ROBUST GAINS | Page 3

QIB profit jumps 6.9% to QR3.27bn in nine months

Thursday, October 17, 2024
Rabia II 14, 1446 AH

GULF TIMES
BUSINESS

REVENUE FOCUS: Page 2

Lesha Bank posts net profit of QR96.6mn in nine months

Commercial Bank's nine-month net profit scales up 2.8% to QR2,341.2mn

Commercial Bank Group posted a net profit of QR2,341.2mn on a restated basis in the nine months of this year, which ended on September 30.

This represents an increase of 2.8% on a restated basis and down by 1% on reported basis from September 2023, Commercial Bank said yesterday.

The overall growth in reported profitability was driven mainly by lower operating cost, lower net provisions and improved performance from Commercial Bank's associates.

"The result highlights the steady progress made on our path of growth and innovation," Commercial Bank said.

Commercial Bank Group Chairman Sheikh Abdulla bin Ali bin Jabor al-Thani said, "Throughout the first nine months of 2024, Commercial Bank continued to execute its strategic plan, achieving a positive net profit growth. Further, the bank has made good progress towards its sustainability efforts, which is core to Commercial Bank's strategy in line with the Qatar National Vision 2030 and the National Environment and Climate Change Strategy.

"Last month MSCI upgraded Commercial Bank's ESG rating from 'BBB' to 'A' and we continue to enhance our ESG practices across the Bank in accordance with best international standards. We remain committed to a resilient and sustainable financial future."

Commercial Bank Group Vice-Chairman Hussain Alfardan said, "Commercial Bank has shown steady progress in the first nine months of 2024, supported by Qatar's economic momentum and our focus on operational efficiency. Our disciplined cost management has maintained our cost-to-income ratio to acceptable levels, and growth across key segments reflects our commitment to meeting customer needs. The recent issuance of our inaugural Green Bond, raising CHF225mn underscores our dedication to sustainable finance and to driving impactful green projects in Qatar."

Group Chief Executive Officer Joseph Abraham commented, "Commercial Bank delivered a resilient performance in the first nine months of 2024, aligning with our strategic objectives and demonstrating positive financial results. We recorded a consolidated net profit of QR2,341.2mn, a 2.8% increase year-on-year, driven by lower operating costs, lower net provisions, and improved associate performance.

"Despite a decline in net interest income due to higher market funding costs, our core fee income grew by 10%, reflecting strengthened focus on transaction banking, cards, and wealth management. We continue to optimise our balance sheet, evidenced by a 2.2% increase in total assets.

"Additionally, our strategic capital market issuances, including a successful issuance of CHF225mn Green Bond, underscore investor confidence in our financial health and commitment to sustainable growth. Our capital position remains robust with Common Equity Tier 1 ratio at 13.0% and Capital Adequacy Ratio at 17.8%, underlining strong capital accretion as the bank continues to grow in line with the guidance.

"Looking ahead, we remain committed to executing our long-term strategy and supporting Qatar's National Vision 2030 through responsible banking and sustainable financing."

To Page 3

Qatar Islamic Bank (Q.P.S.C.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2024

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR ISLAMIC BANK (Q.P.S.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Islamic Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 September 2024, comprising of the interim consolidated statement of financial position as at 30 September 2024, the interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of income and attribution related to quasi-equity for the three month and nine month periods then ended and the interim consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and interim consolidated statement of changes in off-balance sheet assets under management for the nine month period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standards ("FAS") -41 Interim Financial Reporting issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by Qatar Central Bank ("QCB"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS 41 issued by AAOIFI as modified by QCB.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 16 October 2024
Doha

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2024

QR'000

	30 September 2024 (Reviewed)	31 December 2023 (Audited)	30 September 2023 (Reviewed)
Assets			
Cash and balances with central banks	**7,832,244**	8,037,333	6,919,470
Due from banks	**4,209,888**	3,261,873	2,981,137
Financing assets	**127,723,476**	122,380,843	121,802,379
Investment securities	**50,299,620**	48,013,272	47,391,228
Investment in associates	**1,134,658**	1,127,659	1,111,218
Investment properties	**3,326,107**	3,305,864	3,328,157
Fixed assets	**516,566**	515,525	512,599
Intangible assets	**217,814**	217,814	217,814
Other assets	**2,284,428**	2,296,916	2,585,920
Total assets	**197,544,801**	189,157,099	186,849,922
Liabilities,Quasi-Equity and Equity			
Liabilities			
Due to banks	**23,849,293**	20,434,099	20,628,624
Customers' current accounts	**15,324,973**	14,648,105	14,892,301
Sukuk financing	**13,774,527**	14,668,250	11,882,964
Other liabilities	**2,561,798**	3,203,092	3,567,444
Total liabilities	**55,510,591**	52,953,546	50,971,333
Quasi-Equity			
Participatory investment accounts	**111,005,953**	106,127,861	106,555,811
Reserves attributable to quasi-equity	**82,015**	58,554	66,608
	111,087,968	106,186,415	106,622,419
Equity			
Share capital	**2,362,932**	2,362,932	2,362,932
Legal reserve	**6,370,016**	6,370,016	6,370,016
Risk reserve	**2,952,553**	2,952,553	2,641,655
General reserve	**81,935**	81,935	81,935
Fair value reserve	**(58,218)**	(18,637)	67,545
Foreign currency translation reserve	**(550,160)**	(577,340)	(534,875)
Other reserves	**216,820**	216,820	216,820
Retained earnings	**14,962,501**	14,003,483	13,390,595
Total equity attributable to equity holders of the bank	**26,338,379**	25,391,762	24,596,623
Non-controlling interests	**607,863**	625,376	659,547
Sukuk eligible as additional capital	**4,000,000**	4,000,000	4,000,000
Total equity	**30,946,242**	30,017,138	29,256,170
Total liabilities, Quasi-Equity and equity	**197,544,801**	189,157,099	186,849,922
Off-balance sheet assets under management	**317,576**	346,310	332,348
Contingent liabilities and commitments	**17,927,284**	18,475,981	18,522,833

These interim condensed consolidated financial statements were approved by the Board of Directors on 16 October 2024 and were signed on its behalf by:

Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman

Bassel Gamal
Group Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three and nine month periods ended 30 September 2024

QR'000

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)
Net income from financing activities	**2,431,554**	2,202,965	**7,099,266**	6,259,920
Net income from investing activities	**418,629**	412,663	**1,154,738**	1,106,081
Sukuk holders' share of profit	**(102,080)**	(88,375)	**(326,925)**	(275,845)
Total income from financing and investing activities, net	**2,748,103**	2,527,253	**7,927,079**	7,090,156
Fee and commission income	**296,812**	301,839	**905,006**	883,195
Fee and commission expense	**(96,872)**	(80,667)	**(276,117)**	(247,108)
Net fee and commission income	**199,940**	221,172	**628,889**	636,087
Net foreign exchange gain	**11,844**	12,310	**34,876**	49,303
Net share of results of associates	**17,371**	21,338	**47,488**	43,247
Other income	**831**	(342)	**1,566**	1,027
Total income	**2,978,089**	2,781,731	**8,639,898**	7,819,820
Staff costs	**(166,036)**	(167,623)	**(499,621)**	(494,606)
Depreciation and amortisation	**(18,144)**	(16,844)	**(50,953)**	(58,482)
Other expenses	**(98,323)**	(91,150)	**(302,990)**	(271,892)
Total expenses	**(282,503)**	(275,617)	**(853,564)**	(824,980)
Net impairment reversals/ (losses) on investment securities	**55**	2	**439**	(1,130)
Net impairment losses on financing assets	**(192,812)**	(267,301)	**(757,513)**	(866,790)
Other impairment (losses) / reversals	**(22,390)**	(9,035)	**(49,870)**	(11,100)
Net profit for the period before tax and attribution to quasi-equity	**2,480,439**	2,229,780	**6,979,390**	6,115,820
Less: Net profit attributable to quasi-equity holders	**(1,279,377)**	(1,122,007)	**(3,708,059)**	(3,050,492)
Net profit for the period before tax	**1,201,062**	1,107,773	**3,271,331**	3,065,328
Tax expense	**(6,404)**	(5,623)	**(18,704)**	(11,875)
Net profit for the period	**1,194,658**	1,102,150	**3,252,627**	3,053,453
Net profit for the period attributable to:				
Equity holders of the Bank	**1,199,917**	1,099,913	**3,265,037**	3,055,246
Non-controlling interests	**(5,259)**	2,237	**(12,410)**	(1,793)
Net profit for the period	**1,194,658**	1,102,150	**3,252,627**	3,053,453
Earnings per share				
Basic / diluted earnings per share (QAR per share)	**0.51**	0.47	**1.38**	1.29

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CR: 8338 – Share Capital (authorised and fully paid): QAR 2,362,932,000

QIB المصرف

Lesha Bank Chairman Sheikh Faisal bin Thani al-Thani, and CEO Mohammed Ismail al-Emadi.

Lesha Bank records nine-month net profit of QR96.6mn

Lesha Bank achieved a nine-month net profit of QR96.6mn, attributable to the equity holders, marking a 45% increase compared to the same period in 2023.

This growth reflects Lesha Bank's continued strategic focus on diversifying revenue streams and operational efficiency throughout the nine months of the year.

The bank's diversified investment portfolio continued to expand, with Assets Under Management (AUM) recording a year-over-year growth of 17%, reaching QR7bn.

Total income by end of the third quarter in 2024 increased to QR214.4mn, a 66% increase from QR129.4mn in the same period of 2023.

Total assets also followed an upward trend, reaching QR7.6bn, representing a growth of 24% from QR6.2bn in the previous year.

The bank's total investment expanded year-over-year by 26%, reaching QR3.3bn. As profitability rebounded, total equity increased by 14% to QR1.4bn compared to the same period last year.

Lesha Bank achieved a return on average equity of 9.94% and return on average assets of 1.85%. The book value stood at QR1.21, while annualised earnings per share reached QR0.115. As of September 30 this year, the capital adequacy ratio was a solid 16.34%, reflecting the bank's robust financial health and commitment to maintaining strong capital reserves.

