

2019 results signal optimistic outlook for 2020



QATAR

By Amjad Hussain

Qatari Islamic banks have started to report their net profits for 2019 which show an increase over 2018, confirming the resilience of the country's stable financial sector and a robust growing economy.

The International Conference of Islamic Finance with the theme 'Circular Economy: Towards Impactful, Sustainable and Value-Based Intermediation' was hosted earlier this month in Doha.

During the conference, Yousef Al Jaida, CEO of the Qatar Financial Centre (QFC), noted that Qatar's total Islamic finance assets constitute 33% of the nation's overall financial system assets. Such asset growth is driven by the compound annual growth rate of 8% since 2015, which serves as an indication of the country's resilient and robust economy. The conference discussed enhancing the current knowledge and studying prospects for Islamic finance and transitional economies, and the evolution of circular economic systems against the backdrop of strong global discussions on climate change, environmental degradation and related issues.

Qatar Islamic Bank (QIB) posted a net profit of QAR3.05 billion (US\$829.34 million) in 2019, around an 11% increase compared with 2018 when QIB reported a net profit of QAR2.75 billion (US\$747.76 million).

QIB's growth is based on an effective risk management framework backed by a conservative impairment policy maintaining a 100% coverage ratio for non-performing financing assets as of December 2019. Last month, QIB issued the first regional Formosa Sukuk in a US\$800 million five-year deal. In addition, QIB, for the third consecutive year, has been named the 'Best Islamic Bank in Qatar' at the Middle East Banking Awards 2020.

QIIB posted a net profit of QAR927 million (US\$252.06 million) in 2019, reflecting a stable growth of 5.1% compared with 2018. QIIB's chairman and managing director, Sheikh Khaled AL Thani, noted that QIIB could move

forward with solid growth benefiting from the strength of the Qatari economy, which is performing exceptionally well across various sectors. The results were announced following QIIB's a meeting of its board of directors, which also recommended cash dividends equivalent to 42.5% of the bank's capital (43 dirhams (11.7 US cents) per share), subject to regulatory and shareholders' approvals.

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QFC has welcomed Zurich-based fintech company Instimatch Global, a leading network for institutional money market trading. Instimatch Global is at the forefront of disrupting the traditional ways in which money markets operate and their products in Qatar are expected to be Shariah compliant. The QFC has been working with governmental entities and global fintech companies to advance Qatar's fintech goals and to make it a regional hub for fintech.

Masraf Al Rayan (MAR) recorded a net profit of QAR2.17 billion (US\$590.05 million) in 2019, a 2.3% increase from 2018. MAR's board of directors proposed a cash dividend of 23 dirhams (6.25 US cents) per share, equivalent to 22.5% of the bank's capital, subject to regulatory and shareholders' approvals.

With banks reporting an increase in their net profits, we expect to see more transactional work and projects during the second quarter of 2020. 📌

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