

# ISLAMIC FINANCE IN QATAR

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REPORT 2018



Published By







In the Name of Allah the Most Gracious the Most Merciful





*The Emir His Highness Sheikh*  
**Tamim Bin Hamad Al Thani**





*The Father Emir His Highness Sheikh*

**Hamad Bin Khalifa Al Thani**







*The Deputy Emir His Highness Sheikh*

**Abdullah Bin Hamad Al Thani**





*Prime Minister and Minister of Interior HE Sheikh*  
**Abdullah Bin Nasser Bin Khalifa Al Thani**





H.E. Sheikh Abdulla Bin Saoud Al-Thani

Islamic Finance continues to be a significant sector within Qatar's financial and banking system. The Qatar Central Bank (QCB) has sought to nurture this sector from its inception by enacting legislation and providing an appropriate regulatory environment that respects its privacy, until the Islamic finance market in Qatar ranked first among the best countries that adopt strong laws and regulations of its own.

The previous year had witnessed a positive turning point to fostering the strength and power of the banking system in the country by learning the lessons from the unjust siege on Qatar and the sudden economic measures by the countries of the blockade. The QCB has adopted a proactive approach to address local and regional challenges to avoid any sudden shocks, it also ensured the strengthening of financial positions of banks and reduce their exposure to unchecked risk. In this context, the QCB called on Islamic banks to early implementation of the Financial Accounting Standard No. (30) for Islamic Financial Institutions, in compliance with International Accounting Standard No. 9 regarding the calculation of the expected credit loss provision. With the application of these standards and requirements, Islamic banks have achieved positive results and their profits have increased by 8.5% compared to 2017. The capital adequacy and asset quality levels indicate that the banking sector in Qatar can withstand extreme stress scenarios.

The promotion of Islamic finance knowledge awareness is a joint task of financial, research and academic institutions. The public needs to know the operational nature of these institutions, financing and investment tools as well as the nature and feature of their operations. In this context, the promotion of financial education is one of our strategic objectives at QCB that we are seeking to achieve.

**H.E. Sheikh Abdulla Bin Saoud Al-Thani**

*Governor of Qatar Central Bank*



| The Aspire Mosque



Dr. Khalid bin Ibrahim Al Sulaiti

### ***In the Name of Allah the Most Gracious the Most Merciful***

Praise be to Allah and blessing and peace be upon our prophet Mohammed, his family and all his companions.

In line with our journey at Bait Al-Mashura to enhance the role of Islamic finance in Qatar, we are pleased to present to all researchers and to those who are interested inside and outside the State of Qatar our 2nd Annual Report which discusses the Islamic finance products and institutions performance in Qatar during the year 2018. We were keen to develop this version by adding five years cumulative performance of the finance and investment companies as well as the study of Islamic investment finances and their performance during such period.

The results of 2018 showed more stability and strength for the Islamic finance sector, overcoming the effects of the siege imposed on the State of Qatar and its economic repercussions. This sector continues to impose its competitiveness on the world in terms of size and performance, and the legislative and regulatory environment in which it operates. The experience of the Islamic finance institutions in Qatar during this period represents an important field for researchers and scholars regarding the management of emergent financial and economic crises.

These achievements would not be possible without the grace of Allah, the guidance of the His Highness the Emir Sheikh Tamim bin Hamad Al Thani – may Allah protect him – the patron of our renaissance, the good government for their tireless efforts and its various institutions, and the great role played by QCB in the regulation and modernization of the banking sector. In addition, we thank the Islamic Finance institutions and the Supervision bodies in Qatar for their cooperation, for sharing information and for their interaction in responding to queries. Eventually, we ask Allah for further progress and development of the Islamic Financial Sector. All praise is to Allah, Lord of the worlds.

### **Dr. Khalid bin Ibrahim Al Sulaiti**

*Vice Chairman of the Board of Directors of Bait al-Mashura Finance Consultations*

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## Guidance Notes

- The report presents results of 2018 with a cumulative study of five years (2014-2018) according to the available data.
- The total statistics of Islamic banks were adopted according to the quarterly bulletins published by Qatar Central Bank. For detailed statistics of Islamic banks, the audited financial statements of the respective banks were relied on, thus some minor differences may arise.
- The revised data of 2017 was adopted in accordance with the financial statements of some companies.
- There may be some differences in numbers due to rounding too.

### Disclaimer

Information in this report is compiled from and relied upon the sources referred to in the report, therefore the issuing body doesn't bear any responsibility for the consequences of basing the decisions thereupon which may lead to the benefits or otherwise.

## *Executive Summary*

Thanks to the urgent measures taken by the Government of the State of Qatar to address the crisis that was imposed in the middle of 2017, and the policies and structural reforms that were strengthened, the Government of Qatar succeeded in managing the repercussions of this crisis. In the financial sector, non-resident deposits were disrupted, while strong and conservative asset assessment policies were applied to address the expected shocks. The impact of this success embodied in changing the future perspective of Qatar by the international credit rating institutions to a stable outlook. For Islamic Finance Sector, 2018 was more powerful in enhancing the quality of its assets and it continued to achieve positive results.

Within the Islamic Banking Sector, the banks made a profit of more than QR 6.5 billion at a high growth rate of 8.5% for 2017 driven by revenue amounted 10.4%. Islamic banks' assets were declined with a simple rate of (0.6%), deposits by (1.1%) and the financing was declined by (3.3%). Islamic banks' financing was focused on the private and personal sectors and moved towards the consumer, industrial and real estate sectors.

In Takaful Insurance Sector, the assets of the policyholders in Takaful insurance companies increased by 14%, while the Takaful insurance contributions increased by 2.3%. Additionally, these companies have achieved insurance surplus of QR 46 million.

As regard to the Islamic Finance Companies, the assets declined slightly by a rate of (0.6%) with variation in growth and decline among these companies. Despite the decrease in the revenues of the financing activities of these companies by (3%), it achieved profits of QR 105.6 million with a growth rate of 4.2% over 2017.

As to the Islamic investment companies, the assets of the two Islamic investment

companies decreased in 2018 at a rate of (12.5%), while the losses of the two companies reached QR (41.9) million.

In the field of Sukuk, the issued Sukuk decreased at a rate of (43%), while Sukuk issuance by Islamic banks increased with a rate of 27%, the Islamic banks issued Sukuk with a total value of QR 12.6 billion.

In Islamic investment funds, all these funds performed positively with an average of 6%, the NAV of the unit holders of these finances was QR365 million.

As for the QE Al Rayan Islamic Index, it recorded an increase with a percentage of 13.54%.



General view of the city of Doha

# *A Glimpse of Qatari Economy in 2018*





# A Glimpse of Qatari Economy in 2018

Qatar succeeded in managing the repercussions of the crisis imposed at the middle of 2017. The effects of this success were more apparent in 2018. Thanks to the country's high sovereign financial strength, competitive economic environment and strong corporate governance indicators, the international credit rating institutions have changed their Qatar's future outlook to a stable one. Despite the slowdown in international growth in the second half of 2018, the Qatari economy has achieved positive growth rates. The country has also directed to encouraging private sector projects in the agricultural and industrial sectors and restructuring supply chains in line with its vision to combat the siege and diversify its economy. In the financial sector, non-resident deposits migration from the banking system stopped, while the public sector reduced its support of liquidity in the banking sector, similarly the fiscal deficit shrunk dramatically and turned into surplus in 2018.

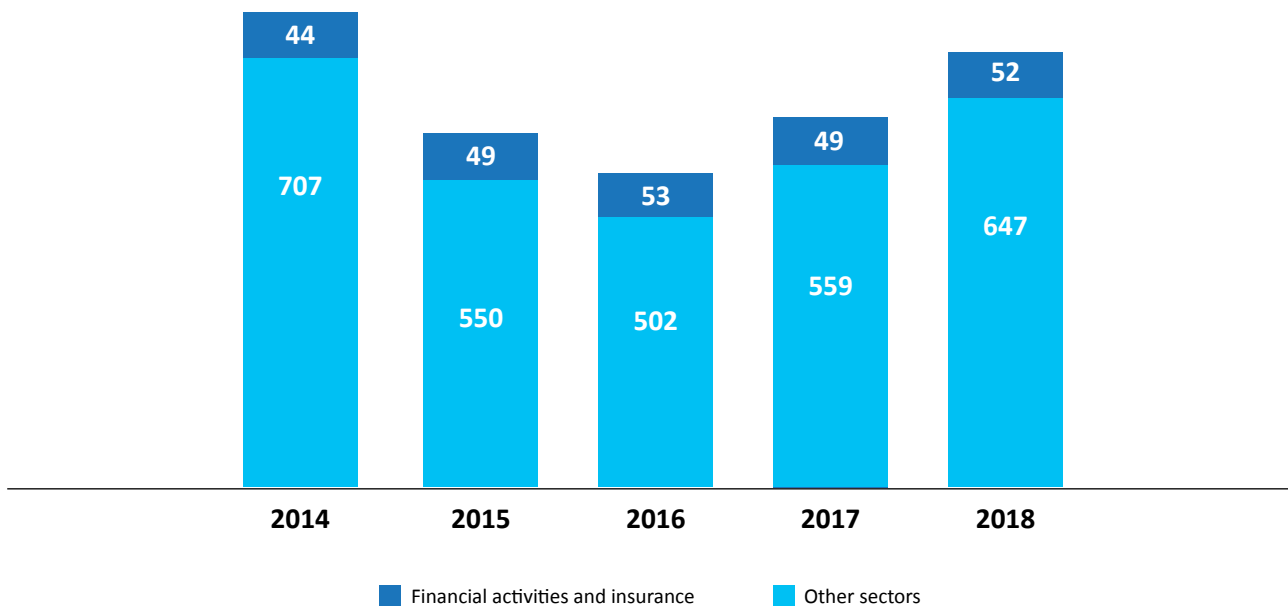
## **Gross Domestic Product (GDP):**

In 2018, Qatar's gross domestic product (in the current prices), as per the Ministry of Development Planning and Statistics estimations, reached QR 698.91 billion with an increase of 15% over 2017. According to the base price of 2013, the gross domestic product grew by 1.4% in 2018 to reach 820.44 billion Qatari Riyals. According to the latest forecasts of the Statistics Authority, the growth rate in 2019 is expected to reach 2.9%.

The share of financial and insurance activities in the gross domestic product increased by 6.1% compared to 2017, whereby it reached 51.97 billion Qatari Riyals in 2018.



### Qatar's Nominal GDP (2014 – 2018) in Million Qatari Riyals



Source: Quarterly Statistical Bulletins, Qatar Central Bank.

### Government Finance:

In contrast to the expected deficit forecasts for 2018 budget, the general budget in Qatar has achieved a surplus by 15.1 billion Qatari Riyals in 2018, representing 2.2% of GDP. This is due to the rise in oil and natural gas prices exceeding the reserve price on which the budget was developed, in addition to the investments of Qatar Petroleum. The government revenues reached 207.9 billion Qatari Riyals, with an increase of 27.3 % compared to 2017. Government expenditure decreased by 5.1 % compared to 2017, as it reached 192.8 billion Qatari Riyals in 2018.

**Inflation:**

Inflation fell at the lowest level in 2018, while it was 0.5% in 2017, it fell down to 0.3% and expected to be 2.5% in 2019.

**Table of Macroeconomic Indicators in Qatar**

	<b>2017</b>	<b>2018</b>	<b>2019</b> (Forecasts)
Nominal GDP (QR billion)	607.6	698.9	744.3
Actual GDP growth %	1.6	1.4	2.9
Inflation rate %	0.5	0.3	2.5
Government finance balance to GDP %	-(5.7)	2.2	5.1

(Source: Reports of the Minister of Development Planning and Statistics, Qatar Central Bank, IMF, Qatar Economic Outlook for 2018-2020).

**Islamic Finance in Qatar:**

The Islamic financial sector in Qatar is divided into four main sectors, namely: Islamic banks, Takaful insurance companies, Islamic finance companies and Islamic investment companies, as well as Islamic finance products such as sukuk, investment finances and Islamic indices. These institutions in such financial sectors are regulated by Qatar Central Bank. In addition, there are some financial institutions practicing Islamic finance activities within the framework of Qatar Financial Center (QFC).

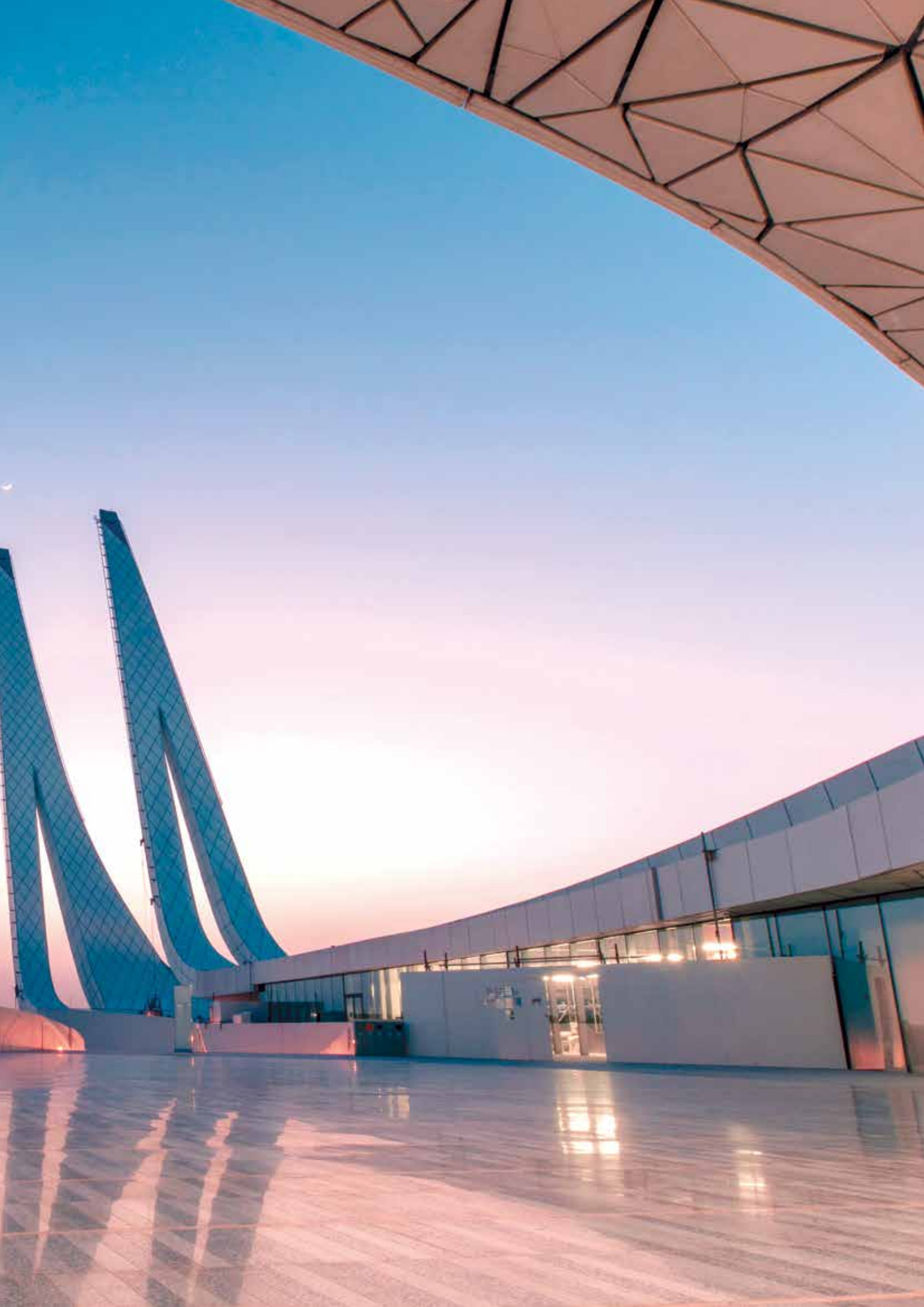




Hamad International Airport

# *Islamic Banking Sector*

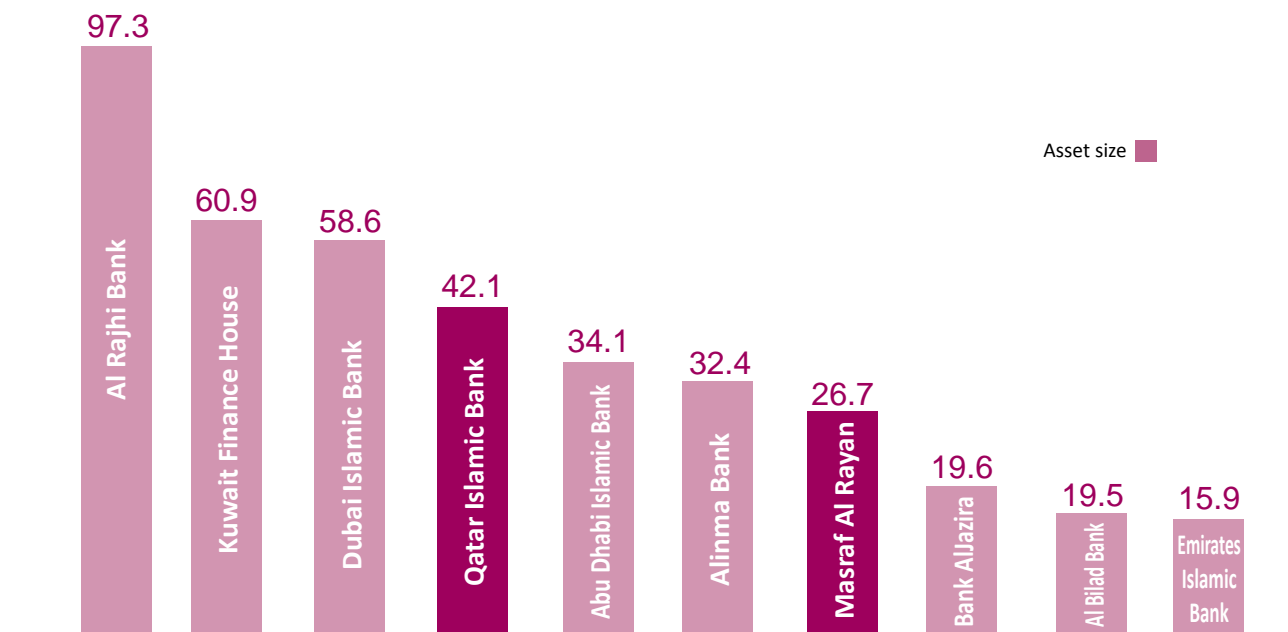
General view of the Medina Education Mosque



The banking sector in Qatar comprises (4) Islamic banks out of a total of (18) banks, six of which are conventional local commercial banks, a specialized bank (Qatar Development Bank) and (7) seven branches of conventional foreign banks.

