

# ISLAMIC FINANCE IN QATAR

Report 2020

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*  
**Khalid Bin Khalifa Bin Abdul Aziz Al Thani**





H.E. Sheikh Abdulla Bin Saoud Al-Thani

Islamic finance in Qatar witnesses a continuous development through policies and regulations that are being updated to ensure its constant competitiveness at both regional and international levels. Islamic finance assets in Qatar amounted to 528 billion Qatari Riyals (144 billion US dollars), 86% out of which are Islamic banking assets. Post successful completion of the merger between Barwa Bank and IBQ to entail Dukhan Bank, Masraf Al Rayan also sought another merger with Al-Khalij Commercial Bank to boost the strength of Qatari Islamic banks worldwide. Such a new banking entity is expected to be the fifth largest Islamic bank in the world with assets amounting to 47 billion US dollars.

In 2020, the global economy as well as the financial and banking sector have gone through an unprecedented crisis in the form of COVID-19 implications and repercussions. The crisis has posed a new challenge to the financial and banking system in Qatar. Thanks to the measures that focused on ensuring business continuity, supporting liquidity and providing support to affected sectors. The measures enabled us to mitigate the implications of this shock, maintain credit flow to economic sectors, and achieve financial and banking stability in the country.

During this crisis, the banks witnessed pressures on their systems and budgets through the required harmonization between continued credit granting, asset reclassification and provisions for credit losses. Banks in Qatar continued to apply the accounting standard for calculating provision for expected credit losses, and to update the structures of scenarios used to determine credit losses in a more conservative view. Nevertheless, the results of banking sector came good, as banks maintained their asset quality standards and credit grew at 8.6%.

The financial technology is no longer an option, but an urgent necessity the adoption of its applications should be accelerated. The ongoing crisis also revealed to us the Qatari banking sector's ability to quickly accommodate the changes by adopting technological solutions according to the best technical standards and controls for protection and supervision. Banks and other financial institutions continued to offer their services through their applications. During this year, we launched many central financial technology systems, including the "Qatar Mobile Payment System" (QMP), we would continue developing the financial and banking environment in Qatar in order to achieve the National Vision 2030.

**H.E. Sheikh Abdullah Bin Saud Al-Thani**

Governor of Qatar Central Bank



Sheikh Muhammad Ibn Abdul Wahhab Mosque



Prof. Dr. Khalid Bin Ibrahim Al Sulaiti

Praise be to Allah, Lord of the Worlds. Blessings and peace be upon our master Muhammad, his family and all his companions. We would like to present our fourth annual report on Islamic finance in Qatar, which reviews the performance of Islamic finance institutions in Qatar, including Islamic banks, Takaful insurance companies, and Islamic finance and investment companies. It also reviews Islamic financial products, including investment funds, Sukuk and movement of Islamic financial market.

We have taken upon ourselves at Bait Al-Mashura to strive to continuously improve and develop our products, in order to provide the best and highest quality service to the Islamic financial industry and the community inside and outside Qatar. As we present this effort, we invite researchers, specialists and pioneers of Islamic finance to intensify efforts to upgrade the Islamic finance industry through their research efforts and creative ideas that believe in the authenticity of Islamic economy and its role in leading the financial industry and overcoming crises.

In this regard, we would like to extend our thanks and gratitude to the sponsor of our renaissance, His Highness Emir Sheikh Tamim Bin Hamad Al-Thani, may Allah almighty protect him, and then Qatar Central Bank for its unremitting effort in sponsoring Islamic finance and great effort in regulating, modernizing and ensuring the stability of banking sector. We would like also to thank Islamic finance institutions and supervisory authorities in Qatar for cooperation, information provision, and response to inquiries, asking Allah almighty for more progress and development of Islamic financial industry inside and outside Qatar. Praise be to Allah – Lord of the Worlds.

**Prof. 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 :

- This report reviews the results of 2020 with a five-year cumulative study (2016-2020).
- The total statistics of Islamic banks were adopted according to the quarterly bulletins issued by Qatar Central Bank. As for detailed statistics of Islamic banks, audited financial statements has been relied upon, so some minor differences may arise.
- The amended statements for 2019 of some companies were adopted according to the financial statements they issued for 2020.
- Some differences may happen due to rounding.

### Disclaimer:

The information in this report is compiled from and relied upon the sources referred to in the report. The issuer does not bear any liability for the consequences of basing the decisions thereupon which may lead to the benefits or otherwise.

## *Executive Summary*

COVID-19 pandemic has affected the global economy as well as the financial and banking systems. Global Islamic finance sectors have been affected to varying degrees. Thanks to the policies, procedures and package of incentives provided by Qatar, pandemic's implications and repercussions on economic sectors and financial and monetary sector have been mitigated.

In 2020, the total assets of Islamic finance in Qatar amounted to approximately 528 billion Qatari Riyals, of which Islamic bank assets accounted for 86%, existing Sukuk accounted for 12%, assets of Takaful insurance companies accounted for approximately 1%, and assets of investment funds and other Islamic financial institutions accounted for approximately 1%.

In Islamic banking sector, assets of Islamic banks grew in 2020 by 8.4%, and deposits grew by 8.7%, with the private sector's deposits accounting for 56%. It is also noticed that non-resident deposits came back and exceeded pre-crisis rates of 2017. Financing grew by 7.9%, concentrated in government, semi-government, real estate and personal finance sectors. Although revenues grew by 3.4%, profits decreased by (2.6%), affected by the increased provisions for expected credit losses. Such profits amounted to 6.7 billion Qatari Riyals compared to 6.9 billion Qatari Riyals in 2019.

In Takaful insurance sector, the assets of insurance policyholders amounted to 2.2 billion Qatari Riyals, down by (4.6%). Insurance subscriptions amounted to 1.3 billion Qatari Riyals, with a marginal decrease of (0.1%). Due to the decrease in insurance claims as a result of lock-down, closure and restriction of public movement, insurance surpluses increased in these companies to reach 149 million Qatari Riyals.

Assets of Islamic finance companies reached 2.6 billion Qatari Riyals, down by (12%). The funds granted by these companies decreased by (11.3%) to

1.9 billion Qatari Riyals, and revenues decreased by (12%) to 242 million Qatari Riyals, 96% out of which are revenues of finance activities. Business results of Islamic finance companies varied between profits totaling 61 million Qatari Riyals and losses amounting to approximately 3 million Qatari Riyals.

In Islamic investment companies' sector, there was variance between growth and decline, achieving profits and recording losses in the performance of the investment companies, where the decline of the the First Investor company's performance had an implication on the sector. The assets of both companies amounted to approximately 540 million Qatari Riyals, down by (6.2%), meanwhile, its revenues decreased by (38%). One of these companies recorded profits while the other recorded losses.

In the field of Sukuk, no governmental Sukuk were issued in 2020. Islamic banks issued approximately 8 billion Qatari Riyal worth Sukuk, down by (2.7%).

The total assets of investment funds reached approximately 895 million Qatari Riyals, with a marginal decrease of (0.9%). All these funds performed positively in 2020.

Despite the decline that hit QE Al Rayyan Islamic Index at the beginning of the year due to pandemic's repercussions, and thanks to the economic incentives that were taken, the Index re-rose to close up by 8.06% compared to 2019.



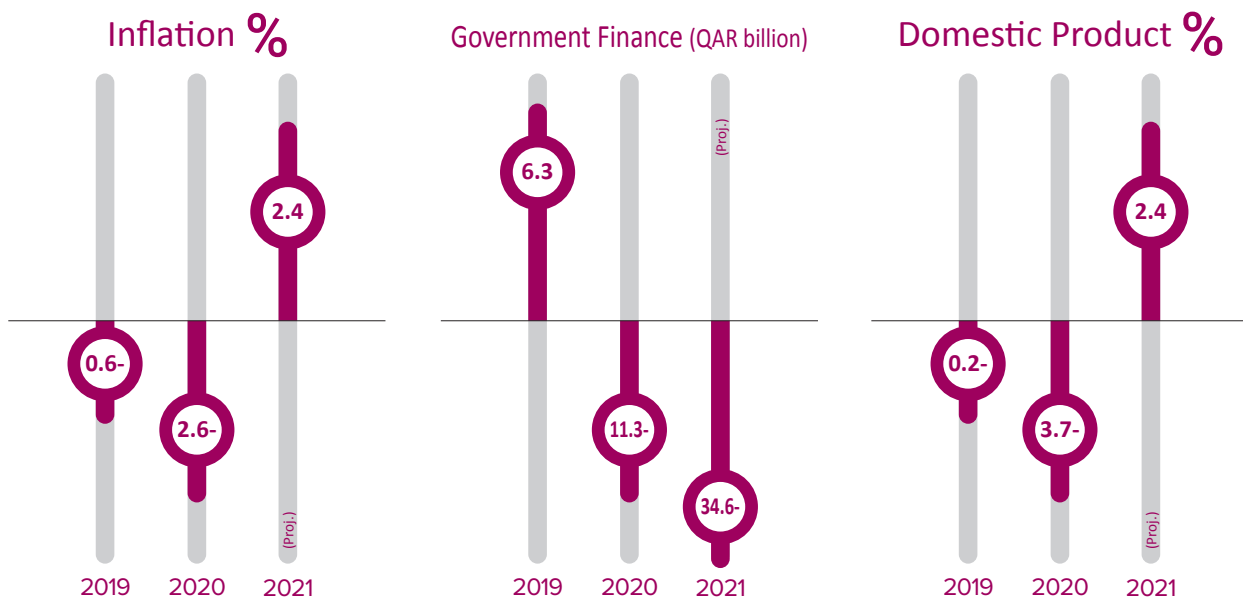
General view of Bank Street in Doha

# *Overview of Qatar Economy in 2020*





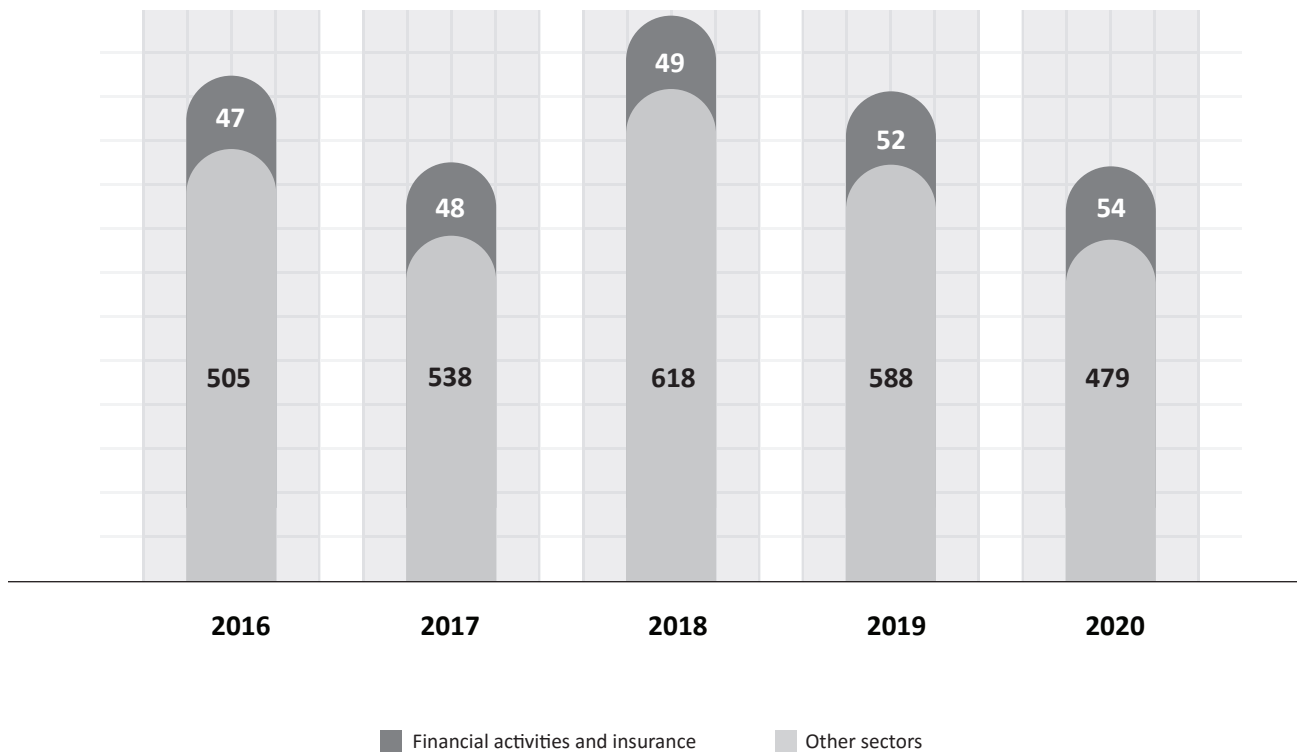
In 2020, the world experienced the worst economic crisis due to COVID-19 implications and repercussions that led to an unprecedented contraction of the global economy. Lock-down measures resulted in a decline in energy demand, which affected the economies of oil and gas dependent countries. Most business sectors were affected to varying degrees. To mitigate the implications and repercussions of this crisis, Qatar adopted a set of policies and procedures and provided a package of economic incentives worth 75 billion Qatari Riyals to support economic sectors and maintain the stability of financial and monetary system in the country. These measures succeeded in mitigating the repercussions affecting the overall Qatari economy. The Qatari economy's resilience in dealing with crises and the country's strong financial position supported by foreign reserves led to the continued stability of the monetary and financial sector in Qatar.



[Source: Reports of the Planning and Statistics Authority, Qatar Central Bank, Ministry of Finance, International Monetary Fund and World Bank]



### Nominal GDP in Qatar (2016 – 2020) in Billion Qatari Riyals



Source: based on the statistical publications of the Planning and Statistics Authority

### Gross Domestic Product (GDP):

According to the estimates made by the Planning and Statistics Authority in Qatar, the 2020 GDP (at current prices) amounted to 532.8 billion Qatari Riyals compared to 640 billion Riyals in 2019, down by (16.8%). According to the 2018 fixed prices, the 2020 GDP contracted by (3.7%), where it reached 647.8 billion Qatari Riyals compared to 672.5 billion Qatari Riyals in

2019. GDP is expected to resume its positive rise in 2021 to reach 2.4%.

Despite GDP contraction, financial activities and insurance sector continued to rise and grew in 2020 at 2.8% to reach 53.7 billion Qatari Riyals at the current prices compared to 52.2 billion Qatari Riyals in 2019, where it contributed to GDP by 10.1% compared to 8.2% in 2019.

### **Government Finance**

In 2020, government revenues decreased by (20.3%). The deficit of the Qatari general budget amounted to 11.3 billion Qatari Riyals, representing 2% of GDP. Revenues of 2020 amounted to 171.2 billion Qatari Riyals, in which oil and gas revenues accounted for 133.3 billion Qatari Riyals i.e., 77.9%. The total expenditure amounted to 182.4 billion Qatari Riyals, down by (12.5%) compared to 2019.

### **Inflation**

The inflation rate in Qatar continued to contract for the second year in a row, where contraction amounted to (2.6%) in 2020 compared to (0.8%) in 2019. The 2020 contraction led the entertainment and culture group with (15.95%), then the clothes and shoes group with (4.63%), and finally the housing, water, electricity and gas group with (4.43%). This is due to the implications of lock-down and distancing restrictions imposed by the country to limit the spread of COVID-19.

## **Islamic Finance in Qatar**

The Islamic financial sector in Qatar is diversified into four main sectors, namely: Islamic banks, Takaful insurance companies, Islamic finance companies, and Islamic investment companies, in addition to Islamic finance products represented in Sukuk, investment funds and Islamic indices.

These institutions operating in these financial sectors are subject to direct supervision by Qatar Central Bank. In addition, some financial institutions practice Islamic finance activities within the framework of Qatar Financial Center.

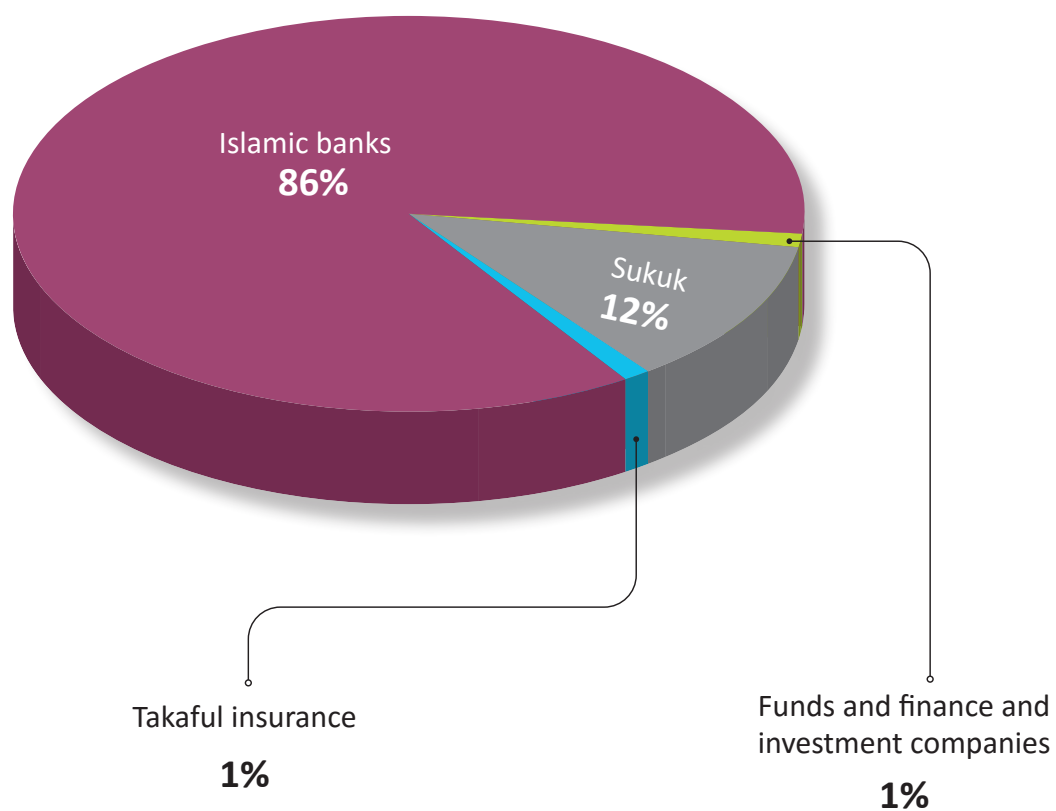
Early in the year 2019, the QCB licensed Bait Al-Mashura Finance Consultations to be recognized as the forerunner entity for offering the consultations related to the finance,



investment and Shari'ah audit services to the financial institutions and banks in the State of Qatar.

In 2020, the total assets of Islamic finance in Qatar amounted to approximately 528 billion Qatari Riyals (144 billion USD), of which Islamic bank assets accounted for 86%, existing Sukuk accounted for 12%, assets of Takaful insurance companies accounted for approximately 1%, and assets of investment funds and other Islamic financial institutions accounted for approximately 1%.

### Islamic Finance Assets in Qatar in 2020 (528 Billion Qatari Riyals)



# *Islamic Banking Sector*



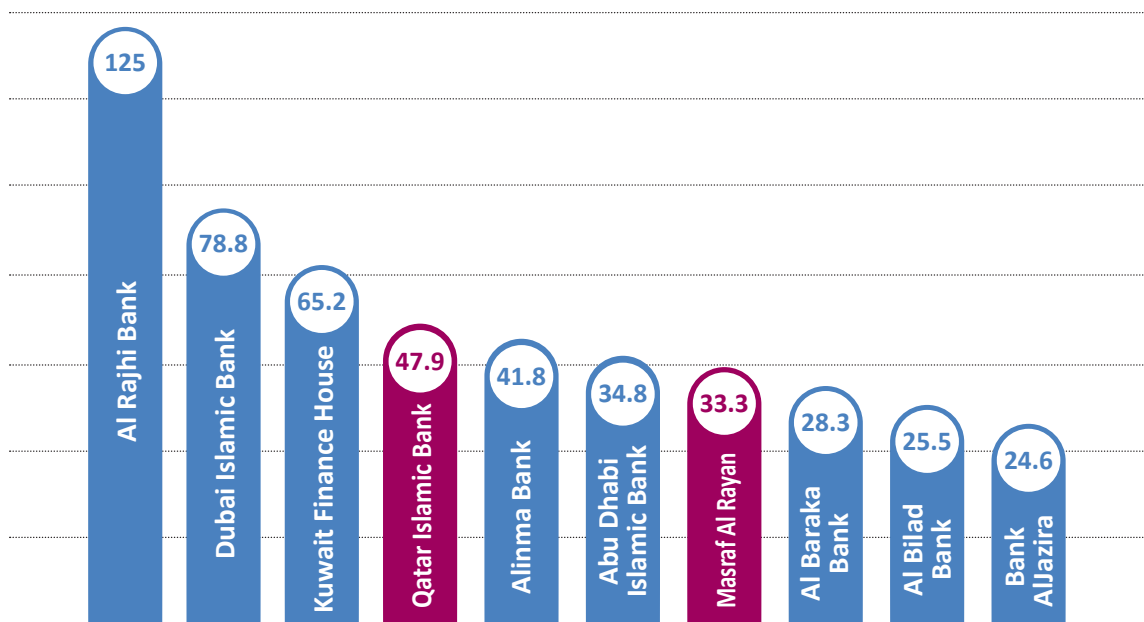


The banking sector in Qatar includes four Islamic banks out of seventeen banks, including five conventional domestic commercial banks, a specialized bank (Qatar Development Bank), and seven branches of conventional foreign banks, in addition to a representative office for a foreign bank.

