



Investor Presentation

30 JUNE 2017

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1. Overview of Masraf Al Rayan

Overview of Masraf Al Rayan Q.P.S.C (MAR or Bank)

Profile

- Fully Shariah compliant bank incorporated in Qatar on 4 January 2006 and licensed by the Qatar Central Bank
- Classified as a DSIB (domestic systemically important bank)

Business Lines

- Corporate Banking & SME
- Retail & Private Banking
- Treasury
- Investment Banking

Market Share

- 2nd largest Islamic bank in Qatar by total assets* (28.2% market share)
- 4th largest amongst all listed Qatari banks by total assets (6.8% market share)

Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 2nd largest bank in Qatar by market capitalisation (USD 8.1 bn)

Rating

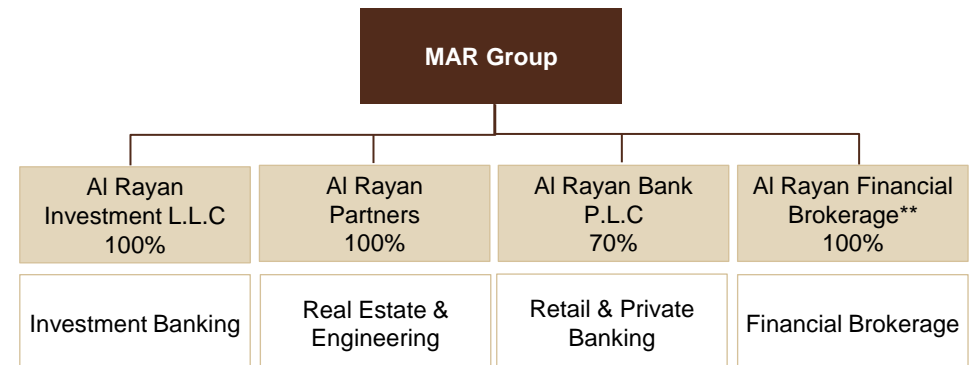
- Moody's assigned standalone and long-term issuer ratings of A1
- Rating upgraded by one notch from A2 to A1 on 25 Aug 2016

*as at 30 June 2017.

Branch Network



Subsidiaries



**Strategic review and positioning of the brokerage business in the Bank's strategy going forward is currently in process

1. Overview of Masraf Al Rayan Cont.

Board Composition

- ▶ The principal role of the Board is to oversee the implementation of the Bank's strategic initiatives and its functions within the agreed framework in accordance with relevant statutory and regulatory structures



Dr. Hussain Ali Al Abdulla

Chairman & Managing Director

- *Select other roles:* Minister of State and Board Member - Qatar Investment Authority (QIA), Board Member - Qatar Supreme Council for Economic Affairs and Investment, Board Member - Volkswagen (Germany)



Mr. Turki Mohammed Al Khater

Vice Chairman

- *Select other roles:* Chairman – United Development Company, Board Member – Ooredoo (Qatar), President - General Retirement and Social Insurance Authority..



Mr. Nasser Jaralla S. Jaralla Al Marri

Board Member

- *Select other roles:* Acting Chairman of Financial Affairs Authority - Qatar Armed Forces, Board Member - United Development Company



Dr. Menahi Khalid M. A. Al Hajri

Board Member

- *Select other roles:* Director of Preventive Security Directorate - Ministry of Interior of the State of Qatar



H. E. Sheikh Faisal Bin Saud Al-Thani

Board Member

- *Select other roles:* Acting Director of Industrial Portfolio – Qatar Investment Authority, Chairman – Sadeem Technology Company...



Sheikh Nasser Bin Hamad Bin Nasser Al Thani

Board Member

- *Select other roles:* Board Member – Starlink, Board Member - Ooredoo (Algeria and Kuwait), Chief New Business Officer - Ooredoo (Qatar)...



Mr. Abdulla Ahmed Al Maleki Al Jahni

Board Member

- *Select other roles:* Vice Chairman of Insurance Committee – Qatar Chamber Board Member – Qatar Business Council ...



Mr. Nasser Mohamed Al-Abdulla

Board Member

- *Select other roles:* Executive Director - OSOOL (Private Business)



Mr. Khalaf Sultan Al Dhaheri

Board Member

- *Select other roles:* Group COO - National Bank of Abu Dhabi, Deputy Chairman – ADNIF, Chairman - Massar Solution and Board Member - Drake & Scull International PJSC...