Lesha Bank Chairman Sheikh Faisal bin Thani al-Thani commented: "We are delighted to announce continued profitability growth in the nine months of 2024, with double-digit growth across most key performance indicators. These results emphasise the strong contributions from all business lines, driven by a strategic focus on developing high value products tailored to client needs.

"Additionally, Lesha Bank's fee-based income model continues to contribute significantly to the overall profitability of the bank. Our consistent progress is a testament to the successful execution of our long-term strategy, which emphasises high-growth regional and global investments with potential upside. This approach is positioning us for potential growth across all sectors."

Lesha Bank CEO Mohammed Ismail al-Emadi added: "We are pleased to report healthy financial results for the third quarter. Our commitment to placing clients at the centre of our business strategy and offering unique investment opportunities has been our key success factor.

"Despite market volatility and ongoing geopolitical challenges, we remain optimistic in our ability to acquire, manage, and extract value from our assets, while continuing to build leadership in Shariah-compliant investment offerings. As we move into the final quarter with positive momentum, we are confident in delivering value to our shareholders and clients as we look forward to closing the year on a high note."

Woqod achieves nine-month net profit of QR771mn

Woqod Group reported a consolidated net profit of QR771mn for the first nine months of 2024, a QR59mn or 8% year-on-year (y-o-y) increase from QR712mn, according to its chairman, Ahmed Saif al-Sulaiti.

Earnings per share for the period amounted to QR0.78 compared to QR0.72 for the same period last year. The increase in net profit and earnings per share was attributable to increased demand for petroleum products during the reporting period.

Saad Rashid al-Muhannadi, managing director and CEO, said the company intends to add another station in the last quarter of 2024, describing Woqod's plan for station construction as "dynamic", adding that the stations are built as required per the current and future requirements.

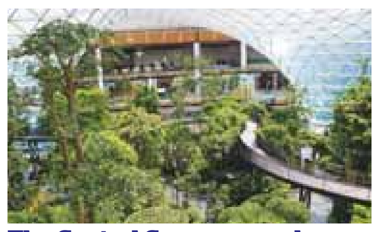
Al-Muhannadi further explained that Woqod has completed the installation of 22 electric vehicle chargers (EVCs) in 19 petrol stations, in co-operation with the Qatar General Electricity & Water Corporation (Kahramaa).

He said Woqod has embarked on initiatives to increase the income from non-petroleum products segments, which the company already started their implementation effective from the current year.

Al-Muhannadi noted that Woqod Group will continue deploying all efforts to enhance the benefits of its shareholders and all stakeholders by taking appropriate initiatives to achieve the highest rates of efficiency and effectiveness in all areas of its scope of business. He said Woqod will continue its efforts in developing the petroleum products distribution sector and securing the permanent supply of fuels under the best applicable international standards in the fields of health, security, safety, and environmental considerations, in addition to supporting the sector by introducing an electric charging system for cars and supplying compressed natural gas.

HIA's 'Orchard' receives LEED Gold Certification

Qatar Company for Airports Operation and Management (MATAR) has achieved a "significant milestone" in environment sustainability by receiving the Leadership in Energy and Environmental Design (LEED) Gold Certification, for Hamad International Airport's Central Concourse, which includes the indoor tropical garden: Orchard. The certification showcases the airport's commitment to sustainability and environmentally responsible construction practices.



The Central Concourse, where Orchard is located, was part of 'Phase A' of HIA's expansion plan and was designed to utilise 30% less energy and 55% less overall water usage

LEED certification is a globally recognised symbol of sustainability achievement and one of the most widely used green building rating system. Certifications are awarded to buildings that meet rigorous environmental standards across various parameters, including energy efficiency, water usage, air quality, and material selection.

Attaining the LEED Gold certification symbolises HIA's dedication to integrating the highest environmental standards into its operations, ensuring long-term efficiency, cost savings, and a positive environmental impact.

The Central Concourse, where Orchard is located was part of 'Phase A' of HIA's expansion plan and was designed to utilise 30% less energy and 55% less overall water usage. Through its commitment to advancing sustainable best practices the central concourse at Hamad International Airport joins a relatively limited number of airport terminals worldwide which have achieved similar certifications from LEED.

The LEED Certificate stands as a testament to Hamad International Airport's ongoing commitment to reduce emissions and address climate change through continuous enhancements to the facility's environmental performance, since its inauguration in 2014.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF LESHA BANK LLC (PUBLIC)
30 September 2024

LESHA BANK

Below is the extract from interim condensed consolidated financial statements, which are available at www.leshabank.com/investor-relations/financial-statements/

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF LESHA BANK LLC (PUBLIC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Lesha Bank L.L.C. (Public) ("the Bank") and its subsidiaries (collectively "the Group") as at 30 September 2024, comprising of the interim consolidated statement of financial position as at 30 September 2024 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of income and attribution related to quasi-equity for the three months and nine months periods ended 30 September 2024, and the interim consolidated statements of changes in equity, interim consolidated statement of cash flows, and interim consolidated statement of changes in off-balance sheet assets under management for the nine months period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by the Qatar Financial Centre Regulatory Authority ("QFCRA"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS issued by the AAOIFI as modified by QFCRA.

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Doha, State of Qatar
16 October 2024

LESHA BANK LLC (PUBLIC)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024 (expressed in QAR'000)

	30 September 2024 (Reviewed)	31 December 2023 (Audited)
ASSETS		
Cash and bank balances	**3,681,813**	2,962,937
Financing assets	**193,942**	88,387
Investments securities	**3,033,487**	2,440,385
Investments in real estate	**299,315**	264,262
Fixed assets	**13,641**	17,396
Intangible assets	**17,548**	2,554
Assets held-for-sale	**164,345**	387,303
Other assets	**209,293**	144,849
TOTAL ASSETS	**7,613,384**	6,308,073
LIABILITIES, QUASI-EQUITY AND EQUITY		
Liabilities		
Financing liabilities	**2,420,571**	1,862,616
Customers' balances	**735,960**	129,904
Liabilities held-for-sale	**13,723**	112,220
Other liabilities	**163,428**	149,229
Total Liabilities	**3,333,682**	2,253,969
QUASI-EQUITY		
Participatory investment accounts	**2,927,455**	2,827,095
Equity		
Share capital	**1,120,000**	1,120,000
Share premium	**80,003**	80,003
Legal reserve	**9,439**	9,439
Investments fair value reserve	**20,759**	(3,237)
Retained earnings	**126,842**	30,206
Total Equity Attributable to Shareholders of the Bank	**1,357,043**	1,236,411
Non-controlling interest	**(4,796)**	(9,402)
Total Equity	**1,352,247**	1,227,009
TOTAL LIABILITIES, QUASI-EQIUTY AND EQUITY	**7,613,384**	6,308,073
Off-balance sheet assets under management	**6,952,570**	6,188,915
Contingent liabilities and commitments	**2,237**	1

These interim condensed consolidated financial statements were authorised for issuance by the Board of Directors on 16 October 2024 and signed on its behalf by:

Faisal bin Thani Al Thani
Chairman

Mohammed Ismail Al Emadi
Chief Executive Officer

LESHA BANK LLC (PUBLIC)
INTERIM CONSOLIDATED INCOME STATEMENT

For the three-month and nine-month period ended 30 September 2024 (expressed in QAR'000)

	For the three-month period ended		For the nine-month period ended	
	30 September 2024 (Reviewed)	30 September 2023 (Reviewed)	30 September 2024 (Reviewed)	30 September 2023 (Reviewed)
CONTINUING OPERATIONS				
INCOME				
Income from financing assets	**1,954**	3,174	**5,343**	9,326
Income from placements with financial institutions	**50,764**	40,632	**147,171**	90,896
Profit on sukuk investments	**28,088**	19,203	**80,703**	50,259
Profit on financing liabilities	**(32,669)**	(18,783)	**(92,971)**	(32,107)
Net income from financing and investing assets	**48,137**	44,226	**140,246**	118,374
Fee income	**12,276**	7,936	**44,898**	37,178
Dividend income	**4,895**	7,721	**20,640**	15,812
(Loss) / gain on re-measurement of investments at fair value through income statement	**1,615**	(4,548)	**(5,675)**	1,681
Gain on disposal of sukuk investments	**-**	-	**396**	-
Gain on disposal of equity investments	**50,046**	3,200	**60,778**	3,200
Gain on disposal of real estate investments	**-**	-	**13,933**	-
Net foreign exchange gain	**942**	295	**2,899**	5,480
Other income, net	**8,129**	4,269	**24,301**	15,983
TOTAL INCOME	**126,040**	63,099	**302,416**	197,708
EXPENSES				
Staff costs	**(18,178)**	(16,348)	**(56,104)**	(47,089)
Depreciation and amortisation	**(1,580)**	(1,561)	**(4,749)**	(4,691)
Other operating expenses	**(17,823)**	(5,216)	**(39,483)**	(12,691)
TOTAL EXPENSES	**(37,581)**	(23,125)	**(100,336)**	(64,471)
Reversal / (provision) for impairment on financing assets, net of recoveries	**(1,560)**	991	**602**	(2,157)
Reversal for impairment on other financial assets	**-**	5,826	**96**	3,626
Other provisions	**(13,500)**	-	**(13,500)**	-
PROFIT BEFORE TAX AND ATTRIBUTION TO QUASI-EQUITY	**73,399**	46,791	**189,278**	134,706
Less: Net profit attributable to quasi-equity	**(28,733)**	(24,755)	**(88,036)**	(68,316)
PROFIT BEFORE INCOME TAX	**44,666**	22,036	**101,242**	66,390
Income tax expense	**-**	-	**-**	-
NET PROFIT FROM CONTINUING OPERATIONS	**44,666**	22,036	**101,242**	66,390
DISCONTINUED OPERATIONS				
Profit / (loss) from discontinued operations, net of tax	**-**	(19)	**-**	1,263
NET PROFIT FOR THE PERIOD	**44,666**	22,017	**101,242**	67,653
Attributable to:				
Equity holders of the Bank	**42,505**	22,043	**96,636**	66,764
Non-controlling interest	**2,161**	(26)	**4,606**	889
	44,666	22,017	**101,242**	67,653
Basic/diluted profit per share from continuing operations - QAR	**0.038**	0.020	**0.086**	0.060
Basic/diluted loss per share from discontinued operations - QAR	**-**	-	**-**	-
Basic/diluted profit per share - QAR	**0.038**	0.020	**0.086**	0.060

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Lesha Bank LLC (Public) is authorized by QFCRA under license No. 00091 and listed on the Qatar Stock Exchange (QSE:QFBQ)

QIB net profit jumps 6.9% to QR3.27bn in nine months of 2024

Qatar Islamic Bank (QIB) has reported a 6.9% year-on-year increase in net profit to QR3.27bn in January-September 2024.