Islamic banks in Qatar operate within an internal and external network of more than (70) branches and offices. These Islamic banks account for almost a quarter of the market share of Qatar’s banking sector and are among the largest Islamic banks in the world.

### Ranking of Global Islamic Banks by Asset Size in 2018 (Billion USD)



Source: Annual Financial Reports of Banks (2018).

### Islamic commercial banks operating under the supervision of Qatar Central Bank:

- 1. Qatar Islamic Bank (QIB):** Qatar Islamic Bank (QIB) was established in 1982 in Qatar as the first Islamic bank in Qatar. QIB is now the largest Islamic bank in Qatar and the fourth largest Islamic bank in the world with total assets of 153.2 billion Qatari Riyals in 2018 and a market share of 44% of Islamic banking assets in Qatar and 11% of the total banking market in Qatar. QIB offers a wide range of products and services to classes of personal, businesses and investment through (30) branches and an external branch in Sudan, in addition to owning more than 99% of

Qatar Islamic Bank in UK and the Arab Finance House in Lebanon. QIB has shares in a number of Islamic financial services companies, as well as its shares are listed in Qatar Stock Exchange. The shareholders' equity in 2018 amounted to 15.4 billion Qatari Riyals.

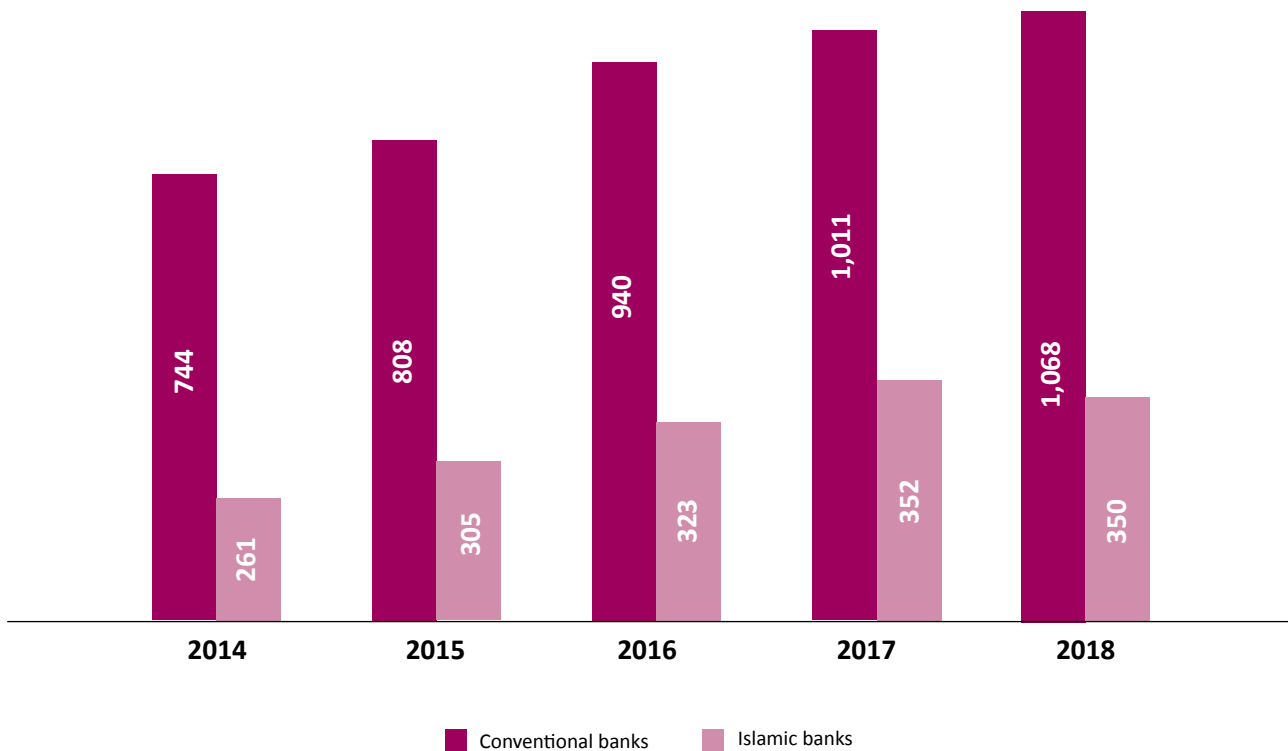
- 2. Qatar International Islamic Bank (QIIB):** QIIB was established in 1991. The total assets of the Bank in 2018 amounted to 50.3 billion Qatari Riyals representing 14% of the assets of Islamic banks and 4% of the total assets of the banking sector in Qatar. QIIB shareholders' equity amounted to 5.8 billion Qatari Riyals. QIIB offers Islamic finance services and products to individuals and companies through its main office and other (19) local branches. QIIB shares are also listed in Qatar Stock Exchange. The Bank has recently opened Umnia Bank as the first Islamic bank in the Kingdom of Morocco in partnership with local banks.
- 3. Masraf Al Rayan:** Masraf Al Rayan was established in 2006 as an integrated Islamic bank to provide retail and corporate banking services and products as well as private banking services. Masraf Al Rayan is the seventh largest Islamic bank in the world with total assets of 97.3 billion Qatari Riyals. It represents 28% of the assets of the Islamic banks in Qatar and 7% of the total assets of the commercial banking sector in Qatar. Masraf Al Rayan provides its services through (18) local branches in Qatar and is followed by banking and investment subsidiaries externally and domestically. It is listed in Qatar Stock Exchange. By the end of 2018, the bank shareholders' equity amounted to 13.3 billion Qatari Riyals.
- 4. Barwa Bank:** Barwa Bank was established in 2009 as an integrated Islamic bank to provide Sharia compliant banking services and products, including retail and corporate services, business services, private banking, real estate finance, syndicated finance, investment services and asset management. In 2010, Barwa Bank acquired First Finance Company (FFC), First Leasing Company and First Investor Company, which are leading finance and investment companies in their field. The total assets of the bank amounted to 44.4 billion Qatari Riyals, representing 13% of the assets of Islamic banks in Qatar and 3% of the total assets of commercial banks operating in Qatar. By the end of 2018, shareholders' equity amounted to 6.7 billion Qatari Riyals. In August 2018, the Bank entered into a merger agreement with International Bank of Qatar for the establishment of an Islamic banking body. In December 2018, the shareholders agreed to merge and the legal merger is in progress with the beginning of the second quarter of 2019.



## 1. Assets

The banking sector in Qatar witnessed a growth in total assets of 4% compared to 2017. This positive growth achieved by conventional banks. The Islamic banking assets decreased by a simple rate of (0.6%), while the market share of Islamic banks declined from 25.6% to 24.5% in 2017. According to Qatar Central Bank statistics for December 2018, the assets of Islamic banks in December 2018 amounted to 350 billion Qatari Riyals compared to 352.2 Qatari Riyals in 2017.

### Assets of conventional and Islamic Commercial Banks in Qatar (2014 – 2018) in Billion Qatari Riyals



Source: Quarterly Statistical Bulletins, Qatar Central Bank.



QIB ranked first in the volume of assets among the Islamic banks with 153.2 billion Qatari Riyals. Meanwhile, QIIB ranked first among these banks in terms of asset growth in 2018 with a growth rate of 7.8%, followed by QIB with 1.9%, while Bank Al Rayan's assets declined by (5.5%). Barwa Bank's assets also declined by (8.8%) compared to 2017.

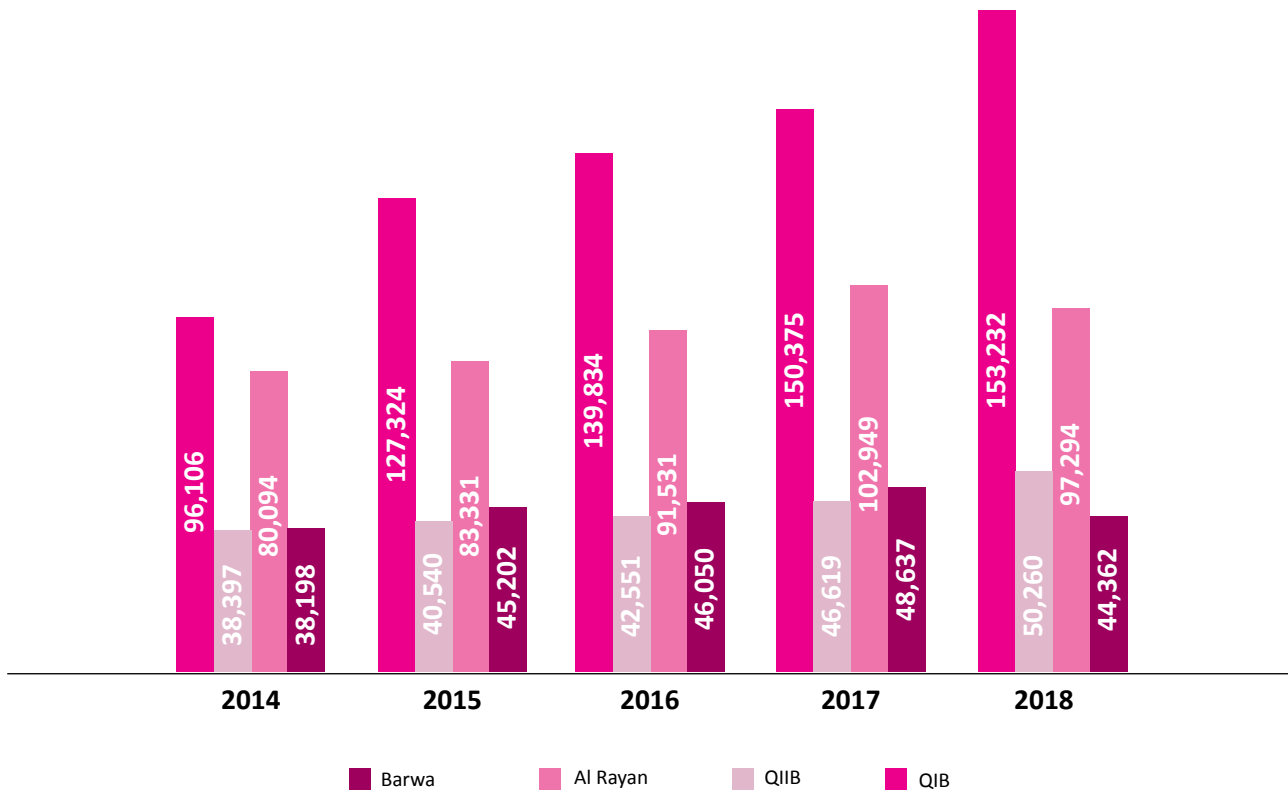
Over the past five years (2014-2018), the assets of Islamic banks grew at a compound annual growth rate (CAGR) of 6.4%. QIB was in the forefront where the assets thereof grew during the period at an annual growth rate of 9.8%, followed by QIIB with 5.5%, then Masraf Al Rayan with 4%, then Barwa Bank with 3%.

### Assets of Islamic Banks in Qatar (2014 - 2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018%	CAGR %
QIB	96,106,464	127,323,982	139,834,128	150,374,876	153,232,365	1.9	9.8
QIIB	38,397,455	40,540,045	42,550,960	46,618,980	50,259,955	7.8	5.5
Al Rayan	80,094,268	83,331,431	91,530,735	102,948,972	97,294,213	-(5.5)	4
Barwa	38,197,520	45,201,618	46,049,680	48,637,154	44,361,540	-(8.8)	3

Source: Annual reports of banks.

### Assets of Islamic Banks in Qatar (2014 – 2018) in Million Qatari Riyals



## 2. Deposits

During 2017, the government supported the banking system to overcome the sudden crisis, including the injection of governmental deposits in Islamic banks to avoid the shortage of non-resident deposits, which fell to nearly 44%. In contrast, the proportion of government deposits increased by nearly 40% compared to 2016. Due to the banks exceeded the effects of these events within a short period, and increased confidence in the banking system, the government reduced its deposits in Islamic banks in 2018 by (5.5%). However, the deposits of Islamic banks decreased only at a small rate of (1.1%) compared to 2017, with an increase of 26.1% in its share of the total deposits of the banking system. The deposits of the private sector grew by 3.7%, while the non-resident deposits declined by (14.5%), well below the 2017 decline.

Deposits in Islamic banks in 2018 were led by the private sector with 59.5% of total deposits, followed by the public sector by 33%, while non-resident deposits accounted for 7.5% of total deposits in Islamic banks.

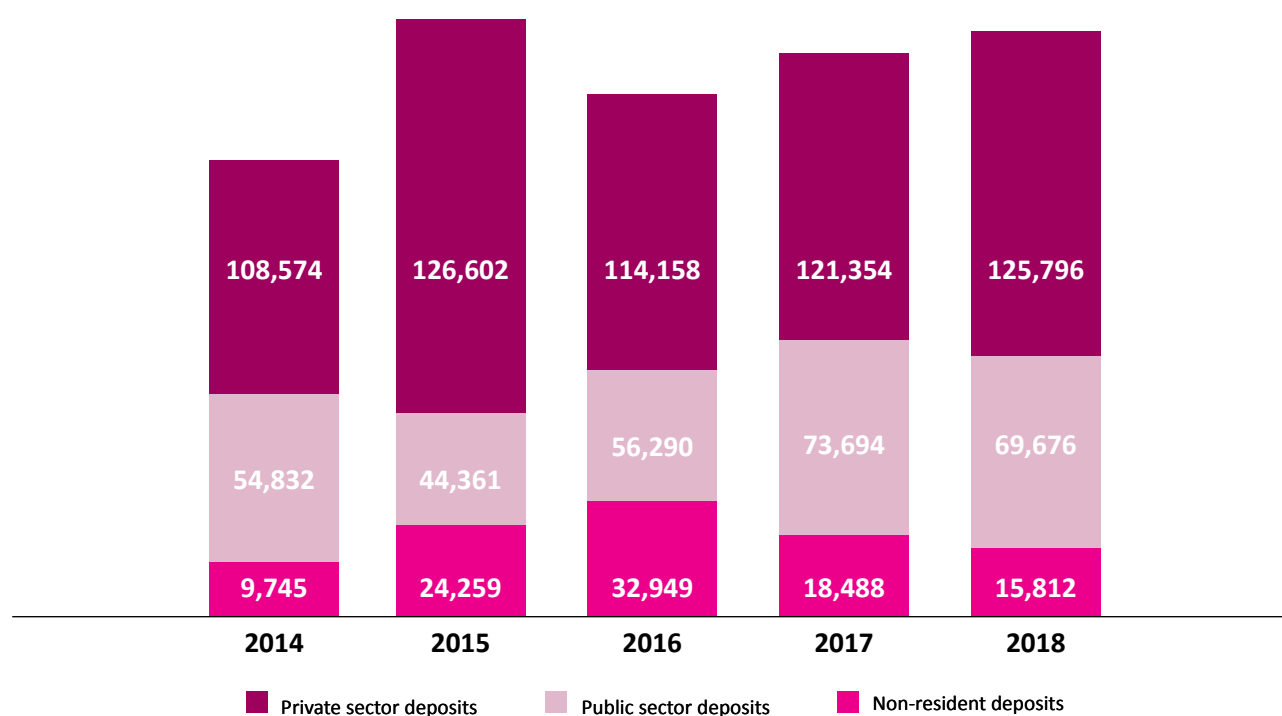


## Deposits in Islamic Banks in Qatar (2014 – 2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018%	CAGR
Non-resident deposits	9,744,670	24,258,887	32,949,114	18,488,294	15,811,538	- (14.5)	10.2
Public sector deposits	54,831,529	44,361,027	44,361,027	56,289,567	69,675,719	- (5.5)	4.9
Private sector deposits	108,573,975	126,602,106	126,602,106	114,158,057	125,795,827	3.7	3
Total deposits	173,150,174	195,222,020	195,222,020	20,339,6738	21,1283,084	- (1.1)	4.1
Deposits of Islamic banks to the total deposits of the banking system %	28.8	30	28	25.9	26.1		

Source: Quarterly Statistical Bulletin, Vol. (34-37) - Issue No. 4, Qatar Central Bank.

## Assets of Islamic banks in Qatar (2014 – 2018) in Million Qatari Riyals



The simple decrease in the volume of deposits in 2018 was uneven among Islamic banks. In QIB it was (1.2%), in Al Rayan Bank it was (1.5%), while in Barwa Bank it was (1.6%) and (4.2%) in QIIB compared to 2017.