2. Key Financial Highlights

Balance Sheet

- Total assets reached \$25,598 million compared to \$24,283 million on 30 June 2016, an increase of 5.4%.
- Financing activities increased to \$18,668 million compared to \$17,652 million on 30 June 2016, an increase of 5.8%.
- Investments reached \$5,393 million compared to \$4,003 million as of 30 June 2016, an increase of 34.7%.
- Customer deposits totaled \$16,813 million compared to \$15,869 million on 30 June 2016, an increase of 5.9%.

Income statement

- Net Income to Equity holders of the bank totalled \$280 million for six months ended 30 June 2017, compared to \$289 million made during the corresponding period in 2016.
- Operating income for the period increased by 9.4% at \$566 million as compared to \$517 million for the same period in 2016.

Financial Ratios

- Return on average assets of **2.2%**
- Return on average shareholders' equity of the Bank of **16.4%**
- Earnings per share for the period reached QAR **1.36**
- Book value per share reached **\$4.48**
- Operational Efficiency ratio maintained at **22.1%**.

2.1 Profitability

(USD Million)

| SUMMARY INCOME STATEMENT | 2013 | 2014 | 2015 | 2016 | Q2 2017 |
|---|------------|------------|------------|------------|------------|
| Operating Income | 737 | 845 | 917 | 1,031 | 566 |
| Return to investment accountholders and Finance expenses | (152) | (156) | (202) | (334) | (204) |
| Administrative, net impairment and tax | (107) | (136) | (158) | (127) | (80) |
| Net Income | 478 | 553 | 557 | 570 | 282 |
| Net Income to Equity holders of the bank | 468 | 550 | 570 | 570 | 280 |

EFFICIENCY

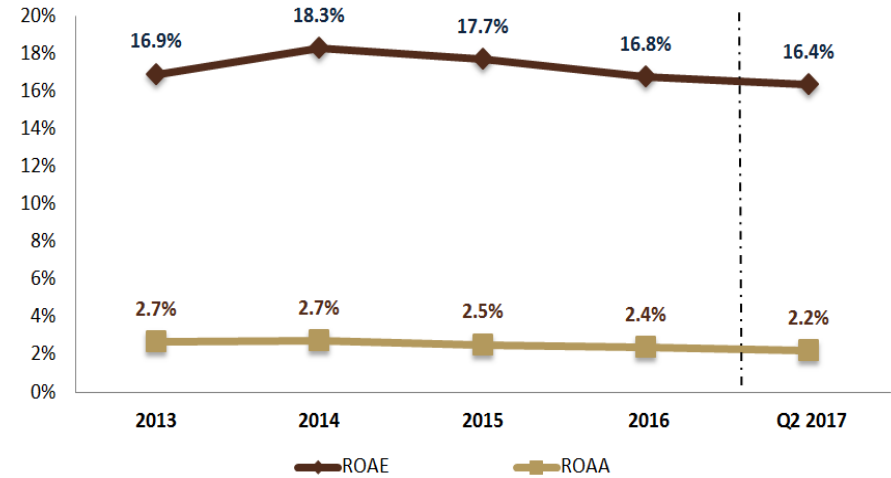
| | | | | | |
|---------------------------------|-------|-------|-------|-------|-------|
| Return on average equity (ROAE) | 16.9% | 18.3% | 17.7% | 16.8% | 16.4% |
| Return on average assets (ROAA) | 2.7% | 2.7% | 2.5% | 2.4% | 2.2% |
| Efficiency ratio | 18.8% | 19.2% | 20.3% | 18.1% | 22.1% |