Basic earnings-per-share amounted to QR1.38 compared to QR1.29 the nine-month ended September 30, 2023.

Total assets stood at QR197.5bn, representing an annual growth of 5.7%, primarily driven by financing and investing activities.

Financing assets were valued at QR127.7bn, having grown 4.9% against September 2023. Investment securities reached QR50.3bn, up 6.1% on an annualised basis.

Customer deposits were up 4% year-on-year to QR126.4bn in 9M-2024. Finance-to-deposit ratio was 101% at the end of September 30, 2024, which is one of the lowest among its peer banks in Qatar, reflecting its strong and stable liquidity position.

Total income was QR8.64bn, registering an annual growth of 10.5%. Net income from financing and investing activities grew 11.8% to QR7.93bn.

Total operating expenses amounted to QR854mn. Efficient cost containment enabled the Bank to maintain the cost-to-income ratio at 17.3%, same level as last year; which continues to be the lowest in the Qatari banking sector.

QIB was able to manage the ratio of non-performing financing assets to total financing assets at 1.7%, one of the lowest in the industry, reflecting the quality of its financing assets portfolio and its effective risk management framework.

QIB continues to pursue the conservative impairment policy by building precautionary total impairment charge for QR807mn in the review period and maintaining a healthy coverage ratio for non-performing financing assets at 95% as on September 30, 2024.

Total shareholders' equity stood at QR26.3bn, showing annual growth of 7.1%. Total capital adequacy, as per the new guidelines of the Qatar Central Bank (QCB), was 21.3% at the end of September 2024, higher than the minimum regulatory requirements prescribed by the QCB and Basel Committee.

In July 2024, Fitch affirmed QIB credit rating at 'A' with a stable outlook. In June 2024, Moody's affirmed the long-term deposit ratings at 'A1' with a stable outlook. In April 2024, Capital Intelligence affirmed the bank's long-term rating to 'AA-' with a stable outlook.

QIB's total assets stood at QR197.5bn, representing an annual growth of 5.7%, primarily driven by financing and investing activities

Commercial Bank's 9-month net profit scales up 2.8% to QR2,341.2mn

From Page 1

Commercial Bank Group's total assets (as on September 30) reached QR163.2bn, an increase of 2.2% from September 30, 2023. This is mainly driven by increase in due from banks, where lending to financial institutions have increased.

The loans and advances to customers is at QR90.7bn, down by 0.5% due to repayments by government and public sector borrowings.

Diversified customer deposits generation helped to increase customer deposits by 3.8% to reach QR77.6bn from September 30, 2023.

The Group's cost-to-income ratio improved to 25.2% from 26.1%. The overall growth demonstrates steady financial performance and resilience despite market challenges.

The ratio of non-performing loans to gross loans stood at 6.0% (as on September 30) compared to 5.3% as on September 30, 2023, due to lower loan balances.

During the period, the Group's net provisions fell to QR534.9mn for the nine months that ended on September 30 from QR721.4mn in the same period in 2023, due to higher recoveries and ECL release.

Also, loan coverage ratio (at 114.9%) demonstrates the Group's prudent approach and strategy towards managing non-performing loans. The strategy focuses on maintaining asset quality and reflecting commitment to sustainable financial health.

The Group's Common Equity Tier 1 (CET 1) Ratio (as on September 30) reached 13.0%.

The Capital Adequacy Ratio (CAR) as on September 30 stood at 17.8%, underlining strong capital accretion. These ratios are higher than the regulatory minimum requirements of the Qatar Central Bank and Basel III requirements.

During 2024, Fitch and Moody's affirmed Commercial Bank's credit ratings to 'A' and 'A2' respectively, with a stable outlook.

The rating from Fitch reflects potential support from Qatari authorities, as shown by the government support rating of 'a', with a stable outlook, mirroring Qatar's sovereign rating (AA/Stable). According to Fitch, Commercial Bank's strong rating is driven by a stable domestic operating environment, a robust domestic franchise, and improving profitability.

Moody's maintains a stable outlook for Commercial Bank, expecting its capitalisation and liquidity to remain resilient despite challenges like asset quality pressures and reliance on external funding.

This strong rating is attributed to the bank's profitability, operational efficiency, sufficient capital buffers, healthy liquidity, and the likelihood of support from Qatari authorities, if necessary.

The Bank's top-tier ratings reflect confidence from institutional, corporate, and retail clients in its financial performance and strategic outlook.

During the nine-month period that ended on September 30, Commercial Bank (in first quarter) successfully priced a $750mn Regulation S 5-year Bond, which was oversubscribed 2.40 times, listed in Euronext Dublin.

The deal marks Commercial Bank's successful return to the public international capital markets after a hiatus of three years and attracted high-quality and diversified orderbook comprised of some of the largest and most notable EM investors as well as real money accounts and sovereign wealth funds.

Further in second quarter, Commercial Bank successfully closed a 3-year $500mn Syndicated Term Loan Facility. The transaction received strong interest from the market and was significantly oversubscribed 2.30 times, demonstrating investor confidence in Commercial Bank's financial performance and management, as well as the strength of the Qatari economy.

In Q3, Commercial Bank successfully issued 'Green Bond' for CHF225mn for three years at a coupon rate of 1.7075% following strong demand from a range of institutional investors.

QIIB launches service for rescheduling 'instant personal finance via mobile banking'

As part of its ongoing digital transformation strategy, QIIB has announced the launch of a new service allowing customers to reschedule personal finances through mobile banking.

This marks the first time such a service has been introduced in this "dynamic and flexible format" within the local banking sector, providing customers with greater choice and flexibility in managing their financial needs.

With this new feature, customers can instantly reschedule their personal finance arrangements via the mobile app, including adjusting the term or amount of finance.

Additionally, the service offers options for tailoring payment plans to better align with customers' preferences and financial goals. Khaled al-Shaibei, head of Business Development at QIIB, stated: "We are pleased to be the first bank in Qatar to introduce this flexible personal finance rescheduling service via mobile banking. This initiative aligns with our commitment to expanding customer options as part of our digital transformation efforts, which are in line with the Qatar Central Bank's recently launched Third Financial Sector Strategy."

Al-Shaibei continued, "At QIIB, we are dedicated to enhancing our digital banking services to provide an exceptional experience that meets our customers' evolving needs. Our goal is to offer a banking experience that feels truly personalised, empowering customers to manage their finances effortlessly."

He further noted, "This new service allows customers to manage their finances conveniently and securely through the QIIB mobile app, without needing to visit a branch. The process is automated for immediate execution, ensuring a seamless experience."

The service is now available on the latest version of the QIIB mobile app. Customers are encouraged to update their app to access this new feature immediately.

Al-Shaibei reaffirmed QIIB's commitment to continually improving customer experience across digital channels, expanding its range of products and services, and driving innovation to meet the diverse needs of all its customers.


Khaled al-Shaibei, head of Business Development at QIIB.


Ahlibank Chairman Sheikh Faisal bin AbdulAziz bin Jassem al-Thani, and CEO Hassan Ahmed AlEfrangi.

Ahlibank 9-month net profit rises 5.2% to QR647mn

Ahlibank posted a net profit of QR647mn for the first nine months of this year, up 5.2% on the same period last year.

Commenting on the results, Ahlibank CEO Hassan Ahmed AlEfrangi said, "The bank has delivered solid financial results, reflecting our commitment to continuous progress and strengthening our financial performance".

"As a further testimony to our performance, the bank continues to enjoy higher credit ratings with international credit ratings of A2/P1 from Moody's and Long-Term Issuer Default Rating (IDR) at 'A' by Fitch."

AlEfrangi added, "Ahlibank remains focused on driving innovation in technology and digital transformation, with a particular emphasis on increasing Qatarisation by attracting and developing young Qatari talent to assume future leadership roles."

Commenting on the results, Ahlibank Chairman Sheikh Faisal bin AbdulAziz bin Jassem al-Thani said, "We have made significant strides in integrating environmental, social, and governance (ESG) principles into our strategies, building a strong sustainability framework through which we aim to further enhance our participation in sustainability-related events and initiatives in the years to come."

The chairman added, "We take this opportunity to thank our customers for their continuous loyalty towards Ahlibank, shareholders for their ongoing commitment, management and staff for all their dedication and the Qatar Central Bank for their esteemed guidance and support."

"Ahlibank remains focused on driving innovation in technology and digital transformation, with a particular emphasis on increasing Qatarisation by attracting and developing young Qatari talent to assume future leadership roles"

Earnings sentiments continue to lift QSE as index crosses 10,700 level; M-cap adds QR4.88bn

By Santhosh V Perumal
Business Reporter

The domestic institutions' strong buying support yesterday lifted the Qatar Stock Exchange about 93 points and its key index surpassed the 10,700 levels.

Earnings sentiments continued to support the market as the 20-stock Qatar Index rose 0.87% to 10,735.37 points, recovering from an intraday low of 10,656 points.

The telecom and banking counters witnessed higher than average demand in the main market, whose year-to-date losses truncated to 0.88%.

The foreign funds' weakened net profit booking had its influence on the main bourse, whose capitalisation added QR4.88bn or 0.78% to QR631.28bn on the back of mid and microcap segments.

The foreign retail investors' lower net selling also had its say in the main market, which saw 8,287 exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.06mn trade across five deals.

The Islamic index was seen gaining slower than the other indices in the main bourse, whose trade turnover and volumes were on the decrease.

The Gulf individuals' weakened net selling had its influence in the main market, which saw no trading of treasury bills.

However, the local retail investors were increasingly bearish in the main bourse, which saw no trading of sovereign bonds.