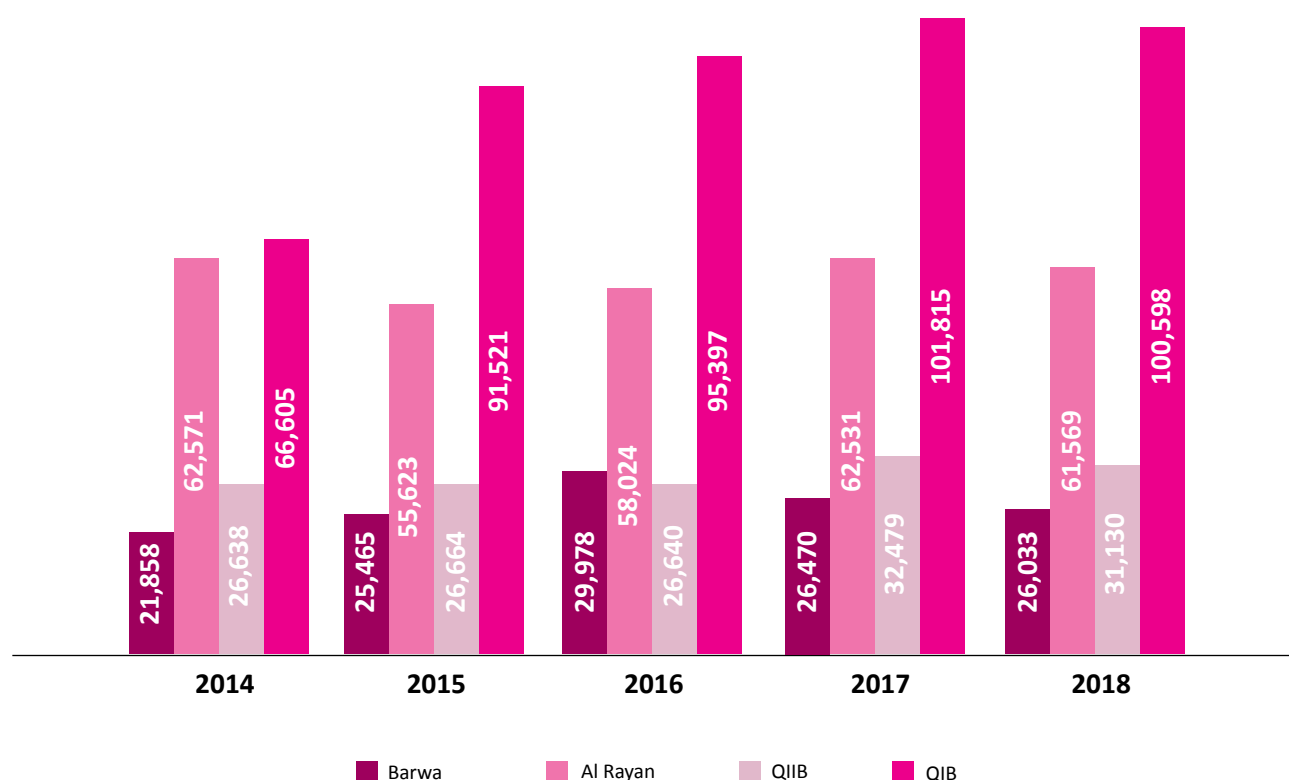
Over the last five years (2014 – 2018), according to the financial statements published by the Islamic banks, deposits of Islamic banks grew at a compound annual growth rate of 4.3%. QIB came in the forefront, where the assets thereof grew during such period with an average growth rate of 8.6%, then QIIB with 3.2%, Barwa Bank with 3.6% and finally Masraf Al Rayan with (-0.3%).

### Deposits in Islamic Banks in Qatar (2014 – 2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018	CAGR %
QIB	66,604,862	91,520,514	95,396,756	101,814,551	100,597,983	- (1.2)	8.6
QIIB	26,638,340	26,663,911	26,640,038	32,478,648	31,129,927	- (4.2)	3.2
Al Rayan	62,570,553	55,623,266	58,023,925	62,531,186	61,568,867	- (1.5)	-(0.3)
Barwa	21,858,397	25,464,808	29,977,537	26,469,886	26,033,499	- (1.6)	3.6
<b>Total</b>	<b>177,672,152</b>	<b>199,272,499</b>	<b>210,038,256</b>	<b>223,294,271</b>	<b>219,330,276</b>	<b>- (1.8)</b>	<b>4.3</b>

Source: Annual reports of banks.

### Volume of Deposits in Islamic Banks in Qatar (2014 – 2018) in Million Qatari Riyals



### 3. Finance:

According to quarterly data issued by Qatar Central Bank, the total amount of finances granted by Islamic banks to their customers in 2018 decreased by (3.3%) compared to 2017 representing 25% of the total finances and credit facilities of the banking sector for 2018.

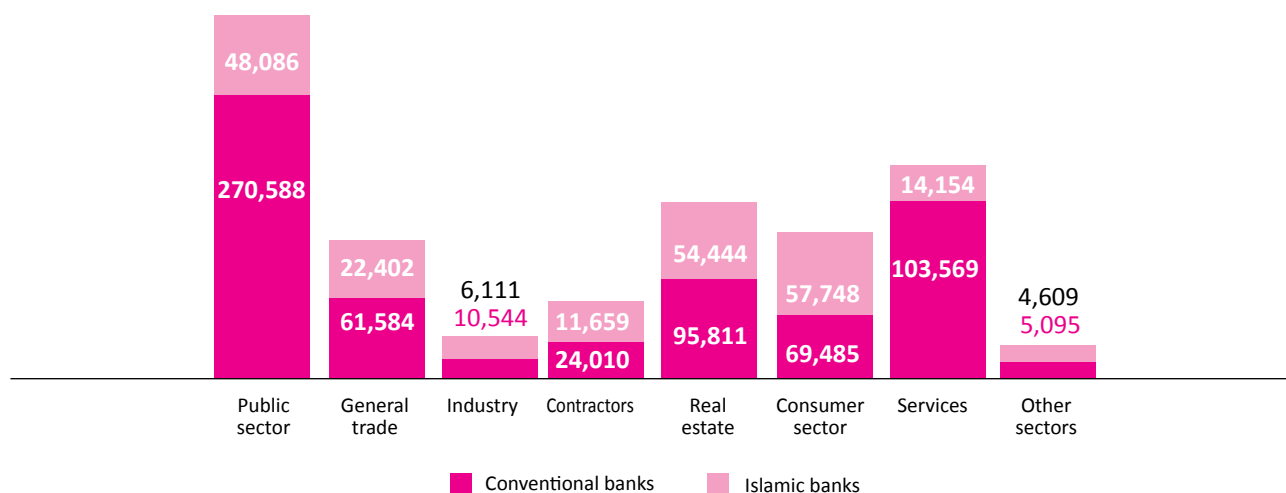
Comparing the concentration of Islamic banks finance in the finance sectors to conventional commercial banks in Qatar during 2017, the contribution of Islamic banks to finance the consumer sector was greater than that of other sectors, as its contribution ratio in financing this sector was 45.4% of entire commercial banks (conventional banks) related to this sector. It is noted that the finances granted to the industry sector are increased compared to previous years, which indicates the effectiveness of this sector and the role of Islamic banks in finance. The contribution of such banks to finance the said sector represented 36.7% of the total finance, followed by the real estate sector with 36.2%. Meanwhile, the finance of Islamic banks focused on the private sector and to individual finance, compared to conventional banks, which were mostly focused on the government sector. The proportion of Islamic bank finance directed towards the local sector is higher than its traditional counterparts.

### Total Finance of Islamic and Conventional Banks in Qatar in 2018 (Thousand Qatari Riyals)

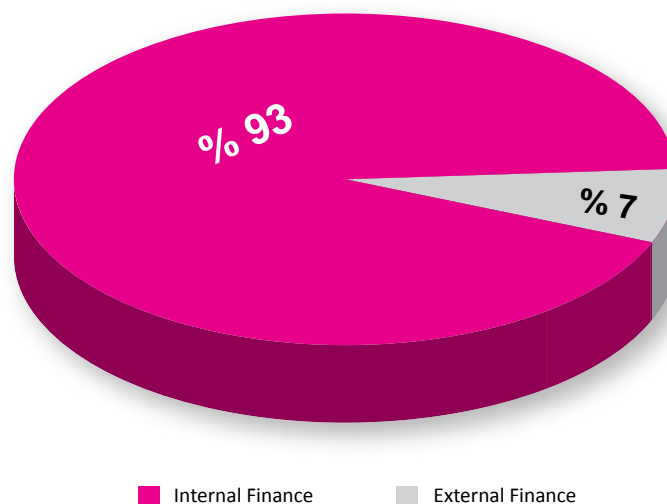
	Islamic banks	Conventional commercial banks	Total of commercial banks (Islamic + conventional)	Islamic bank finance to conventional bank finance %
Public sector	48,086,473	270,588,184	318,674,657	15.1
General trade	22,401,687	61,583,712	83,985,399	26.7
Industry	6,110,589	10,544,654	16,655,243	36.7
Contractors	11,659,282	24,009,506	35,668,788	32.7
Real estate	54,444,474	95,810,640	150,255,114	36.25
Consumer sector	57,747,656	69,484,864	127,232,520	45.4
Services	14,154,277	103,569,494	117,723,771	12
Other sectors	4,608,857	5,095,115	9,703,972	47.5
Domestic total	219,213,295	640,686,169	859,899,464	25.5
Outside Qatar	17,037,260	63,494,494	80,531,754	21.2
<b>Total</b>	<b>236,250,555</b>	<b>704,180,663</b>	<b>940,431,218</b>	<b>25.1</b>

Source: Quarterly Statistical Bulletin, Volume 38, Number 4, Qatar Central Bank

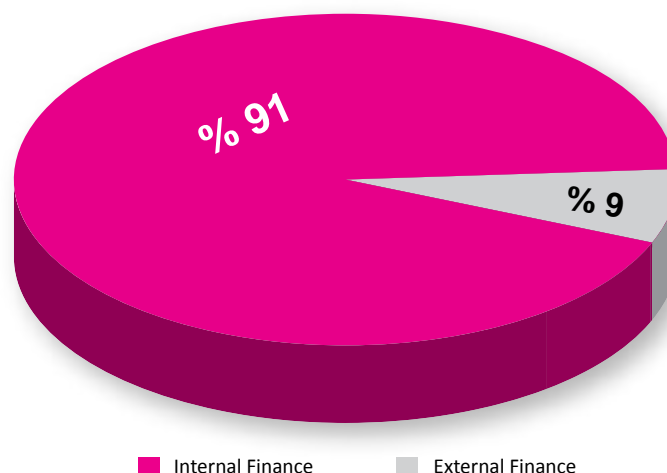
### Sectorwise Islamic Banks' Finances vs Conventional Banks' Finances in 2018 (Million Qatari Riyals)



### Ratio of Islamic Banks' Finance Inside and Outside Qatar 2018



### Ratio of Conventional Banks' Finance Inside and Outside Qatar 2018



In comparing the net finances of the four Islamic banks, we find that all these banks have implemented the early adoption of IAS 30 (Impairment and Credit Losses) and the choice not to modify the comparative figures for 2017. Accordingly, as per the financial statements, the net financial ratios for FY2018 are lower than 2017 with a decline of (10%) of these banks, but this cannot be considered as comparative figures.

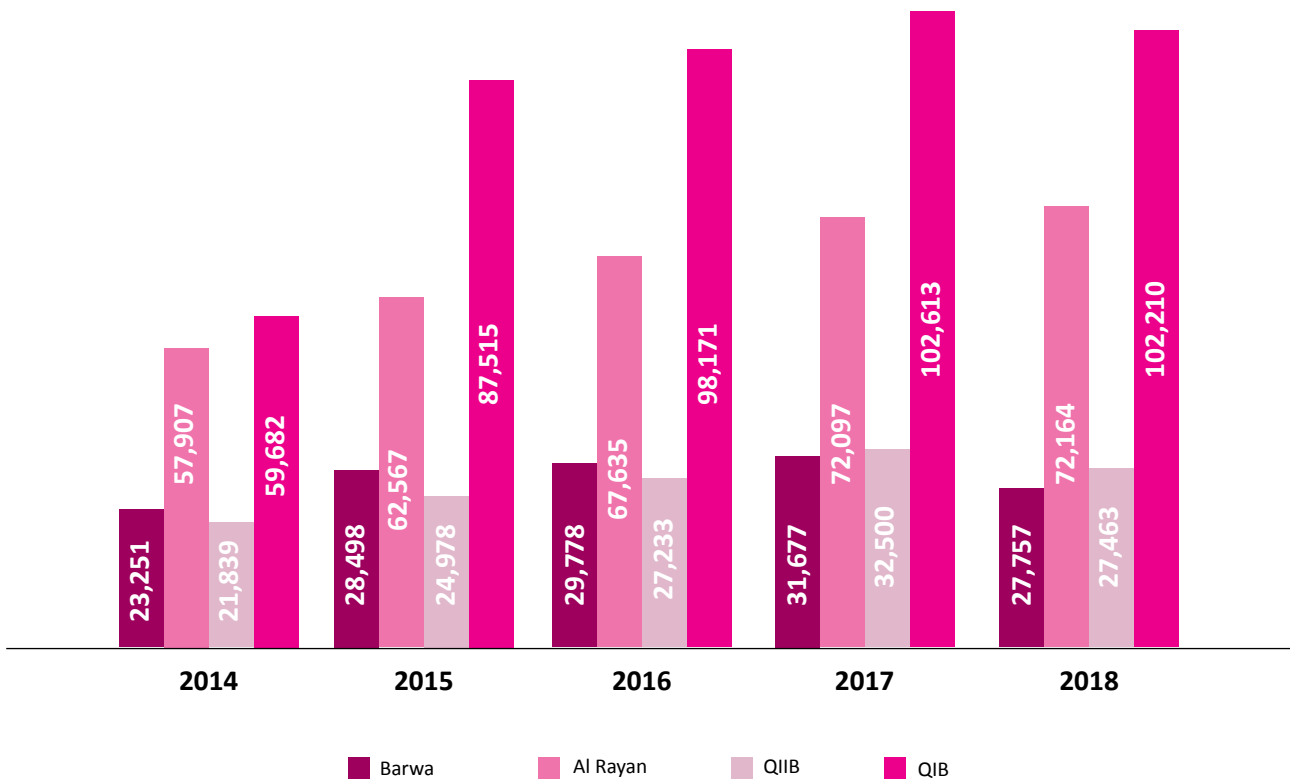
During the five-year period (2014 – 2018), the compound annual growth rate of finances in Islamic banks in the State of Qatar was 5.7%. The highest average growth rate for QIB was 11.4%, followed by QIIB with 4.7%, then Masraf Al Rayan with 4.5% and finally Barwa Bank with a growth rate of 3.6%.

Net Finances Provided by Islamic Banks in Qatar 2014 – 2018 in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018%	CAGR %
QIB	59,681,531	87,515,388	98,170,520	102,613,499	102,209,930	- (0.4)	11.4
QIIB	21,839,280	24,978,073	27,233,326	32,500,027	27,463,353	- (15.5)	4.7
Al Rayan	57,906,940	62,566,639	67,634,561	72,097,080	72,163,836	0.1	4.5
Barwa	23,250,587	28,497,638	29,778,499	31,676,882	27,756,699	- (12.4)	3.6
<b>Total</b>	<b>162,678,338</b>	<b>203,557,738</b>	<b>222,816,906</b>	<b>238,887,488</b>	<b>214,931,146</b>	<b>- (10)</b>	<b>5.7</b>

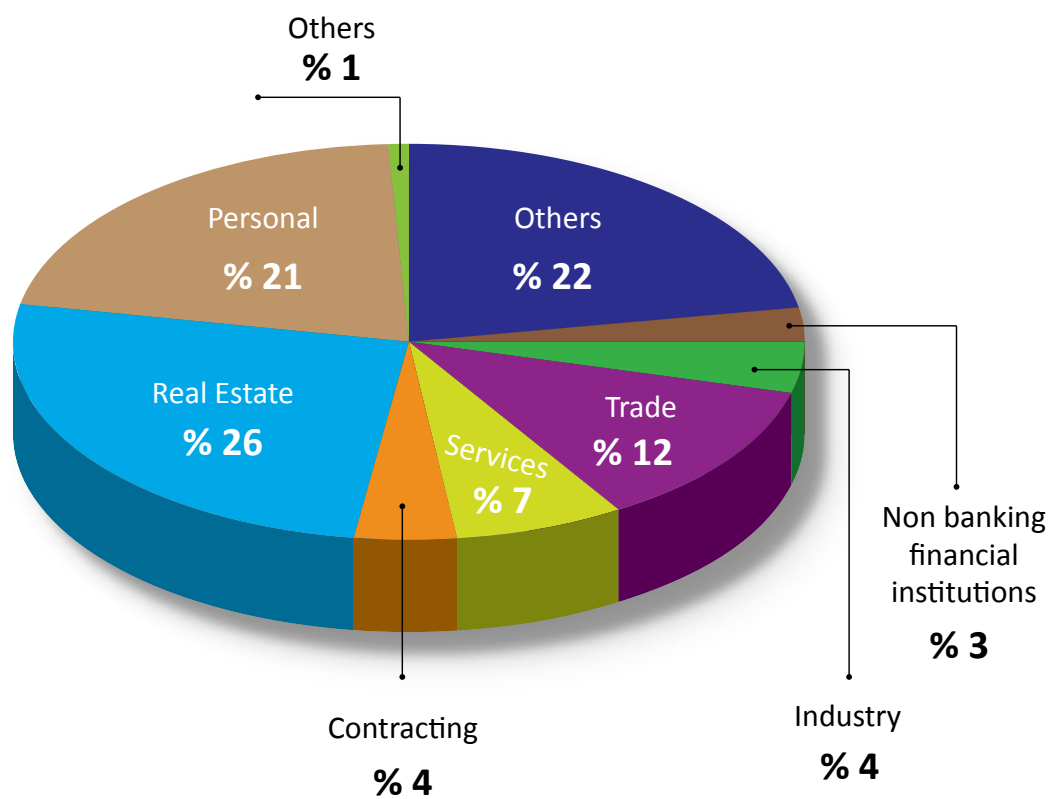
Source: Annual reports of the banks.

Net Financing of Islamic Banks in Qatar (2014 - 2018) Million Qatari Riyals



In view of the areas of finance for Islamic banks, compared to 2017, finances directed to the real estate sector accounted for 26%, exceeding the finances granted to governmental and semi-governmental bodies, which amounted to 22% of the total finance of Islamic banks. It is also noted that the finances directed to the industrial sector increased by 39% compared to 2017 to reach 4% of the total finance of Islamic banks.