QInvest Bank, First Qatar Bank and Abu Dhabi Islamic Bank (Qatar branch) operates in the field of banking and Islamic investment banking under the supervision of Qatar Financial Center Authority.

Qatari Islamic banks operate through a network of internal and external branches of more than 70 branches and offices. These Islamic banks account for more than a quarter of the market share of Qatar banking sector. These banks are also rated among world’s largest Islamic banks.

### Ranking of World Islamic Banks in Terms of Asset Volume in 2020 (Billion USD)



Source: based on banks’ annual financial reports of 2020



Imam Mohammed Bin Abdul Wahhab Mosque

## Islamic Banks Operating Under the Supervision of Qatar Central Bank

### 01

#### **Qatar Islamic Bank (QIB):**

Qatar Islamic Bank was established in 1982 as the first Islamic bank in Qatar. QIB is currently the largest Islamic bank in Qatar and the fourth largest Islamic bank in the world with total assets of 174.4 billion Qatari Riyals in 2020, a market share of 39% of Islamic bank assets in Qatar, and 10% of the total banking market in Qatar. QIB provides a range of products and services to individual, corporate and investment segments through 22 branches in Qatar and an overseas branch in Sudan. It also owns Qatar Islamic Bank in the United Kingdom, the Arab Finance House in Lebanon, and stakes in many Islamic financial service companies. Furthermore, QIB shares are listed on Qatar Stock Exchange. At the end of 2019, shareholders' equity amounted to 18.3 billion Qatari Riyals.

### 02

#### **Qatar International Islamic Bank (QIIB):**

Qatar International Islamic Bank was established in 1990. In 2020, QIIB total assets amounted to 62.3 billion Qatari Riyals, representing 14% of Islamic bank assets and 4% of the total assets of banking sector in Qatar. QIIB Shareholders' equity amounted to 6.2 billion Qatari Riyals. QIIB provides Islamic finance services and products as well as individual and corporate products through its headquarters and 19 local branches. QIIB shares are listed on Qatar Stock Exchange. QIIB participates with local Moroccan banks in Umnia Bank, which is the first participatory Islamic bank in the Kingdom of Morocco.

## 03

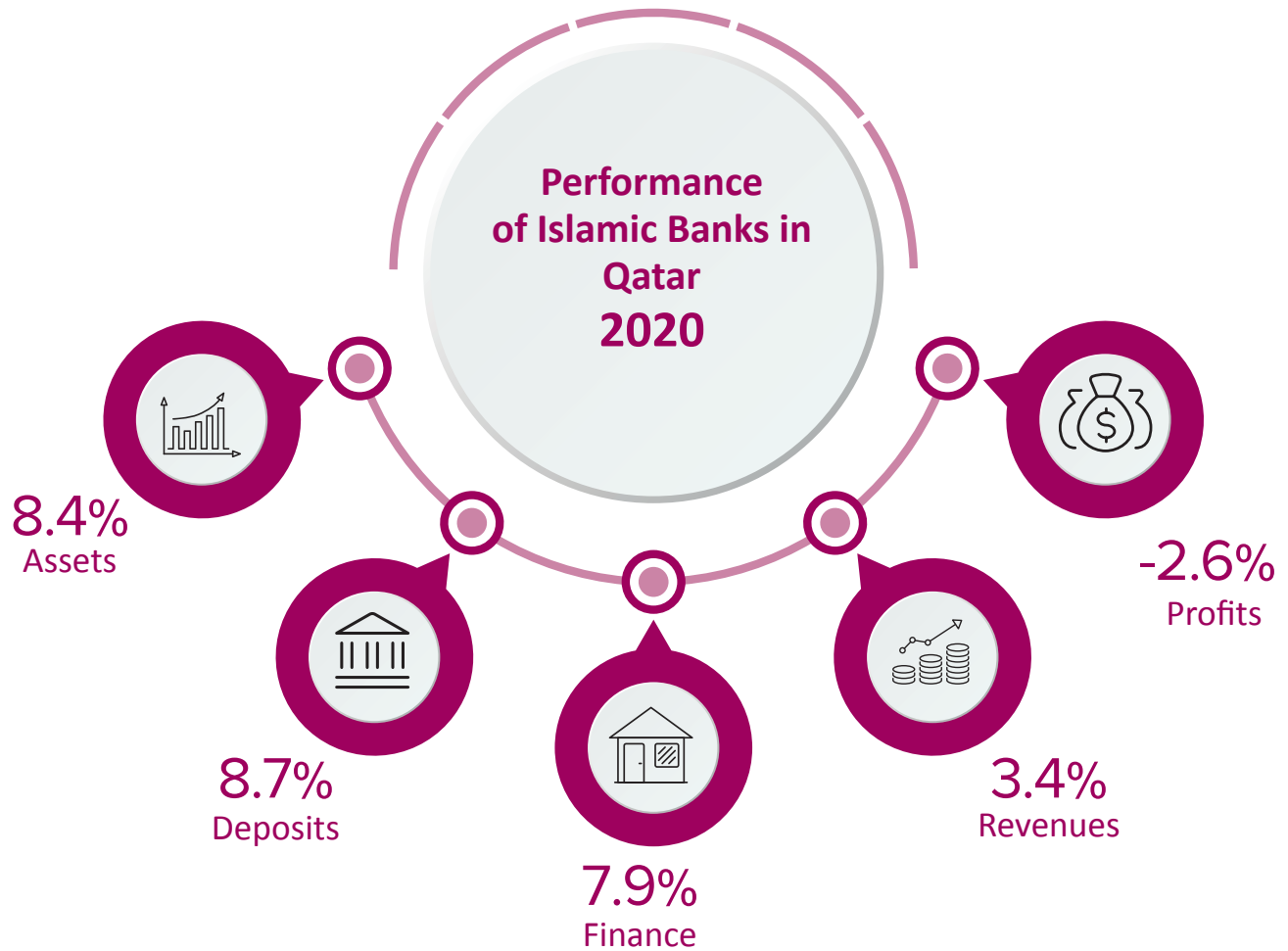
### Masraf Al Rayan:

Masraf Al Rayan was established in 2006 as an integrated Islamic bank to provide banking services and products to individuals and companies, as well as private banking services. Masraf Al Rayan is the seventh largest Islamic bank in the world with total assets of 121.1 billion Qatari Riyals, representing 27% of Islamic bank assets and 7% of commercial bank assets in Qatar. Masraf Al Rayan provides its services through 17 local branches in Qatar and owns foreign and domestic banking and investment companies. Masraf Al Rayan shares are listed on Qatar Stock Exchange. By the end of 2019, Masraf Al Rayan shareholders' equity amounted to 14.4 billion Qatari Riyals.

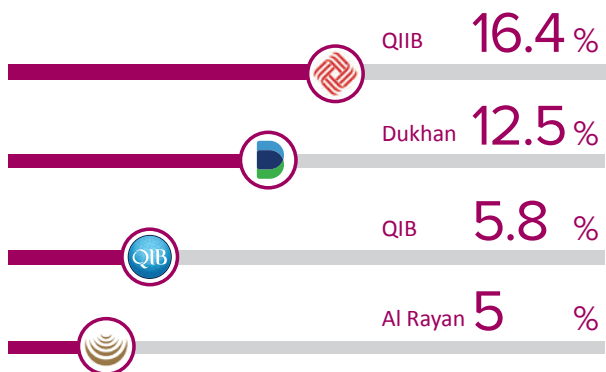
## 04

### Dukhan Bank:

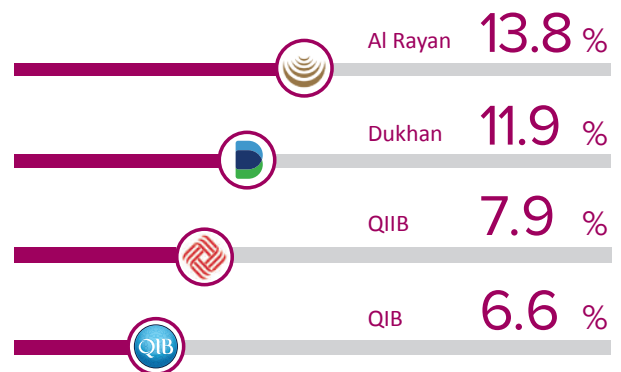
In (2009), Dukhan Bank began to practice its activities as an integrated Islamic bank under the name of "Barwa Bank" in order to provide banking services and products in compliance with Sharia, including individual and corporate services, business services, private banking services, real estate finance, pooled finance, investment services, and asset management. In 2010, the Bank acquired First Finance Company, First Leasing Company, and The First Investor Company, which are Islamic finance and investment companies. At the beginning of the second quarter of 2019, the Bank was merged with the International Bank of Qatar. In 2020, the Bank revealed its new identity – "Dukhan Bank" to replace its old one. The Bank provides its services through its main branch and 9 local branches. By the end of 2020, the assets of Dukhan Bank amounted to 86.3 billion Qatari Riyals, representing 19% of Islamic bank assets and 5% of commercial bank assets in Qatar. Shareholders' equity amounted to 11.5 billion Qatari Riyals.



#### Deposit growth

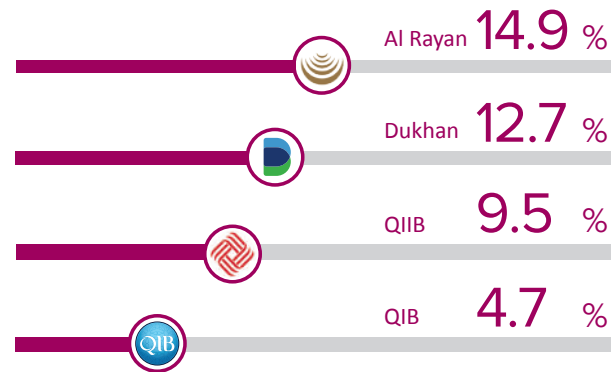


#### Asset growth

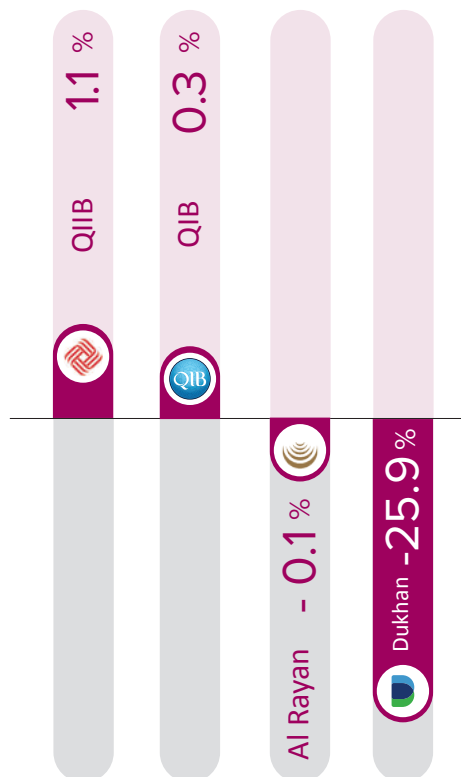




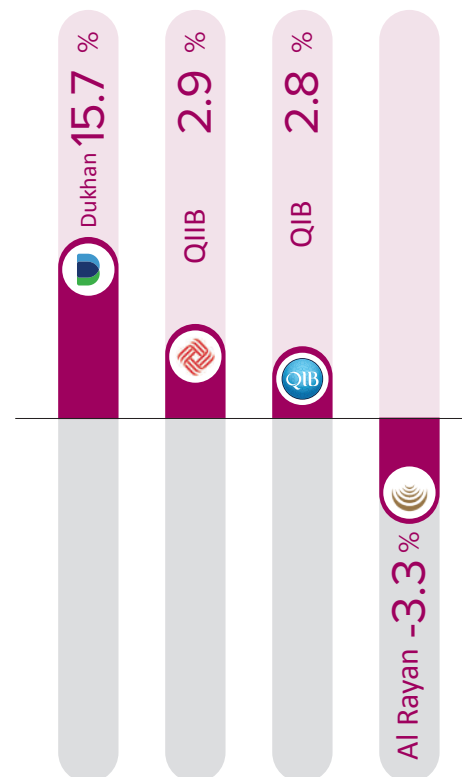
### Finance growth



### Profit growth



### Revenue growth

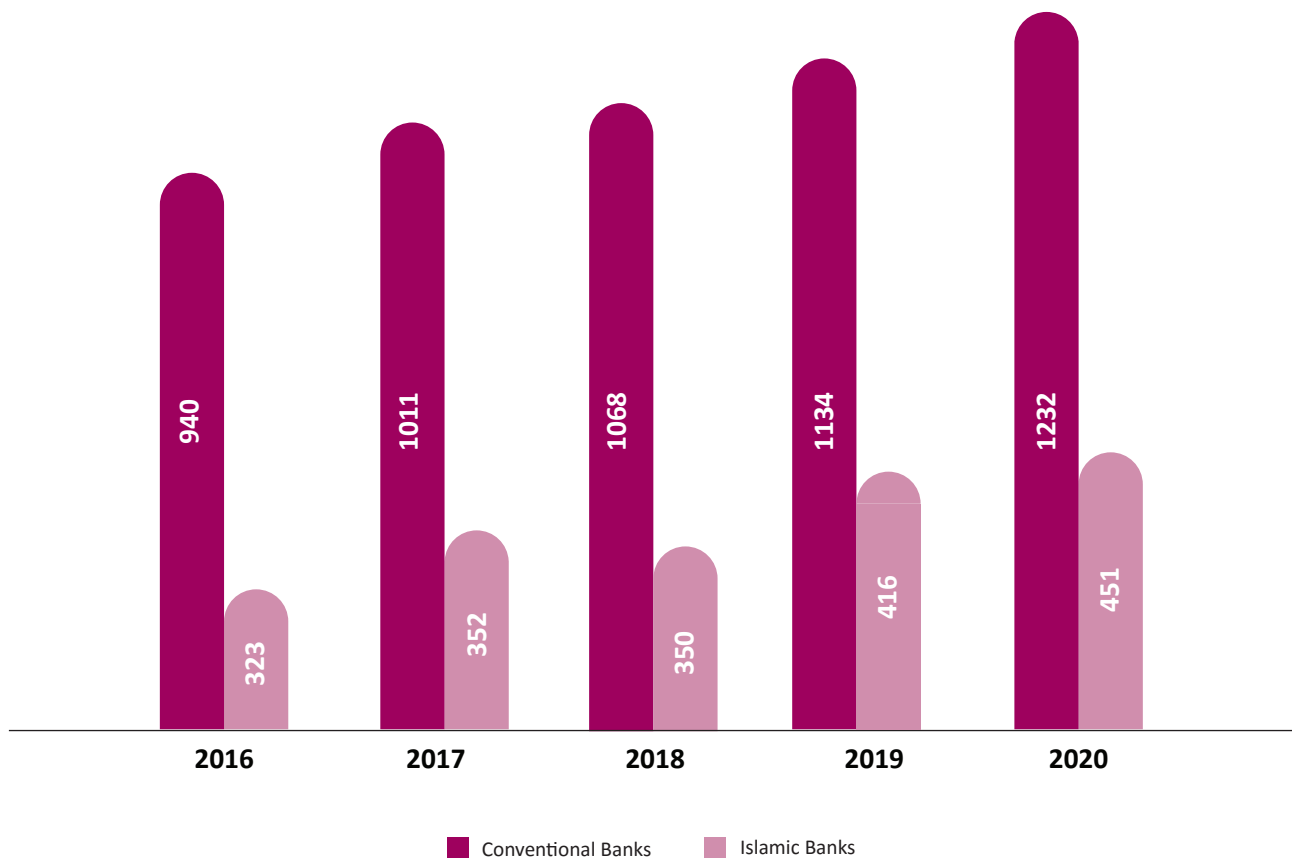


## Performance of Islamic Banks in Qatar

### First: Assets

In 2020, the assets of Islamic banks in Qatar grew by 8.4%, as their assets, according to Qatar Central Bank statistics, amounted to 450.6 billion Qatari Riyals, compared to 415.8 billion Qatari Riyals in 2019. This is compared to a growth of 8.6% for conventional banks. Islamic banks thus constitute 27% of the total assets of the banking sector in Qatar. During the period (2016 – 2020), the compound annual growth rate for the assets of Islamic banks amounted to 6.9%, compared to 5.6% for conventional commercial banks.

**Assets of Conventional Commercial Banks and Islamic Banks  
(2016 – 2020) in Billion Qatari Riyals**



Source: Based on the quarterly statistical bulletins, Qatar Central Bank

Masraf Al Rayan was the first among the four banks in terms of asset growth in 2020, where its assets grew by 13.8%, followed by Dukhan Bank by 11.9%, QIIB by 7.9%, and QIB by 6.6%. QIB still ranks first among these banks in terms of asset volume, where its assets amounted to 174.4 billion Qatari Riyals, followed by Masraf Al Rayan with 121.1 billion Qatari Riyals, Dukhan Bank with 86.3 billion Qatari Riyals, and QIIB with 61.3 billion Qatari Riyals.

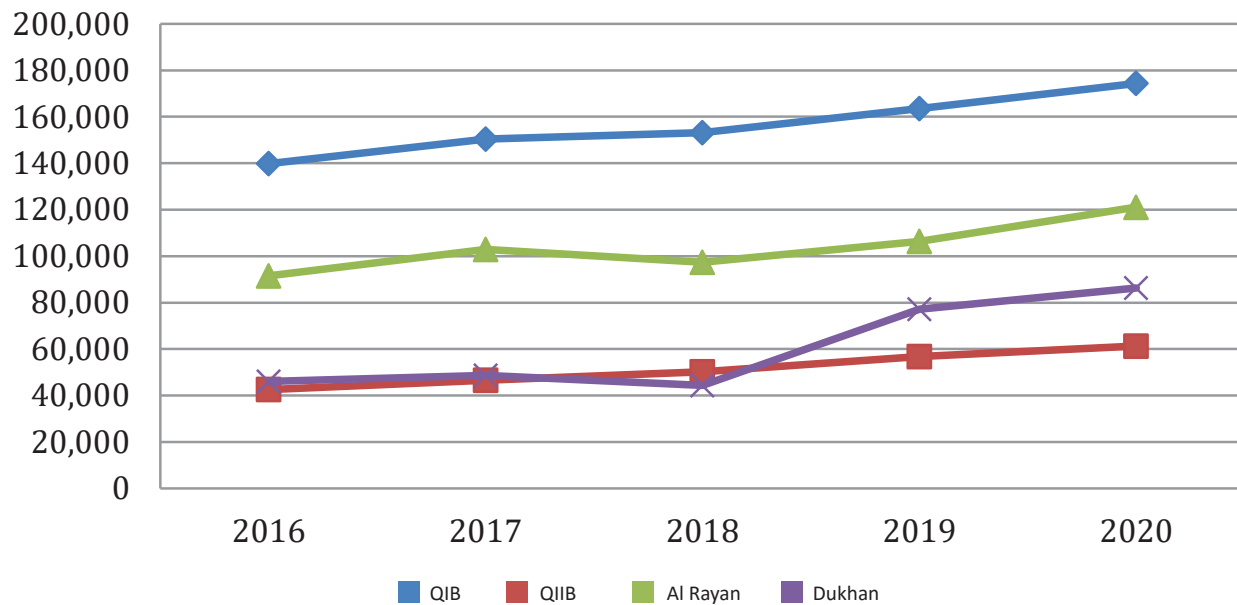
Over the past five years (i.e. from 2016 to 2020), Dukhan Bank ranked first with a compound growth rate of 13.4%, followed by QIIB with 7.6%, Masraf Al Rayan with 7.6%, and QIB with 4.5%.

