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# Doha Bank is optimistic on Qatar macro fundamentals

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**D**oha Bank - which is slated to see a modest 5% credit expansion this year, below the industry average of 8% - has sounded optimistic on Qatar's macro fundamentals, as its chief executive thinks oil price may touch \$50 a barrel in six months and then stabilise at \$60 within a year.

The bank's credit expansion will rather be driven by wholesale lending than the retail, which is set to see rationalisation due to lower influx of bankable population, R Seetharaman, Doha Bank's group chief executive, said.

"If the economy is going to grow between 3% and 4%, maximum our

growth could be 6% to 7% but I am moderating it further to 5% as more credit rationing will take place in the current phase," he said.

It will be the wholesale side that will drive the credit growth, he said, indicating the possibility of more lending to contract, trading and real estate segments, in line with the expected faster growth in Qatar's non-hydrocarbons sector.

Asserting that the country's banking industry is expected to see credit growth of 5% to 8%, Seetharaman, however, said Doha Bank is interested in asset optimisation than the maximisation of balance sheet.

Sounding not that optimistic on the retail side, he said the retail side is more of rationalisation and there is no new influx of bankable population; its only blue collars that are coming in.

"You can issue payroll cards but not optimise revenues," he added.

Exuding confidence in Qatar's economy, he said the key strengths of the country include its strong fundamentals, financial stability, resilient banking system, maturing financial markets and concerted vision and governance. Moreover, oil prices are set to recover due to various reasons.

Seetharaman said the lack of modernisation and refineries backup as well as a "too strong" dollar, which is likely to get moderated again, may balance the oil market. "With all these, I foresee \$50 a barrel in the next six months' time and definitely getting stable at \$60 in one year's time," he said, adding "it's not going to be gloom and doom."

Doha Bank - which now has 51 units including 30 branches, 10 electronic branches and 11 pay offices - is ex-

pected to see consolidation amalgamation and relocations of branches, he said, adding the total number of units would however remain intact even after reorganisation.

The banking business model is getting redefined, so its more of optimisation this year, he said, stressing that relocation of assets would take place because "capital is rationing and liquidity is tight."

On Doha Bank's strategy to diversify revenues, especially fee-based incomes, Seetharaman said it would look at factoring or bill discounting, corporate finance and trade finance.

Asked about Doha Bank's non-performing loans, he said its provision coverage was more than 109% and with risk reserves it was 178% and stressed that "we will work on recovery" although it is a daunting task.



Seetharaman: Oil to stabilise at \$60 within a year.