### Distribution of Islamic Banks Financing in Qatar by Sector 2018

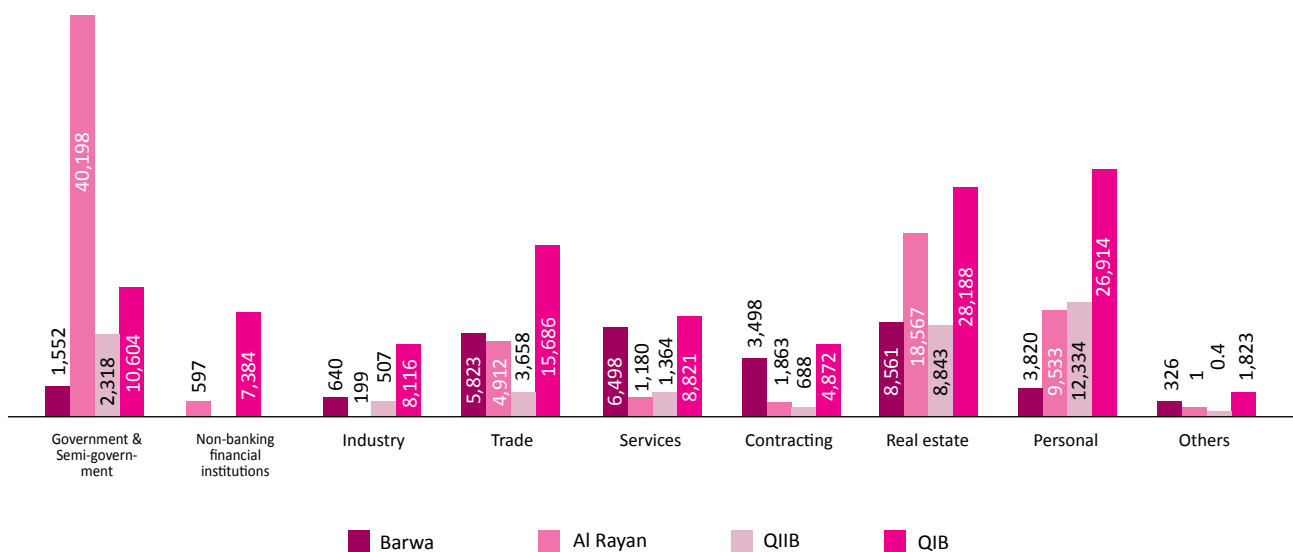


Finance of Islamic Banks in Qatar for 2018 According to Sectors (Thousand Qatari Riyals)

	Government & semi-government	Non-banking financial institutions	Industry	Trade	Services	Contracting	Real estate	Personal	Others
QIB	10,603,981	7,383,561	8,116,276	15,685,891	8,821,182	4,871,508	28,188,065	26,913,850	1,822,958
QIIB	2,317,715		506,975	3,657,737	1,364,177	687,696	8,842,580	12,333,607	363
Al Rayan	40,198,193	597,113	198,923	4,911,903	1,180,167	1,862,593	18,567,218	9,532,717	1,112
Barwa	1,551,581		639,723	5,822,671	6,497,649	3,498,264	8,560,524	3,819,999	325,978
<b>Total</b>	<b>54,671,470</b>	<b>7,980,674</b>	<b>9,461,897</b>	<b>30,078,202</b>	<b>17,863,175</b>	<b>10,920,061</b>	<b>64,158,38</b>	<b>52,600,173</b>	<b>2,150,411</b>
<b>Percentage out of the total finance%</b>	<b>21.9</b>	<b>3.2</b>	<b>3.8</b>	<b>12</b>	<b>7.1</b>	<b>4.4</b>	<b>25.7</b>	<b>21</b>	<b>0.9</b>

Source: Annual reports of banks.

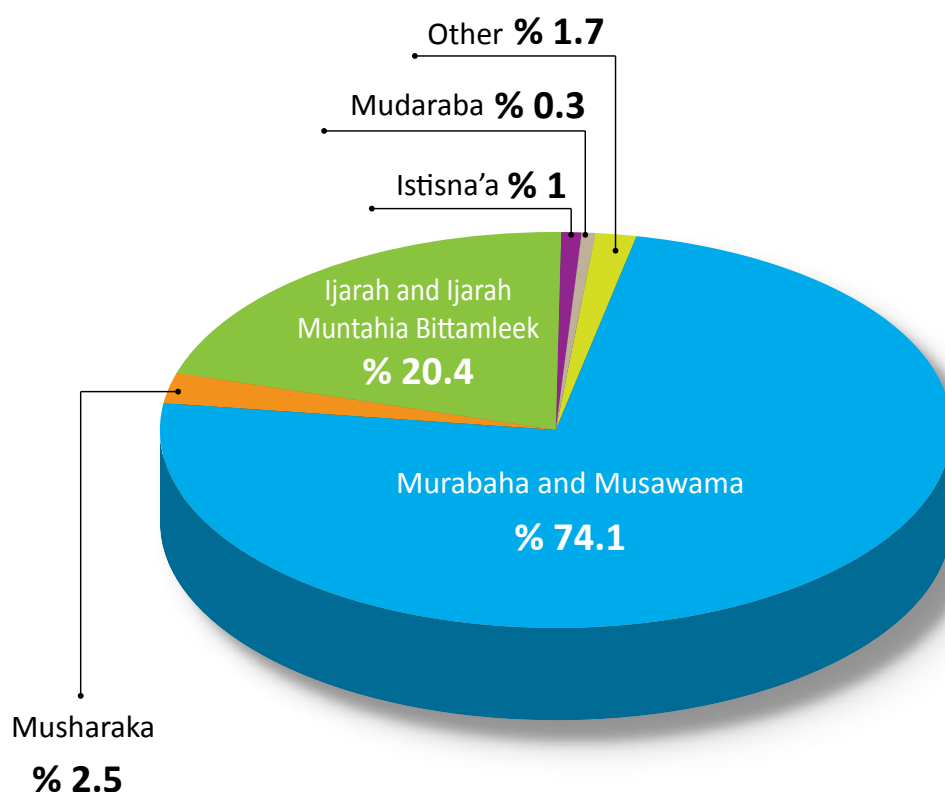
Finance of Islamic Banks in Qatar by Sectors in 2018 (million Qatari Riyals)





In terms of finance modes used in Islamic banks, finances based on the modes of debt creation still prevails over most of the financing modes, accounting for 95.5%, diversified to 74.1% of the volume of Islamic bank’s finance in the mode of Murabaha and Musawama sales, 20.4% Ijarah and Ijarah Muntahia Bittamleek (lease & Lease ending with ownership), 1% Istisna’a. It is also noted that the percentage of Ijarah Muntahia Bittamleek increased over the Murabaha and Musawama account compared to such figures in 2017 due to the increase in real estate activity and the advantages achieved by this mode for the Islamic banks in terms of risks compared to Murabaha and Musawama. In terms of Musharaka, the finance accounted for 2.8%, of which 2.5% were Musharaka (partnership-based contracts) and 0.3% were Mudaraba. Masraf Al Rayan achieved the highest rate of finance participation, with 8.2% of the total finance of Masraf Al Rayan for 2018.

**Distribution of Islamic Banks’ finance in Qatar as per the modes of finance in 2018**

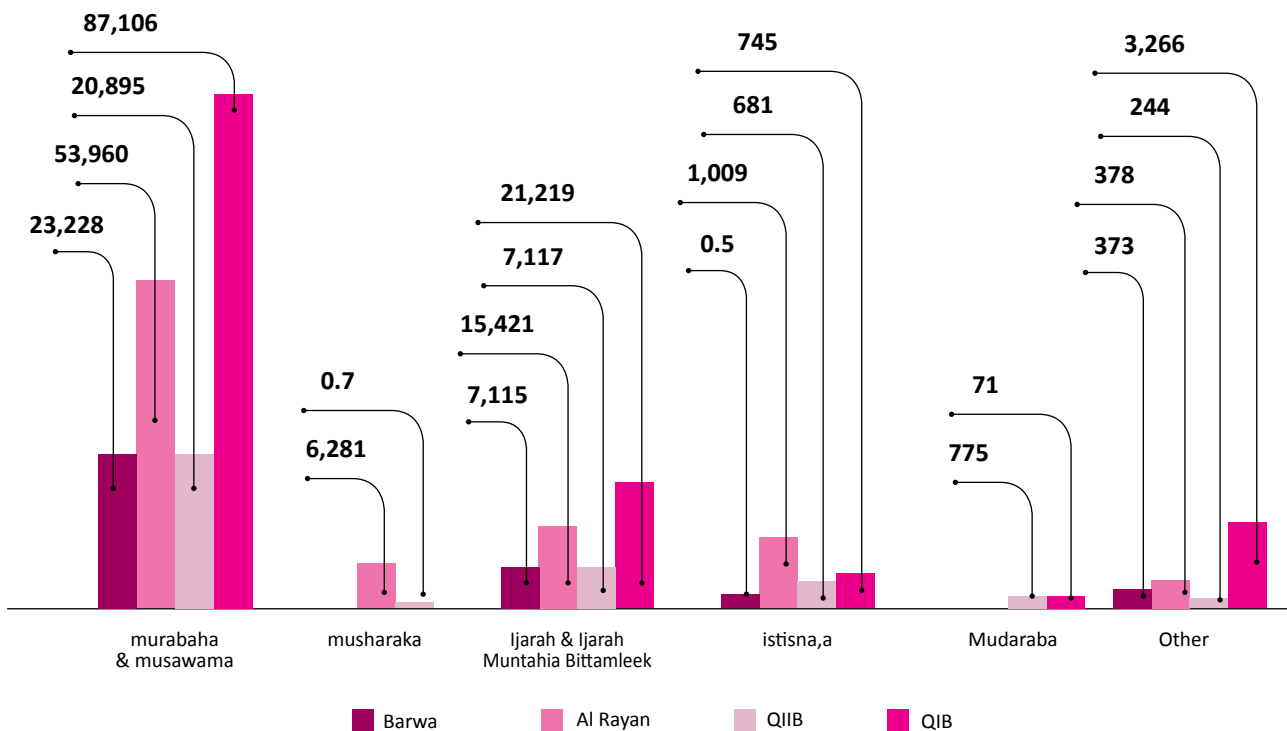


### Finances provided by Islamic Banks' in Qatar in 2018 as per the modes of Finance (Thousand Qatari Riyals)

	Murabaha and Musawama	Ijarah and Ijarah Muntahia Bittamleek	Musharaka	Istisna'a	Mudaraba	Others
QIB	87,106,340	21,218,805	-	744,665	71,323	3,266,139
QIIB	20,894,507	7,116,672	709	680,647	774,609	243,706
Al Rayan	53,960,332	15,421,063	6,281,030	1,009,207	-	378,307
Barwa	23,227,722	7,115,012	-	534	-	373,121
<b>Total</b>	<b>185,188,901</b>	<b>50,871,552</b>	<b>6,281,739</b>	<b>2,435,053</b>	<b>845,932</b>	<b>4,261,273</b>
<b>Percentage out of the total finance %</b>	<b>74.1</b>	<b>20.4</b>	<b>2.5</b>	<b>1</b>	<b>0.3</b>	<b>1.7</b>

Source: Annual Reports of Banks, 2018.

### Finances of Islamic Banks' in Qatar (2013 - 2017) in Million Qatari Riyals



#### 4. Profits:

Islamic banks in Qatar continue to achieve positive results and high growth rates of profits. In 2018, revenues amounted to 16.2 billion Qatari riyals, with an increase of 10.4% over 2017. The revenues from finance and investment activities represented 89.4% of the total revenues of these banks.

All Islamic banks generated profits with positive growth rates. The profits of Islamic banks in Qatar exceeded 6.5 billion Qatari riyals, with an increase of 8.5% over 2017. The QIB achieved the highest growth rate of 14.5%, followed by QIIB with 6%, then Masraf Al Rayan with 5%, and finally the Barwa Bank with 1.6%.

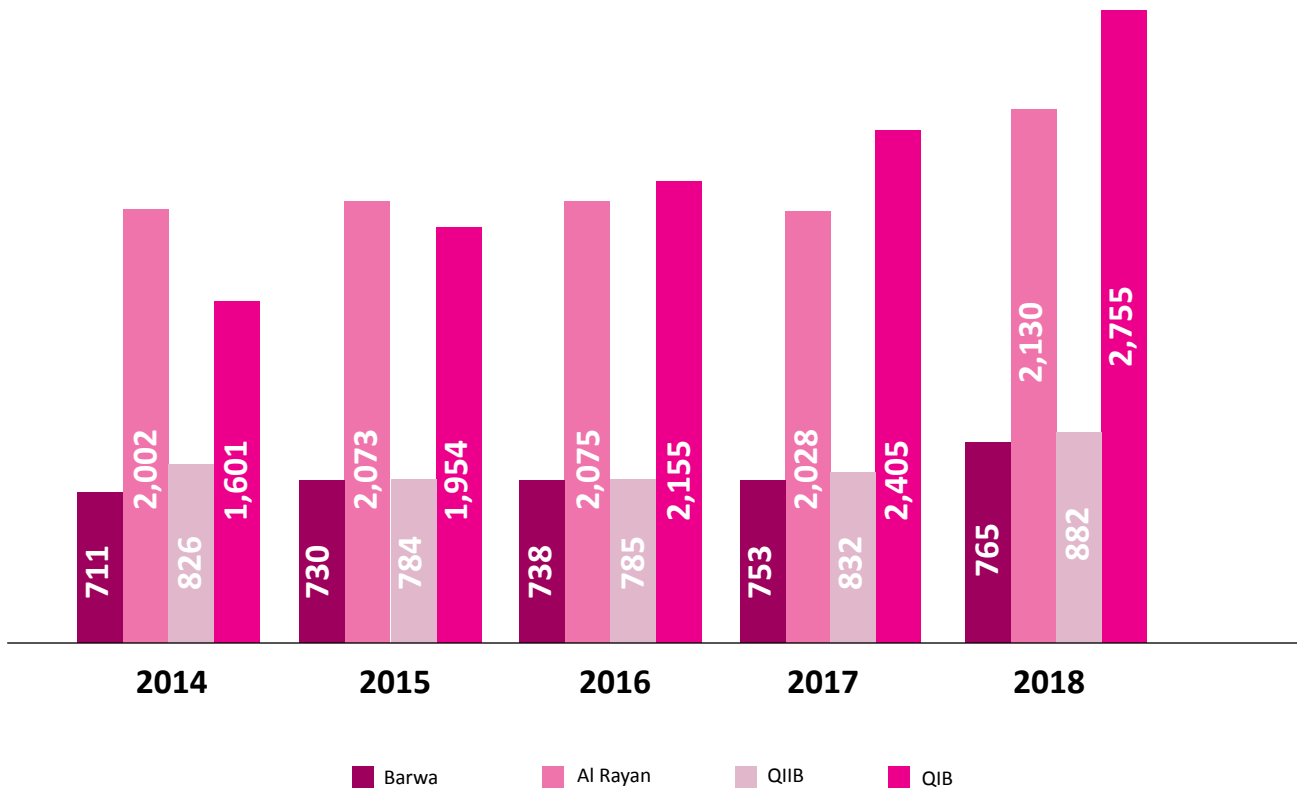
The compound annual growth rate for Islamic banks over the last five years was 4.9%, where QIB ranked first with a compound annual growth rate of 11.5%, followed by Barwa Bank with 1.5%, then QIIB with 1.3% and finally Masraf Al Rayan 1.2%.

#### Net profits of Islamic Banks in Qatar (2014 - 2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018 %	CAGR %
QIB	1,601,432	1,954,324	2,155,104	2,405,425	2,755,311	14.5	11.5
QIIB	825,817	784,152	784,771	832,209	882,144	6	1.3
Al Rayan	2,002,243	2,073,369	2,075,286	202,8145	2,130,415	5	1.2
Barwa	711,336	729,748	738,286	753,228	764,966	1.6	1.5
<b>Total</b>	<b>5140,828</b>	<b>554,1593</b>	<b>5,753,447</b>	<b>6,019,007</b>	<b>6,532,836</b>	<b>8.5</b>	<b>4.9</b>

Source: Annual reports of the banks.

**Profits of Islamic Banks in Qatar (2014 - 2018) in Million Qatari Riyals**



**Islamic Banks Operating under the supervision of the Qatar Financial Center:**

**Abu Dhabi Islamic Bank (ADIB) (Qatar Branch):**

On 31 July 2011, QFC licensed ADIB to operate through its branch in Qatar at Qatar Financial Center. The branch provides its banking and investment services to companies through the acceptance of deposits, credit facilities, investment management and investment advisory services in the field of Islamic finance. The work of ADIB Branch is limited to companies, where it does not deal with individuals.

| Al Dafna Towers - Doha



# *Takaful Insurance Sector*





Many insurance companies operate under the supervision of Qatar Central Bank, including (3) independent Takaful insurance companies; Qatar Islamic Insurance Company(QIIC), Al Khaleej Takaful Group, Damaan Islamic Insurance ..... (Beema), General Takaful Company, a subsidiary of Qatar General Insurance and Reinsurance Company, Doha Takaful, a branch of Doha Insurance Group, (4) national conventional insurance companies, (4) branches of foreign conventional insurance companies and representatives of (3) conventional insurance companies.

**Qatar Islamic Insurance Company (QIIC) :** Qatar Islamic Insurance Company (QIIC) was established in 1994. QIIC practices various types of Takaful insurance based on the principles of Islamic Sharia for the corporate and individual sectors. QIIC shares are listed in Qatar Stock Exchange, where shareholders' equity amounted to 360 million Qatari Riyals in 2018. In September 2018, the shareholders decided to change the name of the company to the Qatar Islamic Insurance Group and to establish a wholly owned subsidiary of the Company for the purpose of managing the investments and completing the legal requirements for these changes.