### Assets of Islamic Banks (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 %	CAGR %
QIB	139,834,128	150,374,876	153,232,365	163,519,211	174,356,175	6.6	4.5
QIIB	42,550,960	46,618,980	50,259,955	56,831,439	61,313,668	7.9	7.6
Al Rayan	91,530,735	102,948,972	97,294,213	106,396,521	121,114,880	13.8	5.8
Dukhan	46,049,680	48,637,154	44,361,540	77,130,692	86,296,621	11.9	13.4

Assets of Islamic Banks (2016 – 2020) in Thousand Qatari Riyals

### Assets of Islamic Banks (2016 – 2020) in Thousand Qatari Riyals



### Second: Deposits

According to Qatar Central Bank statistics, deposits in Islamic banks in Qatar increased by 8.7% to reach 266.2 billion Qatari Riyals compared to 244.8 billion Qatari Riyals in 2019. Meanwhile, deposits growth in conventional banks was 5.8% in 2020. In the period from 2016 to 2020, the compound annual growth rate of deposits in Islamic banks was 5.5% compared to 4.1% in conventional banks.

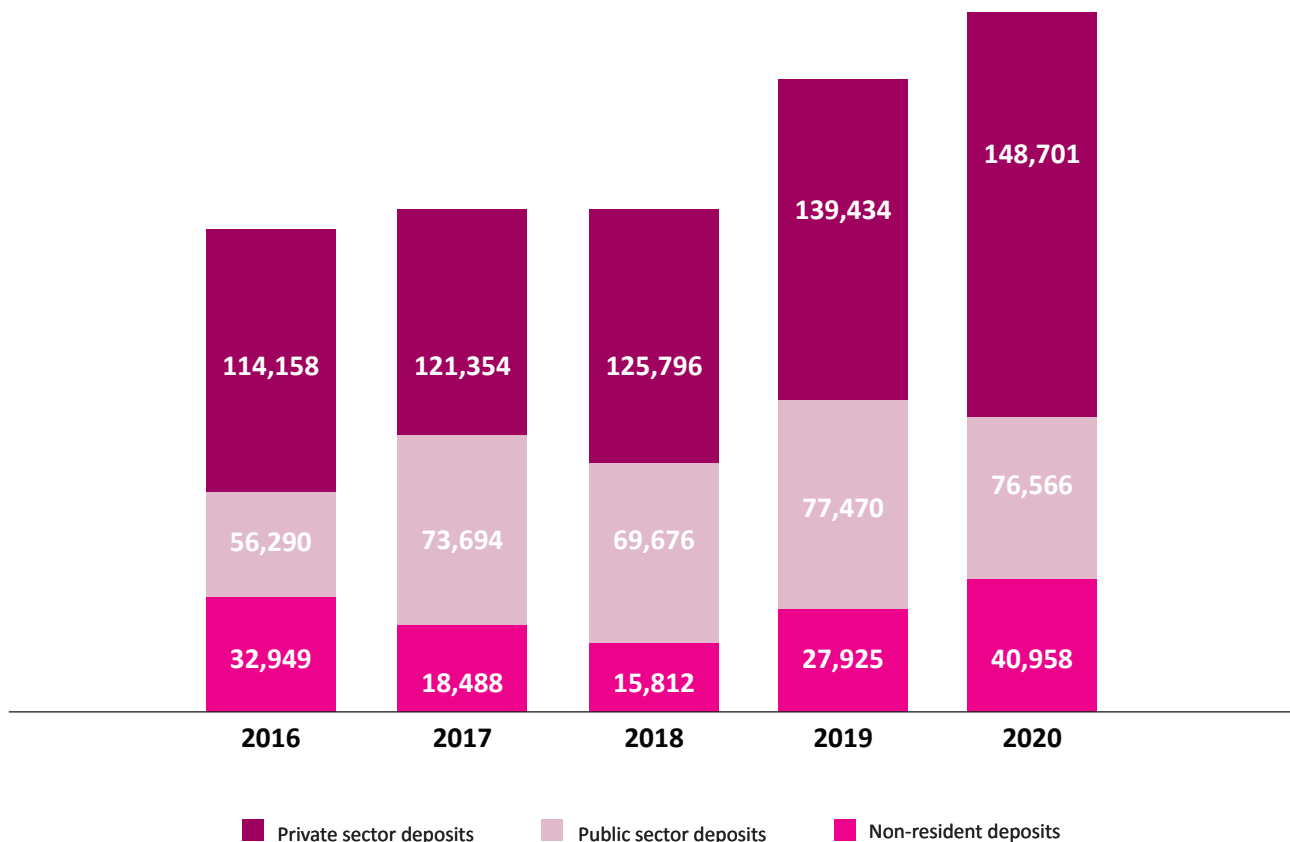
Considering the structure of deposits in Islamic banks in 2020, we find that the private sector still accounts for 56%, followed by the public sector with 29%, while non-resident deposits accounted for 15% of the total deposits in Islamic banks. It is also noted that the deposits of non-residents in this year exceeded the rates before the Gulf crisis after the significant decline that took place in that period. This reflects the increase in confidence in the Qatari banking sector.

### Classification of Deposits in Islamic Banks (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020%	CAGR
Non-resident deposits	32,949,114	18,488,294	15,811,538	27,925,074	40,957,634	46.7	4.5
Public sector deposits	56,289,567	73,693,984	69,675,719	77,469,782	76,565,665	(-1.2)	6.4
Private sector deposits	114,158,057	121,353,749	125,795,827	139,433,513	148,700,831	6.6	5.4
Total deposits	203,396,738	213,536,027	211,283,084	244,828,369	266,224,130	8.7	5.5
Deposits of Islamic banks to the total deposits of the banking system %	28	25.9	26.1	28.8	29.4		

[Source: Quarterly statistical bulletin, volume 36 – 40, issue No. 4, Qatar Central Bank]

### Deposits in Islamic and Conventional Banks (2016 – 2020) in Billion Qatari Riyals



QIIB achieved the highest deposit growth rate in 2020 with 16.4%, followed by Dukhan Bank with 12.5%, QIB with 5.8%, and Masraf Al Rayan with 5%.

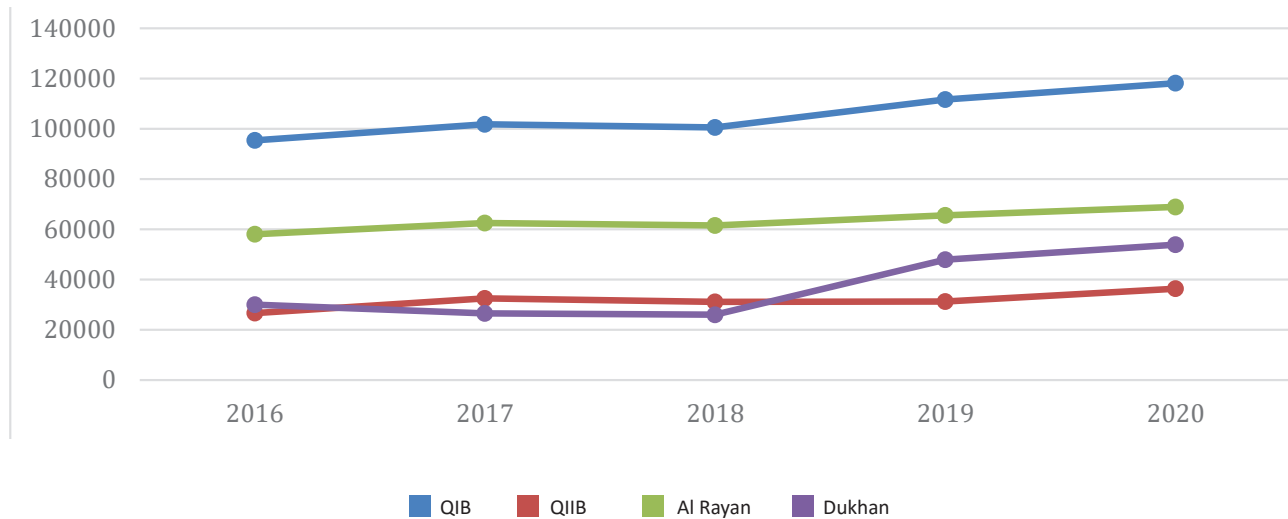
During the past five years (2016 – 2020), according to the financial statements issued by Islamic banks, deposits grew at a compound annual growth rate of 5.7%, where Dukhan Bank topped with 12.4%, followed by QIIB with 6.4%, QIB with 4.4%, and Masraf Al Rayan with 3.5%.

### Volume of Deposits in Islamic Banks (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 %	CAGR %
QIB	95,396,756	101,814,551	100,597,983	111,620,560	118,143,981	5.8	4.4
QIIB	26,640,038	32,478,648	31,129,927	31,228,545	36,352,329	16.4	6.4
Al Rayan	58,023,925	62,531,186	61,568,867	65,612,565	68,917,899	5	3.5
Dukhan	29,977,537	26,469,886	26,033,499	47,878,014	53,881,539	12.5	12.4
<b>Total</b>	<b>210,038,256</b>	<b>223,294,271</b>	<b>219,330,276</b>	<b>256,339,684</b>	<b>277,295,748</b>	<b>8.2</b>	<b>5.7</b>

[Source: Annual reports of banks]

### Volume of Deposits in Islamic Banks (2016 – 2020) in Million Qatari Riyals



### Third: Finance

In 2020, according to the quarterly information issued by the Qatar Central Bank, Islamic banks achieved an increase of 7.9% in the rate of provided finance over the year 2019, compared to 8.9% in conventional commercial banks. The finance provided by Islamic banks accounted for 27.6% of the total finance of the banking sector in 2020. During the period (2016 – 2020), the compound annual growth rate of the total finance in Islamic banks amounted to 6.5% compared to 6% in conventional commercial banks.

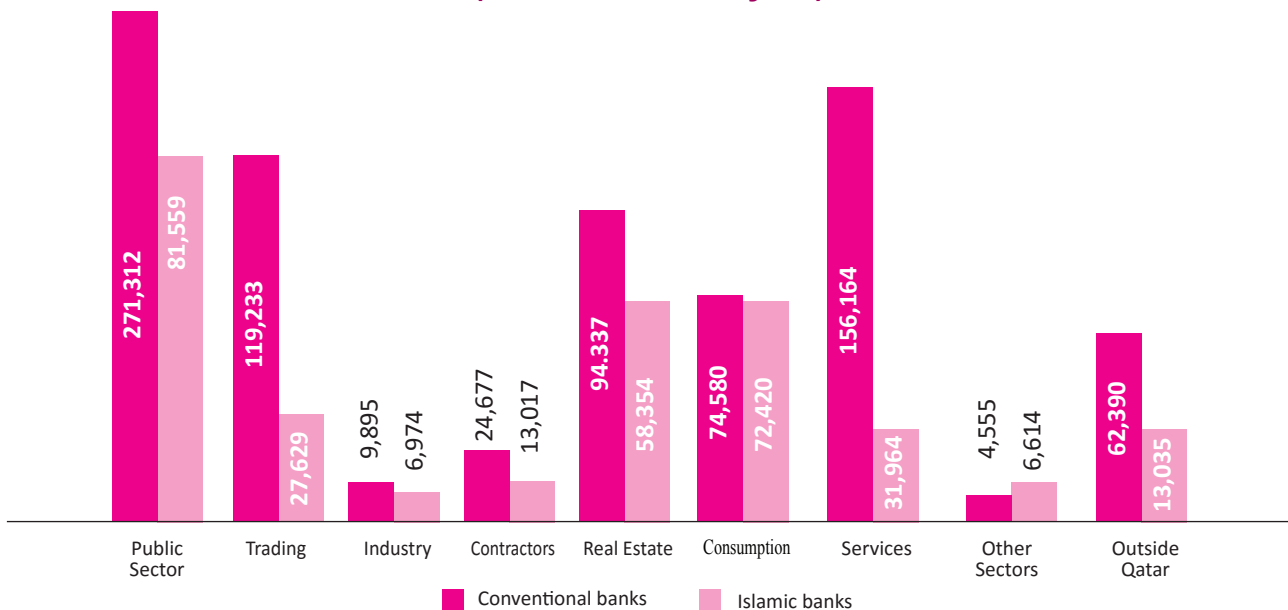
As for the contribution of Islamic banks in financing various sectors in 2020, we find that the consumer sector represented the largest sector financed by Islamic banks, as it acquired 49.3% of the total finance provided by commercial banks (incl. Islamic and conventional), followed by the real estate sector with 38.2% and the industrial sector with 34.5%. It is noted that 96% of the total finance provided by Islamic banks is directed to the local market compared 92% for conventional commercial banks.

### Total Finance of Islamic and Conventional Banks in 2020 (in Thousand Qatari Riyals)

	Islamic banks	Conventional commercial banks	Total commercial banks (Islamic and conventional)	Percentage finance of Islamic banks to the total finance of commercial banks %
Public sector	81,559,302	271,312,350	352,871,652	23.1
General trade	27,628,648	119,232,608	146,861,256	18.8
Industry	6,973,656	9,895,131	16,868,787	41.3
Contracting	13,016,833	24,677,295	37,694,128	34.5
Real estate	58,354,435	94,336,808	152,691,243	38.2
Consumption	72,419,971	74,579,730	146,999,701	49.3
Services	31,964,136	156,164,194	188,128,330	17
Other sectors	6,614,400	4,555,245	11,169,645	59.2
Outside Qatar	13,035,110	62,389,735	75,424,845	17.3
<b>Total</b>	<b>311,566,491</b>	<b>817,143,096</b>	<b>1,128,709,587</b>	<b>27.6</b>

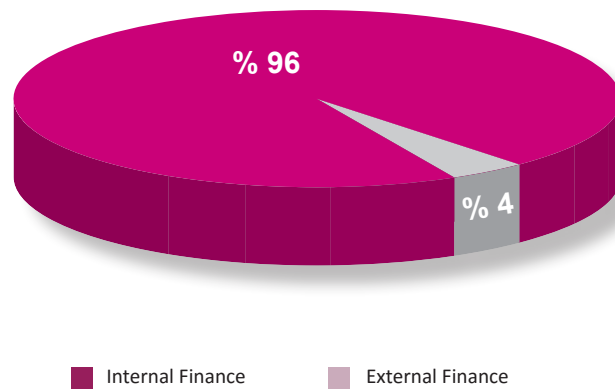
[Source: Quarterly statistical bulletin, volume 40, issue No. 4, Qatar Central Bank]

### Finance of Islamic Banks Vs Conventional Commercial Banks in 2020 (Million Qatari Riyals)

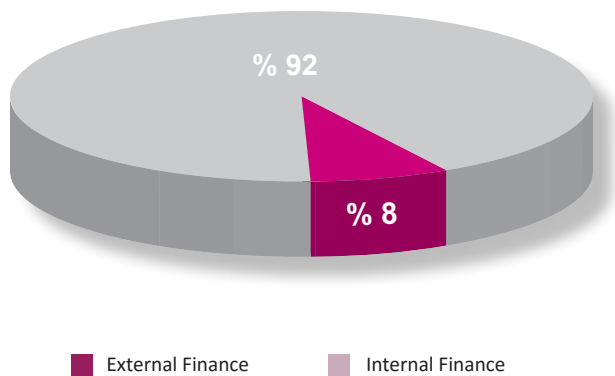




### Finance of Islamic Banks Inside and Outside Qatar (2020)



### Finance of Conventional Banks Inside and Outside Qatar (2020)



Comparing the net finance of the four Islamic banks in 2020, we find that Masraf Al Rayan ranked first with a growth rate of 14.9%, followed by Dukhan Bank with 12.7%, QIIB with 9.5%, and QIB with 4.7%.

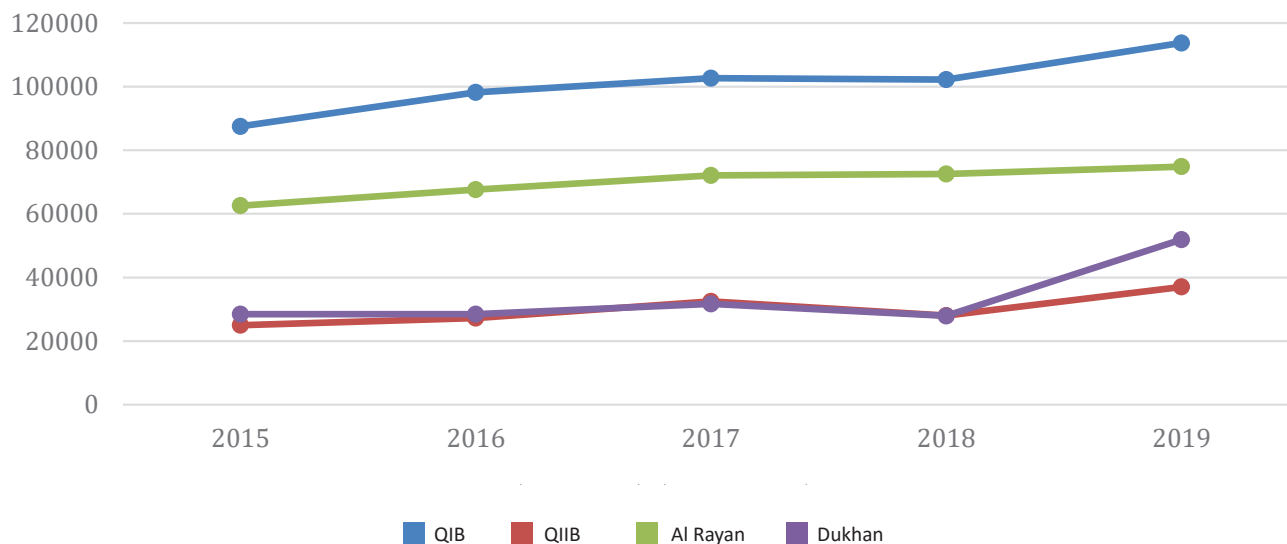
During the period (2016 – 2020), the compound annual growth rate of the net finance provided by Islamic banks in Qatar amounted to 6.4%, where Dukhan Bank ranked first with 14.5%, followed by QIIB with 8.3%, Masraf Al Rayan with 4.9% and QIB with 3.9%.

### Net Finance of Islamic Banks (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth in 2020 (%)	CAGR (%)
QIB	98,170,520	102,613,499	102,209,930	113,753,593	119,072,432	4.7	3.9
QIIB	27,233,326	32,500,027	27,463,353	37,010,528	40,513,906	9.5	8.3
Al Rayan	67,634,561	72,097,080	72,163,836	74,837,309	85,983,437	14.9	4.9
Dukhan	29,778,499	31,676,882	27,756,699	51,924,104	58,536,992	12.7	14.5
<b>Total</b>	<b>222,816,906</b>	<b>238,887,488</b>	<b>214,931,146</b>	<b>277,525,534</b>	<b>304,106,767</b>	<b>9.6</b>	<b>6.4</b>

[Source: Annual reports of banks]

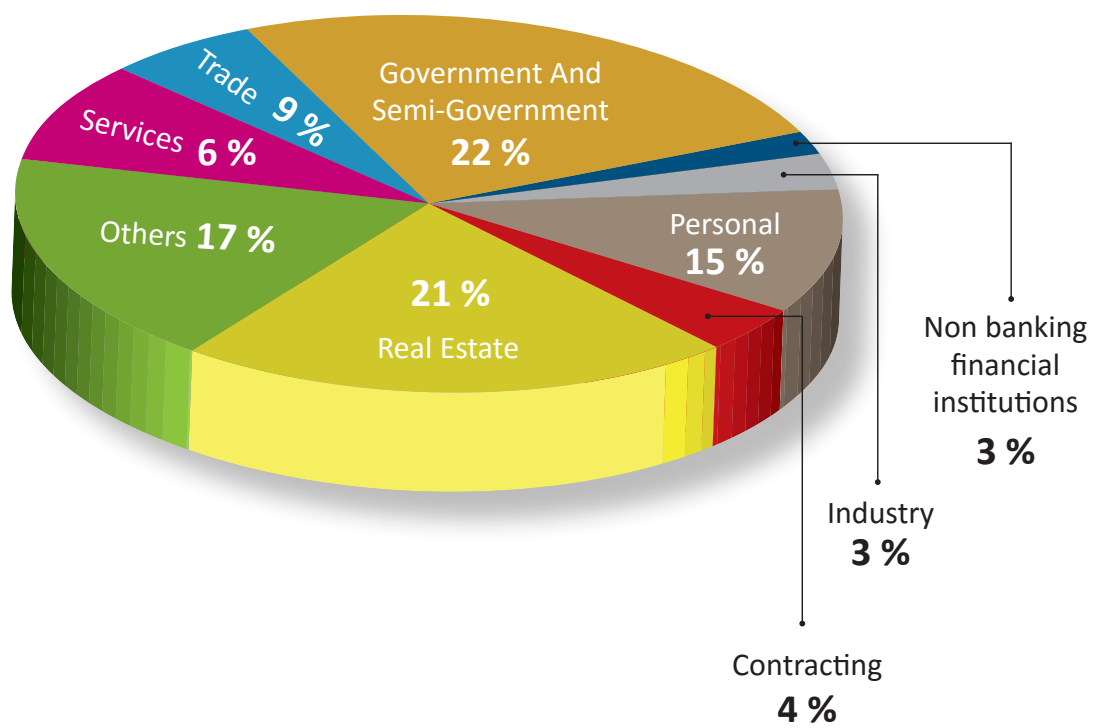
### Net Finance of Islamic Banks (2015 – 2019) in Million Qatari Riyals



Considering the bodies financed by Islamic banks in 2020, we find that most of this finance (22%) went to the government and semi-government sector, followed by the real estate sector with 21%, and personal finance with more than 15%.