2.1 Profitability cont'd

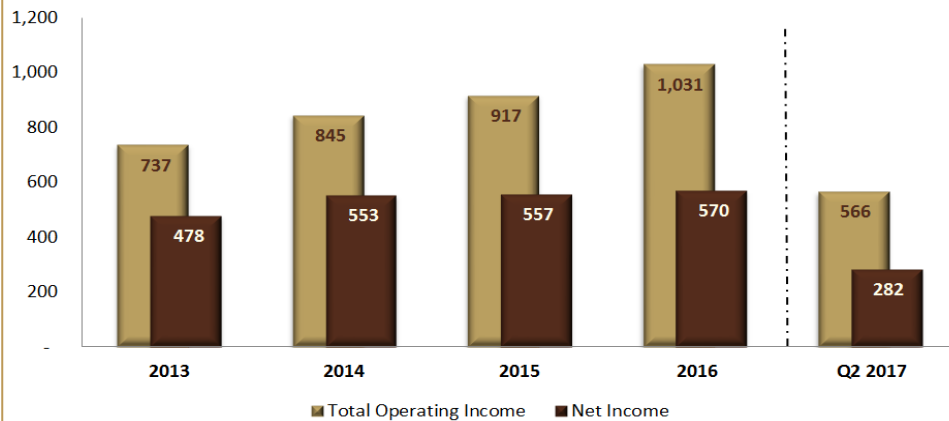
Stable Profitability

- Masraf AlRayan is maintaining a leading position on the return on average assets, which stood at 2.2% as at 30 June 2017.
- The bank has a track record of generating high returns for its shareholders. The Bank's return on average equity (ROAE) stood in excess of 16% from 2013 to Q2/2017, while earning per share increased from QAR2.27 to QAR2.72(annualized) during this time.

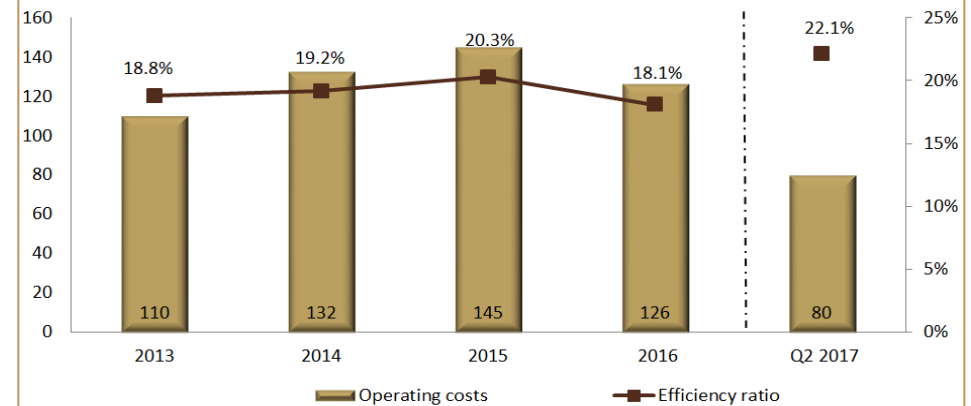
Return on Average Equity & Return on Average Assets



Net Income for the Period & Operating Income (USD Million)

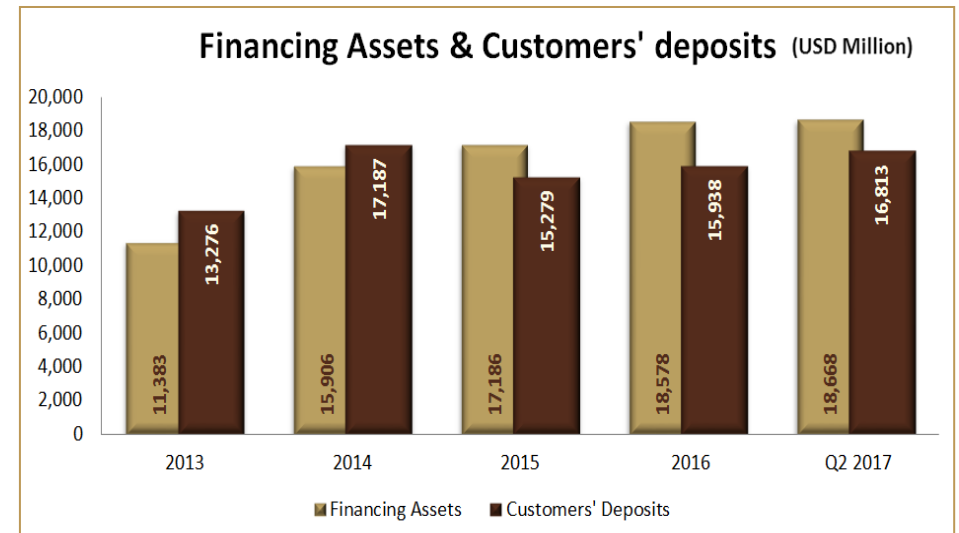
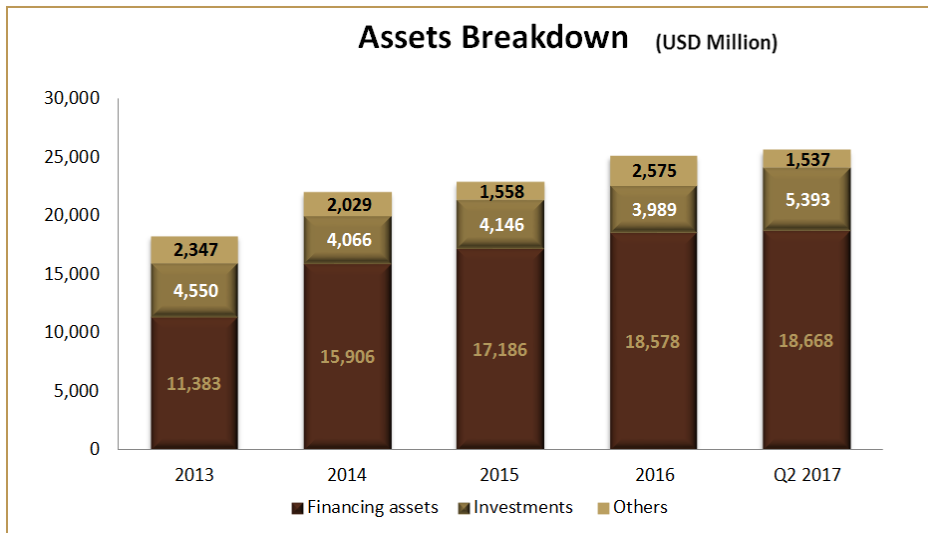


