

Raising Islamic Banking to New Heights

An Interview with Sheikh Jassim Bin Hamad Bin Jabor Al Thani,
Chairman of the Board, Qatar Islamic Bank



Sheikh Jassim Bin Hamad Bin Jabor Al Thani

EDITORS' NOTE Sheikh Jassim Bin Hamad Bin Jabor Al Thani has maintained his current post since April 2005 and served as a member of the board of directors of Qatar Islamic Bank since June 2004. He is Chairman of European Finance House (EFH), an Islamic investment bank based in the U.K. and founded by QIB and its partners in 2007. He is also the Chairman of QInvest, which is the first Islamic investment bank founded in Qatar. A graduate of prestigious U.K. universities, he participates in the organization and management of a number of companies specializing in investment and real estate activities.

COMPANY BRIEF Qatar Islamic Bank (QIB) – an Islamic bank of global stature – was established in 1982 and has been leading the Islamic banking industry for more than 25 years by aggressively spreading its presence in Qatar, the Gulf, the Middle East, Asia, Europe, and North Africa. QIB (www.qib.com.qa) has always stood on solid pillars and has been positively adapting to the environments in which it operates.

Qatar Islamic Bank ended 2007 with its fourth consecutive year of outstanding financial performance. Can you highlight your results and the strategy that accomplished them?

In four years, we have almost tripled our total assets, which reached QAR 21.3 billion in 2007, representing a year-on-year increase of

43 percent versus 2006 and a 40 percent average increase for the past four years. During the same four-year period, we have more than doubled our deposits, which reached QAR 12.2 billion – a 39 percent increase versus 2006. This is mainly because of our aggressive local expansion to 22 branches in Qatar.

Our financing and investments have tripled in four years, reaching QAR 5.9 billion in 2007, which represents a 57 percent increase versus 2006. In 2007, we had an exceptional year where we managed to convert some corporate financing to Islamic financing. We consolidated and strengthened our leading position in real estate financing. We are the only Islamic bank with an in-house real estate department that provides not only financing to customers but a total solution from start to finish. Our real estate investment funds outside Qatar continue to be a success year after year, achieving an average revenue that exceeds its counterparts.

Last but not least, during this four-year period, QIB net profit quadrupled to reach QAR 1.255 billion in 2007, which is a 25 percent increase versus 2006. Both the capital and the shareholders' equity tripled in four years with an average growth of 82 percent, and our return on assets is one of the best in the world, as we were ranked 14th worldwide in 2006 and second in profits growth among the Arab banks.

What is QIB's strategy for continued success going forward?

QIB has developed a five-year strategic business plan up to 2012. The objectives of this plan are to consolidate and maintain our leading position in Islamic banking in Qatar, to become a leading global provider of Islamic banking via an aggressive international expansion plan, and to develop new financial instruments to cover the increasing demand for banking and financial services in the local and international markets.

To put this into execution, we have been through a total reengineering of the bank. We have used external advisers and auditors to evaluate our position in several fields such as information technology, human resources, and organization structure. The management team and the external advisers developed a strong and aggressive plan that is being successfully executed.

I would like to highlight as well the role undertaken by the legitimate supervising committee, presided over by Dr. Youssef Al Kardawi. The committee has endeavored, since the bank

started in 1982, to find and develop legitimate solutions for banking, financing, and investing services.

What makes QIB keen on international expansion?

Part of our mission is to serve and promote the Islamic banking industry. This will be achieved by transferring the know-how and expertise to our network on different continents. Thanks to our investments houses, subsidiaries, and affiliates, we are proud to say that we have already established the first Islamic banking global network under one roof via the Arab Finance House in Lebanon, the Asian Finance Bank in Malaysia, the European Finance House in the U.K., and QInvest in Qatar, which is our investment arm in Qatar, licensed by the Qatar Financial Centre [QFC] and in operation since May 2007.

What do you foresee for Islamic banking in general, and what are QIB's plans?

QIB is strongly committed to Islamic banking and will continue playing a major role to raise the profile and the awareness of Islamic finance. We believe that, in Qatar, Islamic banking will continue to grow faster than the conventional sector. On a global level, we expect that by 2010, Islamic banking will reach \$1 trillion. We have strong plans to maintain our leading position in Qatar with a 25 percent growth rate. We are going to put state-of-the-art key performance indicators in to measure our performance on a 360-degree basis. We will increase our branch network to a total of 35 within the next few years. We will expand our ATM network and launch e-banking. We will develop a unique incentive and concierge program for our private banking customers. Moreover, we do expect a strong growth in projects and corporate financing via an alternative finance solution conversion program targeting key companies in Qatar. We do have plans to reengineer our real estate development subsidiary, Aqar, and prepare it for further challenges. We will continue looking for major investment opportunities with QInvest and turn them into reality, as we have successfully done recently. We will also establish two new financial institutions, a private equity fund firm, and a Sukuk-focused institution. We plan to operate the two institutions from the QFC. In 2008, we will also build the foundation for a Takaful company. We will continue our support of the Qatarization program and continue our corporate and social responsibility program. ●