For QIB, personal finance ranked first with 22%, followed by real estate with 20%. For QIIB, personal finance ranked first with 32%, followed by government finance with 24% and real estate sector with 18%. For Dukhan Bank, real estate sector ranked first with 29%, followed by the government sector with 14%.

**Distribution of Islamic Banks' Finance in Qatar Sector-wise for (2019)**



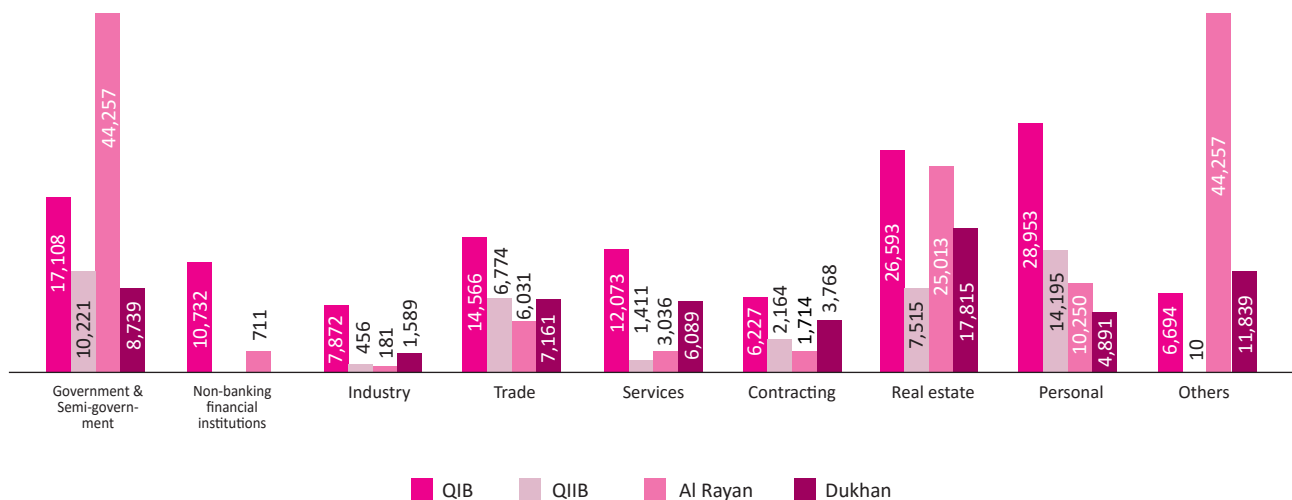
### Total Finance of Islamic Banks in 2020 Sector-wise (in Thousand Qatari Riyals)

	Government and semi-government	Financial non-banking institutions	Industry	Trade	Contracting	Real estate	Personal	Services	Others
QIB	17,108,102	10,731,584	7,872,463	14,566,112	6,227,189	26,593,250	28,953,113	12,073,469	6,693,987
QIIB	10,220,567	—	456,273	6,773,899	2,164,159	7,514,924	14,195,060	1,410,727	10,133
Al Rayan	44,256,505	710,598	181,332	6,030,595	1,713,640	25,013,422	10,250,026	3,035,585	44,256,505
Dukhan	8,738,788	—	1,588,869	7,160,710	3,767,855	17,815,074	4,891,126	6,089,003	11,838,701
Total	80,323,962	11,442,182	10,098,937	34,531,316	13,872,843	76,936,670	58,289,325	22,608,784	62,799,326
Percentage of total finance (%)	21.7	3.1	2.7	9.3	3.7	20.7	15.7	6.1	17

[Source: Annual reports of banks, 2020]

Considering the finance formulas used in Islamic banks, debt-based finance still dominates most finance formulas with more than 95%. Murabahah and Musawamah constitute 78.9% of the volume of Islamic bank finance, Ijarah and Ijarah MBT constitute 16%, and Istisnaa

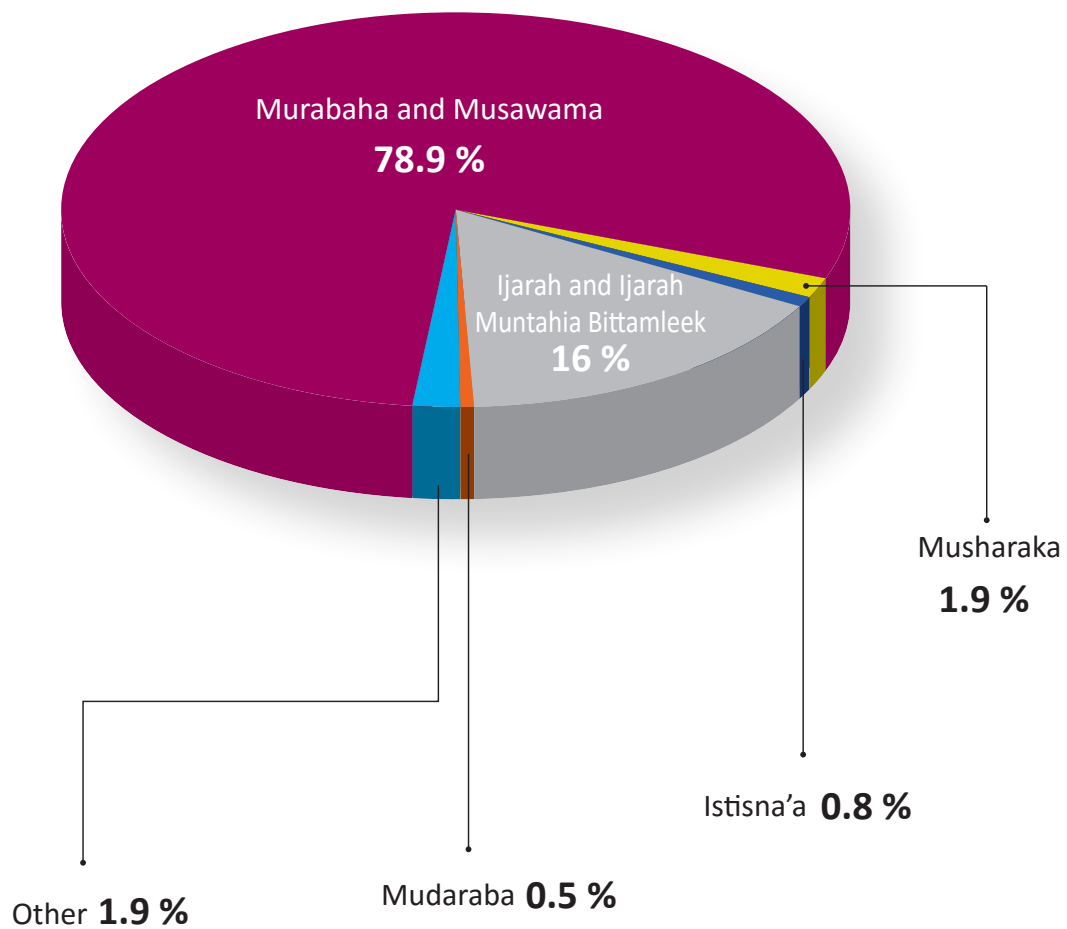
### Finance of Islamic Banks in 2020 Sector-wise (in Million Qatari Riyals)



constitutes 0.8%. Participatory finance formulas constitute 2.4%, out of which 1.9% are Musharakah and 0.5% are Mudarabah.

Masraf Al Rayan still has the highest percentage of participatory finance formulas, where Musharakah amounted to 6.7% out of its finance. Meanwhile, QIIB achieved the highest percentage of Mudarabah with 3.6% out of its total finance in 2020.

### Finance of Islamic Banks in 2020 by Modes of Finance

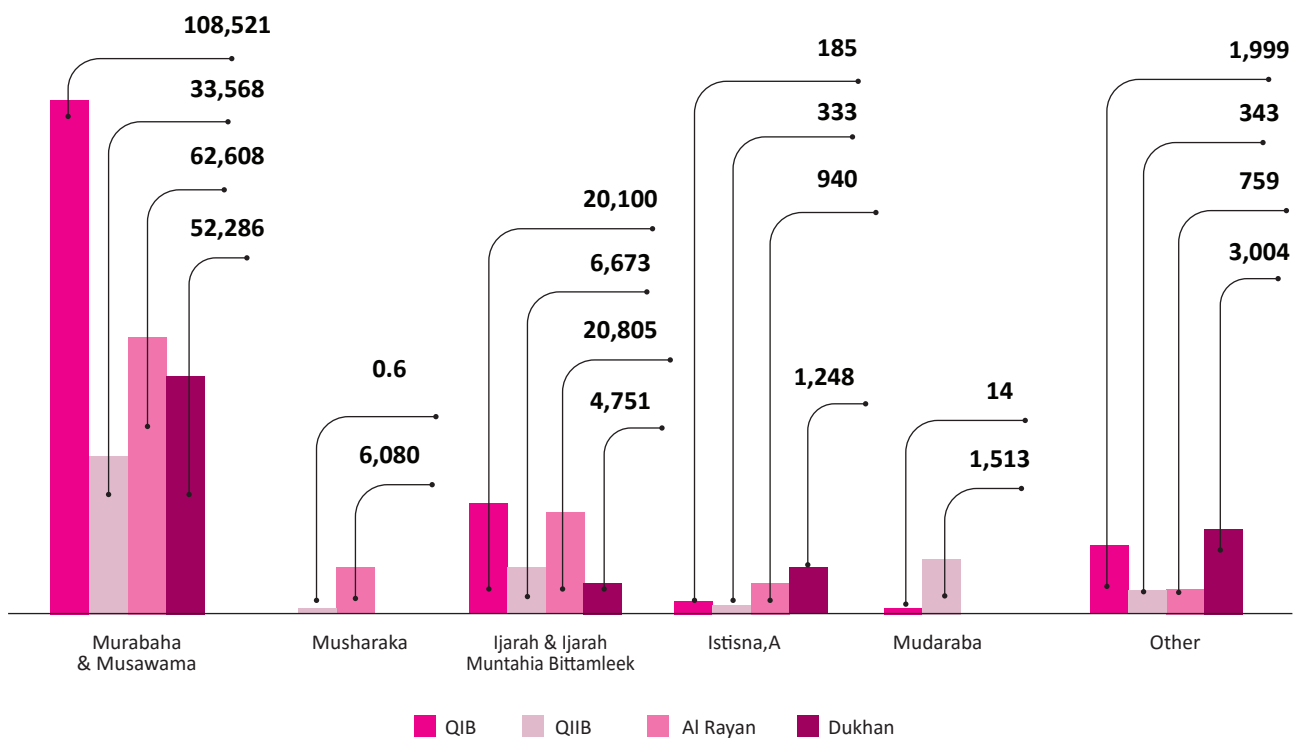


### Finance of Islamic Banks in 2020 by Modes of Finance (in Thousand Qatari Riyals)

	Murabahah & Musawamah	Ijarah & Ijarah MBT	Musharakah	Istisnaa	Mudarabah	Others
QIB	108,521,421	20,099,935	—	185,249	14,111	1,998,553
QIIB	33,567,830	6,672,589	603	333,135	1,513,425	343,136
Al Rayan	62,607,891	20,805,493	6,080,058	939,532	—	758,729
Dukhan	52,286,387	4,750,666	—	1,247,706	—	3,003,541
<b>Total</b>	<b>256,983,529</b>	<b>52,328,683</b>	<b>6,080,661</b>	<b>2,705,622</b>	<b>1,527,536</b>	<b>6,103,959</b>
<b>Percentage of total finance (%)</b>	<b>78.9</b>	<b>16</b>	<b>1.9</b>	<b>0.8</b>	<b>0.5</b>	<b>1.9</b>

[Source: Based on the annual reports of banks, 2020]

### Finance of Islamic Banks in 2020 by Modes of Finance (in Million Qatari Riyals)



## Fourth: Revenue

In 2020, Islamic banks achieved revenues of 19.2 billion Qatari Riyals, with a growth rate of 3.4% compared to 2019. Revenues of finance and investment activities in these banks constituted 91% of the total revenue. Dukhan Bank achieved the highest revenue growth rate with 15.7%, followed by QIIB with 2.9% and QIB with 2.8%. Meanwhile, revenues of Masraf Al Rayan decreased by (3.3%) in 2020 compared to 2019.

During the period (2016 – 2020), revenues of Islamic banks grew at a compound growth rate of 8.2%, Dukhan Bank achieved the highest compound growth with 13.6%, followed by QIIB with 7.7%, QIIB with 7.4% and finally Masraf Al Rayan with 6.1%.

### Total Revenue of Islamic Banks (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)	CAGR (%)
QIB	5,488,225	6,199,329	6,882,879	7,738,245	7,957,972	2.8	7.7
QIIB	1,715,491	1,866,424	2,077,586	2,380,288	2,450,226	2.9	7.4
Al Rayan	3,755,041	4,346,297	4,874,278	5,220,975	5,046,274	(-3.3)	6.1
Dukhan	2,002,157	2,244,753	2,294,434	3,275,316	3,788,540	15.7	13.6
Total	12,960,914	14,656,803	16,129,177	18,614,824	19,243,012	3.4	8.2

[Source: Annual reports of banks]

## Fifthly: Profits

In 2020, Islamic banks achieved profits amounting to 6.7 billion Qatari Riyals, compared to 6.9 billion Qatari Riyals in 2019, down by 2.6%. This decrease, despite the growth of revenues in 2020, is due to the volume of provisions made as instructed by Qatar Central Bank according to scenarios that are more conservative. With the exception of QIB, which achieved a profit growth of 1.1%, Islamic banks achieved marginal or negative growth rates. QIB's profits grew by 0.3%. Al Rayan had low profits that amounted to (0.1%). Meanwhile, profits of Dukhan Bank decreased by (25.9%) compared to 2019.

The compound annual growth rate of the profits of Islamic banks during the past five years amounted to 3.2%. QIB ranked first with a compound growth rate of 7.3%, followed by QIIB with 3.6%, and Masraf Al Rayan with 1%. Due to the decline witness by Dukhan Bank in 2020, the compound annual growth rate during that period came negative (-5%).

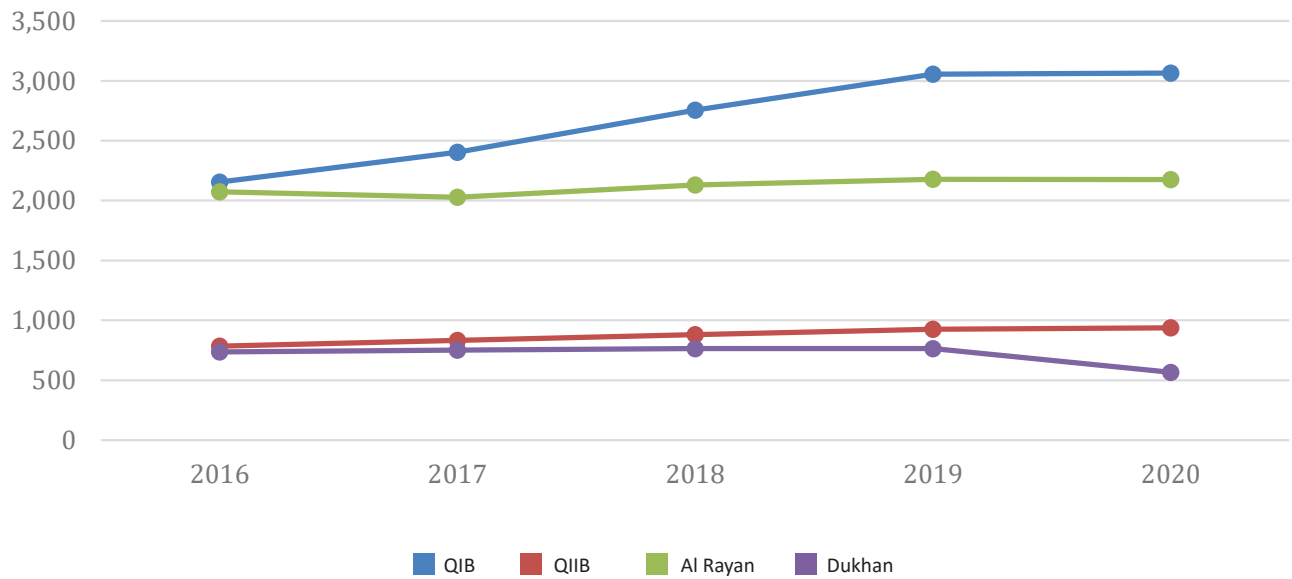
### Net Profit of Islamic Banks (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)	CAGR (%)
QIB	2,155,104	2,405,425	2,755,311	3,055,423	3,065,115	0.3	7.3
QIIB	784,771	832,209	882,144	927,047	937,708	1.1	3.6
Al Rayan	2,075,286	2,028,145	2,130,415	2,178,399	2,175,425	(-0.1)	1
Dukhan	738,286	753,228	764,966	765,052	566,608	(-25.9)	(-5)
<b>Total</b>	<b>5,753,447</b>	<b>6,019,007</b>	<b>6,532,836</b>	<b>6,925,921</b>	<b>6,744,856</b>	<b>(-2.6)</b>	<b>3.2</b>

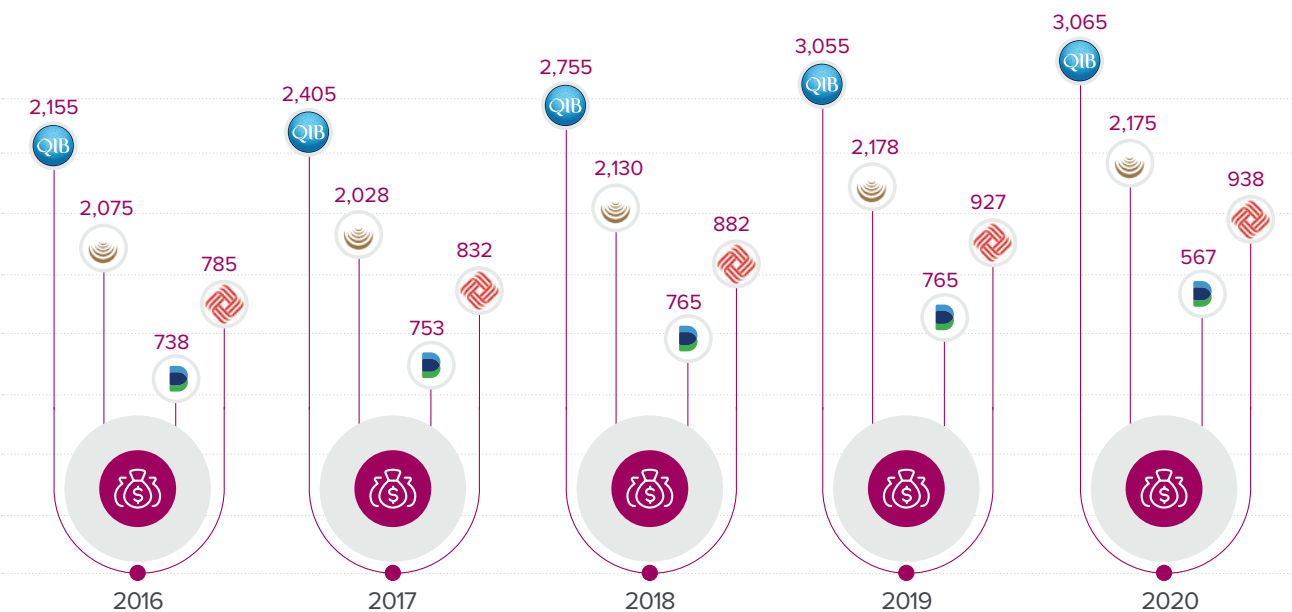
[Source: Annual reports of banks]



### Profits of Islamic Banks (2016 – 2020) in Million Qatari Riyals



### Profits of Islamic Banks (2016 – 2020) in Million Qatari Riyals



## Islamic Banks Operating under Qatar Financial Center

Many Islamic banks operate in the field of banking and investment banking in Qatar Financial Center under the supervision of Qatar Financial Center Regulatory Authority. These include QInvest Bank, First Qatar Bank, and Abu Dhabi Islamic Bank (ADIB), Qatar Branch.