**Al Khaleej Takaful Company :** In 1978, Al Khaleej Insurance & Reinsurance Company was established as a conventional insurance company. In 2003, Qatar Takaful was established as a Takaful insurance company that is 100% owned by Al Khaleej Insurance & Reinsurance Company. In 2010, Al Khaleej Insurance & Reinsurance Company transformed its activity to be an integrated Islamic insurance company named "Al Khaleej Takaful". In 2014, Al Khaleej Takaful Group decided to re integrate Qatar Takaful in Al Khaleej Takaful Group. In 2017, Al Khaleej Takaful Group's name was changed from Al Khaleej Takaful Group to Al Khaleej Takaful Insurance. By the end of 2018, shareholders' equity amounted to 521 million Qatari Riyals. The Group's shares are listed on the Qatar Exchange.

**1. Doha Takaful :** In 2006, Doha Insurance Company established the Islamic Takaful branch under the brand name "Doha Takaful" for the provision of insurance and reinsurance activities in accordance with the principles of Islamic Sharia on a non-usury basis in all areas of insurance. In 2018, Doha Insurance Company registered Doha Takaful as a limited liability company and is 100% owned by Doha Insurance Group. The total shareholders' equity of Doha Takaful was 76.4 million Qatari Riyals at the end of 2018.

**2. General Takaful :** General Takaful was established in 2008 as a subsidiary of Qatar General Insurance & Reinsurance Company in order to meet the insurance needs of individuals and companies in accordance with Sharia principles. The company provides Takaful services to families, properties, motors, marine properties, etc.



**3. Damaan Islamic Insurance Company (Beema) :** Qatar Insurance Company, Qatar Islamic Bank, Al Rayan Bank, Barwa Real Estate Company and QInvest established Damaan Islamic Insurance Company “Beema” in 2009 as a Qatari closed shareholding insurance company with a paid-up capital of 200 million Qatari Riyals. The Company provides insurance services for individuals and companies on various products. The total shareholders’ equity in 2018 amounted to 351 million Qatari Riyals.

## Performance of Takaful Insurance Companies

### 1. Assets of Islamic Takaful Companies:

The assets of policyholders in the national Takaful companies operating under the supervision of Qatar Central Bank for the year 2018 amounted to 2.1 billion Qatari Riyals compared to 1.8 billion Qatari Riyals in 2017 with a growth rate of 14%.

Damaan Islamic Insurance (Beema) ranked first among Takaful insurance companies in Qatar in terms of volume of assets wherein the assets by policy holders amounted to 672 million Qatari Riyals in 2018. Meanwhile, Qatar Islamic Insurance Company ranked first in terms of growth in 2018, where its growth rate amounted to 25.7%, followed by General Takaful with 20.1%, then Al Khaleej Takaful with 20% and finally Doha Takaful with 0.3%.

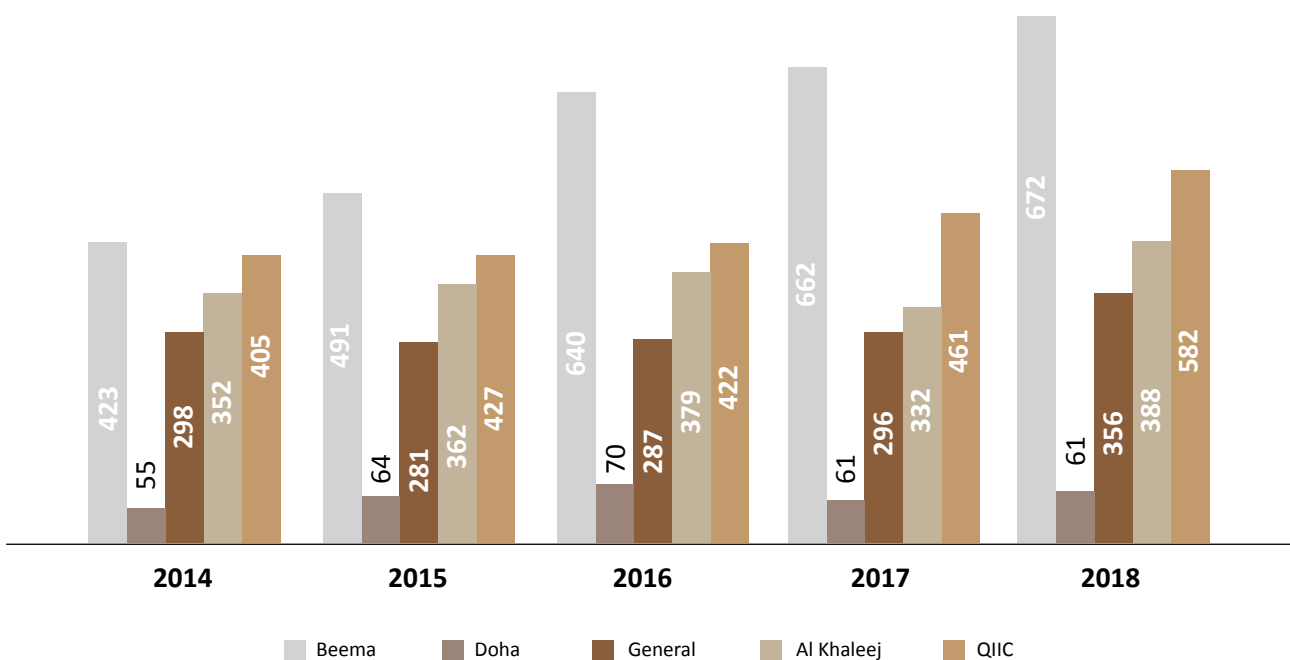
Over the last five years (2014 – 2018), the compound annual growth rate of policyholders’ assets in Takaful insurance companies in Qatar was 6.1%. The compound annual growth rate of the assets of the policyholders in Damaan Islamic Insurance Company (Beema) 9.7% followed by QIIC with 7.5%, then General Takaful with 3.6%, and finally Doha Takaful with 2.3%. Due to the high growth rate of Al Khaleej Takaful Company in 2018, the compound growth rate was positive by 1.9%.

### Policyholders' assets in Takaful Insurance Companies (2014 - 2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018 %	CAGR %
<b>QIIC</b>	404,908	426,631	422,285	462,894	581,714	25.7	7.5
<b>Al Khaleej</b>	352,152	362,003	379,370	322,878	387,526	20	1.9
<b>General Takaful</b>	298,464	281,001	286,600	296,263	355,679	20.1	3.6
<b>Doha Takaful</b>	54,513	64,482	69,988	60,794	60,972	0.3	2.3
<b>Beema</b>	423,042	491,414	639,541	662,391	671,577	1.4	9.7
<b>Total</b>	<b>1,533,079</b>	<b>1,625,531</b>	<b>1,797,784</b>	<b>1,805,220</b>	<b>2,057,468</b>	<b>14</b>	<b>6.1</b>

Source: Financial reports of Takaful companies.

### Policyholders' Assets in Takaful Insurance Companies (2014 - 2018) in Million Qatari Riyals



## 2. Insurance Contributions:

In 2018, the Insurance contributions of Takaful insurance companies in Qatar reached 1.2 billion Qatari Riyals, with a growth rate of 2.3% compared to the previous year. The QIIC ranked first among these companies, as its insurance premium reached 382 million Qatari Riyals with a growth rate of 20.7%, while the contributions of Beema reached 332 million Qatari Riyals with a growth rate of 2.4%. The growth rate of Doha Takaful is increased by 3.2%, while contributions were 44 million Qatari Riyals, followed by Al Khaleej with 268 million Qatari Riyals, with a fall down amounted (5.7%) compared to 2017, and the contributions of General Takaful were decreased by (13.5%) million Qatari Riyals.

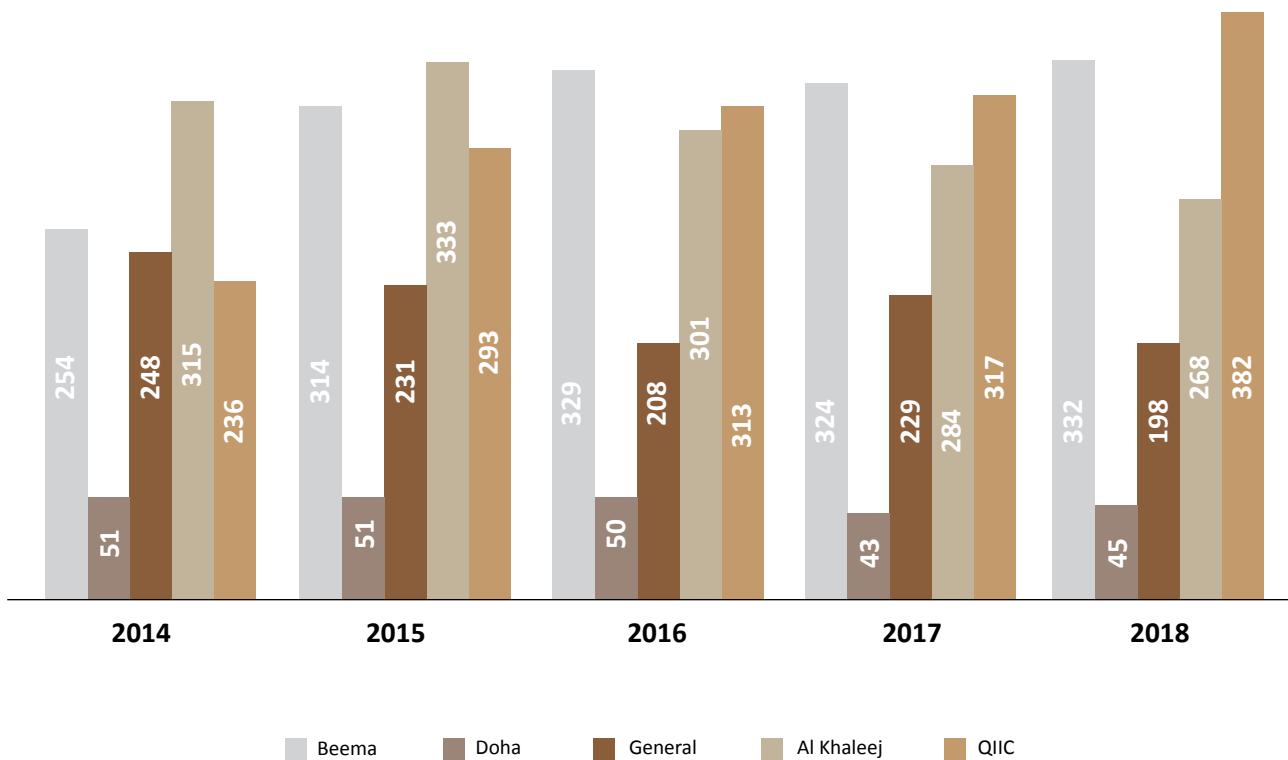
During the five years (2014 – 2018), insurance contributions grew positively with a compound annual growth rate of 2.1%. The highest annual growth rate was that of QIIC with 10.1%, followed by Beema with 5.5 %, while it was negatively for Doha Takaful with (2.5%),Al Khaleej with 3.2% and General Takaful with (4.4%).

### Total contributions of policyholders in Takaful Insurance Companies (2014 - 2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018 %	CAGR %
<b>QIIC</b>	235,988	293,103	313,045	316,667	382,374	20.7	10.1
<b>Al Khaleej</b>	314,978	333,069	301,429	283,963	267,680	-(5.7)	-(3.2)
<b>General Takaful</b>	248,303	231,267	207,644	229,056	198,193	-(13.5)	-(4.4)
<b>Doha Takaful</b>	50,657	51,042	49,709	43,196	44,571	3.2	-(2.5)
<b>Beema</b>	254,485	313,761	328,578	324,202	332,094	2.4	5.5
<b>Total</b>	<b>1,104,411</b>	<b>1,222,242</b>	<b>1,200,406</b>	<b>1,197,085</b>	<b>1,224,912</b>	<b>2.3</b>	<b>2.1</b>

Source: Financial reports of Takaful companies.

### Contributions of policyholders in Takaful insurance companies (2014 – 2018) in Million Qatari Riyals



### 3. Insurance Surplus:

The performance of Takaful insurance companies in 2018 was positive. All Takaful insurance companies achieved insurance surpluses totaling 46 million Qatari Riyals. QIIC achieved the highest insurance surplus during the year amounting to 21 million Qatari Riyals, followed by Beema with 20 million Qatari Riyals, then Al Khaleej with 1.8 million Qatari Riyals, then Doha Takaful with 1.7 million Qatari Riyals, and finally General Takaful with 1.3 Qatari Riyals.

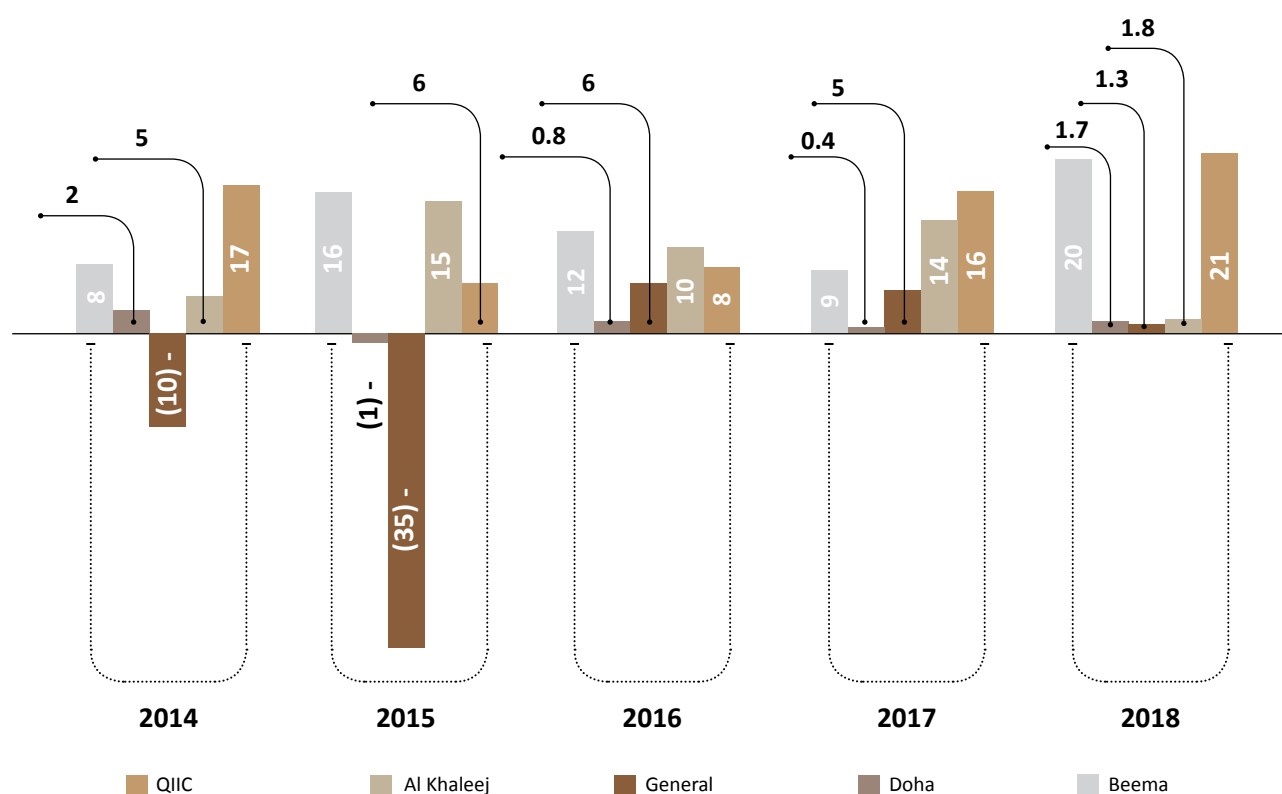
During the five years (2014 – 2018), the results of Takaful insurance companies varied between achieving insurance surpluses and making insurance deficits.

### Insurance surpluses of Takaful insurance companies in Qatar (2014-2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018
<b>QIIC</b>	17,196	6,174	7,966	16,297	21,121
<b>Al Khaleej</b>	4,564	15,435	10,268	14,483	1,805
<b>General Takaful</b>	-(10,474)	-(35,213)	5,669	5,430	1,271
<b>Doha Takaful</b>	1,672	-(784)	770	365	1,659
<b>Beema</b>	7,632	16,344	11,932	9,453	20,114
<b>Total</b>	<b>20,590</b>	<b>1,957</b>	<b>36,605</b>	<b>46,027</b>	<b>45,970</b>

Source: Financial reports of Takaful companies.

### Insurance surplus and deficit in Takaful insurance companies (2013 – 2017) in Million Qatari Riyals



## Takaful Insurance Companies Under the Supervision of the Qatar Financial Center “QFC”:

There are several insurance companies operating within the framework of Qatar Financial Center (QFC), including four companies offering Takaful insurance services.

- 1. MedGulf Allianz Takaful:** MedGulf Takaful is a wholly owned subsidiary of MedGulf Group based in the Kingdom of Bahrain. It offers a wide range of non-life Takaful products such as motors, home and corporate insurance. QFC licensed the Company on 9 August 2009 to carry out various Takaful insurance activities for the corporate sector.
- 2. T’azur Company b.s.c (c):** T’azur is a closed shareholding company established in Bahrain. It provides family and public Takaful products to individuals and institutions in compliance with Islamic Sharia. The Company includes a group of shareholders from Bahrain, Kuwait, Saudi Arabia and Qatar. Qatari investors in the Company include The First Investor Company (TFI) and the General Retirement & Social Insurance Authority. On 17 September 2009, Qatar Financial Center (QFC) licensed the subsidiary of T’azur to carry out its activities within the QFC, which are represented in the provision of general insurance (non-life) and Takaful medical insurance for companies.
- 3. Takaful International Company:** Takaful International Company was established in 1989 as the first Islamic insurance company in the Kingdom of Bahrain and one of the first Islamic insurance companies in the Middle East. The Company provides products and insurance coverage in line with the needs of individuals and institutions on one hand and the modern era requirements on the other hand. On February 15, 2011, the branch of the International Takaful Company in Qatar was licensed by Qatar Financial Center to carry out various Takaful insurance activities for the corporate sector.
- 4. SEIB Insurance & Reinsurance Company:** A Qatari company providing conventional insurance services in Qatar. On July 8, 2014, Qatar Financial Center authorized the Company to carry out conventional insurance activities within Qatar Financial Center, in addition to allowing it to open an Islamic insurance window.