The Total Return Index gained 0.87%, the All Islamic Index by 0.81% and the All Share Index by 0.82% in the main market.

The telecom sector index shot up 2.05%, banks and financial services (1.16%), industrials (0.44%), real estate (0.42%), and consumer goods and services (0.41%); while transport and insurance declined 0.22% and 0.17% respectively.

Major movers in the main bourse included Dlala, Qatar Insurance, Ooredoo, Qatar Islamic Bank, Qatar German Medical Devices, QNB, QIIB, Industries Qatar, Barwa and Vodafone Qatar.

In the venture market, Al Mahhar Holding saw its shares appreciate in value.

Nevertheless, Qatar General Insurance and Reinsurance, Al Faleh Educational Holding, Doha Insurance, Inma Holding, Mekdam Holding, Alijarah Holding, Estithmar Holding, Ezdan and Mazaya Qatar were among the losers in the main market. In the junior bourse, Techno Q saw its shares depreciate in value.

The domestic institutions' net buying increased noticeably to QR204.15mn compared to QR192.39mn on October 15.

The foreign institutions' net profit booking declined perceptibly to QR40.93mn against QR50.64mn the previous day.

The foreign individual investors' net selling eased markedly to QR22.83mn compared to QR27.54mn on Tuesday.

The Gulf retail investors' net profit booking weakened notably to QR0.86mn against QR1.69mn on October 15.

However, the Qatari individuals' net selling grew significantly to QR100.55mn compared to QR77.63mn the previous day.

The Gulf institutions' net profit booking expanded marginally to QR27.58mn against QR27.22mn on Tuesday.

The Arab individual investors' net selling increased noticeably to QR11.02mn compared to QR7.68mn on October 15.

The Arab institutions were net sellers to the extent of QR0.39mn against no major net exposure the previous five sessions.

Trade volumes in the main market declined 23% to 172.88mn shares, value by 25% to QR532.02mn and transactions by 37% to 12,996.

The venture market saw an 11% contraction in trade volumes to 0.99mn equities but on 2% jump in value to QR2.61mn amidst 11% lower deals at 80.

Qatar Chamber's Gold and Jewellery Committee discusses role of central laboratories in testing, stamping gold

Qatar Chamber board member and chairperson of the Gold and Jewellery Committee, Naser bin Suleiman al-Haider, presided over a meeting to review the role of the Qatar General Organisation for Standards and Metrology (QS), along with the competencies and sections of the Central Laboratories Department.

The committee held the meeting at the chamber's headquarters and was attended by its members and Juhayna Abdulrahman al-Derham, the director of the Central Laboratories Department at the QS. The meeting also discussed proposals and inquiries submitted by the committee to the Central Laboratories Department regarding the gold and jewellery sector.

Al-Haider lauded the QS for its prompt response to the invitation to participate in the meeting.

He also noted that gold jewellery is a sensitive and high-value commodity with frequent price fluctuations.

He highlighted the strong interest from international companies in entering the Qatari market and emphasised the need to develop advanced mechanisms to encourage investment in this sector. Al-Haider urged the committee members to exchange proposals with QS to enhance co-operation and address challenges within the sector.

Al-Derham reaffirmed the QS president's keenness to enhance collaboration with the chamber and provide top-quality services, in line with Qatar's comprehensive development and the Qatar National Vision 2030. She noted that the organisation has witnessed significant development in recent years by focusing on achieving its strategic objectives.


Qatar Chamber board member and chairperson of the Gold and Jewellery Committee, Naser bin Suleiman al-Haider, presiding over the meeting in the presence of Juhayna Abdulrahman al-Derham, the director of the Central Laboratories Department at the Qatar General Organisation for Standards and Metrology.

Qatar Chamber, Tamkeen Academy sign agreement to strengthen co-operation

Qatar Chamber signed an agreement with Tamkeen Academy for Education Professions and Competencies yesterday to enhance co-operation in organising the 'Gulf Family Businesses Forum' scheduled on January 27, 2025, in Doha.

Qatar Chamber acting general manager Ali Saeed bu Sherbak al-Mansouri and Tamkeen Academy chairman Dr Khamis bin Obaid al-Ajmi signed the agreement at the chamber's headquarters.

Al-Mansouri lauded the signing of the collaboration agreement, emphasising the chamber's strong commitment to enhancing the role of family businesses in the national economy.

He said the chamber fully recognises the significance of family businesses in Qatar's economy, noting its eagerness to participate in organising the event as a representative of all components of the Qatari private sector.

Al-Ajmi emphasised that Tamkeen Academy is keen to strengthen co-operation with Qatar Chamber in organising the event, underscoring the importance of governance in family businesses to ensure their protection and sustainability. He said the forum is the first of its kind focused on governance for Gulf family businesses.

He expressed hope that it will contribute to enhancing discussions, sharing best practices, and developing supportive policies and legislation to create a robust governance framework that drives long-term growth and stability for family businesses in the GCC. The forum aims to explore new ways to develop family business concepts and link them to new ideas related to governance, transparency, and how to write family constitutions and sustainability for more effectiveness and longevity for future generations due to their significant contributions to the national economy of countries.

Under the theme 'From Effectiveness to Sustainability,' the forum also aims to encourage the exchange of ideas and opinions, review successful governance experiences, and share best practices and lessons learned from family businesses in GCC countries.

The forum targets participants, including heads and representatives of GCC chambers, family business leaders, and officials from ministries of commerce, industry, and stock exchanges in the GCC countries. Tamkeen Academy was established in Qatar early this year to quickly become one of the active entities in providing Qatari institutions with educational and consulting solutions and capacity-building programmes.

Qatar Chamber acting general manager Ali Saeed bu Sherbak al-Mansouri and Tamkeen Academy chairman Dr Khamis bin Obaid al-Ajmi signed the agreement at the chamber's headquarters yesterday.

CORPORATE RESULTS

Morgan Stanley's profit beats estimates on investment banking windfall

Morgan Stanley's profit surpassed estimates on a bumper third quarter for investment banking that had also buoyed rivals, sending its shares up more than 3.5% before the market open.

A revival in corporate debt issuance, initial public offerings (IPOs) and mergers has bolstered profits for Wall Street banks this year.

As markets hover near record highs and the US Federal Reserve begins its policy-easing cycle, bankers expressed optimism that mergers and acquisitions will continue to recover after a two-year drought.

Morgan Stanley benefited from a "constructive environment", CEO Ted Pick said in a statement. "Institutional securities saw momentum in the markets and underwriting businesses on solid client engagement." Its investment banking revenue jumped 56% in the third quarter.

Morgan Stanley's profit jumped to $1.88 per share, exceeding analyst views of $1.58, according to estimates compiled by LSEG.

Across the industry, global investment banking revenue rose 21% in the first nine months of the year, led by a 31% surge in North America, according to data from Dealogic. Morgan Stanley earned the fourth highest fees globally over the same period, the data showed.

It was a lead underwriter on big initial public offerings in the quarter, including by cold storage giant Lineage and airplane engine maintenance services provider StandardAero.

"We are seeing a rise in equity capital markets activity led by financial sponsors, not only for IPOs in the US but also in Europe", Morgan Stanley CFO Sharon Yeshaya said in a phone interview.

Goldman Sachs

Goldman Sachs reported a jump in profits on Tuesday behind higher fees for debt underwriting and asset management, as well as solid results in some key trading businesses.

The New York financial heavyweight reported third-quarter profits of $2.8bn, up 48% from the year-ago period.

The bank has undergone a transition in shifting away from a consumer banking push and centring on its core businesses.

In its latest report, strong areas included debt underwriting for clients with investment-grade credit ratings. Much higher revenues in equity trading made up for declines in trading of fixed-income products, currencies and commodities. The firm won higher asset management fees from increased assets under management and enjoyed a boost in the value of Goldman's private and public equities compared with the year-ago period.

But Goldman's results were dented somewhat by $397mn in provisions for credit losses, reflecting credit card charge-offs.

Citigroup

Citigroup posted a smaller-than-expected drop in profit for the third quarter as debt underwriting propped up investment banking results. The third-largest US lender's dealmakers joined rivals at JPMorgan Chase and Wells Fargo in benefiting from a rebound in capital markets as corporate clients issued more debt and equity. Still, Citi's shares slid about 3%. They are up about 24% this year so far.

Investment banking was a bright spot for the second straight quarter, as revenue jumped 31% to $934mn. Wall Street executives are optimistic the Federal Reserve's interest-rate cut last month will pave the way for more deals and initial public offerings.

"We're particularly proud of our progress," CEO Jane Fraser told analysts on a conference call. "In a pivotal year, this quarter contains multiple proof points that we are moving in the right direction," Fraser said, citing revenue growth, including from fees.

Citi's deal pipeline remained robust, Chief Financial Officer Mark Mason said in a call with reporters. In debt capital markets, a traditional area of strength, the bank benefited from investment grade issuance as clients looked to get back into the market, he said.

Citi's operating expenses declined 2% in the third quarter.

ASML

Computer chip equipment maker ASML forecast on Tuesday lower than expected 2025 sales and bookings on sustained weakness in parts of the semiconductor market, pushing its shares to their biggest one-day drop since 1998. The company said that despite a boom in AI-related chips, other parts of the semiconductor market are weaker for longer than expected, leading companies that make logic chips to delay orders and customers that make memory chips to only plan "limited" new capacity additions.

ASML, Europe's biggest tech firm, is the leading supplier of equipment used to manufacture chips, with customers including AI chipmaker TSMC of Taiwan, as well as logic chip makers Intel and Samsung, and memory chip specialists Micron and SK Hynix.

BUSINESS

'Age of Electricity' coming as fossil fuels set to peak: IEA

AFP
London

More than half of the world's electricity will be generated by low-emission sources before 2030 but the deployment of clean energy is "far from uniform" across the globe, the International Energy Agency (IEA) said yesterday.

Demand for oil, gas and coal is still projected to peak by the end of the decade, possibly creating a surplus of fossil fuels, the IEA said in its annual World Energy Outlook.

"In energy history, we've witnessed the Age of Coal and the Age of Oil," said IEA Executive Director Fatih Birol.