### 01

#### QInvest Bank:

QInvest Bank obtained its license from Qatar Financial Center Authority in April 2007, and operates under the supervision of Qatar Financial Center Regulatory Authority. The Bank has an authorized capital of one billion US dollars and a paid-up capital of 750 million US dollars. QInvest comprises three business divisions, namely: investment banking, principal investments, and asset management. The Bank has branches in Doha and Istanbul, in addition to strategic partnerships in India and the United Kingdom. By the end of 2020, QInvest total assets amounted to 4 billion Qatari Riyals, and shareholders' equity amounted to 2 billion Qatari Riyals.

### 02

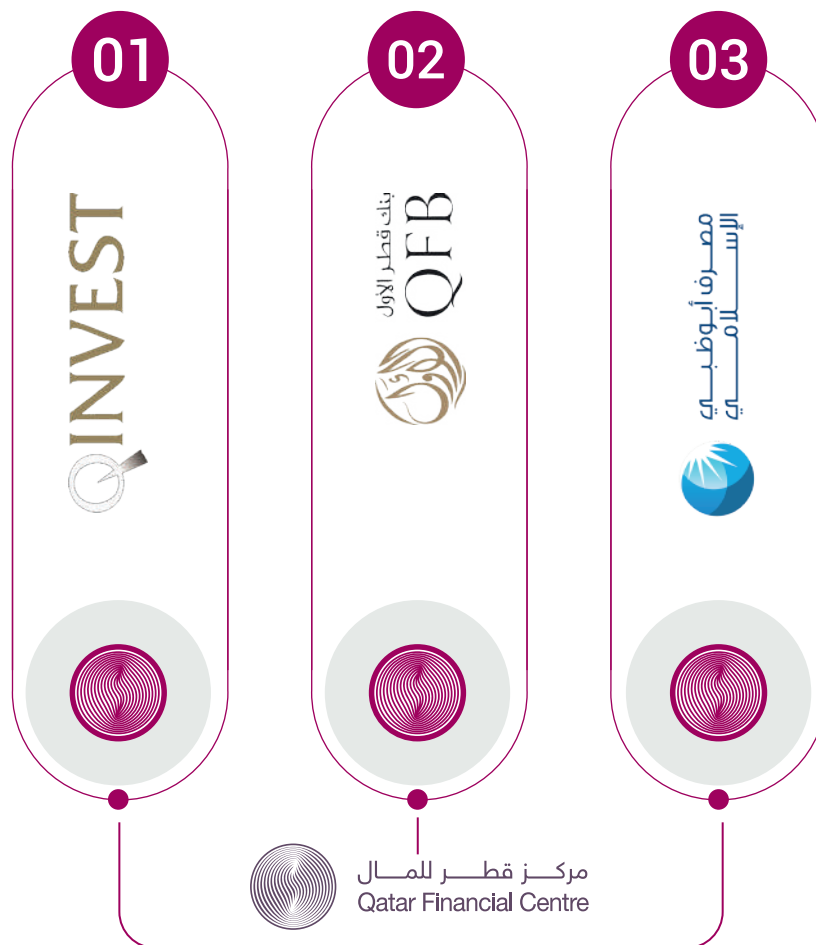
#### Qatar First Bank (QFB):

Qatar First Bank was established in 2008 with a license from Qatar Financial Center Regulatory Authority. In March 2013, the Bank's name was changed to Qatar First Bank. Qatar First Bank provides a wide range of products and services in compliance with Sharia, including alternative investments that focus on private equity investments and the real estate sector, private banking and wealth management, corporate and institutional banking services, in addition to treasury and investment management activities. Qatar First Bank was listed on Qatar Stock Exchange in April 2016. By the end of 2020, the Bank assets amounted to 2.8 billion Qatari Riyals, and shareholders' equity amounted to 476 million Qatari Riyals.

# 03

## Abu Dhabi Islamic Bank (ADIB) - Qatar Branch:

On July 31, 2011, Qatar Financial Center licensed Abu Dhabi Islamic Bank to carry out its activities through its Qatar branch in Qatar Financial Center. The branch provides its banking and investment services to corporates by accepting deposits, providing credit facilities, managing investments and providing investment advice in the field of Islamic finance. The branch only deals with corporates not individuals.



# *Takaful Insurance Sector*





Many insurance companies operate under the supervision of Qatar Central Bank, including five independent Takaful insurance companies, namely: Qatar Islamic Insurance Company, Alkhaleej Takaful Insurance Company, Damaan Islamic Insurance (Beema), General Takaful Company of the General Insurance and Reinsurance Company, and Doha Takaful Company of Doha Insurance Group. Five national domestic insurance companies and four branches of foreign conventional insurance companies also operate in this sector, in addition to representatives of four domestic insurance companies.

### **Qatar Islamic Insurance Group:**

Qatar Islamic Insurance Company was established in 1993. In September (2018), shareholders decided to agree to change the name of the company to “Qatar Islamic Insurance Group” and establish a fully-owned subsidiary for the purpose of managing investments, where the legal procedures and approvals were completed in 2019. Qatar Islamic Insurance Group practices various types of Takaful insurance based on the principles of Islamic Sharia for the corporate and individual sector. Group’s shares are listed on Qatar Stock Exchange. By the end of 2020, Group shareholders’ equity amounted to 396 million Qatari Riyals.

### **Alkhaleej Takaful Insurance Company:**

Alkhaleej Insurance and Reinsurance Company was established in 1978 as a domestic insurance company. In 2003, Qatar Takaful Company was established as a 100% Takaful insurance company affiliated with Alkhaleej Insurance and Reinsurance Company. In 2010, Alkhaleej Insurance Company turned into an integrated Islamic insurance company “Alkhaleej Takaful Insurance Company”. In 2014, Alkhaleej Takaful Insurance Group decided to re-merge Qatar Takaful Company with Alkhaleej Takaful Insurance Group. In 2017 the name of the company was amended from Alkhaleej Takaful Insurance Group to Alkhaleej Takaful Insurance Company. By the end of 2020, shareholders’ equity amounted to 552 million Qatari Riyals. Company’s shares are listed on Qatar Stock Exchange.

### **Doha Takaful:**

In 2006, Doha Insurance Company established the Islamic Takaful branch under the brand name “Doha Takaful” to carry out insurance and reinsurance activities in accordance with the principles of Islamic Sharia on a non-usurious basis in all areas of insurance. In 2018, Doha Insurance registered “Doha Takaful” as a limited liability company completely owned by Doha Insurance Group. The total shareholders’ equity of Doha Takaful amounted to 164 million Qatari Riyals by the end of 2020.

### **General Takaful Company:**

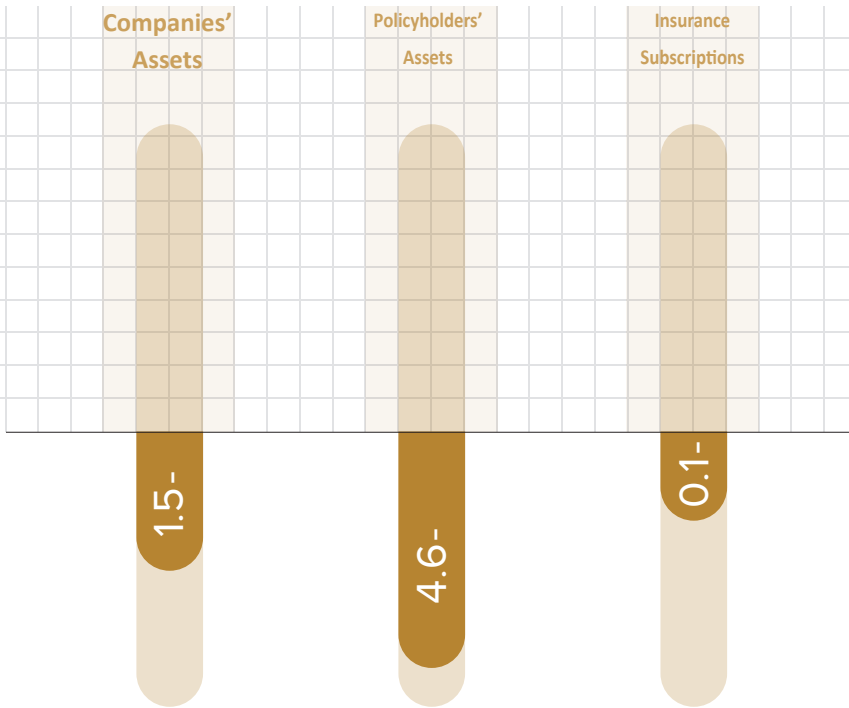
General Takaful Company was established in 2008 as a Qatar General Insurance and

Reinsurance Group company, with the aim of meeting the insurance needs of individuals and companies in accordance with Sharia principles. The Company provides Takaful services for families, equity, automotive, marine property ... etc. The total shareholders' equity of the Company amounted to 153 million Qatari Riyals in 2020.

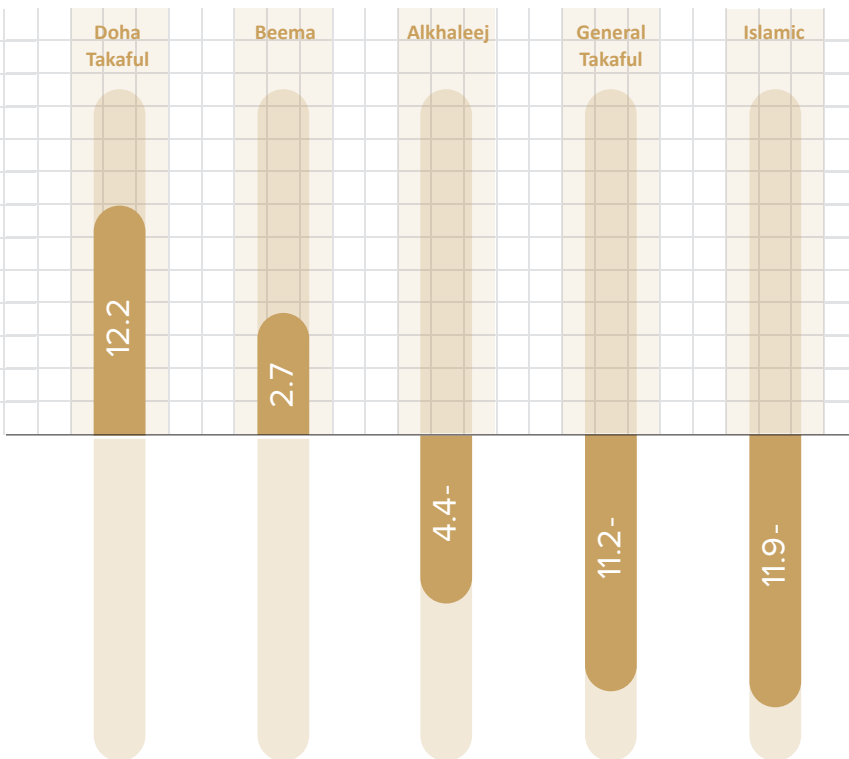
**Damaan Islamic Insurance (Beema):**

Qatar Insurance Company, Qatar Islamic Bank, Masraf Al Rayan, Barwa Real Estate Company and QInvest established Damaan Islamic Insurance Company (Beema) in 2009 as a closed Qatari shareholding insurance company with a paid-up capital of 200 million Qatari Riyals. The Company provides individual and corporate insurance services on various products. In 2019, the total shareholders' equity amounted to 418 million Qatari Riyals.

### Performance of Takaful Insurance Companies in 2020 (%)

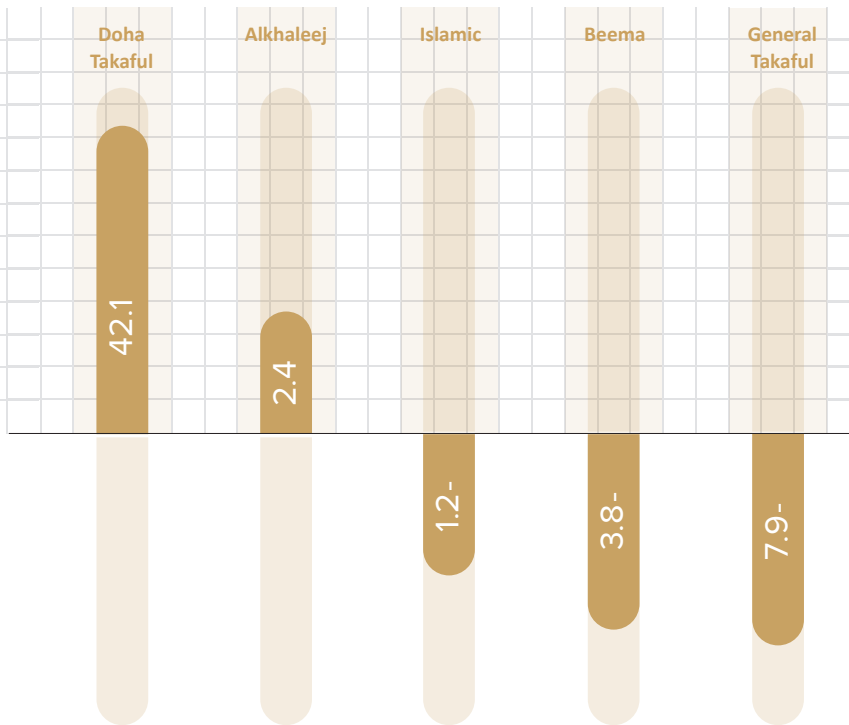


### Policyholders' Asset Growth (%)

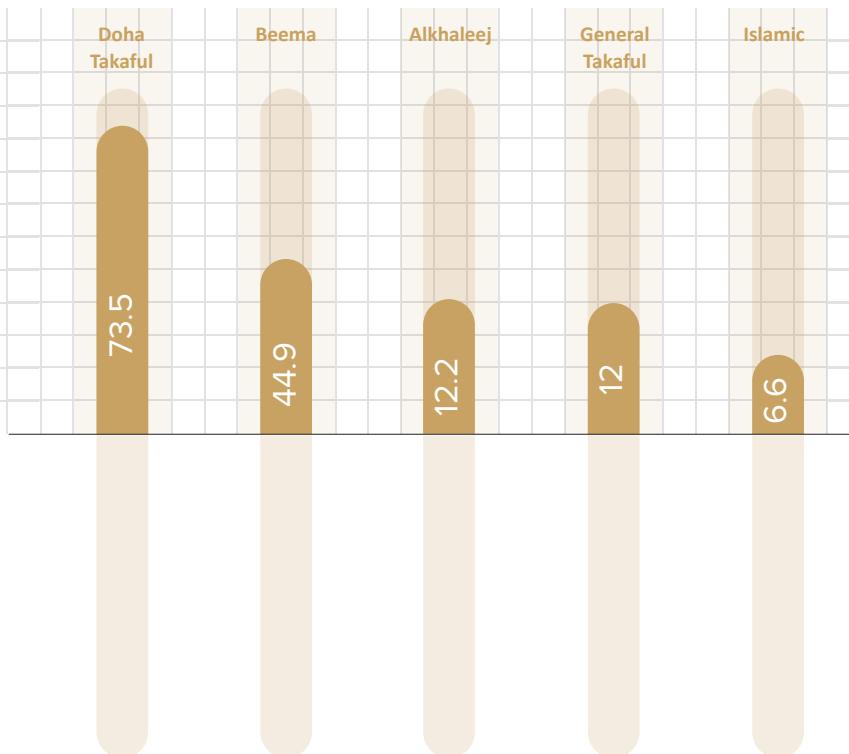




### Policyholders' Subscription Growth (%)



### Insurance Surplus (Million Qatari Riyals)



## Performance of Takaful Insurance Companies

### First: Assets of Takaful Insurance Companies

In 2020, the total assets of national Takaful insurance companies operating under the supervision of Qatar Central Bank amounted to approximately 4.1 billion Qatari Riyals, compared to approximately 4.2 billion Qatari Riyals in 2019; i.e. down by (1.5%).

Assets of Islamic Takaful policyholders amounted to 2.2 billion Qatari Riyals in 2020, compared to 2.3 billion Qatari Riyals in 2019; i.e. down by (4.6%).

Assets of Doha Takaful policyholders grew by 12.2% in 2020. Assets of Beema Policyholders also grew by 2.7%. Meanwhile, other companies witnessed a decrease in policyholder assets in 2020, where Islamic Insurance witnessed a decrease of 11.9%, followed by General Takaful with (11.2%), and Alkhaleej with (4.4%) compared to 2019.

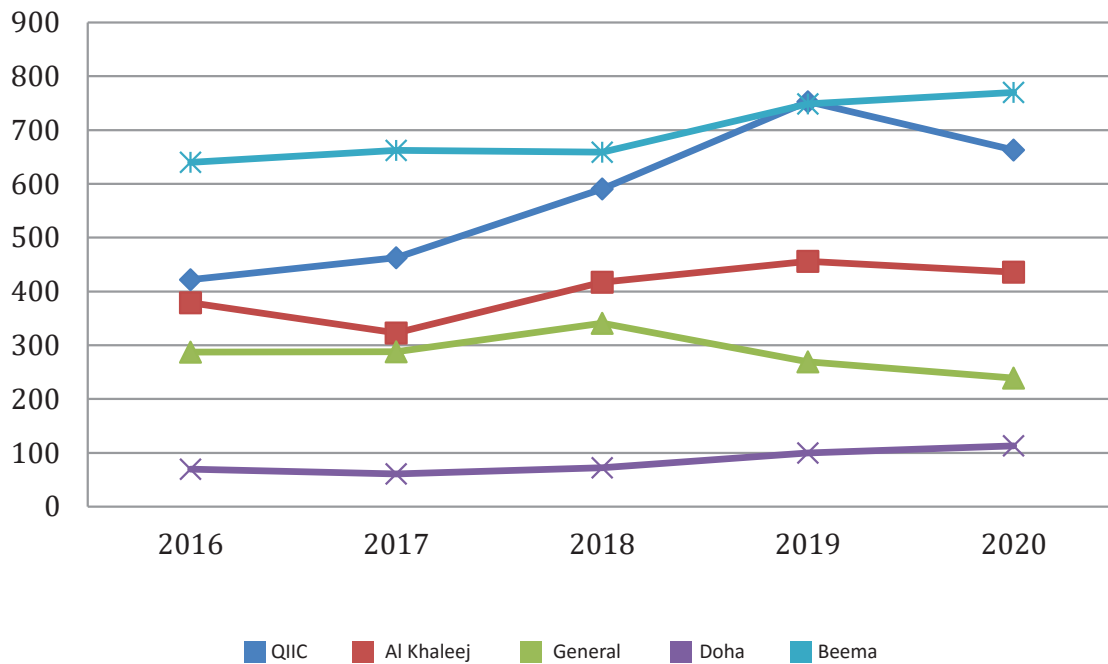
Over the past five years 2016 – 2020, the compound annual growth rate of assets of Takaful insurance policyholders amounted to 4.3%. The compound annual growth rate of assets of Doha Takaful policyholders amounted to 10%, followed by Qatar Islamic Insurance Group with 9.5%, Beema with 3.8%, and finally Alkhaleej Takaful with 2.8%. Meanwhile, the compound growth rate in General Takaful came negative with (3.6%).

### Policyholder Assets in Takaful Insurance Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)	CAGR (%)
Islamic	422,285	462,894	590,785	752,771	663,112	(-11.9)	9.5
Alkhaleej	379,370	322,878	417,382	455,778	435,609	(-4.4)	2.8
General	286,600	287,853	340,516	268,772	238,640	(-11.2)	(-3.6)
Doha	69,988	60,794	72,606	100,437	112,719	12.2	10
Beema	639,541	662,391	659,280	749,412	769,979	2.7	3.8
<b>Total</b>	<b>1,797,784</b>	<b>1,796,810</b>	<b>2,080,569</b>	<b>2,327,170</b>	<b>2,220,059</b>	<b>(-4.6)</b>	<b>4.3</b>

[Source: Financial reports of Takaful companies]

### Assets of Takaful Insurance Policyholders (2016 – 2020) in Million Qatari Riyals



### Second: Insurance Subscriptions

In 2020, insurance subscriptions in Takaful insurance companies in Qatar amounted to 1.3 billion Qatari Riyals, with a marginal decrease of (0.1%) compared to 2019. Doha Takaful achieved the highest insurance subscription growth with 42.1%, followed by Alkhaleej with 2.4%. Meanwhile, insurance contributions decreased in the rest of Islamic insurance companies in 2020, where Islamic Insurance Company witnessed a decrease of (1.2%), followed by Beema with (3.8%), and General Takaful Company with (7.9%) compared to 2019.

