

Qatar: A promising start



QATAR

By Amjad Hussain

The last month presented an opportunity to reflect on the performance of the banking sector in Qatar during the past year, with the majority of the banks disclosing their results for 2016. It is anticipated that the results of the remaining banks will be declared in the coming weeks. Overall, banks have outperformed the financial results of 2015, which is a promising sign for the banking sector and provides a positive outlook for the performance of the banks during the course of 2017.

Qatar Islamic Bank (QIB) announced that it has achieved a net profit attributable to equity holders of QAR2.16 billion (US\$592.75 million) for 2016 compared with QAR1.95 billion (US\$535.12 million) for the year 2015, showing an increase by 10.3% over last year. QIB's board of directors also proposed a profit distribution to shareholders of 47.5% of the nominal share value (QAR4.75 (US\$1.3) per share).

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Qatar International Islamic Bank disclosed its financial statements for the period ended on the 31st December 2016, which showed a net profit of QAR784.8 million (US\$215.37 million) compared with net profit amounting to QAR784.2 million (US\$215.2 million) for the same period of 2015. Earnings per share amounted to QAR5.18 (US\$1.42) for the period ended the 31st December 2016.

QNB Group announced that net profit reached QAR12.4 billion (US\$3.4 billion), up by 10% from last year. Total assets reached QAR720 billion (US\$197.58 billion), up by 34% from December 2015. The board of directors recommended the distribution of a cash dividend of 35% of the nominal share value (QAR3.5 (96 US cents) per share) and a bonus share of 10% of the share capital (one share for every 10 shares).

QInvest's results for 2016 showed that revenues increased 6% to QAR416 million (US\$114.16 million), operating profits increased 3% to QAR220 million (US\$60.37 million) and assets increased by 5% to QAR4.69 billion (US\$1.29 billion).

Masraf Al Rayan also announced its financial results for 2016, delivering a net profit of QAR2.08 billion (US\$570.8 million). The board of directors, at a meeting held on the 16th January 2017, recommended a cash dividend distribution of QAR2 (54.88 US cents) per share, representing 20% of the paid-up capital.

The financial performance of Masraf Al Rayan is definitely one to watch as it is in the process of undergoing a potential merger with Barwa Bank and the International Bank of Qatar, which (if consummated) may result in the new merged entity becoming the largest Shariah compliant bank in the State of Qatar and the third-largest Shariah compliant bank in the Middle East with assets worth more than QAR160 billion (US\$43.91 billion) and a share capital of more than QAR22 billion (US\$6.04 billion).

A few more banks are yet to disclose their financial results (particularly Barwa Bank and Qatar First Bank). However, current indications are that the banking sector in the State of Qatar remains in a strong position. This certainly signals a positive outlook for 2017.

With oil prices stabilizing, it is hoped that Qatar's spending will resume a growth cycle this year, and if that happens, local banks will be in a key position to benefit from it.☺

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