"We're now moving at speed into the Age of Electricity, which will define the global energy system going forward and increasingly be based on clean sources of electricity," he said. The report said clean energy "is entering the energy system at an unprecedented rate" with 560 gigawatts (GW) of renewables capacity added in 2023.

Almost $2tn in investments are flowing into clean energy projects each year, nearly double the amount spent on fossil fuel supplies, according to the Paris-based agency. "Together with nuclear power, which is the subject of renewed interest in many countries, low-emissions sources are set to generate more than half of the world's electricity before 2030," it said.

'Growing momentum': But the IEA noted that the deployment of clean energy "is far from uniform across technologies and countries".

The growing thirst for electricity is driven by industry, electric vehicles, air conditioning and data centres linked to the surge of artificial intelligence.

Despite the "growing momentum behind clean energy transitions", the IEA said the world was "still a long way from a trajectory aligned" with its goal of becoming carbon neutral by 2050.

The net-zero emissions target is crucial to meet the Paris Agreement goal of limiting global warming to 1.5C from pre-industrial levels. The IEA report comes a month before Azerbaijan hosts the UN's annual climate conference, COP29, in Baku, from November 11 to November 22.

At COP28 in Dubai last year, nations pledged to triple renewable energy capacity by 2030. They also vowed to transition away from fossil fuels.

The IEA said renewable power generation capacity is set to rise from 4,250GW today to nearly 10,000GW in 2030 as costs for most clean technologies are falling.

While it falls short of the COP28 tripling target, it is "more than enough" to cover the growth in global electricity demand and "push coal-fired generation into decline".

China accounted for 60% of the new renewable capacity added in the world last year. By the early 2030s, the country's solar power generation will exceed the total electricity demand of the US today, the report found.

In many developing countries, however, "policy uncertainty and a high cost of capital are holding back clean energy projects".

'Insatiable' demand: Global carbon dioxide emissions are set to peak "imminently" but today's policies still leave the world on a path towards having a rise of 2.4C in average temperatures by 2100, the IEA warned.

"2024 showed that electricity demand is insatiable," said Dave Jones, global insights programme director at Ember, an energy think tank.

"That means global coal generation would fall less quickly than previously expected.

This means the world is not yet transitioning away from fossil fuels and reducing CO2 emissions in the energy sector," he added.

Despite a record deployment of clean energy, two-thirds of the increase in global energy demand was met by fossil fuels last year, the IEA said.

Energy-related CO2 emissions hit another record high last year.

"Renewable growth is creating an energy abundance, but this will only translate into a substantive fall in CO2 emissions if there is simultaneously a strong focus on using energy as wastelessly as possible," Jones said.

Airbnb launches co-host marketplace to boost listing supply

Bloomberg
San Francisco

Airbnb Inc launched a new section of its app and website where homeowners can hire fellow hosts to manage their rentals, underscoring a broader push to increase listings and attract more people to the platform.

The idea is that hosts who may not have the time or inclination to be hands-on can pay pre-approved "co-hosts" on the platform to help set up or furnish their listings, or manage their bookings and guests. Airbnb has already received applications from would-be co-hosts, whom the company vets based on criteria indicating a strong track record, such as the number of stays they've hosted, ratings from guests and low cancellation rates.

A co-host can offer as many as 10 different types of services, with different compensation options that include, say, charging a one-time fee for setting up a listing page, or a percentage of a booking for day-to-day support. The new "co-host network" is launching in 10 countries including the US, Canada, UK, France, Spain and Brazil, the company said yesterday. It already has 10,000 co-hosts to start, with an average rating of 4.86 out of 5.418479629

Investors are eager for details about new platform features that Airbnb has said will introduce new opportunities for revenue growth, which has slowed following an initial post-pandemic travel boom. On that metric, analysts estimate moderate, single-digit gains in the third quarter, according to Bloomberg-compiled estimates.

Airbnb does not take a commission when it connects hosts, the company said. "It's this nice positive flywheel that benefits Airbnb overall, so there's no need to take an additional cut," Chief Business Officer Dave Stephenson said in an interview ahead of the release. "What we'll do is benefit by having more people stay in Airbnb because they're going to all have more better stays."

As part of its product launch on Wednesday, Airbnb also showed off listing highlights that change depending on what a traveller is searching for.

The firm similarly unveiled new personalized search filters for guests inspired by their past stays to make it easier to find properties with their preferred amenities. It also simplified the checkout page for guests, and added more local payment methods in various countries, with a goal to nearly double the number of options to almost 40 by spring 2025.

The benefits of these smaller changes will be "additive and accretive over time," Stephenson said.

Chief Executive Officer Brian Chesky previously told investors that the company will next year re-start its Experiences business for tours, classes and workshops, with better marketing and more affordable prices.

The firm has also been investing more into less mature markets overseas, including the introduction of limited-edition stays inspired by local cultural icons. Additionally, Stephenson has teased new guest-related services for next year, such as personal chefs, midweek cleaning and in-home massages.

But it will take time for Airbnb to see a return on these investments.

Europe's bank bailout era draws to an end with states selling

Bloomberg
Athens

In the course of just one year, Greece has mostly sold its vast stakes in the banking sector, a microcosm of moves across Europe as governments seek to draw a line under the financial crisis which gripped the region over a decade ago.

A recent stake sale in National Bank of Greece added to a programme that has earned the government €3.5bn ($3.8bn) in the last 12 months and effectively transferred an entire sector back to private ownership.

The pace of those sales makes Greece an exception, but it isn't alone in returning banks to investors. From Ireland and Italy to the UK and Germany, European governments are selling stakes they have held since the financial crisis. They're cashing in on soaring valuations to plug gaping budget holes, before falling interest rates start to weigh on bank profitability again.

On Tuesday, the Netherlands announced plans to sell more shares in ABN Amro Bank NV and signalled it will give the lender more freedom to buy or sell businesses.

The Bank of Greece headquarters in Athens. In the course of just one year, Greece has mostly sold its vast stakes in the banking sector, a microcosm of moves across Europe as governments seek to draw a line under the financial crisis which gripped the region over a decade ago.

The process has the potential to reignite banking consolidation and reshape an industry that has long trailed Wall Street. Lenders that were encouraged under government ownership to focus on domestic markets and cut risk will likely find it easier to pursue more aggressive growth. Others, such as Commerzbank AG, have been turned into potential takeover targets without the protection of the government.

"This may lead to the consolidation we need in Europe," said Hans Degryse, a professor of finance at KU Leuven.

So far this year, European governments sold about €13bn of shares in bailed out banks, the most since the end of the financial crisis, according to filings for 10 firms reviewed by Bloomberg. While governments are unlikely to fully recoup the money they spent on the bailouts, despite billions of euros in dividends collected, the window for disposals hasn't been this open since the financial crisis.

A sudden jump in interest rates over the past two years has fuelled record profits and ended an unprecedented period of zero and even negative borrowing costs. Balance sheets that had been weighed down by bad loans since the financial crisis have been cleaned up, particularly in countries such as Greece, Italy and Spain, where banks are now emerging stronger.

Greece's "troubled banks of the past have been transformed into some of the most desirable assets" in Europe, said Ilias Xirouhakis, who runs the state agency HFSF that handles the country's bank stakes. "We're now looking at very competitive banks at a pan-European level."

The UK government's successive divestment from Natwest Group Plc accounted for the largest chunk of the total from disposals this year. The £45.5bn ($59.4bn) rescue, in 2008 and 2009, of the firm formerly known as Royal Bank of Scotland Plc was Europe's biggest bank bailout and was followed by a deep retrenchment of its global presence.

As Natwest returns steadily to private ownership, it is making bolder moves such as acquiring the banking operations of supermarket chain J Sainsbury Plc.

Crucially, the retreat of governments can also turn banks into takeover targets. Germany for the first time put part of its holding in Commerzbank on the market in September, expecting that it could sell it to range of investors.

Instead, Italian rival UniCredit SpA swooped in and used the placement to build a major stake, with an all-out takeover one option. Berlin has since put further sales of Commerzbank shares on hold, comparing UniCredit's approach to "unfriendly" attack.

"The German government held on to its stake in Commerzbank for too long," said Monika Schnitzer, an economics professor at Munich's LMU university who chairs the German Council of Economic Experts. Germany needs "a degree of consolidation in the banking sector."

ABN Amro is another lender long considered a potential takeover target once the government gets out. The Dutch state on Tuesday announced that it plans to cut its stake to about 30%, from 40.5%, and agreed that once its holding falls below one third, its right to be informed of decisions regarding investments or divestments worth €50mn or more will end.

The government has been gradually paring its stake in the Amsterdam-based bank after it was relisted in 2015. Under government ownership, ABN Amro has been transformed into a lender focused on consumers and companies in the Netherlands and northwestern Europe. It hasn't been able to pay bonuses to top management, which has emerged as a stumbling block in the current search for a new chief executive officer, Bloomberg has reported.

Greece has largely avoided such surprises, selling most of its bank holdings to banks and financial investors. The only exception was when UniCredit stepped in last year to take a stake of around 9% in Alpha Bank, in a deal that also saw the Italian lender acquire Alpha Bank's Romanian unit to create a top lender in that country.

Key to that success in Greece and other southern European countries has been a painful process of cleaning up balance sheets that had suffered from high levels of non-performing loans. Greek lenders have reduced their bad loans from a 2016 peak, when more than 9 out of 10 borrowers were late on payments, to fewer than 1 in 10 last year.

Stronger balance sheets and higher profits meant the major Greek banks were allowed this year to pay dividends for the first time since 2008. An economic recovery has helped attract foreign investors, as Greece's sovereign debt was lifted to investment grade last year. It had lost that distinction in 2010.

"The safety net of the state has been pulled back, but it happened at a time when the banks were already showing very strong signs of recovery," said Xirouhakis.

Private equity pushes to keep dividends even when profits slump

Bloomberg
New York

Private equity firms are pushing for greater flexibility to give themselves payouts, even when they're losing money.

The initial fine print on two recent leveraged finance deals would have obliged companies to pay their owners dividends even if their earnings start to slide, according to people familiar with the transaction. That was the case with the sponsors of auto glassmaker Belron International Ltd this month who paid themselves over €4.3bn ($4.7bn) out of a leveraged financing for almost twice that much. Owners of Italian ice cream maker Sammontana Italia SpA pushed for similar language.