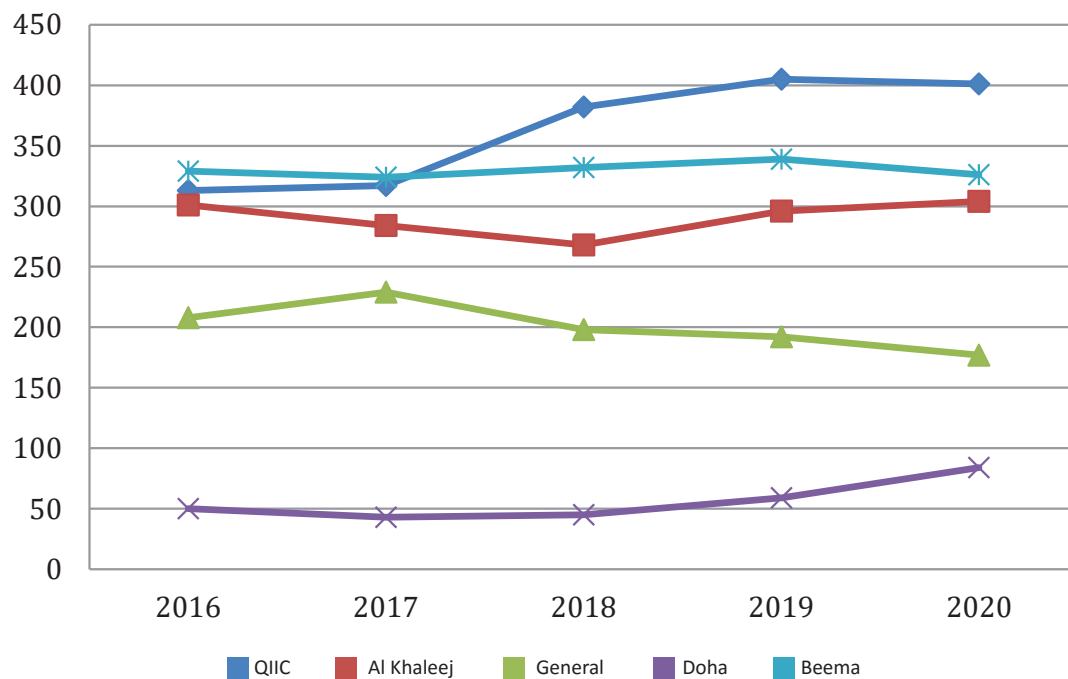
During the five years 2016 – 2020, insurance subscriptions grew at a compound annual growth rate of 1.5%. Doha Takaful achieved the highest compound growth rate with 11%, followed by Islamic Insurance with 5.1%, and Alkhaleej with 0.1%. Meanwhile, Beema witnessed a negative growth of (0.2%), followed by General Takaful with (3.6%).

### Total Subscriptions of Takaful Insurance Policyholders (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)	CAGR (%)
Islamic	313,045	316,667	382,374	405,428	400,639	(-1.2)	5.1
Alkhaleej	301,429	283,963	267,680	296,467	303,618	2.4	0.1
General	207,644	229,056	198,193	192,304	177,133	(-7.9)	(-3.1)
Doha	49,709	43,196	44,571	58,846	83,598	42.1	11
Beema	328,578	324,202	332,094	339,195	326,171	(-3.8)	(-0.2)
<b>Total</b>	<b>1,200,405</b>	<b>1,197,084</b>	<b>1,224,912</b>	<b>1,292,240</b>	<b>1,291,159</b>	<b>(-0.1)</b>	<b>1.5</b>

[Source: Financial reports of Takaful companies]

### Subscriptions of Takaful Insurance Policyholders (2016 – 2020) in Million Qatari Riyals



### Third: Insurance Surpluses

It was found that insurance surpluses of Islamic insurance companies in Qatar achieved high rates compared to previous years, as all Takaful insurance companies achieved insurance surpluses in 2020 totaling 149 million Qatari Riyals. This is due to the lock-down restrictions imposed by the government during COVID-19 pandemic, which led to a decrease in accidents and insurance claims.

Islamic Insurance achieved the highest insurance surplus during in 2020, which amounted to 73 million Qatari Riyals, followed by Beema with 45 million Qatari Riyals, General Takaful Company with 12 million Qatari Riyals, Alkhaleej with 11.9 million Qatari Riyals, and finally Doha Takaful with 6.6 million Qatari Riyals.

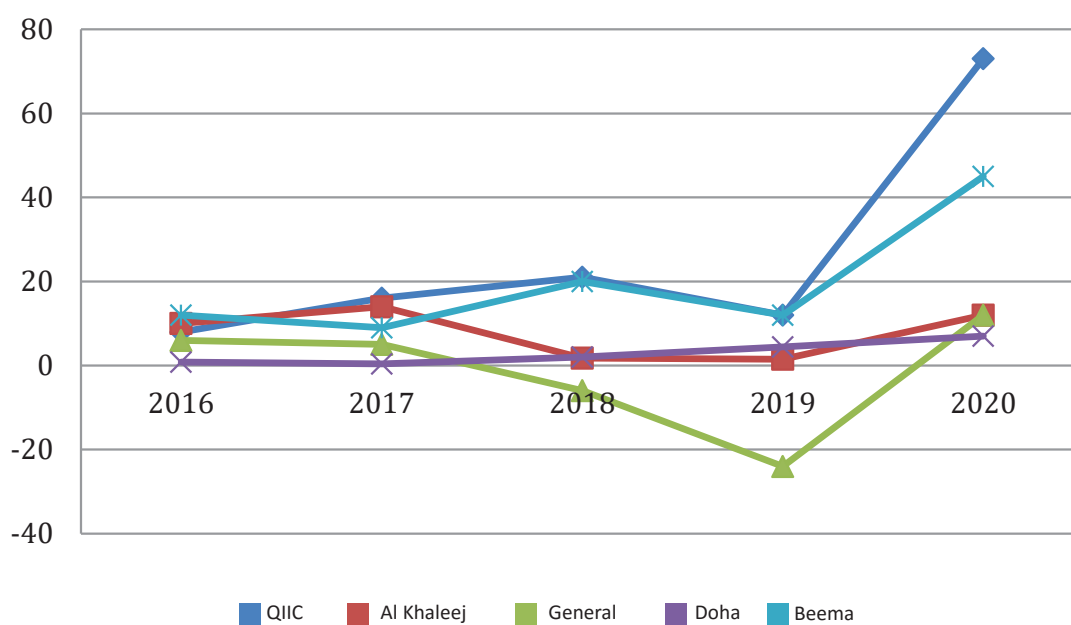
During the five years 2016 – 2020, business results Takaful insurance companies varied between insurance surpluses and deficits.

#### Insurance Surpluses of Takaful Insurance Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020
Islamic	7,966	16,297	21,121	12,173	73,477
Alkhaleej	10,268	14,483	1,805	1,540	11,950
General	5,669	5,430	(-6,314)	(-23,985)	12,156
Doha	770	365	1,659	4,448	6,583
Beema	11,932	9,453	20,114	11,579	44,945

[Source: Financial reports of Takaful companies]

### Insurance Surplus and Deficit in Takaful Insurance Companies (2016 – 2020) in Million Qatari Riyals




### Takaful Insurance Companies Operating under Qatar Financial Center

Many insurance companies operate under Qatar Financial Center, including four companies providing Takaful insurance services.

**1- MedGulf Allianz Takaful:** MedGulf Allianz Takaful is a wholly owned subsidiary of MedGulf Group, headquartered in the Kingdom of Bahrain. Takaful offers a wide range of non-life Takaful products such as automotive, home and corporate insurance. The Company was licensed by Qatar Financial Center on August 9, 2009, to carry out all kinds of Takaful insurance for the corporate sector.

**2- T'azur Company b.s.c:** T'azur Company is a closed shareholding company established in Bahrain. T'azur Company provides family and general Takaful products for both individuals and corporates in compliance with the provisions of Islamic Sharia. The Company comprises a group of shareholders from Bahrain, Kuwait, Saudi Arabia and Qatar. The Qatari shareholders of T'azur Company include The First Investor Company and the General Retirement and Social Insurance Authority. On September 17, 2009, Qatar Financial Center licensed the branch of



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T'azur to carry out its activities represented in providing general insurance (other than life insurance) and corporate medical Takaful insurance under Qatar Financial Center.

**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 insurance products and coverage in line with the needs of individuals and corporates on one hand, and the requirements of the modern era on the other hand. On February 15, 2011, a license was granted by Qatar Financial Center to Takaful International Company's branch in Qatar to carry out all kinds of Takaful insurance business for the corporate sector.

**4- SEIB Insurance and Reinsurance Company:** A Qatari Company providing domestic insurance services in Qatar. On July 8, 2014, Qatar Financial Center authorized the Company to carry out domestic insurance business under Qatar Financial Center, in addition to allowing it to open an Islamic insurance window.

# *Islamic Finance Companies*







Three finance companies operate under the supervision of Qatar Central Bank, all of which are Islamic finance companies.

**1- Al Jazeera Finance:** Al Jazeera Finance (Tamweel) was established in 1989 as a finance company that provides products and services in compliance with Sharia for individuals, corporate projects, and small and medium enterprises. By the end of 2020, the shareholders' equity of the Company amounted to 922 million Qatari Riyals.

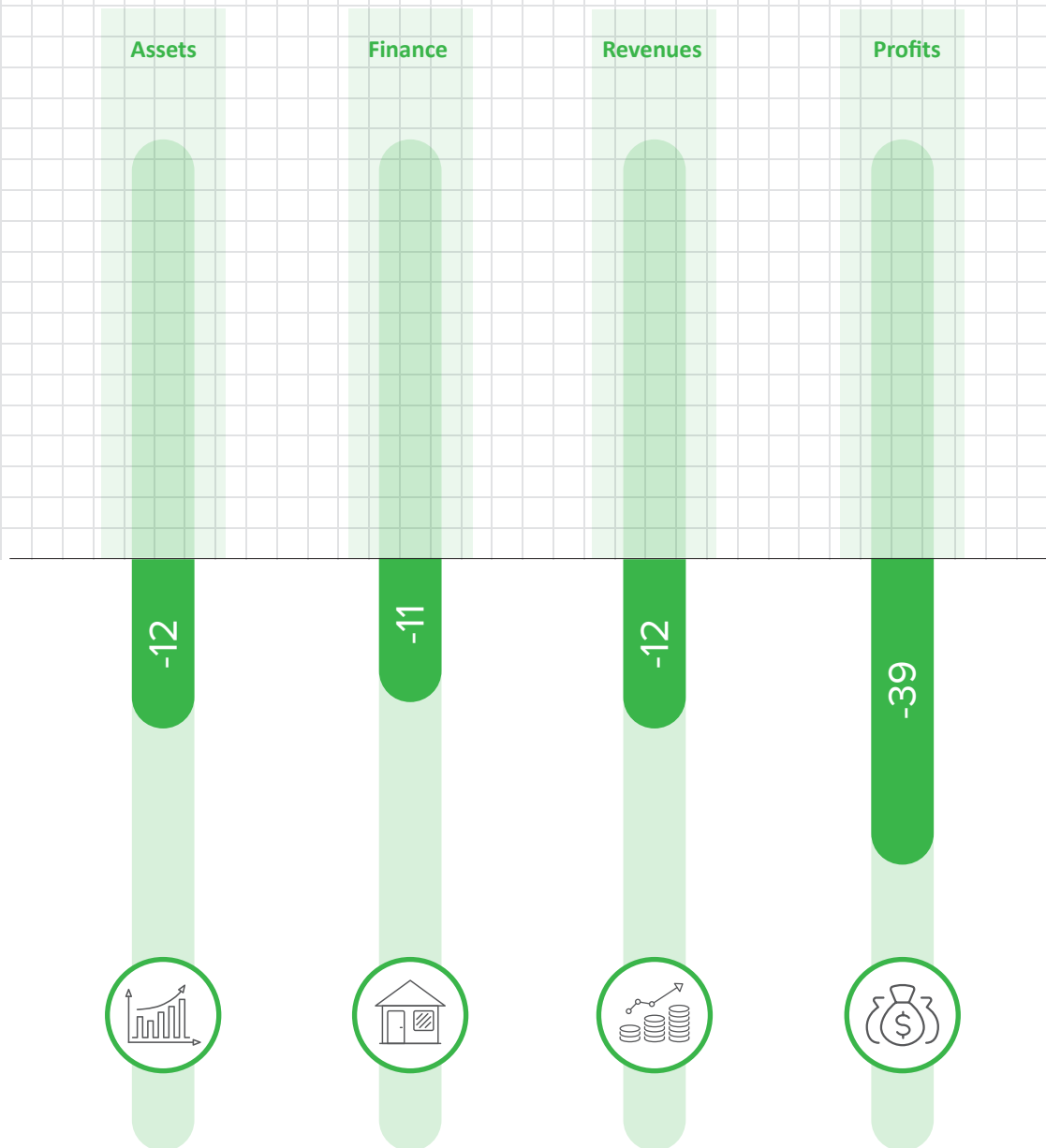
**2- First Finance Company (FFC):** First Finance Company (FFC) was established in 1999. In 2010, Dukhan Bank acquired 100% of Company's shares. First Finance Company provides financial products and services in compliance with Sharia principles to its individual and corporate customers. By the end of 2020, shareholders' equity of the Company amounted to 1.4 billion Qatari Riyals.

**3- Qatar Finance House (QFH):** Qatar Finance House Company was established in 2006 as a private Qatari shareholding company licensed by Qatar Central Bank, to carry out finance for individuals and projects in addition to other activities in accordance with the provisions of Islamic Sharia. By the end of 2020, shareholders' equity amounted to 128 million Qatari Riyals.

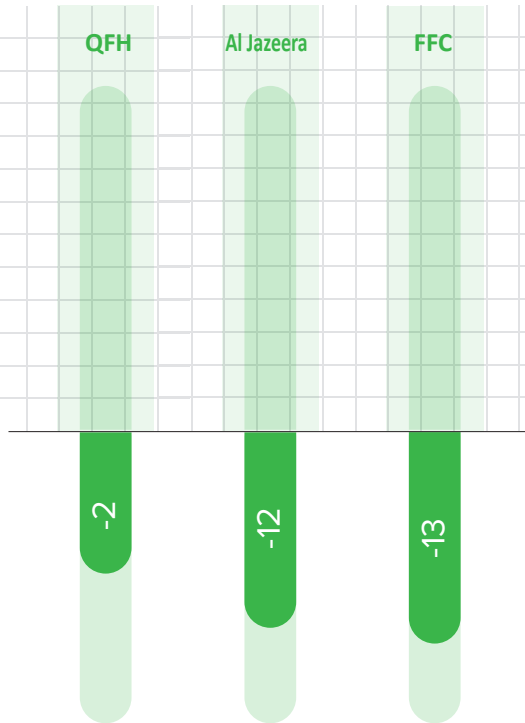


بوایات C2, C4  
Gates DE  
بوایات DE  
بوایات C5 - C29  
Family Quiet Room / غرفة هادئة للعائلات  
Smoking Lounge / قاعة للتدخين

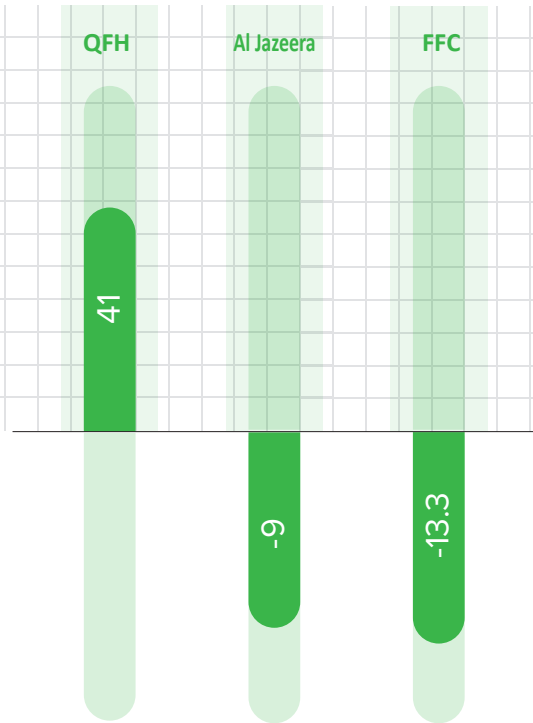
### Performance of Islamic Finance Companies in 2020 (%)



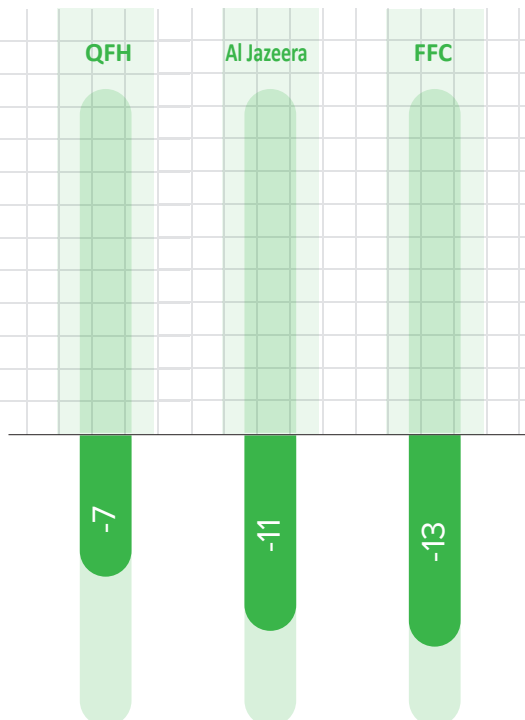
### Asset Growth (%)



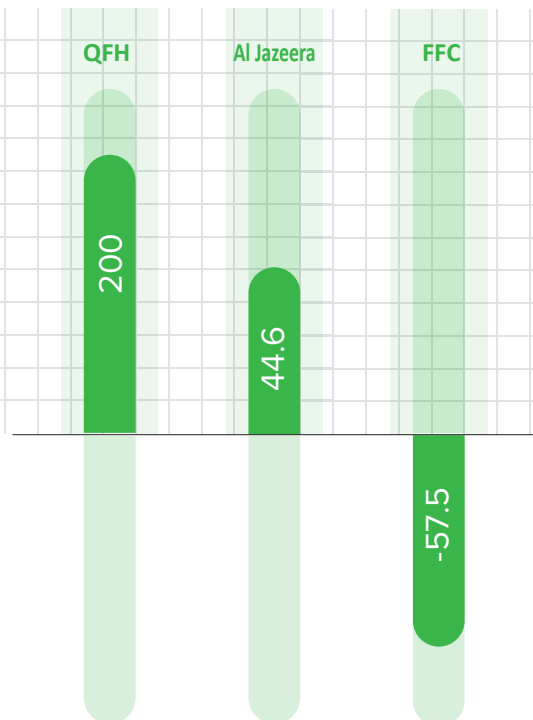
### Finance Growth (%)



### Revenue Growth (%)



### Profit Growth (%)



## Performance of Islamic Finance Companies

### First: Assets:

By the end of 2020, the assets of Islamic finance companies in Qatar amounted to 2.6 billion Qatari Riyals, down by (12%) compared to 2019. There was a decline in the assets of all Islamic finance companies, where the assets of QFH declined by (2%), followed by Al Jazeera with (12%), and FFC with (13%).

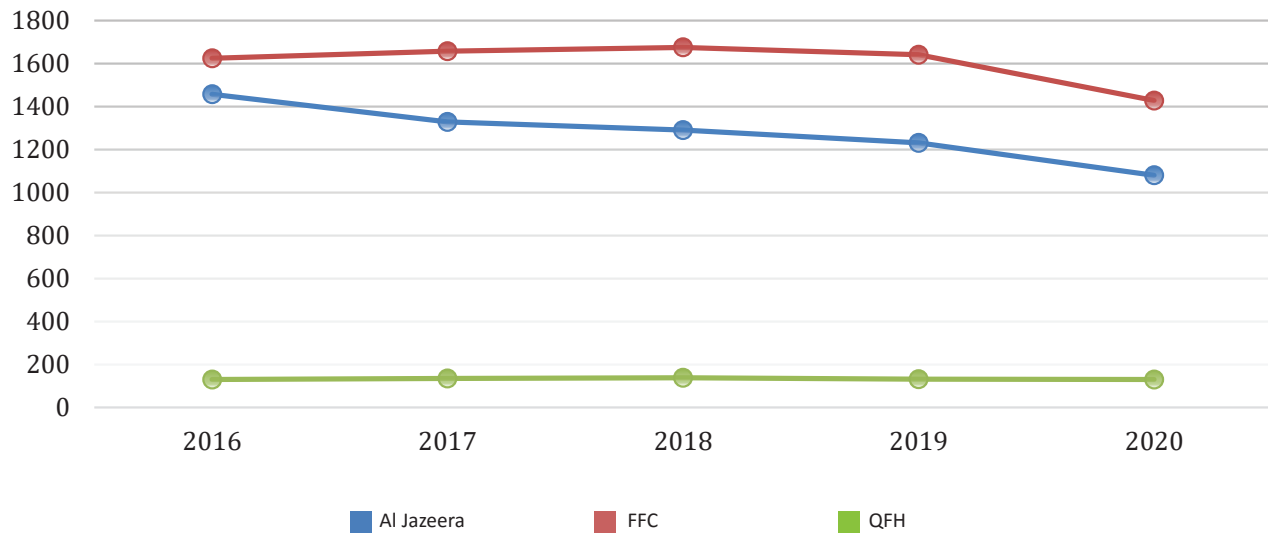
Due to the decline in the assets of most Islamic finance companies in recent years, the compound annual growth rate during the five years (2016 – 2020) for these companies came negative with (3.9%). The compound annual growth rate during this period became negative for all Islamic finance companies, where it amounted to (0.03%) in QFH, (2.5%) in FFC, and (5.8%) in Al Jazeera.