# *Islamic Finance Companies*





There are (3) finance companies operating under the supervision of Qatar Central Bank “QFC”, where all such companies are Islamic finance companies.

- 1. Al Jazeera Finance:** Al Jazeera Finance (AJF) was established in 1989 as a finance company offering Sharia-compliant products and services to individuals, corporate projects as well as small and medium enterprises. The shareholders’ equity of the company in 2018 amounted to 915 million Qatari Riyals.
- 2. First Finance Company:** First Finance Company (FFC) was established in 1999. In 2010, Barwa Bank acquired 100% of Company’s shares. FFC offers Sharia-compliant financial products and services to its individual and corporate clients. In 2018, shareholders’ equity amounted to 1.6 billion Qatari Riyals.
- 3. Qatar Finance House:** Qatar Finance House (QFH) was incorporated in 2006 as a private Qatari shareholding company licensed by Qatar Central Bank to carry out individual and project financing operations in addition to other activities in accordance with the provisions of Islamic Sharia. Shareholders’ equity in 2018 amounted to 136.6 million Qatari Riyals.

## Performance of Islamic Finance Companies

### 1. Assets:

By the end of 2018, the assets of Islamic finance companies in Qatar reached 3.1 billion Qatari Riyals, with a slight decline of (0.6%) compared to 2017. FFC is the largest in terms of assets amounting 1.7 billion Qatari Riyals with an increase of 1.1% over 2017. Qatar Finance House has achieved the highest assets growth among those companies with a growth rate of 2.5% compared to 2017. Although the assets of Al Jazeera Finance declined by (2.9%), it represented the second largest company in terms of total assets with 1.3 billion Qatari Riyals.

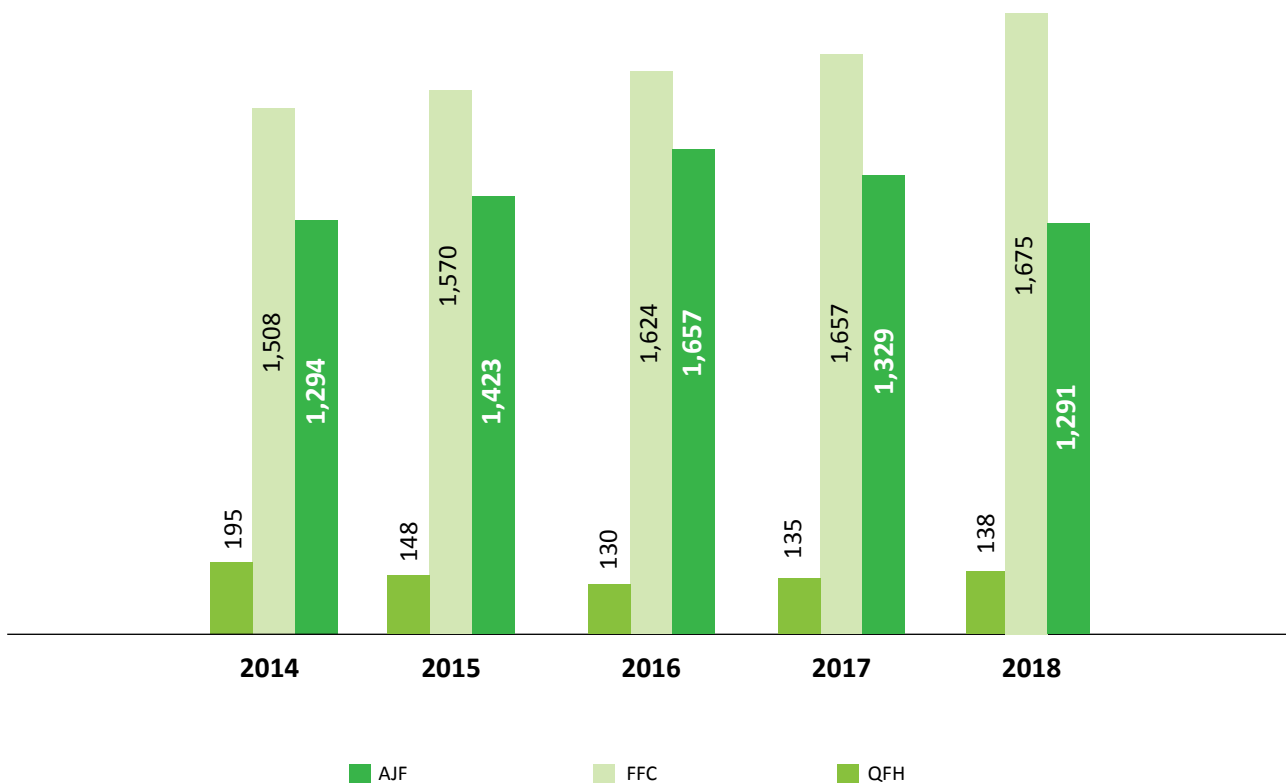
During the 5 years (2014-2018), the growth of assets of Islamic finance companies was limited at a CAGR of 0.7%. FFC achieved positive growth among these companies with a growth rate of 2.1%. As for the Al Jazeera Finance, the growth was very low with (0.05%), while as for Qatar Finance House, the decline in the growth rate during the period was (6.7%).

### Assets of Islamic finance companies (2014 - 2018) in Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018 %	CAGR %
AJF	1,293,644	1,423,070	1,456,856	1,329,023	1,290,578	-(2.9)	-(0.05)
FFC	1,507,925	1,569,820	1,624,094	1,657,289	1,674,863	1.1	2.1
QFH	195,085	147,824	129,765	134,539	137,855	2.5	-(6.7)
<b>Total</b>	<b>2,996,654</b>	<b>3,140,714</b>	<b>3,210,715</b>	<b>3,120,851</b>	<b>3,103,296</b>	<b>-(0.6)</b>	<b>0.7</b>

Source: Financial reports of Islamic finance companies.

### Assets of Islamic Finance Companies (2014 - 2018 ) in Million Qatari Riyals



## 2. Financing Activities:

The performance of Islamic finance companies varied in 2018. The total finance revenues of these companies in 2018 amounted to 258 million Qatari Riyals, with a decrease of (3%) compared to 2017. AJF achieved a positive growth of 0.4% with revenues from financing activities amounting to 116 million Qatari Riyals, while the revenues in FFC are decreased by (2%) to 142 million Qatari Riyals, representing the highest revenues for financing activities among these companies. The revenues were decreased in QFH by 86% compared to 2017.

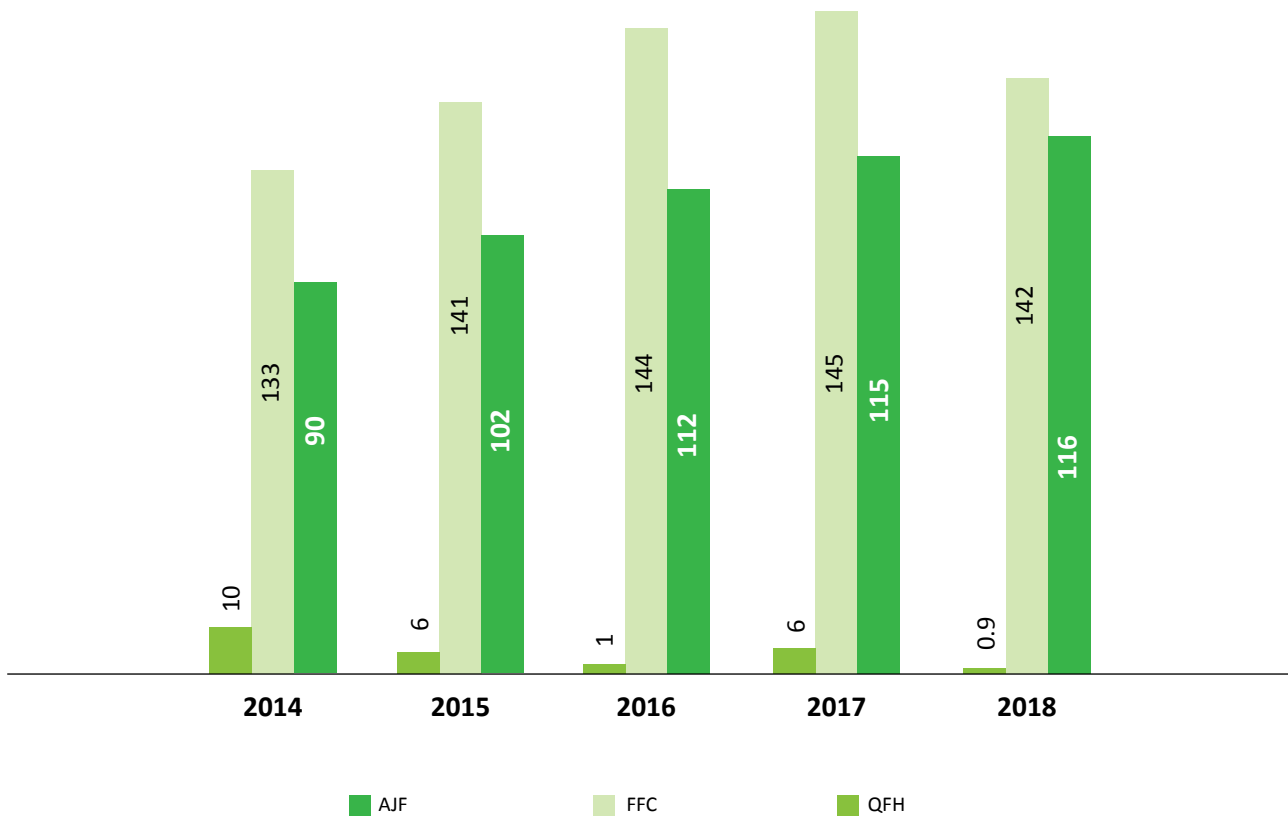
During the period (2014-2018), finance companies' revenues grew at a compound growth rate of 2%. The highest rate during the period was for AJF with 5.1%, then FFC with 1.2%, while the rate was negative in QFH with (39.1%).

### Revenues of financing activities in Islamic finance companies (2014-2018) Thousand Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018 %	CAGR %
AJF	90,429	102,093	112,188	115,325	115,806	0.4	5.1
FFC	133,222	140,965	144,068	144,535	141,661	-(2)	1.2
QFH	10,409	5,721	1,253	6,341	874	-(86.2)	-(39.1)
<b>Total</b>	<b>234,060</b>	<b>248,779</b>	<b>257,509</b>	<b>266,201</b>	<b>258,341</b>	<b>-(3)</b>	<b>2</b>

Source: Financial reports of Islamic finance companies.

### Revenues of Finance Activities in Islamic Finance Companies (Million Qatari Riyals)



### 3. Profits:

In 2018, finance companies have achieved profits reached 105.6 million Qatari Riyals, with a growth rate of 4.2% compared to 2017. FFC achieved a profit amounted 93 million Qatari Riyals, with a growth of 2.7% and Al-Jazeera had the highest growth rate of profits amounted to 47.4%, while QFH's profits declined by (26.3%) compared to 2017.

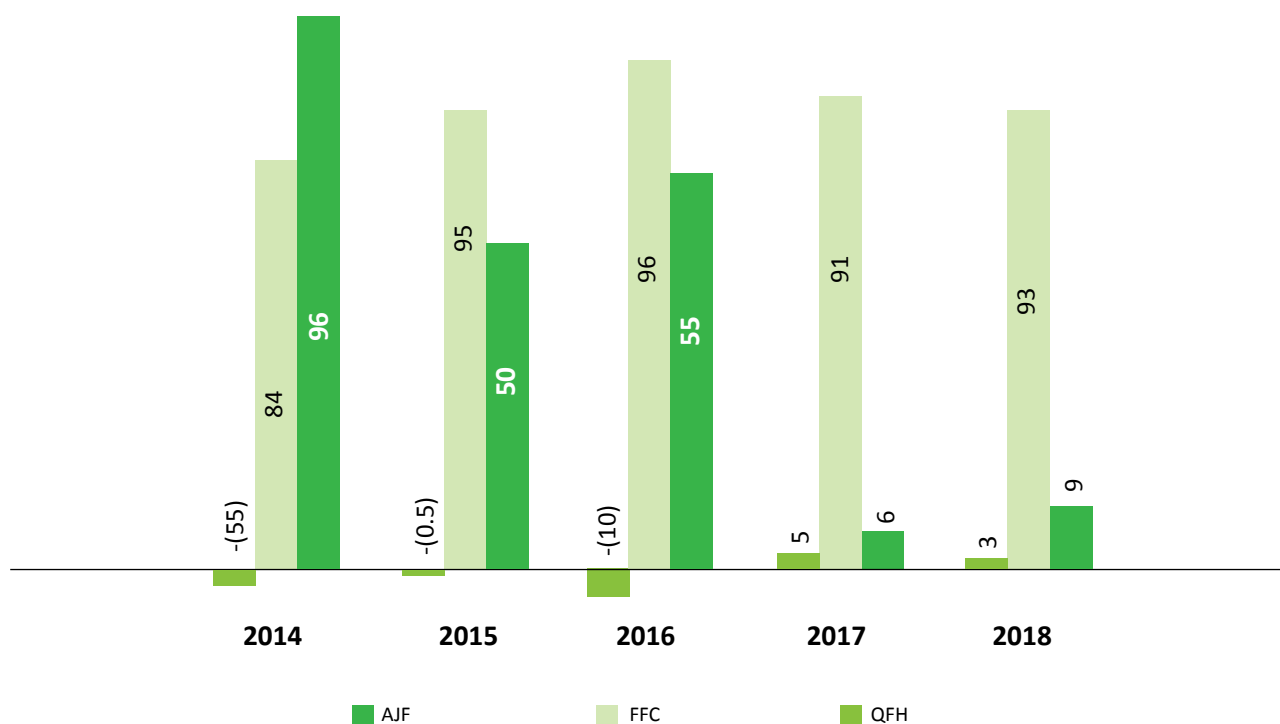
During the period (2014-2018), these companies have achieved uneven profits.

### Profits of Islamic Finance Companies (2014-2018) (Thousand Qatari Riyals)

	2014	2015	2016	2017	2018	Growth rate in 2018 %
AJF	96,069	50,040	54,535	6,291	9,275	47.4
FFC	83,958	95,391	95,893	90,568	92,980	2.7
QFH	-(55,109)	-(479)	-(9,750)	4,501	3,317	-(26.3)
<b>Total</b>	<b>124,918</b>	<b>144,952</b>	<b>140,678</b>	<b>101,360</b>	<b>105,572</b>	<b>4.2</b>

Source: Financial reports of Islamic finance companies.

### Profits of Islamic finance companies (2014 - 2018) in Million Qatari Riyals



General view of Pearl City



# *Islamic Investment Companies*







There are two Islamic investment companies operating under the supervision of Qatar Central Bank;

## The First Investor “TFI” and Investment House

- 1. The First Investor “TFI”:** TFI was established in 1999 as an investment company operating in accordance with the principles of Islamic Sharia in the field of investment banking services, where it focuses on investment banking, private equity, strategic investments, real estate investments, advisory services and asset management. In 2009, Barwa Bank completely acquired the Company to become a wholly owned subsidiary thereof. Shareholders’ equity in 2018 amounted to 509 million Qatari Riyals.
- 2. Investment House:** Investment House Company was established in 2001 as a private Qatari shareholding company. It provides all the services and activities authorized by Qatar Central Bank for banking investment companies, such as management of assets and private property and structural finance, in accordance with the principles of Islamic Sharia. The Company focuses on various economic sectors including financial services, real estate, construction and industrial sectors as well as services sector. Shareholders’ equity in 2018 amounted to 50 million Qatari Riyals.
- 3.

## Performance of the Investment Companies

### 1. Assets:

In 2018, the assets of the two Islamic investment companies declined by (12.5%) compared to 2017, as they reached to 571.8 million Qatari Riyals. The decrease in the assets of the Investment House was slight with (0.5%), while the company’s assets were 53.1 million Qatari Riyals in 2018. As for The First Investor, the assets amounted 518.7 million Qatari Riyals, with a decrease of (13.5%) compared to 2017.

