

Increasing profits help Qatar prepare for large-scale projects

QATAR

By Amjad Hussain

Many banks in Qatar are now enjoying strong government support and steady loan growth in their home market. This comfort is pushing conventional and Islamic banks to expand by acquiring stakes in other lenders across the region and around the globe.

Masraf Al Rayan registered a 13.3% year-on-year increase in net profit for the first quarter of 2013 at QAR400 million (US\$109.87 million). The Islamic bank is now in the final stages of due diligence to acquire a stake in a Libyan lender. Masraf Al Rayan is also in the advanced stages of meeting the requirements for the acquisition of UK-based Islamic Bank of Britain (IBB).

Qatar International Islamic Bank (QIIB), which has been in discussions since last June with Masraf Al Rayan to sell a controlling stake in IBB, has raised US\$15.37 million to narrow the loss gap for IBB. IBB was able to raise the amount by placing 1 billion shares with QIIB at a price of 1 penny each, raising the number of its outstanding ordinary shares to 4.5 billion. QIIB now owns 91% of IBB.

Qatar Islamic Bank (QIB) has introduced a new flagship product, the International Sukuk Portfolio. The product will be managed by QIB's UK-based subsidiary, QIB (UK) and will invest primarily in the global Sukuk market, excluding Qatar. QIB's total income for the first quarter of 2013 was QAR724 million (US\$198.87 million), representing a growth of 12% compared to the last quarter in 2012.

The Qatar Central Bank has announced that it will issue up to QAR1 billion (US\$274.68 million)-worth of Sukuk and up to QAR3 billion (US\$824.06 million)-worth of conventional bonds every quarter. This is intended to support the local market and ensure liquidity as the country ramps up.

Barwa Bank has confirmed that it plans to raise QAR2.05 billion (US\$563.1 million) through two share sales. The Islamic lender will issue 50 million shares at QAR21 (US\$5.76) per share through an initial public offering.

Barwa Bank seems to be on solid ground, having reported a 53% rise in net profits to QAR156.7 million (US\$43.04 million) in the first quarter of this year. The Islamic bank is hoping to participate in Qatar's planned rail scheme as part of an Islamic banking consortium looking at the opportunity. Qatar has more than US\$45 billion-worth of projects planned this year and up to US\$200 billion-worth of projects planned for the upcoming years.

The Qatar Islamic Insurance Company is warning about the influx of foreign insurers with the growing number of projects in Qatar. There are currently five Islamic insurance companies in Qatar and about the same number of conventional insurers. Foreign companies and brokers offering insurance services are creating competition in Qatar that many deem to be healthy for the current growing market.

Analysts suggest that this competition will protect the interests of companies and provide options for consumers rather than allow for a monopoly. Following the introduction of the new Qatar Central Bank law at the end last year, it is clear that the insurance sector is going to be the focus of regulatory and government attention going forth.

Despite having obtained approvals in all other markets in which their joint venture was to operate, EFG Hermes, one of the leading investment banks in the Arab world; and QInvest, Qatar's leading investment bank, have confirmed the expiration of their agreement. The regulatory approvals required to satisfy the conditions precedents from the Egyptian Financial Supervisory Authority have run past the long-stop date and the transaction is now not proceeding. ☹

Amjad Hussain is a partner at law firm K&L Gates' corporate and finance practices. He can be contacted at Amjad.Hussain@klgates.com.

Islamic Finance news
RESEARCH REPORT

EXTRACT MORE

From your IFN subscription

IFN Country Correspondents

AFGHANISTAN: Zulfiqar Ali Khan head of Islamic banking division, financial supervision department, Da Afghanistan Bank

AFRICA: Afzal Seedat, managing director, Islamic banking, Absa

AUSTRALIA: Talal Yassine, managing director, Crescent Wealth

BAHRAIN: Dr Hatim El-Jahir director, Islamic Finance Knowledge Centre, Deloitte & Touche

BANGLADESH: Md Shamsuzzaman executive vice president, Islami Bank Bangladesh

BELGIUM: Prof Laurent Marliere CEO, ISFIN

BERMUDA: Belaid A Jheengoor director of asset management, PwC

BRUNEI: James Chiew Siew Hua senior partner, Abrahams Davidson & Co

CANADA: Jeffrey S Graham partner, Borden Ladner Gervais

CZECH REPUBLIC: JUDr Ivana Hrdlickova, judge, Judiciary, Appellate Court Pardubice

EGYPT: Dr Walid Hegazy managing partner, Hegazy & Associates

FRANCE: Kader Merbouh co head of the Executive Master of the Islamic Finance, Paris-Dauphine University

HONG KONG & CHINA: Anthony Chan partner, Brandt Chan & Partners in association with SNR Denton

INDIA: H Jayesh founder partner, Juris Corp

INDONESIA: Farouk A Alwyni chairman, Center for Islamic Studies in Finance, Economics, and Development

IRAN: Majid Pireh Islamic finance expert, SEO

IRAQ: Khaled Saqqaf partner and head of Jordan & Iraq offices, Al Tamimi & Co

IRELAND: Ken Owens Shariah funds assurance partner, PwC Ireland

JAPAN: Serdar A. Basara president, Japan Islamic Finance

JORDAN: Khaled Saqqaf partner and head of Jordan & Iraq offices, Al Tamimi & Co

KOREA: Yong-Jae Chang partner, Lee & Ko

KUWAIT: Alex Saleh partner, Al Tamimi & Company

LUXEMBOURG: Marc Theisen partner, Theisen Law

MALDIVES: Aishath Muneeza head of Islamic finance, Capital Market Development Authority

MALTA: Reuben Buttigieg president, Malta Institute of Management

MAURITIUS: Sameer K Tegally associate, Conyers Dill & Pearman

MOROCCO: Mohamed Boulif, principal consultant, Al Maali Islamic Finance Training and Consultancy

NEW ZEALAND: Dr Mustafa Farouk counsel member for Islamic financial institutions, FIANZ

NIGERIA: Auwalu Ado Shariah auditor, Jaiz Bank

OMAN: Anthony Watson senior associate, Al Busaidy Mansoor Jamal & Co

PAKISTAN: Bilal Rasul director (enforcement), SEC of Pakistan

PHILIPPINES: Rafael A Morales managing partner, SyCip Salazar Hernandez & Gatmaitan

QATAR: Amjad Hussain partner, K&L Gates

RUSSIA: Roustam Vakhitov managing partner, International Tax Associates

SAUDI ARABIA: Nabil Issa partner, King & Spalding

SENEGAL: Abdoulaye Mbow Islamic finance advisor, Africa Islamic Finance Corporation

SOUTH AFRICA: Amman Muhammad CEO, First National Bank - Islamic Finance

SINGAPORE: Yeo Wico partner, Allen & Gledhill

SRI LANKA: Roshan Madewala director/CEO, Research Intelligence Unit

SWITZERLAND: Khadra Abdullahi associate of investment banking, Faisal Private Bank

TANZANIA: Khalfan Abdullah head of product development and Sharia compliance, Amana Bank

TUNISIA: Karim Amous Managing partner, Smarteco

TURKEY: Ali Ceylan partner, Baspinar & Partners

UAE: Moinuddin Malim CEO, Mashreq Al Islami

UK: Siraj Ibrahim corporate finance manager, QIB UK

US: Saeid Hamedanchi, CEO, ShariahShares

YEMEN: Moneer Saif head of Islamic banking, CAC Bank

IFN Correspondents are experts in their respective fields and are selected by Islamic Finance news to contribute designated short country reports. For more information about becoming an IFN Correspondent please contact sasikala@redmoneygroup.com