

General Council for Islamic  
Banks And Financial Institutions



المجلس العام للبنوك  
والمؤسسات المالية الإسلامية

# ISLAMIC FINANCE IN THE GCC

## CIBAFI Second Report

### 2007

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# Introduction

Dr. Ezzedine Khoja  
Secretary General

Day by day, the status and reputation of the Islamic financial services industry (IFSI) are becoming greater. Probably those who witnessed the first starts of the IFSI in the 1970s and the 1890s can really feel the progressive development.

In CIBAFI, we have been witnessing the development of the IFSI from different angles. One of them is the one based on numbers and figures. According to CIBAFI data base, the total assets of the global IFSI were not exceeding 54 USD bn in 1993, reaching 442 USD bn in 2006. Our estimates show that the industry has exceeded the limit of 600 USD bn in 2007.

The Gulf Cooperation Council GCC region is considered to be as the beating heart of the IFSI. It is the place where the first beginnings of the industry were found. It is the place where the all other investors are keeping their eyes to make use of the economic circumstances. It is the place that makes several non-Muslim countries adopt Islamic finance

so that the GCC investments can be attracted. It is the place that accounts for more than one third of Islamic finance all over the world. It is the place where the largest number of Islamic financial institutions IFIs have existed. For all of those reasons, CIBAFI is pleased to present this Second Annual GCC.

This Report consists of high level analysis to the most important financial indicators of the GCC IFIs during the period 2002 – 2007, with the focus of the last year findings.

Our methodology in the Report is based on charting and diagramming rather than wording as drawings might be much more eloquent than words.

As the GCC IFIs are different in their types and nature of work, we have tried our best to classify them into two major groups: commercial banks; and Investment banks and companies. This classification will help a lot understanding the deep characteristics of the IFIs based on their nature of work.

Being considered as the one of its kind in terms of comprehensiveness and wide coverage, this report was the result of hard, sincere, and devoted efforts of CIBAFI staff. I am really very pleased to my thanks and gratitude to all of them specially those who worked directly with the IFSI information.

A special thanks for Mr. Ahmed Fasih who conducted the analysis and converted the row data into valuable information.

I would like also to thank Mr. Osman Mugabil, for his supervision and follow-up for the database updating, and his assistant Mrs. Mona Mahmoud who is responsible for the direct information entry in the database.

But still, the warmest thanks and gratitude is extended to our members who usually give us the trust and support to go on in our activities.

Ezzedine Khoja  
Secretary General,  
CIBAFI

# Methodology & Population of the Report



- The population of the Report comprises 50 Islamic banks and financial (non-insurance) Institutions operating in the Gulf Co-operation Council GCC Region during the period 2000-2005.
- An Islamic bank or financial institution should meet a number of conditions in order to be included in the data set:
  - It should be as full-fledged Islamic banks, financing, or investment institutions.
  - It should have available balance sheets at the end of at least one calendar year between 2000 and 2005.
  - It should have income statements covering the period of one calendar year already covered by one balance sheet.

- Data has been collected from the Database of the General Council for Islamic Banks and Financial Institutions (CIBAFI) that is considered as the only reliable data provider for the IFSI. CIBAFI has collected data from the annual reports of the institutions under study.
- In this report, we have treated the available data with the following:
  - Convert the individual balance sheet and income statement for each institution from the local currency to the US \$ according to the exchange rate of 31/12 of the year covered.
  - Make a consolidated balance sheet and income statement to reflect the Islamic Financial Services Industry in the GCC Region during the period covered in the study.
  - Classify Islamic financial institutions into two types ( Commercial banks, Investment banks and companies).
  - Make aggregate accounts for relevant variables to reduce the number of accounts and avoid the zero values which may distort results.
  - Calculate annual growth rates for the several variables used in the analysis.
  - Calculate the most important financial indicators to produce industry benchmarks for the covered period.
  - Prepare common-size and comparative balance sheet and income statement to be used as industry benchmarks for financial analysis.

	Bank Name	Country		Bank name	Count ry		Bank name	Country
1	ABC Islamic Bank	Bahrain	18	Venture Capital Bank	Bahrain	35	Rasameel Structured Finance Co	Kuwait
2	Al Amin Bank (until 2006)	Bahrain	19	A'Ayan Leasing & Investment Co.	Kuwait	36	The International Investor	Kuwait
3	Al Baraka Islamic Bank	Bahrain	20	Al Aman Investment	Kuwait	37	The International Leasing & Investment Company	Kuwait
4	Al Salam Bank	Bahrain	21	Al Imtiaz Investment	Kuwait	38	The Securities House	Kuwait
5	Arcapita Bank	Bahrain	22	Al Madina Company	Kuwait	39	Al Rajhi Banking and Investment Corp.	KSA
6	Bahrain Islamic Bank	Bahrain	23	Al Ritaj Investment	Kuwait	40	Al Tawfeek Co. For Investment Funds Limited	KSA
7	CAPIVEST	Bahrain	24	Al-Madar Financing and Investment Co.	Kuwait	41	Bank Al Bilad	KSA
8	Future Bank	Bahrain	25	Aref Investment Group	Kuwait	42	Bank Al-Jazira	KSA
9	Gulf Finance House	Bahrain	26	Boubyan Islamic Bank	Kuwait	43	Abu Dhabi Islamic Bank	UAE
10	International Investment Bank	Bahrain	27	First Investment	Kuwait	44	Dubai Islamic Bank	UAE
11	Investors Bank	Bahrain	28	Gulf Investment House	Kuwait	45	Emirates Islamic Bank	UAE
12	Ithmaar Bank	Bahrain	29	International Investment Group (IIG)	Kuwait	46	Sharjah Islamic Bank	UAE
13	Khaleeji Commercial Bank	Bahrain	30	Investment Dar Co.	Kuwait	47	Al Rayan Bank	Qatar
14	Kuwait Finance House (Bahrain)	Bahrain	31	Kuwait Finance House	Kuwait	48	First Finance	Qatar
15	Shamil Bank of Bahrain	Bahrain	32	Kuwait International Bank	Kuwait	49	International Islamic	Qatar
16	Unicorn Investment Bank	Bahrain	33	Manafea Investment Company	Kuwait	50	Qatar Islamic Bank	Qatar
17	United International Bank	Bahrain	34	Ossoul Co For Leasing & Finance	Kuwait			