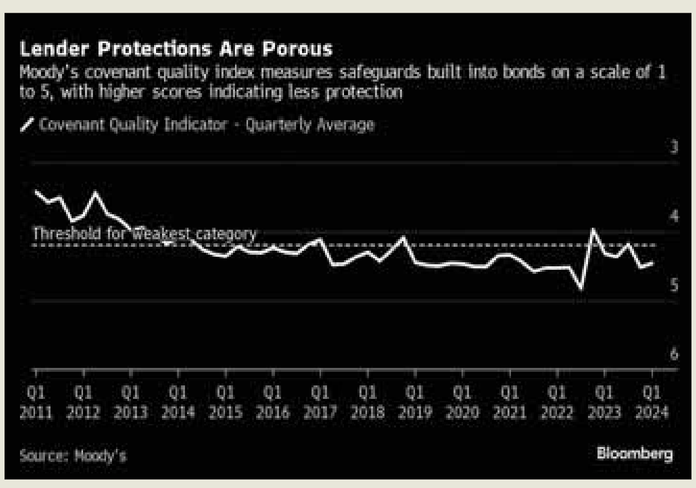
Private equity shops have always borrowed to buy companies, with the idea that they increase their value and sell them at a profit three to five years down the road. Now they want to lever up firms regardless of performance, so they can get regular dividend checks — and benefit from other flexibilities.

Belron's and Sammontana's owners had to drop the provisions after investors balked, according to the people, asking not to be identified because the information is private. But it shows how far private equity firms are seeking to go while demand for their debt is rampant.

"There's a lot of demand in the market, which is causing these kind of provisions to continue to appear despite the fact that people can see how damaging they can be," said Sabrina Fox of Fox Legal Training, an expert on company loan documents. "It feels so incongruous given where we are with restructurings."

Private equity firms have turned to debt-funded dividend payouts at a record pace this year to juice returns. It's just one of the tactics they've adopted to ride out a slump in deal-making as the normal way of producing payouts — selling assets — has been crushed by high rates.

Investors balked at the latest move by private equity firms seeking carte blanche on dividend recap deals after years of watching their protections whittled away. On a scale of 1 to 5, with 5 indicating the weakest, covenants for bonds and loans have stayed near the weakest score for the past decade, according to Moody's Ratings.



Since dipping to a record low in 2022, the score has climbed but remains in the weakest category.

While defaults following debt-funded dividends remain scarce, according to a Moody's report published October 10, that's due to the fact these deals are typically done by higher-rated companies. The ratings firm noted that PE-owned companies are more prone to downgrades, especially those that have borrowed to pay their owners. "Dividend recaps are an aggressive financial policy which can result in rating downgrades because they tend to increase leverage and don't contribute to a company's growth," the report stated.

Under standard bond documentation, private equity sponsors can claim no more than 50% of a company's profit after exceptional items for future payouts. Sammontana's owner Investindustrial wanted to ignore loss-making quarters when it calculated the size of future dividends, taking into account only profitable quarters, the people said. "It does not make conceptual sense to use the highest Ebitda ever achieved to calculate ratios and basket sizes," said Jennifer Pence, senior credit officer at Moody's. "It means you could see a distressed borrower having the capacity to make payouts based on historic earnings."

Belron's owners including Clayton, Dubilier & Rice LLC and Hellman & Friedman LLC tried to include a so-called high-watermark Ebitda clause which would have allowed them to use the highest level of earnings to calculate dividends, the people said. Belgian holding company D'Ieteren Group also owns a 50% stake in Belron, and would have benefited from future payouts. Other owners include Singapore sovereign wealth fund GIC and BlackRock Inc.

Representatives at CD&R, GIC, Investindustrial, BlackRock, Belron, Hellman & Friedman all declined to comment. Representatives at D'Ieteren and Sammontana didn't respond to requests for comment. Representatives at BNP Paribas SA, which helped arrange the financings, declined to comment, as did those at JPMorgan Chase & Co, which managed Belron's deal. Such high-watermark clauses have also cropped up on recent deals in the US, with a similar result: last month they were dropped from financings for First Advantage Holdings LLC and Instructure Holdings.

Investors have flocked to riskier debt to lock in relatively high yields that are set to fall as central banks embark on rate-cutting cycles. But with economic growth also set to slow, companies that have leveraged up will have smaller cash reserves to weather a slump in earnings.

"Investors have lots of money to deploy, and are keen to see new issues," said Thomas Samson, a high-yield portfolio manager at Muzinich & Co. But when it comes to dividend recaps, he said "there remains some uncertainty about their long-term impact on the financial stability of issuers." Even though Belron's sponsors withdrew the high-watermark clause, they won flexibility that would allow them to siphon off €2.5bn of cash as soon as the deal closes barring a material event of default, according to Pence at Moody's.

LuLu executive commends Qatar's resilient food security strategy

By Peter Alagos
Business Reporter

A top official of LuLu Group in Qatar has lauded the efforts of the Qatari government in ensuring that the country's food security is not affected by geopolitical challenges in the region and the wider Middle East.

Dr Mohamed Althaf, LuLu Group director of Global Operations, stated that Qatar's government is working to maintain healthy stock levels of essential products. Dr Althaf emphasised that in recent years, Qatar has significantly increased its food production capacity, thus, becoming more self-reliant and better prepared to handle potential supply challenges.

Similarly, Dr Althaf said that while political tensions exist, LuLu Group is also ensuring that geopolitics elsewhere will not affect food supply in countries where the retail giant is operating.

Dr Mohamed Althaf, LuLu Group director of Global Operations.

Spanish ambassador Javier Carbajosa Sanchez. **PICTURES:** Thajudheen

"Even if there are any unfortunate geopolitical tensions or even extreme weather conditions, LuLu Group makes sure that we have a very robust supply chain. We are very confident about this after developing a time-tested system to ensure product availability; have survived the pandemic and other challenges without experiencing shortages," Dr Althaf told *Gulf Times* on the sidelines of a recent event of the Spanish embassy and LuLu Hypermarket.

According to Dr Althaf, LuLu has been expanding its consolidation efforts in Spain, citing two sourcing facilities there.

Additionally, Dr Althaf pointed out that LuLu is increasing the group's presence in Spain and sourcing products directly from Spanish fruit and vegetable suppliers.

He explained that LuLu Hypermarkets in Qatar are offering high-quality products from Spain, including organic items, at competitive prices, a strategy that helped LuLu to keep inflation under control regardless of external factors. He also emphasised that Spanish products, particularly bulk items like olive oil, meat, and vegetables, are well-received in Qatar, adding that Spain is a well-known exporter of premium food products.

"The popularity of Spanish products in LuLu stores across Qatar, coupled with the company's commitment to maintaining food supply despite regional conflicts complements Qatar's increasing self-reliance in food production, thus contributing to supply stability in the country," Dr Althaf added.

Speaking on the sidelines of the event, Spanish ambassador Javier Carbajosa Sanchez highlighted the growing economic relationship between Spain and Qatar, citing food security and agriculture. He noted that Qatar-Spain trade volume currently stands at $1.6bn, "with room for improvement."

According to the ambassador, Spain and Qatar have ongoing efforts to increase investments and improve trade relations through meetings and dialogues between the business sectors of both countries.

"I think that we have a lot of room for improving bilateral trade volume. In terms of investment, we are working to make things even easier for both sides. There is an ongoing conversation between the Qatar Investment Authority (QIA) and our sovereign fund in Madrid, called Compañía Española de Financiación del Desarrollo (COFIDES). We are working to accelerate, expedite, and improve the level and the quality of investments of Qatar in Spain," Sanchez pointed out.

QBWA vice-chairwoman Aisha Alfardan and EWA founder and president Yulia Stark during the signing ceremony.

The MoU symbolises both entities' commitment to fostering collaboration, sharing knowledge, and driving forward initiatives that support the advancement of women in business.

QBWA, EWA sign MoU to empower women in global business community

The Qatari Businesswomen Association (QBWA) and the European Women's Association (EWA) have signed a memorandum of understanding (MoU), marking the beginning of a strategic partnership aimed at empowering women in the global business community. The MoU symbolises both entities' commitment to fostering collaboration, sharing knowledge, and driving forward initiatives that support the advancement of women in business.

The MoU signed by QBWA vice-chairwoman Aisha Alfardan and EWA founder and president Yulia Stark underscores the shared vision of both organisations to enhance women's role as key players in economic development and entrepreneurship.

By working together, QBWA and EWA aim to amplify their impact through joint activities, including business forums, educational programmes, and networking events.

Through a series of collaboration agreements initiated by the association, QBWA reaffirms its dedication to nurturing the potential of Qatari women and facilitating their active participation in various sectors of the economy. By leveraging its expertise and resources, QBWA aims to empower women in a manner that aligns with the broader goals of national development.

On the other hand, EWA is dedicated to advancing the economic empowerment of women. Its mission is to create an inclusive and supportive ecosystem that promotes gender equality, fosters women's entrepreneurship initiatives, and advocates for development approaches that enable women to thrive in various economic sectors.

"This collaboration with the European Women's Association represents a significant step in our efforts to create a global network that supports women's leadership in business. Together, we are dedicated to providing women with the resources, connections, and opportunities they need to succeed in today's competitive business landscape," said Alfardan. Stark echoed these views, saying: "We are excited to join forces with the Qatari Businesswomen Association to further our mutual goals of elevating women entrepreneurs across Europe and the Middle East. By uniting our strengths, we are confident that we can make a substantial impact on the global business community."

Both organisations have long advocated for women's empowerment and played pivotal roles in promoting female leadership and economic participation. The MoU marks a new chapter in its efforts to inspire, educate, and support women in their entrepreneurial journeys while also fostering cross-cultural exchange and collaboration.

The partnership will focus on the exchange of best practices, the creation of joint programs, and the promotion of women's contributions to the business world. Through their combined efforts, the QBWA and EWA's aim to drive tangible change in the global business environment by empowering women to thrive in leadership roles.

QBWA is an independent non-profit entity working under the umbrella of Qatari Businessmen Association (QBA), which was established under the Amiri Decree No 14 of 2002. It aims to empower women and promote their active participation in the economy, benefiting both women and society as a whole.