### Assets of Islamic Finance Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)	CAGR (%)
Al Jazeera	1,456,856	1,329,023	1,290,578	1,231,451	1,079,543	(-12)	(-5.8)
FFC	1,624,094	1,657,289	1,674,863	1,640,531	1,428,480	(-13)	(-2.5)
QFH	129,765	134,539	137,855	132,430	129,563	(-2)	(-0.03)
<b>Total</b>	<b>3,210,715</b>	<b>3,120,851</b>	<b>3,103,296</b>	<b>3,004,412</b>	<b>2,637,586</b>	<b>(-12)</b>	<b>(-3.9)</b>

[Source: Financial reports of Islamic finance companies]

### Assets of Islamic Finance Companies (2016 – 2020) in Million Qatari Riyals



#### Second: Finance

The finance provided by Islamic finance companies in Qatar in 2020 amounted to 1.9 billion Qatari Riyals, down by (11.3%) compared to 2019. QFC achieved the highest finance growth rate with an increase of 41% compared to 2019. Meanwhile, the finance provided by Al Jazeera and FFC decreased by (9%) and (13.3%) respectively.

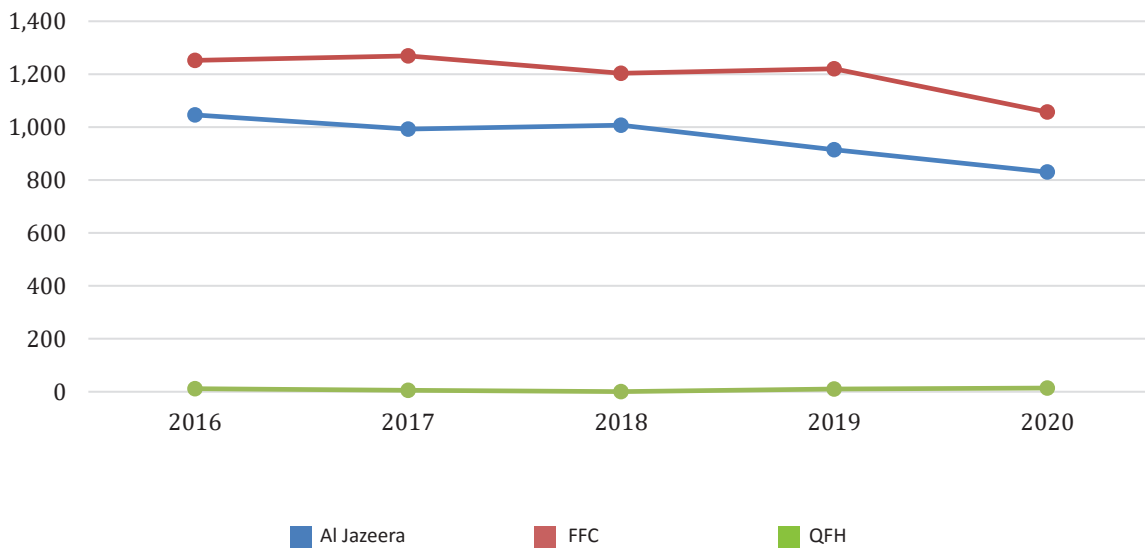
During the past five years (2016 – 2020), the compound annual growth rate of the total finance granted by Islamic finance companies in Qatar came negative with (3.8%). There was a variation among these companies, where the compound growth rate came positive 5% for QFH, negative (3.3%) for FFC, and negative (4.5%) for Al Jazeera.

### Volume of Finance in Islamic Finance Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)	CAGR (%)
Al Jazeera	1,045,823	992,602	1,007,047	913,520	830,287	(-9)	(-4.5)
FFC	1,252,094	1,269,444	1,202,569	1,219,647	1,057,453	(-13.3)	(-3.3)
QFH	11,283	4,866	501	10,210	14,389	41	5
<b>Total</b>	<b>2,309,200</b>	<b>2,266,912</b>	<b>2,210,117</b>	<b>2,143,377</b>	<b>1,902,129</b>	<b>(-11.3)</b>	<b>(-3.8)</b>

[Source: Financial reports of Islamic finance companies]

### Volume of Finance in Islamic Finance Companies (2016 – 2020) in Million Qatari Riyals





### Third: Revenues:

In 2020, revenues of Islamic finance companies in Qatar amounted to approximately 242 million Qatari Riyals, where revenues of finance activities accounted for 96% of the total revenues. Compared to 2019, the total revenues of Islamic finance companies decreased by (12%). All companies witnessed decline in revenues, where QFC witnessed a decline of (7%), followed by Al Jazeera with (11%), and FFC with (13%).

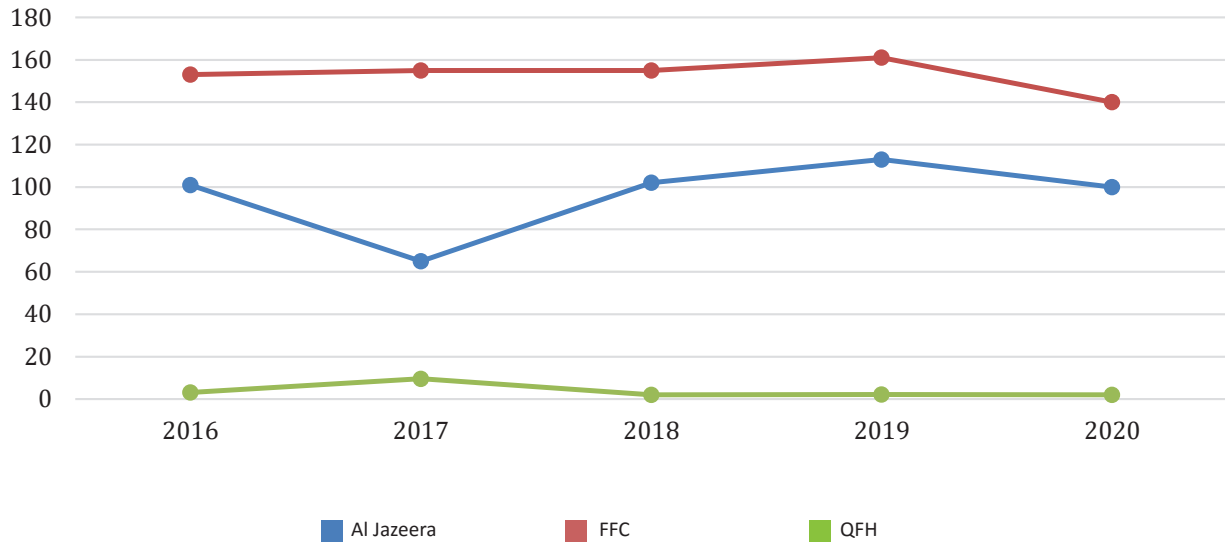
During the period (2016 – 2020), the compound growth rate for the revenues of Islamic finance companies came negative with (1.2%). So, the compound growth rate of all companies was negative. Wherein Al Jazeera had (0.1%), FFC had (1.8%) and QFH had (8.3%).

### Revenues of Islamic Finance Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)	CAGR (%)
Al Jazeera	100,913	65,141	102,054	112,759	100,354	(-11)	(-0.1)
FFC	153,223	155,163	154,902	160,850	139,811	(-13)	(-1.8)
QFH	1,530	9,607	1,956	2,196	2,035	(-7)	(-8.3)
<b>Total</b>	<b>255,666</b>	<b>229,911</b>	<b>258,912</b>	<b>275,805</b>	<b>242,200</b>	<b>(-12)</b>	<b>(-1.2)</b>

[Source: Financial reports of Islamic finance companies]

### Revenues of Islamic Finance Companies (2016 – 2020) in Million Qatari Riyals



#### Fourth: Profits

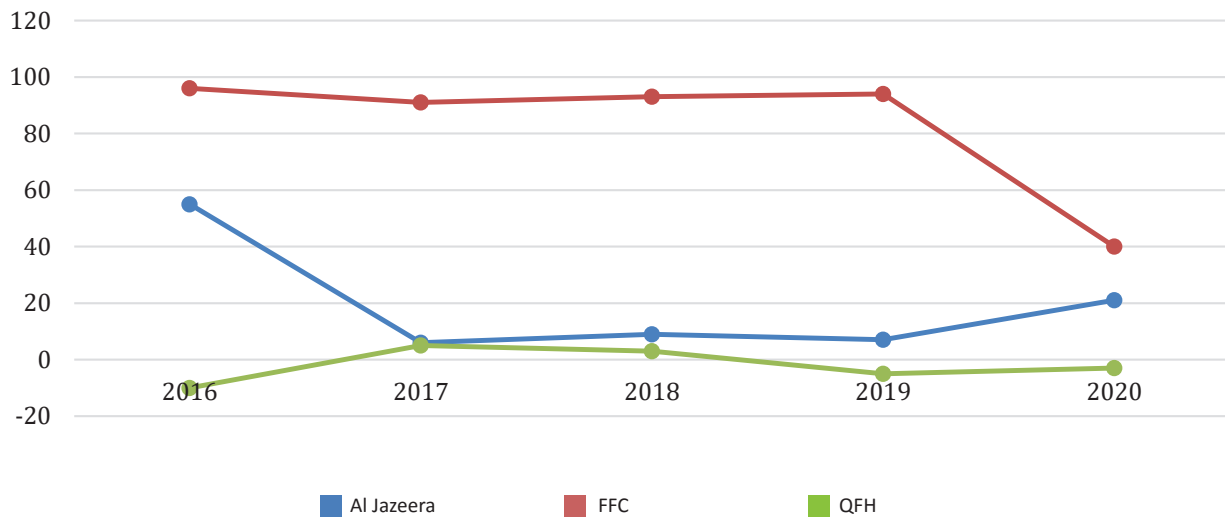
In 2020, business results of Islamic finance companies varied. Al Jazeera achieved a profit growth of 200% compared to 2019, as its profits amounted to 21 million Qatari Riyals. Meanwhile, FFC profits decreased by (58%), as its profits amounted to 40 million Qatari Riyals. QFH mitigated its losses with 45%, bringing its total losses in 2020 to approximately 3 million Qatari Riyals, compared to losses of approximately 5.4 million Qatari Riyals in 2019.

### Profits of Islamic Finance Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth rate in 2020 (%)
Al Jazeera	54,535	6,291	9,275	7,039	21,112	200
FFC	95,893	90,568	92,980	94,152	40,011	(-57.5)
QFH	(-9,749)	4,501	3,317	(-5,386)	(-2,986)	44.6

[Source: Financial reports of Islamic finance companies]

### Profits of Islamic Finance Companies (2016 – 2020) in Million Qatari Riyals



# *Islamic Investment Companies*





Two Islamic investment companies operate under the supervision of Qatar Central Bank, namely: The First Investor Company and Investment House Company.

**1- The First Investor Company:** The First Investor Company was established in 1999 as an investment company practicing its business in accordance with the principles of Islamic Sharia in the field of investment banking services. It focuses on investment banking services, private equity, strategic investments, real estate investments, advisory services, and asset management. In (2009), Dukhan Bank acquired the company as a wholly owned subsidiary of the Bank. In 2020, shareholders' equity amounted to 461 million Qatari riyals.

**2- Investment House Company:** Investment House Company was established in 2001 as a private Qatari shareholding company. It provides all services and activities licensed for investment banking companies by Qatar Central Bank, such as asset management, private equity and structural finance in accordance with the principles of Islamic Sharia. The Company focuses on various economic sectors including financial services, real estate sector, building and construction, industrial sector, in addition to the service sector. In 2020, the shareholders' equity of the Company amounted to 52 million Qatari riyals.

## Performance of the two Islamic Investment Companies:

### First: Assets:

The performance of the Islamic investment companies varied in 2020. While the results of Investment House Company were positive, the performance of The First Investor Company declined. Due to the size of The First Investor Company's assets, this decline affected this sector, so the assets of the two investment companies decreased this year by (6.2%) to reach 539.7 million Qatari riyals. In 2020, The First Investor Company's assets decreased by (9.8%) to reach 468.8 million Qatari riyals, while the Investment House Company's assets increased by 28.1% to reach 70.9 million Qatari riyals.

During the five years (2016 – 2020), CAGR for the investment companies was negative (3.4%), where The First Investor Company's CAGR was negative (4.3%) and Investment House Company's CAGR was positive 5.2%.

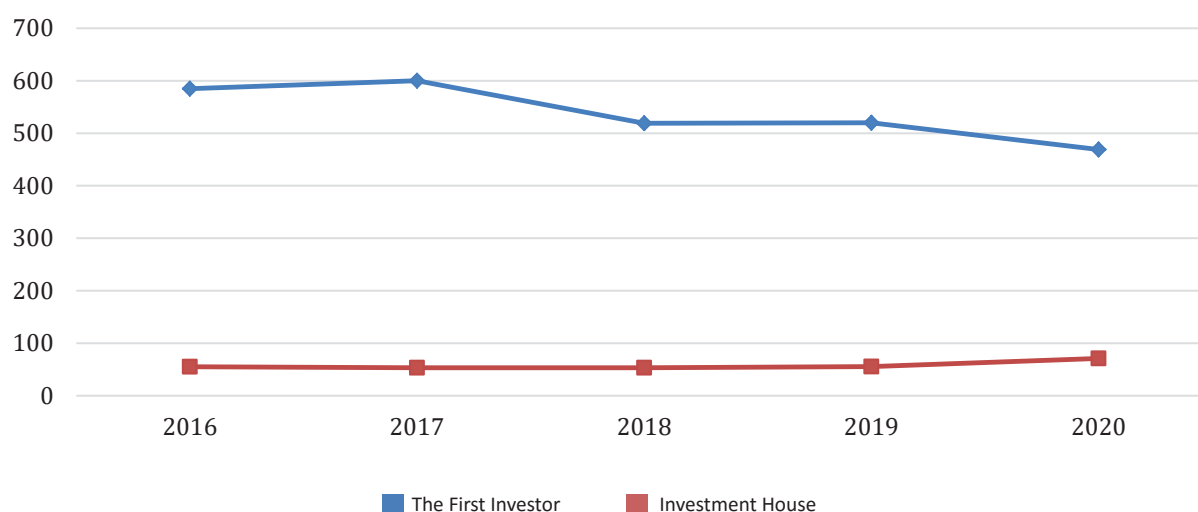
### Assets of Islamic Investment Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020	Growth in 2020 (%)	CAGR (%)
The First Investor	585,327	599,966	518,724	519,914	468,849	(-9.8)	(-4.3)
Investment House	54,970	53,317	53,051	55,331	70,870*	28.1	5.2
<b>Total</b>	<b>640,297</b>	<b>653,283</b>	<b>571,775</b>	<b>575,245</b>	<b>539,719</b>	<b>(-6.2)</b>	<b>(-3.4)</b>

[Source: Financial reports of Islamic investment companies]

(\*) Unaudited statements.

### Assets of Islamic Investment Companies (2016 - 2020 ) in Million Qatari Riyals



### Second: Revenues

Revenues of the Islamic investment companies decreased by (16.5%). The First Investor Company's revenues decreased by (102%) in 2020, resulting in losses of approximately half a million Qatari riyals. Meanwhile, Investment House Company recorded revenues of 29.1 million Qatari riyals, with an increase of 28.4% compared to 2019.

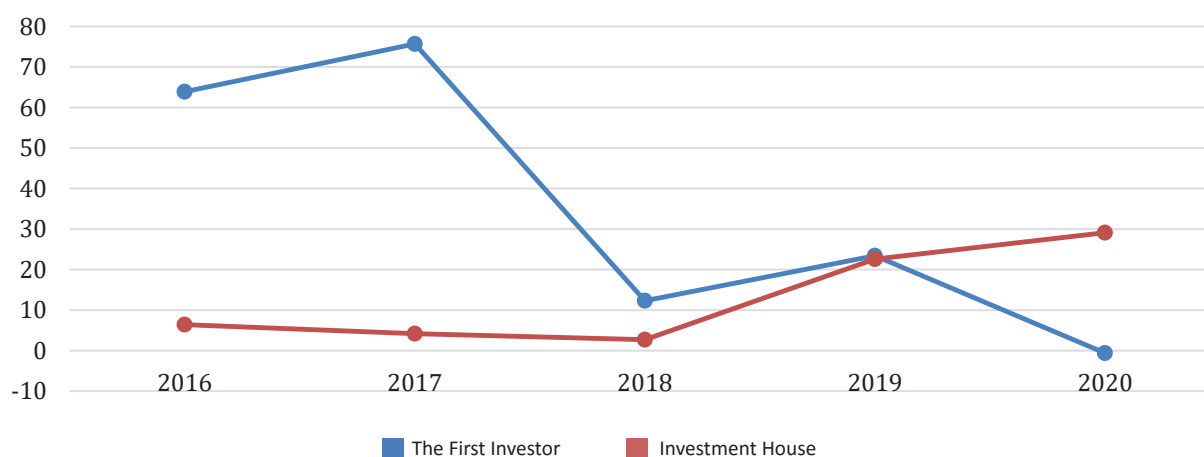
### Revenues of Islamic Investment Companies (2016 – 2020) in thousand Qatari riyals

	2016	2017	2018	2019	2020	Growth in 2020 (%)	CAGR (%)
The First Investor	63,896	75,732	12,295	23,378	(-560)	(-102)	(-61.2)
Investment House	6,384	4,172	2,680	22,644	29,079*	28.4	35.4
<b>Total</b>	<b>70,280</b>	<b>79,904</b>	<b>14,975</b>	<b>46,022</b>	<b>28,519</b>	<b>(-38)</b>	<b>(-16.5)</b>

[Source: Financial reports of Islamic investment companies]

(\*) Unaudited statements.

### Revenues of Islamic Investment Companies (2016 - 2020 ) in Million Qatari riyals



### Third: Profits/ Losses:

Investment House Company made profits of 7 million Qatari riyals in 2020, with increase of 229% compared to 2019. Meanwhile, The First Investor Company recorded losses in 2020 amounting to 38.6 million Qatari riyals.

During the five years (2016 – 2020) , the two companies' business results varied between profits and losses.



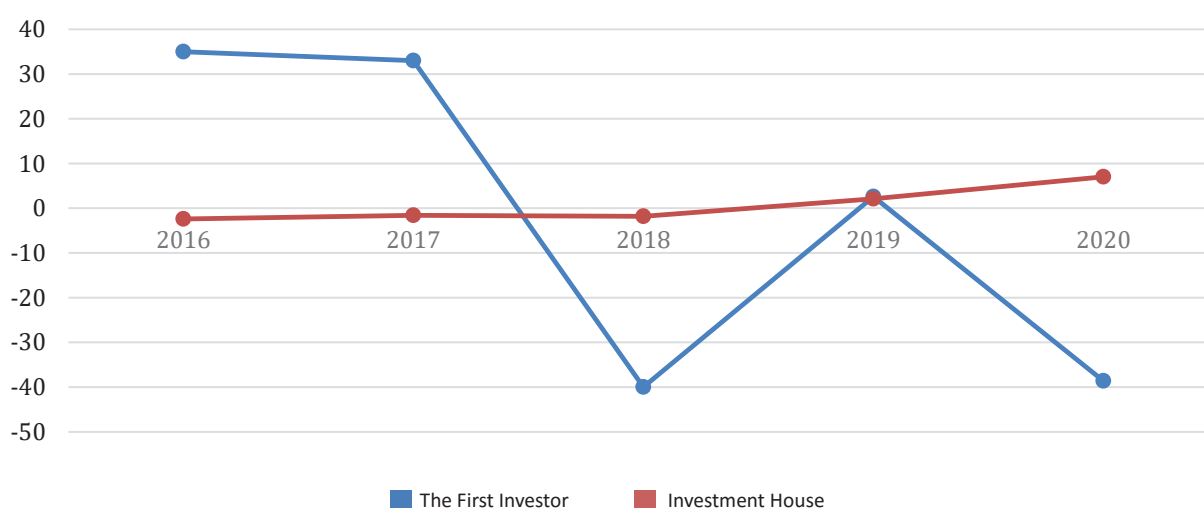
### Profits (losses) of Islamic Investment Companies (2016 – 2020) in Thousand Qatari Riyals

	2016	2017	2018	2019	2020
The First Investor	35,453	33,229	(-39,978)	2,621	(-38,620)
Investment House	(-2,399)	(-1,617)	(-1,874)	2,137	7,024*

[Source: Financial reports of Islamic investment companies]

(\*) Unaudited statements.