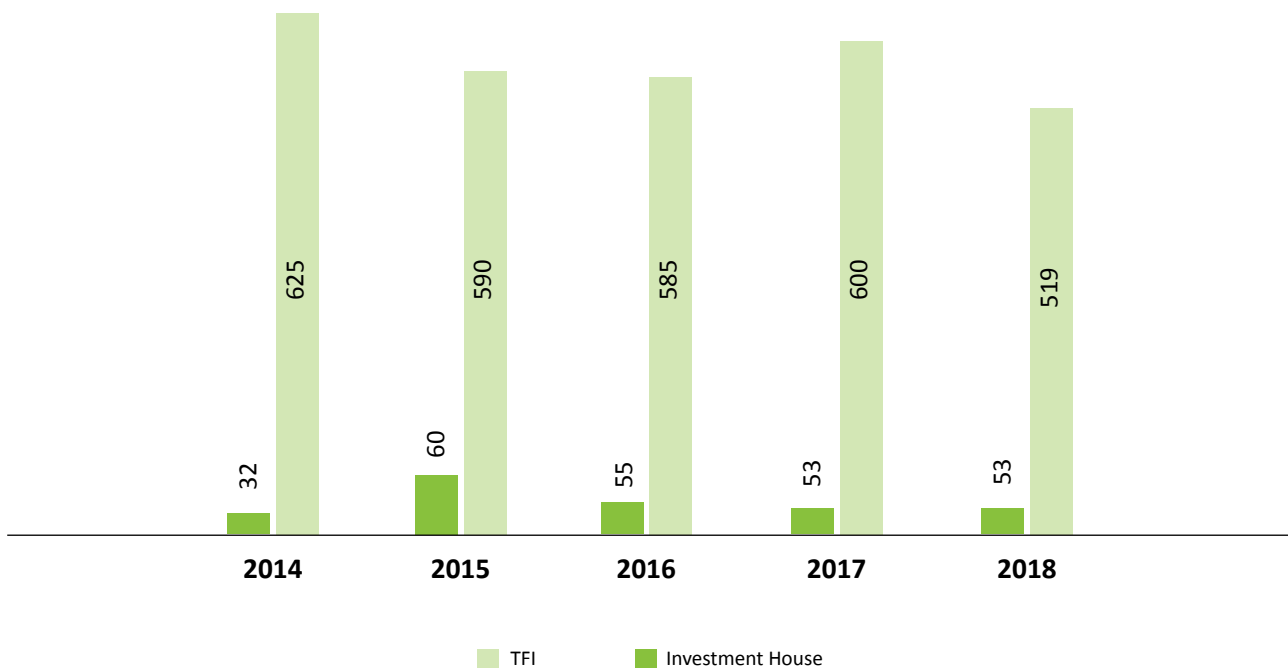
During the five years (2014-2018), the compound growth rate of the total assets of the two companies was negative at (2.7%) while the compound growth of the assets of the Investment House was positive at 10.8%, while The First Investor was negative at (3.7%).

### Assets of the Islamic Investment Companies (2014-2018) (Thousand Qatari Riyals)

	2014	2015	2016	2017	2018	Growth rate in 2018 %	CAGR %
TFI	625,066	589,995	585,327	599,966	518,724	-(13.5)	-(3.7)
Investment House	31,798	60,394	54,970	53,317	53,051	-(0.5)	10.8
<b>Total</b>	<b>656,864</b>	<b>650,389</b>	<b>640,297</b>	<b>653,283</b>	<b>571,775</b>	<b>-(12.5)</b>	<b>-(2.7)</b>

Source: Financial Reports of the Islamic Investment Companies.

### Assets of the Islamic Investment Companies (2014-2018) Million Qatari



## 2. Profits / Losses:

The losses of the investment companies amounted to (41.9) million Qatari Riyals in 2018. The losses of The First Investor were approximately (40) million Qatari Riyals, while the Investment House amounted to (1.9) million Qatari Riyals in 2018.

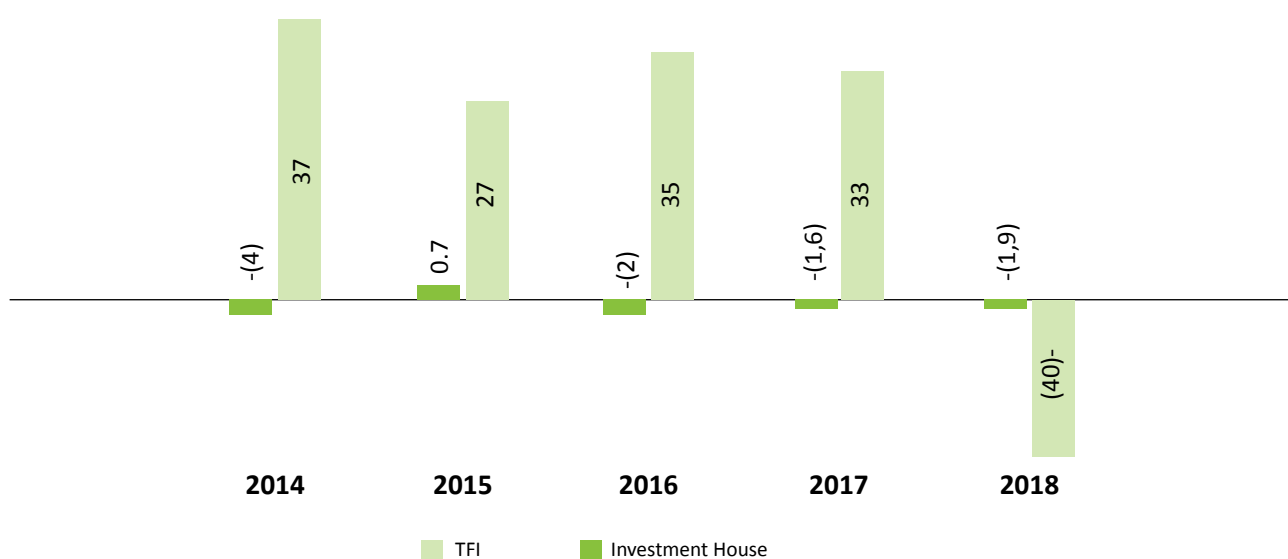
During the five years (2014-2018) the results were different between the two companies in the results of their investment.

### Profits / (Losses) of the Islamic Investment Companies (2014-2018) (Thousand Qatari Riyals)

	2014	2015	2016	2017	2018
TFI	36,897	26,990	35,453	33,229	-(39,978)
Investment House	-(4,004)	666	-(2,399)	-(1,617)	-(1,874)
<b>Total</b>	<b>32,893</b>	<b>27,656</b>	<b>33,045</b>	<b>31,612</b>	<b>-(41,852)</b>

Source: Financial Reports of the Islamic Investment Companies.

### Profits of the Islamic Investment Companies (2014-2018) (Million Qatari Riyals)



## **Banks and Investment companies under the supervision of Qatar Financial Center (QFC):**

There are three investment banks operating under the supervision of Qatar Financial Center and providing their services in the field of investment banking.

- 1. QInvest:** QInvest Bank was licensed by Qatar Financial Center Authority in April 2007 and is supervised by Qatar Financial Center Regulatory Authority. The Bank has an authorized capital of 1 billion US Dollars and a paid up capital of 750 million US Dollars. QInvest comprises 3 business departments: investment banking, main investments and asset management. QInvest group has branches in Doha and Istanbul, as well as strategic partnerships in India and the UK. By the end of 2018, QInvest's total assets reached 4.1 billion Qatari Riyals and shareholders' equity amounted to 2.3 billion Qatari Riyals.
- 2. Qatar First Bank (QFB):** Qatar's First Investment Bank was established in 2008 with a license from Qatar Financial Center Regulatory Authority. In March 2013, the Bank was renamed as "Qatar First Bank". QFB offers a wide range of Sharia-compliant products and services including alternative investments that focus on private equity and real estate investments, private banking services, wealth management, corporate and institutional banking services, in addition to treasury and investment management activities. QFB was listed in Qatar Stock Exchange in April 2016. By the end of 2018, the assets of the Bank reached 3.3 billion Qatari Riyals and shareholders' equity amounted to 1 billion Qatari Riyals.
- 3. Al Rayan Investment:** In 2008, Al Rayan Investment Company was established by Masraf Al Rayan as a wholly owned subsidiary with fully paid up capital of 100 million US Dollars and a license from Qatar Financial Center Regulatory Authority. Al Rayan Investment Company operates as an investment banking institution focusing on investment banking and asset management in Qatar and across the GCCs.

# *Sukuk*



| *Al Dafna Towers - Doha*



Total Sukuk issued (by government and Islamic banks) amounted 12.6 billion Qatari Riyals in 2018, down by (31.6 %) compared to 2017. This is due to the decrease in the QCB's public debt instruments. Sukuk issuances increased in Islamic banks, as they reached 3.8 billion Qatari Riyals, with an increase of 27.1% compared to 2017.

During the five year (2014-2018), the total Sukuk issued during the period was 64.7 billion Qatari Riyals, with government Sukuk accounting for 81.3%. During this period, the compound annual growth rate of Sukuks (governments and Islamic banks) was negative with (3.4%).

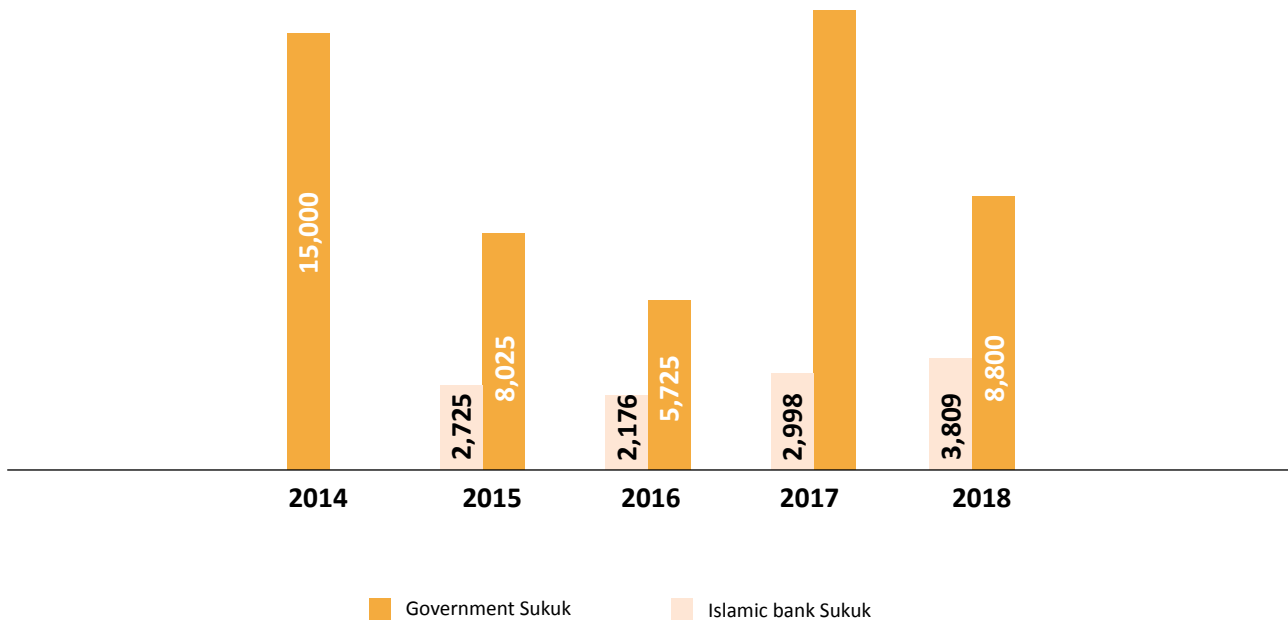
### Sukuk issued in Qatar (2014 – 2018) in Million Qatari Riyals

	2014	2015	2016	2017	2018	Growth rate in 2018 %
Government	15,000	8,025	5,725	15,425	8,800	- (42.9)
Islamic Banks		2,725	2,176	2,998	3,809	27.1
<b>Total</b>	<b>15,000</b>	<b>10,750</b>	<b>7,901</b>	<b>18,423</b>	<b>12,609</b>	<b>- (31.6)</b>
Total Sukuk issued during the period (2014 – 2018) – Million Qatari Riyals						64,683

Source: Qatar Central Bank reports, and annual reports of Islamic banks



## Sukuk issued in Qatar (2014 - 2018 ) in Million Qatari Riyals



### 1. Government Sukuk:

Qatar Central Bank (QCB) continued to issue Sukuk on behalf of the government. The issuance of public debt instruments of Sukuk and bonds for 2018 was less than 2017. In 2018, Qatar Central Bank issued Sukuk amounted to 8.8 billion Qatari Riyals through four stages with different maturities ranging from 3, 5, to 8 years. In comparison to the previous year, Sukuk issuance decreased by (42.9%). The Sukuk continues to be a major trend for the Qatar Central Bank, since the Sukuk issued in 2018 represented 34.6% of the total issued Sukuk and bonds during the year.

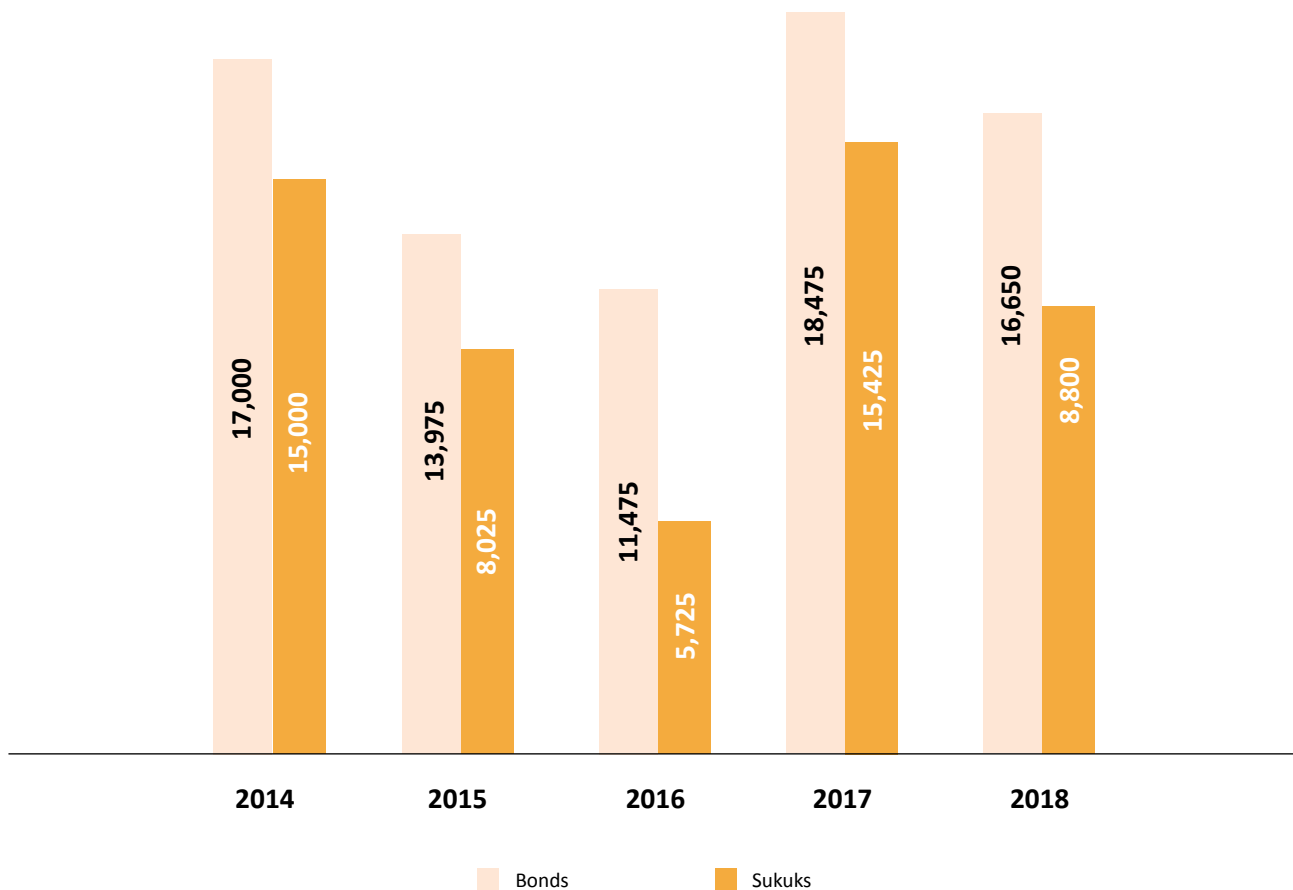
During the five years (2014-2018), Qatar Central Bank issued Sukuk amounted to 53 billion Qatari Riyals. The compound growth rate of government sukuk during the period was negative with (10.1%) compared to (0.4%) during the period.

## Government Sukuk VS Bonds issued during the period (2014 – 2018) in Million Qatari Riyals

	Issue date (Month)	Issue value	Issue period (year)	Total Sukuk per year	Bonds issued per year	Percentage of Sukuk out of the total %
2014		7,000	3	15,000	17,000	46.9
		2,100	3			
	1	4,000	5			
	4	950	5			
	4	950	7			
2015	9	1,700	3	8,025	13,975	36.5
	9	1,700	5			
	9	750	7			
	9	750	10			
	11	200	3			
	11	450	5			
	11	1,200	7			
	11	1,275	10			
2016	8	600	3	5,725	11,475	33.3
	8	500	5			
	8	250	7			
	8	250	10			
	9	650	3			
	9	550	5			
	9	600	7			
	9	825	10			
	10	200	3			
	10	150	5			
	10	250	7			
	10	900	10			
2017	1	250	3	15,425	18,475	45.5
	1	250	5			
	1	3,000	7			
	1	4,500	10			
	4	100	3			
	4	150	5			
	4	2,000	7			
	4	5,175	10			
2018	3	900	5	8,800	16,650	34.6
	6	3,300	5			
	6	1,700	8			
	9	1,000	3			
	9	1,200	5			
	11	700	3			
Total				52,975	77,575	40.6
Growth rate in 2018 (%)				-(42.9)	-(9.9)	
CAGR (2014-2018) %				-(10.1)	-(0.4)	

Source: Qatar Central Bank Reports

### Government Sukuks and bonds issued in Qatar (2014 - 2018 ) in Million Qatari Riyals



#### 2. Sukuk issued by Islamic banks:

In 2018, the total of Sukuk issued by the Islamic banks was 3.8 billion Qatar Riyals, with an increase of 27.1% compared to 2017. These Sukuk were distributed between Qatar Islamic Bank and Masraf Al Rayan. Qatar Islamic Bank issued Sukuk in 2018 amounted to 2,091 million Qatar Riyals with terms ranging from 1, 3, 5 years. Masraf Al Rayan also issued a foreign currencies Sukuk amounted to approximately 1,718 million Qatar Riyals with long terms, and it also issued Sukuk with US \$ 190 million for 5 years and Sukuk with of £ 221 that is due in 2052.

During the five years (2014-2018) Sukuk was not issued in 2014. In 2015, Qatar Islamic Bank issued Sukuk amounted 2,725 million Qatari Riyals. In 2016 and 2017 the Sukuk was issued by Qatar Islamic Bank and Barwa Bank. Nevertheless in 2012, QIIB issued Sukuk amounted 2,549 million Qatari Riyals which were due and paid in full in 2017.

