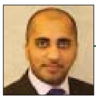
Qatar gets busy



QATAR

By Amjad Hussain

The past month has witnessed a significant amount of activity in the banking sector in Qatar. On the one hand, banks have been holding board meetings to review and approve the financial results ahead of the scheduled annual general assembly meetings and on the other hand, a number of banks have announced the completion of a number of key transactions and financings recently. The banks that have already disclosed their financial results thus far have all posted strong performances and it remains to be seen whether the banks that will disclose their financial results soon will continue on the same path.

Qatar Islamic Bank (QIB) announced a net profit of QAR2.41 billion (US$661.82 million) for the fiscal year 2017 compared with QAR2.16 billion (US$593.16 million) for 2016, marking an increase of 11.57% year-on-year. Basic earnings per share reached QAR9.31 (US$2.56) compared with QAR8.55 (US$2.35) in December 2016. In line with the improved profitability, QIB's board of directors proposed a dividend of QAR5 (US$1.37) per share, subject to approval from its general assembly and the Qatar Central Bank (QCB).

QIIB achieved a net profit of QAR832 million (US$228.48 million) with a growth rate of 6% compared with 2016. Earnings per share stood at QAR5.5 (US$1.51) in 2017. The board of directors recommended a cash dividend of QAR4 (US$1.1) per share subject to the QCB approving the financial statements.

Meanwhile, Masraf Al Rayan announced that its financial results for the year ended the 31st December 2017 delivered a net profit of QAR2.03 billion (US$557.46 million) with a recommended cash dividend of QAR2 (54.92 US cents) per share after obtaining QCB's approval.

Finally, Qatar National Bank (QNB) announced that its net profit reached QAR13.1 billion (US$3.6 billion), up by 6% compared to the previous year. Total assets increased by 13% from December 2016 to reach QAR811 billion (US$222.71 billion). The board of directors have recommended to the general assembly a cash dividend of QAR6 (US$1.65) per share subject to the central bank's approval.

On the transactions side, QIB announced the completion of the sale of its full stake of 60% in Asian Finance Bank, an affiliate in Malaysia, to Malaysia Building Society with QIB receiving cash proceeds of RM357.2 million (US$98.09 million) from the sale of its stake. QNB announced the successful completion of an inaugural Kangaroo bond issuance under its Kangaroo program. Under this programme, a AU$700 million (US$546.57 million) transaction was executed, with five and 10-year maturities. It also announced the successful closing of the syndication for its US$3.5 billion three-year senior unsecured term financing facility. The syndication was supported by 21 international banks and the facility was upsized due to strong demand from the market. The new financing facility will be used for general corporate purposes.

The Commercial Bank of Qatar recently announced the extension of its exclusivity agreement with Tabarak Investments for the sale of its stake in the United Arab Bank in the UAE to the 28th February 2018.

The financial results that were recently announced by various banks demonstrate the strong performance of the banks in Qatar despite the ongoing geopolitical situation. The strong activity of a number of financial institutions on the transactions side is certainly a good and encouraging start to the new year.

Amjad Hussain is a partner at K&L Gates. He can be contacted at Amjad.Hussain@klgates.com.

The UK's Islamic fintech panel launched

UK

By Suhail Ahmad

Islamic finance and fintech practitioners came together on the 24th January for the inaugural meeting of the UK Islamic Fintech Panel. According to the recent Islamic Fintech Landscape report by REDmoney Group, the UK has the second-largest number of Islamic fintech firms at 18, second only to Malaysia which has 21 fintech firms. The panel chaired by Harris Irfan, a partner at Gateway Islamic Advisory, aims to create momentum in the Islamic fintech sector by leveraging London's position as a global fintech hub and recognized center for Islamic finance.

Al Rayan Bank plans to raise GBP250 million (US$345.57 million) via a residential mortgage-backed securitization Sukuk. The proposed Sukuk would help fund the bank's ongoing efforts to expand into commercial real estate, private banking and small business financing. Rating agency Moody's Investors Service has assigned a provisional 'AAA' rating to the Sukuk, which would consist of a portfolio of first lien home purchase plans secured by residential properties.

On the strength of its growth last year, Al Rayan won two prestigious awards in January including the 'Best Islamic Bank in the UK' for 2017 at the Islamic Finance news (IFN) Awards and the 'UK's Best Cash ISA Provider' at the eighth annual Moneynet Personal Finance Awards. Winners of the annual IFN Best Banks awards are determined by votes cast by the industry itself, including Islamic finance issuers, investors, non-banking financial intermediaries and government bodies.

The bank also announced a 1% reduction in the rental rates for its 'Buy to Let Purchase Plans' and a new maximum finance to value band of 75% on the plans, up from 65% previously. This would make Al Rayan with the UK's lowest Shariah compliant buy to let finance rental rates in the market.

In other news, UAE-based energy company Dana Gas must repay US$700 million-worth of Islamic bonds as London High Court Judge George Leggatt rejected an attempt by the company to overturn his decision from last November that the purchase undertaking behind the Sukuk was valid and enforceable. This was another setback for the company which is trying to resolve a dispute over the payment and the Shariah status of its Sukuk.

Suhail Ahmad is the founder of the Financial Network and a partner at Gateway Islamic Advisory. He can be contacted at suhail.ahmad@gatewayllp.com