### Profits of Investment Companies (2016 - 2020 ) in Million Qatari Riyals



## Islamic Investment Companies Operating under Qatar Financial Center:

Many financial investment companies operate under the supervision of Qatar Financial Center. Among the financial companies operating in the field of Islamic investment is Al Rayan Investment.

**Al Rayan Investment:** In 2008, Al Rayan Investment Company was established by Masraf Al Rayan as a wholly owned subsidiary with a fully paid-up capital of 100 million US dollars, which is licensed by Qatar Financial Center Regulatory Authority. Al Rayan Investment Company operates as an Islamic investment banking institution focusing on investment banking and asset management in Qatar and across the GCC.

# *Sukuk*





In 2020, the issuance of Sukuk was limited to Islamic banks, as Qatar Central Bank did not issue any Sukuk or bonds in 2020. The total Sukuk issued by Islamic banks in 2020 was approximately 8 billion Qatari Riyals, down by (2.7%) compared to Sukuk issued in 2019.

During the five years 2016 – 2020, the total Sukuk issued was 70.4 billion Qatari Riyals, out of which government Sukuk constituted 58%.

### Sukuk Issued in the Period (2016 – 2020) in Million Qatari Riyals

	2016	2017	2018	2019	2020
Government	5,725	15,425	8,800	10,950	—
Islamic banks	6,537	2,998	3,809	8,191	7,972
Total	12,262	18,423	12,609	19,141	7,972
<b>Total Sukuk issued in the period (2016 – 2020) in million Qatari Riyals</b>					<b>70,407</b>

[Source: QCB reports, annual reports of Islamic banks]

### Sukuk Issued in the Period (2016 – 2020) in Million Qatari Riyals



#### First: Government Sukuk

The year 2020 did not witness any issuances of Islamic Sukuk or bonds, as the issuance of government debt instruments is subject to the needs of the Ministry of Finance. This year, the Ministry of Finance issued international dollar-denominated bonds worth 10 billion US dollars.

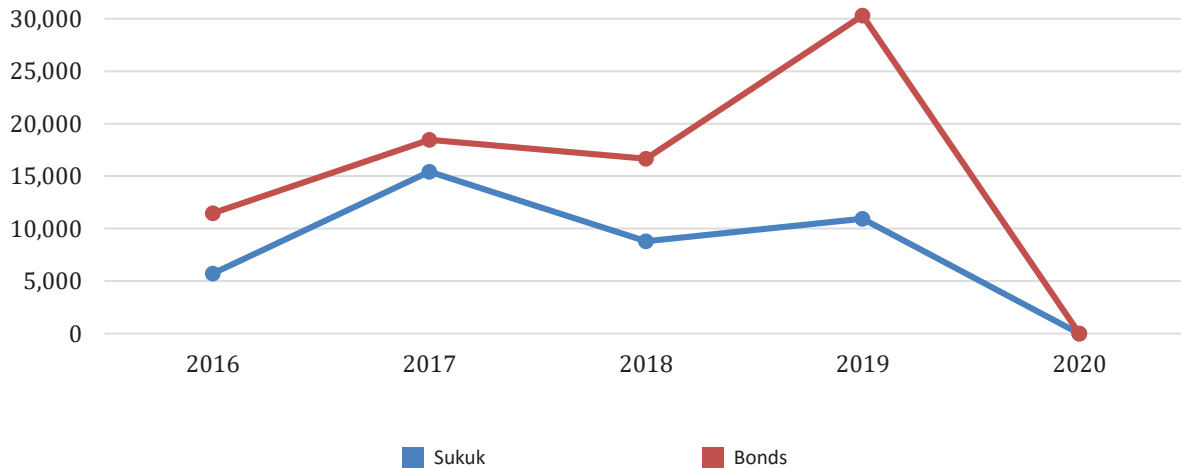
During the five years (2016 – 2020), Qatar Central Bank issued approximately 40.9 billion Qatari Riyals of Sukuk, which constitutes 35% of the total issuance of government Sukuk and bonds for that period.

## Government Sukuk Issued during the Period (2016-2020) in Million Qatari Riyals Compared to Bonds

	Issue date (month)	Value of issued Sukuk	Issue term (year)	Total Sukuk for the year	Bonds issued for the year	Sukuk percentage out of the total %
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			
2019	1	4,000	5	10,650	30,300	26
	4	950	5			
	6	1,000	5			
	6	1,000	10			
	8	1,100	3			
	8	1,100	5			
	9	800	3			
	9	800	5			
	10	200	3			
2020	-	-	-	-	-	-
<b>Total</b>				<b>40,900</b>	<b>76,900</b>	<b>35</b>

[Source: based on QCB reports]

### Government Sukuk and Bonds Issued in the Period (2016 – 2020) in Million Qatari Riyals



### Second: Sukuk Issued by Islamic Banks

In 2020, the total Sukuk issued by Islamic banks was approximately 8 billion Qatari Riyals, down by (2.7%) compared to 2019. The issued Sukuk were limited to QIB and Masraf Al Rayan. In 2020, QIB issued Sukuk of approximately 5 billion Qatari Riyals, In January, QIB issued 5-year Sukuk of 650 million US dollars. In October, QIB issued 5-year Sukuk of 750 million US dollars. In 2020, Masraf Al Rayan issued approximately 2.9 billion Qatari Riyals of Sukuk, including 3-year Sukuk of 40 million US dollars issued in March and 5-year Sukuk of 750 million US dollars issued in September.

During the five years (2016–2020), QIB ranked first in terms of issued Sukuk with approximately 16.3 billion Qatari Riyals, followed by Masraf Al Rayan with approximately 6.4 billion Qatari Riyals, QIB with approximately 4.6 billion Qatari Riyals, and finally Dukhan Bank with 2.2 billion Qatari Riyals. These Sukuk varied between finance instruments and permanent capital Sukuk.

## Sukuk Issued in Islamic Banks in the Period (2016 – 2020) in Million Qatari Riyals

	Years	Issue date (month)	Issue value (million Qatari Riyals)	Issue term (year)	Total years (million Qatari Riyals)
QIB	2016	8	(million US dollars) 368	3	3,339
		9	2,000	Permanent	
	2017	5	(million US dollars) 750	5	2,998
		8	65	2	
		8	57	2	
	2018	11	146	3	2,091
		2	180	5	
		2	91	1	
		4	182	3	
		4	109	5	
		5	437	5	
		5	364	3	
	10	364	5		
	10	364	5		
	2019	3	(million US dollars) 750	5	2,730
2020	1	(million US dollars) 650	5	5,096	
	10	(million US dollars) 750	5		
QIIB	2016	8	1,000	Permanent	1,000
	2019	3	(million US dollars) 500	5	3,641
		10	(million US dollars) 200	3	
		11	(million US dollars) 300	Permanent capital Sukuk	
Masraf Al Rayan	2018	2	(Pound Sterling) 221	34	1,718
		11	(million US dollars) 100	5	
		11	(million US dollars) 90	5	
	2019	11	(million US dollars) 500	5	1,820
	2020	3	(million US dollars) 40	3	2,876
9		(million US dollars) 750	5		
Dukhan Bank	2016	10	(million US dollars) 100	3	2,198
		11	(million US dollars) 130	3	
			(million US dollars) 375	2	

[Source: Annual reports of Islamic banks]



Hamad International Airport Mosque





# *Islamic Investment Funds*



Sunset view of the Abdulla Bin Zaid Al Mahmoud Islamic Cultural Center (Fanar)

Qatar Central Bank licensed five Islamic investment funds, namely: Al Bait Al Mali Fund, Al Rayan GCC Fund (Q), Al Rayan GCC Fund (A), TFI GCC Equity Opportunities Fund (Q), and Al Rayan Qatar ETF (Qatar). These funds carry out their activities inside and outside Qatar.

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

Al Bait Al Mali Fund was established by Investment House Company in 2006 as an open investment fund authorized by Qatar Central Bank with a capital ranging between 50 and 500 million Qatari Riyals. The Fund is managed by Amwal Company, while Qatar National Bank is undertaking the Investment Custodianship. The Fund primarily invests in listed and unlisted shares that conform to the provisions of Islamic Sharia and is available only to Qataris. In March 2019, Qatar National Bank (Switzerland) was appointed as the Fund Manager.

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

In 2009, Qatar Central Bank licensed Al Rayan GCC Fund as an Islamic investment fund denominated in Qatari Riyals, which is open only to the Qatari individuals and corporates, with a capital ranging between 50 and 1.5 billion Qatari Riyals. It carries out its business inside and outside Qatar, and focuses on investing in GCC-listed stocks, fixed income instruments, and the capital market in compliance with Islamic Sharia. This Fund was established by Masraf Al Rayan and is managed by Al Rayan Investment, where HSBC (Qatar branch) is undertaking Investment Custodianship.

### **3- Al Rayan GCC Fund (A)**

Masraf Al Rayan established Al Rayan GCC Fund (A) in 2010 in the manner of Al Rayan GCC Fund (Q), but this Fund is open to all non-Qatari investors and denominated in US dollars, with a capital ranging between 10 and 700 million US dollars. It is managed by Al Rayan Investment, while HSBC (Qatar branch) is undertaking Investment Custodianship.

### **4- TFI GCC Equity Opportunities Fund (Q):**

In 2012, Dukhan Bank established TFI GCC Equity Opportunities Fund (Q) with a capital ranging between 30 million and 2 billion Qatari Riyals. It is an investment fund limited to Qatari individuals and legal entities, aiming to achieve long-term capital growth through investment in a diversified investment portfolio of Sharia-compliant linked shares and securities issued by GCC-listed companies. It is managed by The First Investor Company, while HSBC (Qatar branch) is undertaking Investment Custodianship.

### **5- Al Rayan Qatar ETF (QATR):**

In 2016, Masraf Al Rayan established Al Rayan Qatar ETF (QATR) as an open investment fund that follows QERP index with a capital ranging between 50 million and 2 billion Qatari Riyals. The Fund invests in QERP shares approximately in the same weight indicated by QERP. The Fund is managed by Al Rayan Investment, while HSBC (Qatar branch) is undertaking Investment Custodianship. Fund offering was initiated on 1/12/2018. In March 2018, the Fund was launched in Qatar Stock Exchange as the largest traded Islamic investment fund listed in one country, with its initial assets exceeded 120 million US dollars at that time.

### **Performance of Islamic Investment Funds**

With the rise and fall of the net asset value attributable to fund unit holders, the total of these Islamic fund assets in Qatar amounted to approximately 895 million Qatari Riyals in 2020, compared to approximately 903 million Qatari Riyals in 2019, with a marginal decrease of (0.9%). Al Rayan GCC Fund (Q) achieved the highest increase in net assets with 8.7%, followed by Al Bait Al Mali Fund with 6.5%, and Al Rayan Qatar ETF with 4%. Meanwhile, the net assets of TFI Fund unit holders decreased by (4.6%), and the same for Al Rayan GCC Fund (A) with (90%).

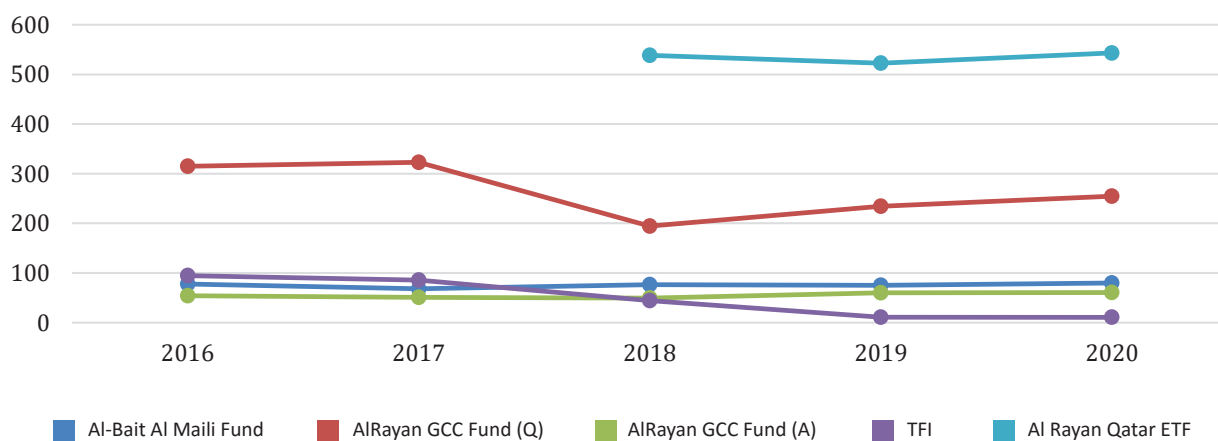
### Net Assets Attributable to Islamic Funds Unit Holders (2016 – 2020)

	2016	2017	2018	2019	2020	Growth in 2020 (%)	CAGR (%)
Al Bait Al Mali (QAR)	77,531,946	68,238,859	76,695,270	74,923,218	79,819,625	6.5	0.6
Al Rayan GCC Fund (Q) (QAR)	315,091,184	322,889,943	194,407,368	234,397,478	254,807,439	8.7	(-4.2)
Al Rayan GCC Fund (A) (USD)	14,832,573	14,031,891	13,583,304	16,526,738	1,664,185	(-90)	(-35.4)
TFI (QAR)	94,635,626	85,551,128	44,125,768	11,117,833	10,603,728	(-4.6)	(-35.5)
Al Rayan Qatar ETF (QAR)	—	—	538,621,867	522,500,315	543,236,200	4	0.3
Total Approximate* (QAR)	541,249,322	527,756,013	903,293,500	903,096,170	894,524,625	-0.9	10.6

[Source: annual financial reports of Islamic investment funds]

\* Total calculated upon converting USD amounts into QAR amounts.

### Net Assets Attributable to Islamic Funds Unit Holders (2016 – 2020) in million Qatari Riyals



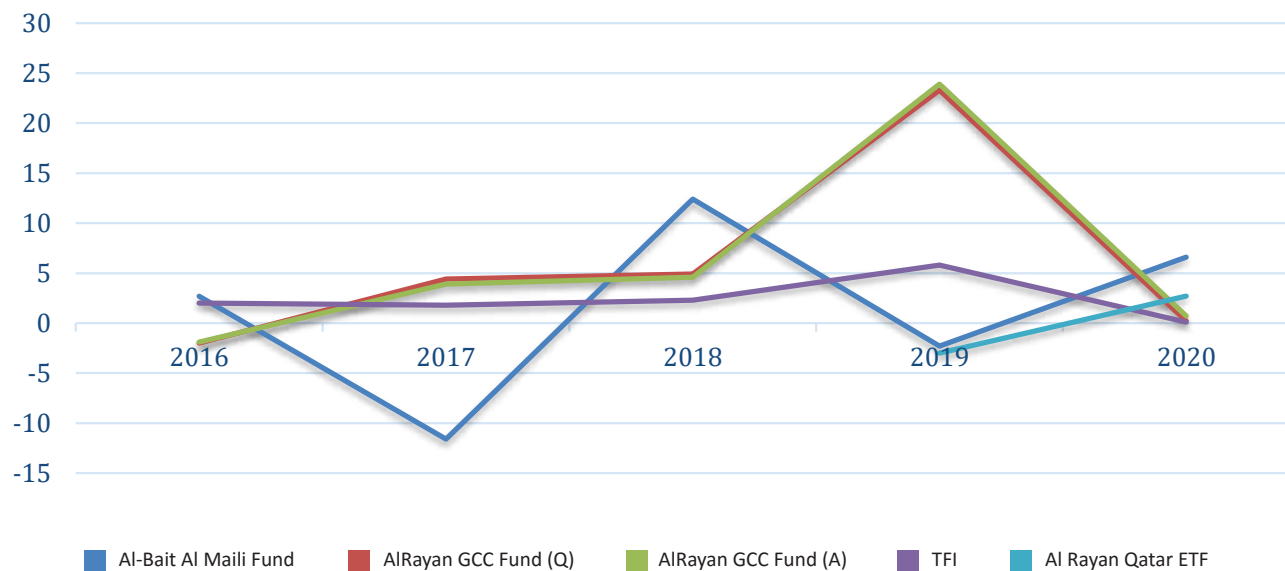
The performance of all Islamic investment funds was positive in 2020. Al Bait Al Mali Fund achieved the best performance with 6.6%, followed by Al Rayan Qatar ETF with 2.7%, Al Rayan GCC Fund (A) with 0.7%, Al Rayan GCC Fund (Q) with 0.2%, and finally TFI Fund with 0.1%.

### Performance of Islamic Investment Funds (2016 – 2020)

	2016	2017	2018	2019	2020	Period average
Al Bait Al Mali Fund	2.7	(-11.6)	12.4	(-2.3)	6.6	1.6
Al Rayan GCC Fund (Q)	(-2)	4.4	4.9	23.3	0.2	6.2
Al Rayan GCC Fund (A)	(-1.9)	3.9	4.6	23.9	0.7	6.2
TFI	2	1.8	2.3	5.8	0.1	2.4
Al Rayan Qatar ETF	—	—	—	(-3)	2.7	(-0.2)

[Source: annual financial reports of Islamic investment funds].

### Performance of Islamic Investment Funds (2016 – 2020) %



# ***Qatar Stock Exchange (QE Al Rayan Islamic Index)***

Metro Train arriving at Wakra Metro Station





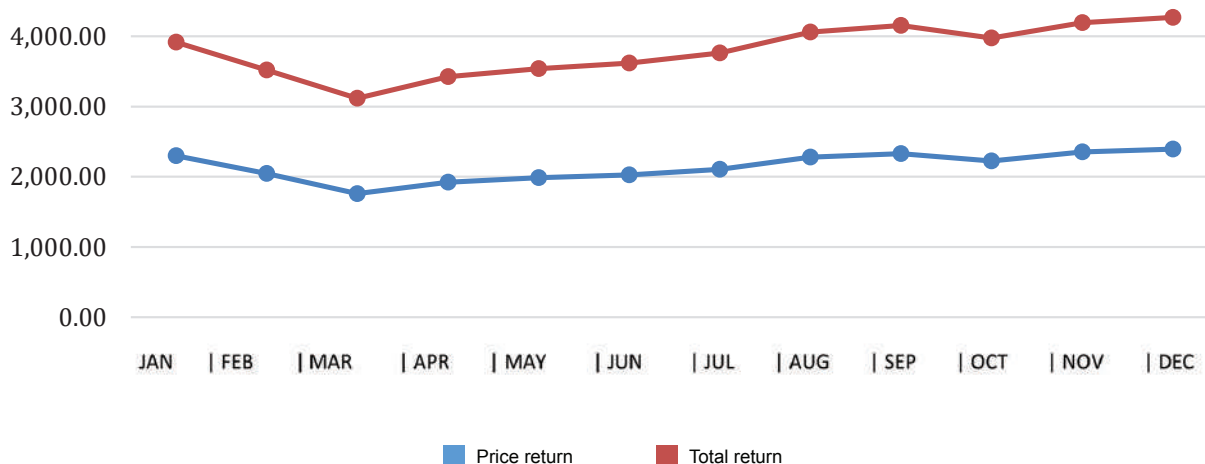
On January 7, 2013, QE Al Rayan Islamic Index was launched. The Index is based on the liquidity of shares available for trading and the value of their market capitalization. This is only for the shares of companies listed on QSE, which are Sharia-compliant according to Sharia Supervisory Board of Masraf Al Rayan. QE Al Rayan Islamic Index is a total return index, as it reflects the price performance and revenues of reinvesting dividends in the shares of listed companies.

### Performance of QE Al Rayan Islamic Index

During the first quarter of 2020, and due to the implications of COVID-19 pandemic, QE Al Rayab Islamic Index decreased by more than 20%. However, due to the economic and financial incentive package taken by the State of Qatar, which also targeted Qatar Stock Exchange, QE Al Rayan Islamic Index rose again to close at 4,269.4 points by the end of 2020, with an increase of 318,520 points, or 8.06%.

During the review processes carried out by Qatar Stock Exchange and as from the beginning of October 2020, components of QE Al Rayan Islamic index were amended by excluding the shares of ZAD Holding Company and including Baladna Company and Mazaya Qatar Real Estate Development Company in the calculation of QE Al Rayan Islamic Index.

Movement of QE Al Rayan Islamic Index in 2020







## 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.