**Sukuk issued by Islamic Banks in Qatar during the period (2014 – 2018)  
in Million Qatari Riyals**

	Years	Date of Issue (month)	Issue Value (million QR)	Tenor (year)	Total Years (Million Qatari Riyals)
QIB	2015	10	2,725	5	2,725
	2016	8	1,339	3	1,339
	2017	5	2,730	5	2,998
		8	65	2	
		8	57	2	
		11	146	3	
	2018	2	180	5	2,091
		2	91	1	
		4	182	3	
		4	109	5	
		5	437	5	
		5	364	3	
		10	364	5	
		10	364	5	
	Al Rayan	2018	2	221 million GBP	34
11			100 million USD	5	
11			90 million USD	5	
Barwa	2016	10	100 million USD	3	837
		11	130 million USD	3	

Source: Annual Reports of the Islamic Banks



# *Investment Funds*





Qatar Central Bank “QCB” has licensed six Islamic investment funds; Al-Bait Al Mali Fund, Al Rayan GCC Fund (Q), Al Rayan GCC Fund (F), The First Investor GCC Equity Opportunities Fund (Q), The First Investor Income Equities Opportunities Fund and Al Rayan Qatar ETF. These funds are operating both inside and outside the State of Qatar, except for The First Investor Income Equities Opportunities Fund. Despite being licensed by Qatar Central Bank on 25/10/2015, it has not yet exercised its activity.

### **1. Al-Bait Al Mali Fund**

Al Bait Al Mali Fund was established by Investment House in 2006 as an open investment fund, authorized by Qatar Central Bank. The Fund’s capital ranges from 50 million Qatari Riyals to 500 million Qatari Riyals distributed and is managed by Amwal, while Qatar National Bank (QNB) Qatar is the fund custodian. The fund invests mainly in listed and unlisted shares that comply with Islamic Sharia. The fund is available to Qataris only. On 7/12/2018, the Qatar Central Bank approved the appointment of Qatar National Bank (Switzerland) as the Fund Manager.

### **2. Al Rayan GCC Fund (Q)**

In 2009, Qatar Central Bank (QCB) authorized the Al Rayan GCC Fund as an Islamic investment fund denominated in Qatari Riyals, and is available to Qataris individuals and companies with a capital of between 50 million Qatari Riyals and 1.5 billion Qatari Riyals. It operates both inside and outside Qatar, and focuses on investing the shares listed in the GCC, in addition to investment in fixed income instruments and the Sharia compliant capital market. This Fund was established by Masraf Al Rayan and managed by Al Rayan Investment. The HSBC Bank Qatar Branch is its fund custodian.

### **3. Al Rayan GCC Fund (F)**

Masraf Al Rayan GCC (F) is established in 2010 similar to Al Rayan GCC Fund (Q). However, the Fund is opened to all non-Qatari investors. It is denominated in US Dollars with a capital of USD 10 million to USD 700 million. The HSBC Bank Qatar branch is its fund custodian.

### **4. The First Investor GCC Equity Opportunities Fund (Q)**

In 2012, Barwa Bank established First Investor Fund GCC Equity Opportunities Fund with a capital of between 30 million Qatari Riyals and 2 billion Qatari Riyals. It is an investment fund exclusively for Qatari individuals and Qatari legal bodies and aims to achieve long-term capital growth through investment in a diversified portfolio of equities and Sharia permissible related financial securities issued by listed companies within the GCC stock exchanges. The Fund is managed by The First Investor, while the HSBC Bank Qatar is its fund custodian.



## 5. Al Rayan Qatar ETF

In 2006, Masraf Al Rayan established Al Rayan Qatar ETF as an open-ended fund seeks to track the performance QE Al Rayan Islamic index (price) with a capital of 50 million Qatari Riyals to 2 billion Qatari Riyals. The fund invests in the index's shares with the same weight as the index. Al Rayan Investment the management of the Fund, while the HSBC Bank Qatar is its fund custodian. Al Rayan Qatar ETF was launched on 12/1/2018. In March 2018, the Fund was launched in the Qatar Exchange as the largest listed Islamic investment fund in a country, with initial assets exceeding USD 120 million.

### Performance of Islamic Investment funds

Since Al Rayan Qatar ETF is launched on March 21, 2018, there are no previous figures for this period for comparison and performance evaluation. The financial statements for this fund were issued for the period from March 21 to December 31. According to this data, net assets attributable to unit holders at the end of the period reached 539 million Qatari Riyals.

As for the four (4) investment funds, the assets of these funds decreased by 2018. Net assets of the unit holders reached 365 million Qatari Riyals, with a decrease of (30.9%) compared to 2017. The only positive growth was in Al-Bait Al Mali Fund with 12.4%. The rest of funds witnessed a diversified decrease, where Al Rayan Fund (F) was (3.2%), Al Rayan Fund (Q) was (39.8%) and in The First Investor was (48.4%).

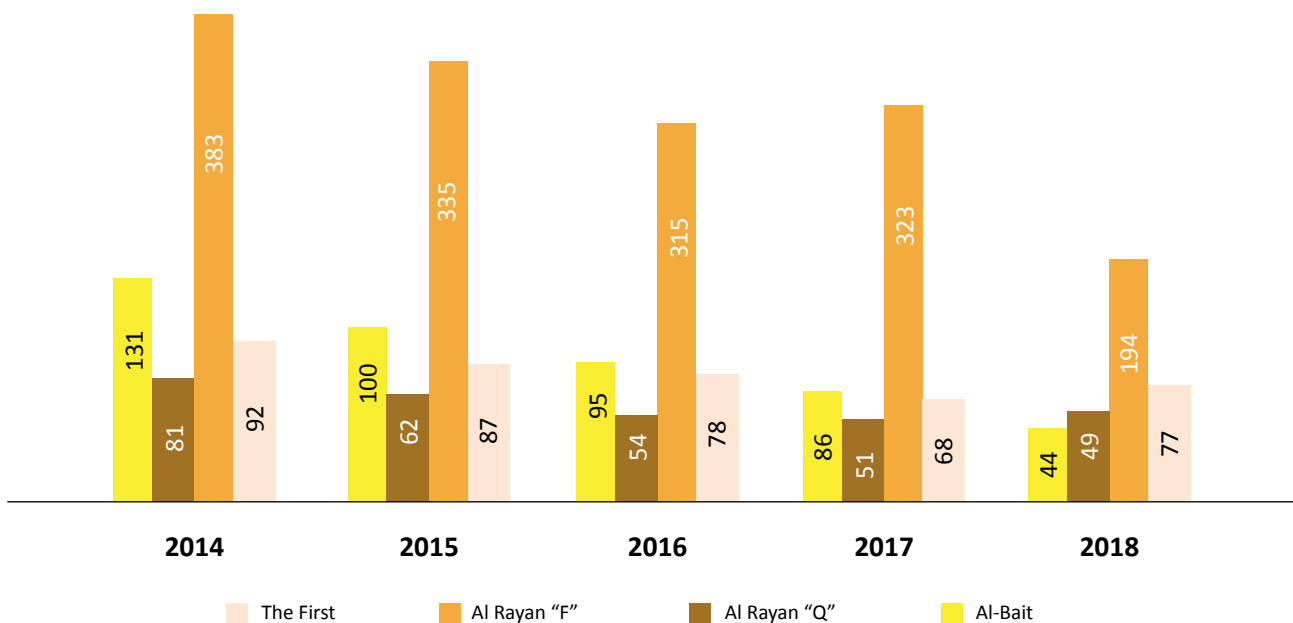
### Net Assets Attributable to Unit Holders in Islamic Investment funds (2014-2018)

	2014	2015	2016	2017	2018	Growth rate in 2018 %	CAGR %
Al-Bait (QR)	92,218,345	87,063,519	77,531,946	68,238,859	76,695,270	12.4	-(3.6)
Al Rayan "Q" (QR)	383,379,817	334,784,358	315,091,184	322,889,943	194,407,368	-(39.8)	-(12.7)
Al Rayan "F" (USD)	22,156,533	16,931,895	14,832,573	14,031,891	13,583,304	-(3.2)	-(9.3)
The First (QR)	130,722,796	100,251,486	94,635,626	85,551,128	44,125,768	-(48.4)	-(19.5)
<b>Total (QR)*</b>	<b>686,970,738</b>	<b>583,731,461</b>	<b>541,249,322</b>	<b>527,756,013</b>	<b>364,671,633</b>	<b>-(30.9)</b>	<b>-(11.9)</b>

\* The total is calculated with transferring the amounts from USD into QR.

Source: Annual Financial Reports of Islamic funds

### Net Assets Attributable to Unit Holders in Islamic Investment Funds (2014 - 2018) Million Qatari Riyals



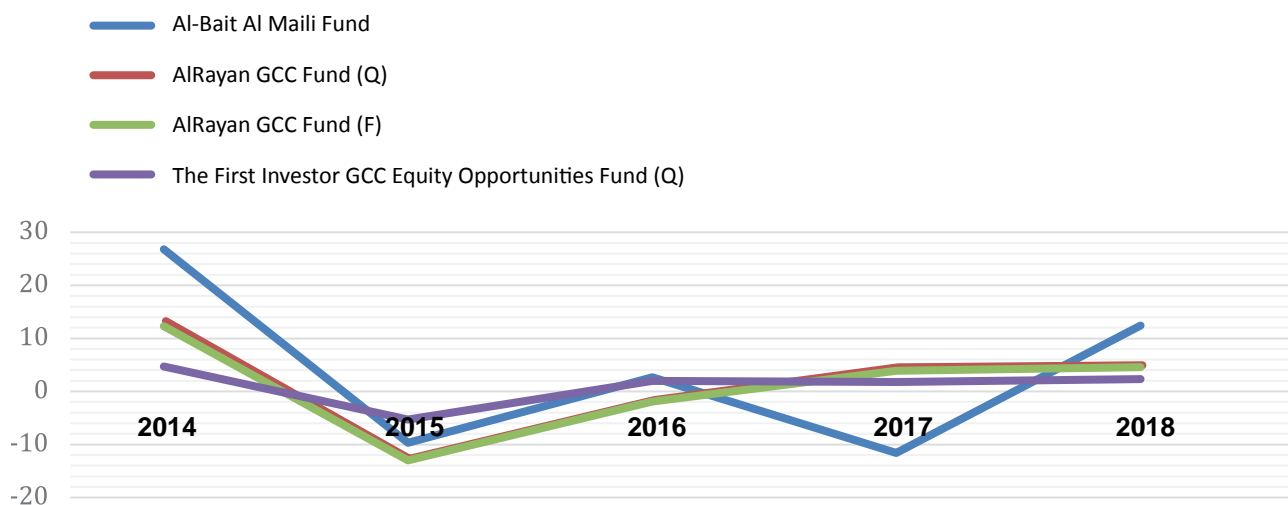
On the other hand, all these funds achieved positive performance in 2018. Al-Bait Al Mali Fund achieved the highest performance with 12.4%, followed by Al Rayan Fund (Q) with 4.9%, then Al Rayan Fund (F) with 4.6% and finally The First Investor Fund with 2.3%. During the past years (2014-2018), performance of these funds the performance of these funds was uneven.

### Performance of Islamic Funds (2014 - 2018) %

	2014	2015	2016	2017	2018	Average
Al-Bait Al Mali Fund	26.8	-(9.7)	2.7	-(11.6)	12.4	4.1
Al Rayan GCC Fund (Q)	12.6	-(13.2)	-(2)	4.4	4.9	1.3
Al Rayan GCC Fund (F)	12.3	-(13)	-(1.9)	3.9	4.6	1.2
The First Investor GCC Equity Opportunities Fund (Q)	4.7	-(5.3)	2	1.8	2.3	1.1

Source: Annual Financial Reports of Islamic funds

### Performance of Islamic Funds During the Period (2014 - 2018)



# ***Financial Market (QE Al Rayan Islamic Index)***





On 7 January 2013, QERI was launched. The Index is based on the liquidity of shares available for trading and the value of their market capitalization. This is only for shares of the companies listed in Qatar Stock Exchange, which are Sharia-compliant according to the opinion of the Sharia Supervisory Board at Masraf Al Rayan. QERI is one of the indicators of the total return as it reflects the price performance as well as the revenue generated from the reinvestment of dividends of listed companies.

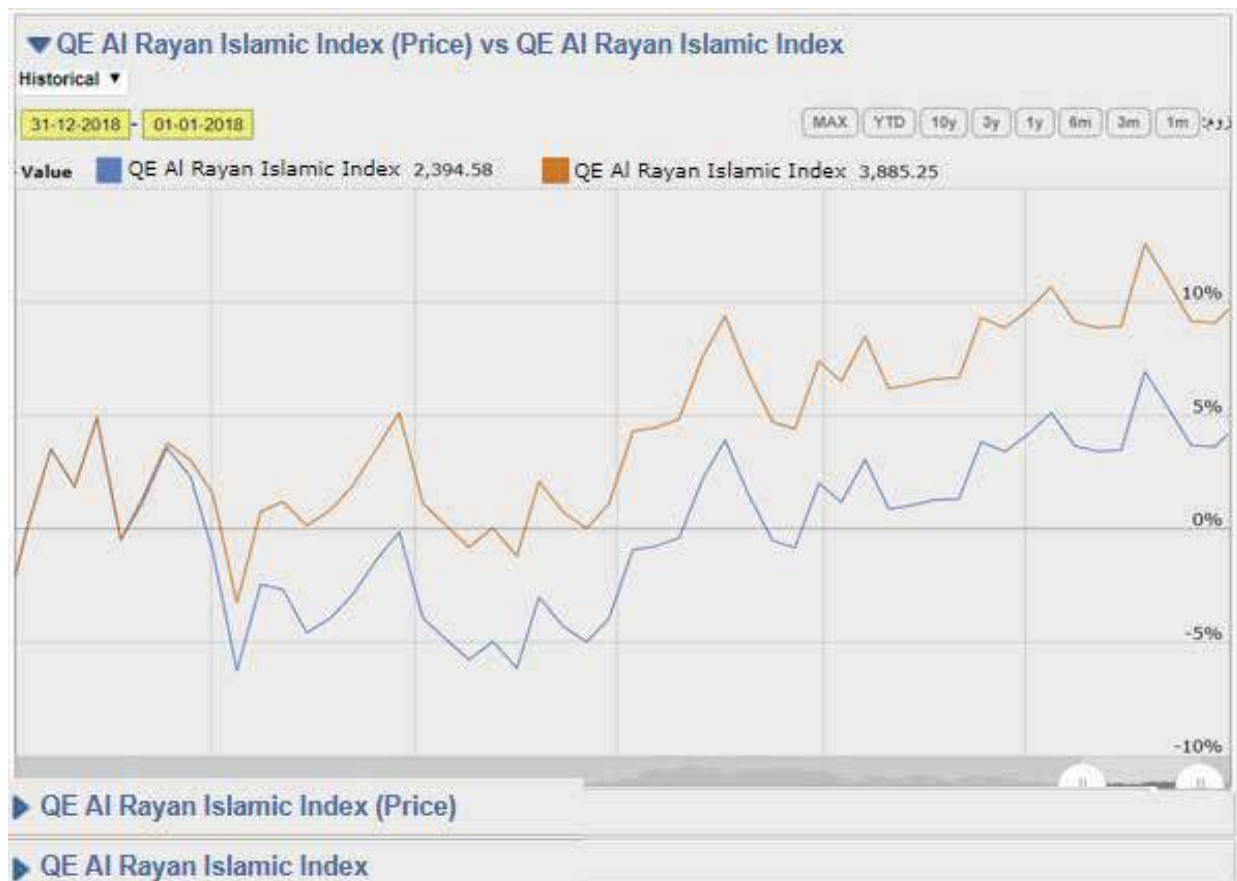
### **Performance of Qatar Exchange Al Rayan Islamic Index (QERI):**

2018 has witnessed a recovery of the stock market in the State of Qatar. It achieved positive results and high rates. The QERI has increased upward by 463.20 points with 13.54% to close at the end of the year with 3,884.91 points.

In order to enhance market liquidity and diversify investments, in March 2018, Al Rayan Qatar Fund was listed as the largest traded Islamic investment fund listed in a country.

During the QE's review, Qatar Electricity and Water Company (QEWC) shares were listed on the QERI as of the beginning of April 2018. At the beginning of October 2018, the components of QERI were adjusted by listing the shares of Mesaieed Petrochemicals Holding Company, Qatar Fuel Company and Zad Holding Company, while the shares of Qatar Islamic Insurance Company and Mazaya Qatar Real Estate Development Company were excluded from the index.

### Movement of QERI during 2018





## Bait Al-Mashura Finance Consultations

### About Us

Bait Al-Mashura (Al Bait) is a specialized center for consultations related to finance, investment, management, Shari'ah audit, and professional training. It was established in 2007 and obtained the license from Qatar Central Bank for offering financial and investment consultations, thereby it has become the first Qatari firm to obtain such a license in the State of Qatar.

### Our Vision

To be a global leader offering financial, Shari'ah, investment and management consultations, besides Shari'ah audit, development as well as training in different fields of finance industry.

### Our Mission

To disseminate concepts of finance, rules and provisions and to ensure their application in the highest standards of quality and excellence through modern and scientific methods by qualified human resources.

### Our Objectives

- To spread the culture of the Islamic finance industry within Qatar and abroad.
- To introduce and develop financial products to keep up with the growth of the industry in general, and Islamic ones specifically, thereby to reinforce its competitive position.
- To invest in human resources to prepare highly qualified scholars in finance consultancy, advisory committee, Shari'a boards and Shari'ah audit.
- To achieve customers satisfaction in quality services.
- To foster cooperation with local, regional, and global financial institutions.

### Our Services

- Financial and Investment Consultations.
- Shari'ah Financial Consultations.
- Management Consultations.
- Shari'ah Audit.
- Training and Development.
- Studies and Researches.
- Social Services.