The association has played a vital role in driving economic growth in line with the government's vision. QBWA has emerged as a leading model of best practices and active participation. Its strategy is focused on expanding its impact locally, regionally, and globally, building partnerships with both Qatari and international organisations to advance its mission and achieve its goals.

EWA is dedicated to advancing the economic empowerment of women. Its mission is to create an inclusive and supportive ecosystem that promotes gender equality, fosters women's entrepreneurship initiatives, and advocates for development approaches that enable women to thrive in various economic sectors. EWA acts as a bridge between various stakeholders in the ecosystem, including government bodies, corporations, women entrepreneurs, and investors. It facilitates partnerships and collaborations that benefit women in business.

Doha well-positioned to attract digital FDI, says Invest Qatar

By Santhosh V Perumal
Business Reporter

Doha is well-positioned globally and regionally to attract digital FDI (foreign direct investment), which is pivotal for fostering sustainable development, enhancing a country's competitiveness and stimulating growth in other industries through widespread interlinkages, according to Invest Qatar. This outcome came as a result of SMART (skills, market functioning, access or connectivity, restrictions and trust) test on Qatar's digital ecosystem, which is witnessing significant projects, spanning diverse sectors including cloud technologies, Industry 4.0 technologies as artificial intelligence, Internet of Things and blockchain, as well as big data and analytics.

These projects emphasise Qatar's dedication to establishing itself as a leader in the digital revolution, fostering an environment of innovation and progress within the nation's digital economy, Invest Qatar said in a report.

"Spearheaded primarily by the private sector, these projects play a crucial role in facilitating knowledge transfer and skill development through a range of initiatives, including training programmes, technology adoption, collaboration within industry networks and the establishment of global partnerships," it said, adding this approach reflects Qatar's commitment not only to drive digital transformation but also to actively contribute to the broader global digital landscape.

Indicating the potential for further digital FDI growth in Qatar, based on the SMART test, the report found Qatar is ranked number one in the Gulf region in digital skills among active population, institutional framework, 5G connectivity, governance, regulation, trust.

Key projects in digital economy sectors that attract digital FDI include Google Doha Cloud, which is expected to contribute $18.9bn to Qatar's economy between 2023 and 2030 in addition to the creation of 25,000 jobs. Ericsson and Ooredoo Qatar have leveraged Microsoft's cloud ecosystem to provide AI solutions for telecoms to optimise 5G user experiences, using digital twin technology and advanced AI techniques to improve mobile networks and resolve network performance issues.

Meeza, an end-to-end Managed IT Services and Solutions provider, a Qatar Foundation joint venture, has inaugurated its fourth data centre, further reinforcing smart solutions, actively contributing to the ongoing transformation journey in Qatar. FLYR Labs entered a partnership with Invest Qatar to advance the technological transformation of the transportation sector through AI and digital solutions.

Qatar's proactive efforts to diversify its economy have played a pivotal role in attracting investments into the digital economy. The country's attractiveness to investors is attributed to its robust digital adoption, access to a talent pool equipped with digital skills, well-developed research and development infrastructure and substantial government support. Acknowledging the potential of technology-driven industries,

Qatar has been actively promoting digitalisation across diverse sectors, including finance, telecommunications, healthcare and education.

Projections indicate that annual ICT (information, communication and technology) spending in Qatar is anticipated to reach $6.2bn by 2026, growing at a compound annual growth rate (CAGR) of 9.2%.

In alignment with its commitment to digital transformation, Qatar – through its newly launched Digital Agenda 2030 – has set an ambition to contribute QR40bn to the non-hydrocarbon GDP (gross domestic product) of Qatar and create additional 26,000 jobs in Qatar's ICT sector by 2030.

"This substantial initiative serves as an additional effort to enhance Qatar's appeal as a destination for foreign investors," the report said.

QFC receives the 'Banking and Financial Technology Award' presented by the University of Doha for Science and Technology at its Takreem ceremony.

QFC receives 'Emerging Technology Initiative Award', presented at the 8th Middle East Enterprise AI & Analytics Summit.

QFC honoured by HE the Minister of Social Development and Family, Maryam bint Ali bin Nasser al-Misnad, at the Qatar Social Responsibility Week.

QFC wins three awards in innovation and social responsibility

Qatar Financial Centre (QFC), a leading onshore financial and business hub in the region, has been recognised with three awards, highlighting its dedication to fostering innovation in financial services and impactful corporate social responsibility (CSR) initiatives.

Among the accolades is the esteemed 'Emerging Technology Initiative Award', presented at the 8th Middle East Enterprise AI & Analytics Summit, a key platform for sharing insights on technological opportunities and challenges.

This recognition was awarded to the QFC for launching the Digital Assets Lab and the Digital Assets Regulatory Framework, which together drive innovation and set high standards for the country's fintech sector.

The lab serves as a hub for research and development, fostering advancements in digital assets and distributed ledger technology, while the framework provides a strong regulatory foundation for asset tokenisation, ensuring trust among consumers, service providers, and stakeholders.

QFC also received the 'Banking and Financial Technology Award' presented by the University of Doha for Science and Technology (UDST) during its annual Takreem ceremony. The event honours UDST stakeholders for their outstanding support and contributions to the university. QFC was recognised for its role in fostering an environment of innovation and academic excellence.

QFC was honoured by HE the Minister of Social Development and Family, Maryam bint Ali bin Nasser al-Misnad, at the Qatar Social Responsibility Week, for its contributions to the community. QFC extended support to several CSR initiatives aligned with its pillars of financial literacy and youth empowerment, sustainability, and social engagement.

These included the train the trainer programme through QFBA, the Artificial Intelligence Camp educating 150 youth, including participants from Gaza, and a leadership and entrepreneurship workshop.

Furthermore, QFC continues to strengthen the synergy between Qatar's financial sector and local art communities through its collaboration with the Fire Station's artist-in-residence programme, which includes workshops and public awareness campaigns.

"These awards are a testament to the hard work and dedication of the entire QFC team. They reflect our commitment to excellence in serving our clients and making a lasting, positive impact on the communities we operate in and reaffirm our dedication to supporting Qatar National Vision 2030 in building a knowledge-based and sustainable economy," Yousuf Mohamed al-Jaida, chief executive officer, QFC.

Boeing's battle for stability amid cash crunch, labour strikes

By Alex Macheras

Boeing is once again facing a fresh storm of crises that threatens its long-term stability. In recent months, the aerospace giant has grappled with mounting financial pressures due to a month-long strike by 33,000 workers, regulatory scrutiny, and production setbacks that have compounded already existing problems. To shore up its faltering finances, Boeing announced plans to raise up to $25bn through a combination of stock and debt offerings, as well as a $10bn credit agreement with major lenders.

A crippling cash crunch: Boeing's financial woes have been years in the making. The company's debt has skyrocketed to $53bn, a substantial leap from just $10.7bn in early 2019. This surge in debt can be traced back to the twin tragedies of the 737 Max crashes, which not only resulted in a 20-month grounding of the aircraft but also cast a long shadow over Boeing's reputation. The fallout from these incidents has only been exacerbated by ongoing production issues and costly delays in rolling out new aircraft models like the 777X.

The production halt, brought on by the strike and continued problems with its 737 Max and freighter models, has strained cash flow significantly. Boeing's revenue model depends heavily on aircraft deliveries, and any interruption to the production line leads to immediate cash flow issues. The strike, in particular, has compounded these challenges, with some analysts estimating that it is costing Boeing more than $1bn per month.

To stave off further financial distress, Boeing has resorted to raising capital through debt and equity offerings.

The company's decision to raise up to $25bn provides it with a much-needed financial cushion, allowing it to navigate through an uncertain landscape where it faces the dual challenge of labour unrest and a potential credit downgrade to junk bond status.

Labour strikes and mounting pressure: Boeing's labour strike, which began on September 13, has proven to be a significant obstacle in the company's path to recovery. The International Association of Machinists (IAM) represents the 33,000 striking workers, many of whom have taken to the streets to demand better wages and working conditions. Boeing initially proposed a 25% wage increase over four years, which was overwhelmingly rejected by the union members, who countered with demands for a more substantial increase and better pension benefits.

Negotiations between Boeing and IAM have hit a stalemate, with talks breaking down last week. Despite Boeing's attempt to sweeten the deal with a 30% wage increase, the strike continues. For Boeing, this labour unrest has been particularly damaging, as it has brought production to a grinding halt across several key aircraft lines. The longer the strike drags on, the greater the impact on Boeing's financial health, especially since its production delays were already a critical concern.

The Biden administration has also expressed concern over the prolonged strike, given Boeing's status as a key player in the US economy. Acting Deputy Secretary of Labor Julie Su has intervened in an attempt to mediate between the company and union, but as of yet, no resolution has been reached. With Boeing planning to lay off 17,000 workers by mid-November, the strike is set to become even more contentious as the unions brace for what they see as corporate scapegoating.

Production woes: Boeing's production challenges are not limited to the strike. The 737 Max, Boeing's best-selling jet, continues to experience issues. Earlier this year, a door panel blew off a 737 Max mid-flight, prompting regulatory intervention and forcing Boeing to slow production of the jet. While no one was seriously injured in the incident, it raised serious concerns about quality control at Boeing's factories, with investigations revealing lapses in adhering to safety protocols.

The 777X, Boeing's long-delayed widebody aircraft, has also encountered further setbacks. Initially expected to be delivered in 2023, the 777X's entry into service has now been pushed to 2026 due to problems discovered during test flights. For airlines counting on these aircraft to modernise their fleets, this news has been disappointing, and for Boeing, it represents yet another obstacle in regaining its position as the world's premier aircraft manufacturer.

Boeing's market position: Despite the tumult, Boeing retains a unique position within the global aerospace industry. Alongside European rival Airbus, Boeing is one of only two companies capable of producing full-size commercial jets. This duopoly has largely insulated Boeing from the worst-case scenario of complete financial collapse. Even as airlines cancel or defer orders due to delays, switching to Airbus is not an easy option, given that Airbus is already operating at full capacity with a backlog of orders stretching several years into the future. That said, Boeing's shrinking market share and damaged reputation have allowed Airbus to gain ground. Boeing's ability to recover from this crisis will depend on its ability to quickly resolve the strike and ramp up production, while also addressing the quality and safety concerns that have dogged its operations.

