy and energy efficiency initiatives, and positioning itself as a regional leader in sustainability. These efforts not only contribute to Qatar’s environmental goals but enhance its energy security, economic resilience and global reputation among investors as a responsible partner. ●

“The banking system appears to be well placed to help facilitate the growth of new economic activity, including sustainability-linked projects”

—Benjamin Young, director at S&P Global Ratings

The Education City Tram — a pioneering transport system that brings a new form of sustainable travel to Qatar

Innovative services for every customer.

We keep providing you with a seamless banking experience designed for all your financial needs.

The more we innovate, the better we will assist our customers. With digital solutions that simplify the lives of individuals and businesses, we can meet everyone’s expectations. At QIB, we deliver services people can bank on at all times.



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