

A good first half for Qatar

QATAR

By Amjad Hussain

Despite a highly competitive market with new insurance companies entering the Qatari market through the Qatar Financial Center, Damaan Islamic Insurance Company recorded a profit of QAR28 million (US\$7.68 million) for the first half of 2013, against QAR10 million (US\$2.74 million) posted during the same period in 2012. The Qatar Islamic Insurance Company also enjoyed strong financial statements for the first half of 2013 with a net profit of QAR35.8 million (US\$9.83 million) compared with QAR34.8 million (US\$9.55 million) for the same period last year.

Qatar Islamic Bank (QIB) recorded a 15.6% growth in profit from June 2012 to March 2013, reaching QAR360 million (US\$98.85 million). QIB's initiative to expand its domestic network and ensure that customer needs are met has been put to action with the opening of yet another branch in Qatar.

Masraf Al Rayan posted a profit of QAR821 million (US\$225.5 million) in the first half of 2013, showing a commendable increase of net profits

of 13.2%. Masraf Al Rayan's prudent policies have positioned it to be at the forefront of Islamic banking in both the local and regional markets.

The net profit of Qatar International Islamic Bank (QIIB) reached QAR366 million (US\$100.52 million) in the first half of 2013, compared with QAR340 million (US\$93.38 million) for the same period last year, equating to a steady growth of 7.5%. QIIB has been vocal with regards to its continued commitment to the local market and its support for various projects which are aimed to promote the country's growth. This should mean that the bank will remain active in the second half of this year.

Barwa Bank recorded an impressive net profit of QAR303.6 million (US\$83.38 million) in the first half of 2013, reflecting an 85% growth compared to the same period in the previous year. The fastest-growing Islamic bank in Qatar's corporate banking department has been very busy as various major infrastructure projects have started to launch.

During the first half of 2013, Qatar awarded a total of 35 mega-contracts with a combined value of approximately US\$27.5 billion. Qatar is well on its

way to meet the World Cup 2022 deadline with over 51% of the projects to be completed having already entered the execution phase. The contracts tendered in the first quarter of this year are primarily transportation and construction-related, including tunneling for Doha Metro valued approximately at US\$12.3 billion and commencement of the Barwa Al Khor real estate development valued approximately at US\$9.9 billion.

Qatar Exchange, after achieving much success in the technical, regulatory and product diversification aspects of its operations, has now positioned itself to emerge as a key player in the region's capital markets. The bourse will seek to be a regional exchange and is operating at international levels in providing investment opportunities. The debt market in Qatar remains strong and has, over the past six months, reached US\$4.7 billion.

All of the above point towards a strong and encouraging start to 2013 for the Islamic finance industry in Doha. ☺

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SLBA forms dedicated Islamic banking committee

SRI LANKA

By Roshan Madawela

Despite the occasional stormy political developments that have had an indirect impact on Sri Lanka's Islamic finance sector, we can note that some significant positive developments have also taken place. Foremost has been a new initiative from the managing director and CEO of Amana Bank, Faizal Salieh, to establish a dedicated Islamic banking committee within the Sri Lanka Banks Association (SLBA), an umbrella body that covers all banks in the country. This new committee is mandated to look at addressing and resolving all issues faced by this segment of the finance sector: including regulatory, institutional, taxation and operational issues.

Faizal Salieh has been appointed as the chairman of this new committee whilst prominent figures heading the other players in the banking sector also hold positions. Speaking exclusively to the

Research Intelligence Unit, Faizal says that for the first time in Sri Lanka, this committee will be able to address the needs of the Islamic finance industry in a concerted effort to bring about a level playing field. Most importantly, there are also senior representatives from the central bank in the committee and this will serve to spread the message and promote reform in the financial sector.

Another important role envisaged for this committee is to develop and bring all the players to comply with standardized documentation that will serve to further boost customer, investor and regulator confidence. Whilst adhering to the international standards and best practices that are issued by industry bodies like AAOIFI, the committee will seek to make these guidelines more applicable and better practiced in the local setting.

Based on the deliberations and recommendations made by this committee, the SLBA has made a

proposal to the Central Bank of Sri Lanka for the introduction of a Shariah compliant alternative instrument to the conventional treasury bill so that market operators can invest their surplus funds and manage their liquidity. The recommendations include a simple tweak to the Treasury Bills Ordinance as an amendment which would facilitate the government treasury to issue Shariah compliant investment certificates and raise funds for identified government projects and activities.

Currently Amana Bank is the only dedicated Islamic bank in Sri Lanka, although many others including Bank of Ceylon, HNB, Commercial Bank, Nations Trust Bank, MCB, and Habib Bank offer service windows for their customers who prefer to engage in non-interest-based finance. ☺

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