Potential downgrade: Boeing's precarious financial situation has not gone unnoticed by credit rating agencies. Both S&P Global and Fitch have warned that Boeing is on the brink of having its bonds downgraded to junk status. Such a downgrade would significantly increase Boeing's borrowing costs at a time when the company is already heavily reliant on external financing. To avoid this outcome, Boeing needs to demonstrate that it can stabilise its operations and resolve the ongoing strike.

Investor sentiment remains mixed. While Boeing's stock has seen some minor gains following announcements of its capital-raising efforts, analysts have expressed concerns about the scale of the company's liquidity crisis. Some, like Nick Cunningham from Agency Partners, have questioned whether Boeing's fundraising efforts are sufficient to address its long-term financial needs.

■ *The author is an aviation analyst. X handle: @AlexInAir*

Global obligation to keep aviation out of harm's way in conflict zones

By Pratap John

Civilian aircraft carry thousands of passengers every single day. Ensuring their safety is paramount, especially during conflicts where there are heightened risks of missile strikes, airspace closures, or targeted attacks. Protecting civil aviation safeguards innocent lives and prevents tragic losses.

The aviation industry is a significant contributor to the global economy. Disruption to air travel will have severe economic repercussions, affecting trade, tourism, and employment. Airports, airlines, and related businesses suffer, impacting communities that rely on aviation for their livelihoods.

In the wake of the Middle East crisis and ongoing war between Russia and Ukraine, the International Air Transport Association (IATA), recently reminded governments around the world of the importance of protecting civil aviation, including airport and air navigation infrastructure, during times of conflict.

Civil aviation fulfils a purpose that transcends politics to 'create and preserve friendship and understanding among the nations and peoples of the world'.

The Chicago Convention, signed some 80 years ago as the Second World War raged, begins with those words.

They are a timeless reminder of civil aviation's essential and unique role in connecting people and delivering goods over vast distances. In the turbulent world of 2024, the truth of the Chicago Convention's preamble rings loudly.

"We all want to live in a world at peace. Sadly, today, that is far from reality for many people. That is why it is necessary to remind all involved in conflict of the need to ensure that flights are safe, and that critical airport and air navigation infrastructure is not targeted in any hostilities," according to IATA.

Civil aviation does not take sides in political conflicts. As an industry that requires the effective implementation of global standards to operate, aviation upholds global standards and the international rules-based order on

A passenger aircraft takes off from an airport in Virginia. In the wake of the Middle East crisis and ongoing war between Russia and Ukraine, the International Air Transport Association, recently reminded governments around the world of the importance of protecting civil aviation, including airport and air navigation infrastructure, during times of conflict.

Beyond the Tarmac

which they rely. "As the name implies, civil aviation serves the civilian population. It must be kept out of harm's way by all actors in a conflict. This is our firm belief," IATA noted.

More importantly, it is the unquestionable obligation of governments under international law.

International conventions, such as the Chicago Convention on International Civil Aviation, emphasise the importance of protecting civil aviation and maintaining safe airspace.

Violating these norms during conflicts undermines global stability and lead to legal and diplomatic consequences.

During conflicts, managing airspace becomes all the more challenging, with increased military activities and potential threats to commercial aircraft.

Protecting civil aviation requires co-ordinated efforts to ensure safe flight routes, timely information sharing, and compliance with international regulations.

According to Willie Walsh, Director General, IATA, the Chicago Convention explicitly obliges states to protect civil aircraft and passengers in flight, refrain from the use of force against civil aircraft, and by corollary co-ordinate and communicate any activities potentially hazardous to civil aviation.

These are essential to keep flying safe.

"As the world works towards more peaceful days, aviation will support the effort by connecting people and goods. In the meantime, combatants must know and abide by the rules of conflict and humanitarian assistance as laid out in international law.

To simplify: do no harm to civilian aircraft, airports or air navigation services. This is non-negotiable and must be respected, even at the height of hostility," Walsh noted.

Aviation connects people, nations, and economies. Disrupting civil aviation during conflict isolate regions, hinder evacuations, and cut off essential services.

Even in conflict zones, civil aviation often plays a vital role in transporting humanitarian aid, medical supplies, and personnel. Therefore, disruption to air travel hamper these efforts, exacerbating the humanitarian crisis.

Protecting civil aviation helps ensure that life-saving assistance reaches those in need.

Maintaining civil aviation helps keep lines of communication and transport open, even in difficult circumstances.

Ensuring the safety of civil aviation during conflicts is not only a legal obligation but a moral imperative to protect lives, uphold international norms, and maintain the functioning of global society.

■ *Pratap John is Business Editor at Gulf Times. X handle: @PratapJohn*

United Airlines shakes off pressure from cheap summer fares

Bloomberg
New York

United Airlines Holdings Inc reported a third-quarter profit ahead of Wall Street's expectations in a sign the company is bouncing back from widespread fare discounts that squeezed many carriers this summer.

Adjusted profit was $3.33 a share in the period, topping the $3.07 average of analyst estimates compiled by Bloomberg. The company also authorised a new $1.5bn share buyback, including as much as $500mn this year.

The results indicate that United is recovering quickly from deep price cuts across the industry as airlines fought to fill an excess of seats in the market during the summer travel season.

Airlines cut "unproductive" flying plans in mid-August as expected and United saw "a clear inflection point in our revenue trends," Scott Kirby, the carrier's chief executive officer, said in a statement on Tuesday.

United this year has managed to largely sidestep major troubles that have tripped up its biggest rivals. Delta Air Lines Inc flights were snarled for several days in July by a technology outage. American Airlines Group Inc is trying to rebound from a loss of corporate customers. Southwest Airlines Co is battling with an activist investor seeking a leadership overhaul while trying to transform its business model.

US aviation regulators recently concluded a review of United's operations after finding no major safety issues.

United said it expects an adjusted fourth-quarter profit of $2.50-3 a share. The midpoint of that range is consistent with the $2.75 per share expected by analysts. Delta, the first major airline to report results for the most recent period, last week forecast a fourth-quarter profit and sales below analysts' estimates.

Third-quarter revenue of $14.8bn also exceeded the $14.7bn consensus from Wall Street. The results were helped by a 13% increase in corporate travel sales from a year ago and a 5% rise in premium revenue. Sales of basic economy tickets, a bare-bones fare used to lure travellers from discount carriers, jumped 20%.

United had earlier said an industry gauge of demand and pricing turned positive in August, ahead of a September improvement across the industry, as airlines began cutting unprofitable routes and fares started moving higher.

United's new share repurchase authorisation is the company's first since the pandemic brought air travel to a near standstill in 2020. The buybacks will be funded by free cash flow, the airline said.

Europe's airlines ratchet up pressure in face of threat from Chinese carriers

Bloomberg
Paris

Air-France KLM is lobbying the French government to cap the number of flights that mainland Chinese carriers can make to Europe, according to people familiar with the matter, in a bid to protect European airlines from unfair competition.

The Paris-headquartered airline group's requests may involve asking for a stay in the current air traffic rights between France and Asia's biggest economy, some of the people said. Deutsche Lufthansa AG meanwhile is pushing for Germany's government to take the lead in challenging Beijing over the issue of distorted rivalry, another person said.

Lufthansa has already said it will pare back services to China, planning to scrap its direct daily flight from Frankfurt to Beijing at the end of this month because, amid jet shortages, it's having to deploy fuel-guzzling, older aircraft on that route, making it unprofitable.

Such machinations expose the disagreement between European carriers on how best to curb the rising number of flights from China by Chinese carriers that take shortcuts over Russian airspace, shaving precious hours off long-haul travel, and offer much cheaper ticket prices. There's some debate about whether to involve national governments or just elevate the matter to Brussels, the de facto capital of the European Union, the people said.

Representatives for Air-France KLM and Lufthansa didn't respond to requests for comment.

More broadly, Europe's relationship with China is being buffeted by worsening trade tensions, as the EU seeks to target what it says are unfair subsidies and other support that Beijing provides to its companies. The bloc is imposing tariffs on Chinese-made electric vehicles, while China is threatening to retaliate against imports of brandy and large-engine vehicles.

KLM Chief Executive Officer Marjan Rintel spoke out earlier this month, urging European Union action against "unfair" Chinese competition, WNL TV reported. "Europe can at least look at how we can prevent that unfair playing field by pricing it or looking at it in a different way," Rintel said.

Europe's airlines haven't flown over Russia since the beginning of Moscow's invasion of Ukraine in late February 2022. Ukraine's airspace has also been closed since then.

Azul rushes to raise cash to seal aircraft lessor deal, slash debt

Bloomberg
Sao Paulo

Azul SA is rushing to raise cash as part of a deal it reached last week with its aircraft lessors, a key step in the Brazilian carrier's attempt to again rework its debt.

The company was able to strike an agreement with lessors and parts suppliers that reduces its debt by 3bn reais ($540mn) in exchange for 100mn new preferred shares. The announcement sent shares rallying as much as 22%. But the boost proved short-lived. The stock eked out gains of less than 1% for the week, and remains down more than 60% this year, the worst performance on Brazil's benchmark Ibovespa index.

While welcome by investors, the deal doesn't provide any of the fresh capital Azul needs to bolster liquidity. And the agreement itself is contingent on the company obtaining new financing, said Carolina Chimenti, an analyst at Moody's Ratings. "Getting new money remains crucial," she said. The renegotiation "was the first step toward avoiding a Chapter 11 filing and the company is still at work."

The situation underscores Azul's delicate financial position. It's the only carrier of the three that dominate Latin America's largest air travel market to have avoided filing for bankruptcy protection. But it has struggled to shore up its balance sheet and deal with the impact of a weak Brazilian real, despite having renegotiated with lessors and carrying out a debt swap that pushed back maturities.

An Azul Airlines passenger aircraft at Carajas Airport in Para state, Brazil. Azul is rushing to raise cash as part of a deal it reached last week with its aircraft lessors, a key step in the Brazilian carrier's attempt to again rework its debt.