Cost Efficiency Ratio



2.2 Balance Sheet

| SUMMARY BALANCE SHEET | (USD Million) | | | | |
|----------------------------|---------------|--------|--------|--------|---------|
| | 2013 | 2014 | 2015 | 2016 | Q2 2017 |
| Total assets | 18,280 | 22,001 | 22,890 | 25,142 | 25,598 |
| Financing assets | 11,383 | 15,906 | 17,186 | 18,578 | 18,668 |
| Investments | 4,550 | 4,066 | 4,146 | 3,989 | 5,393 |
| Customers' deposits | 13,276 | 17,187 | 15,279 | 15,938 | 16,813 |
| Total Equity | 2,940 | 3,219 | 3,395 | 3,536 | 3,407 |
| Book Value per share (USD) | 3.85 | 4.16 | 4.41 | 4.65 | 4.48 |



2.2 Balance Sheet cont'd

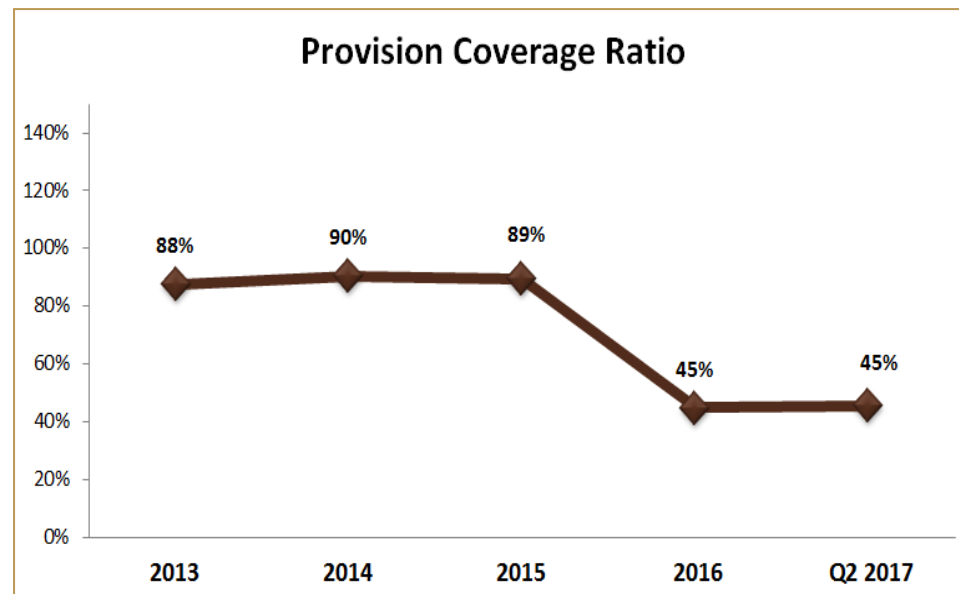
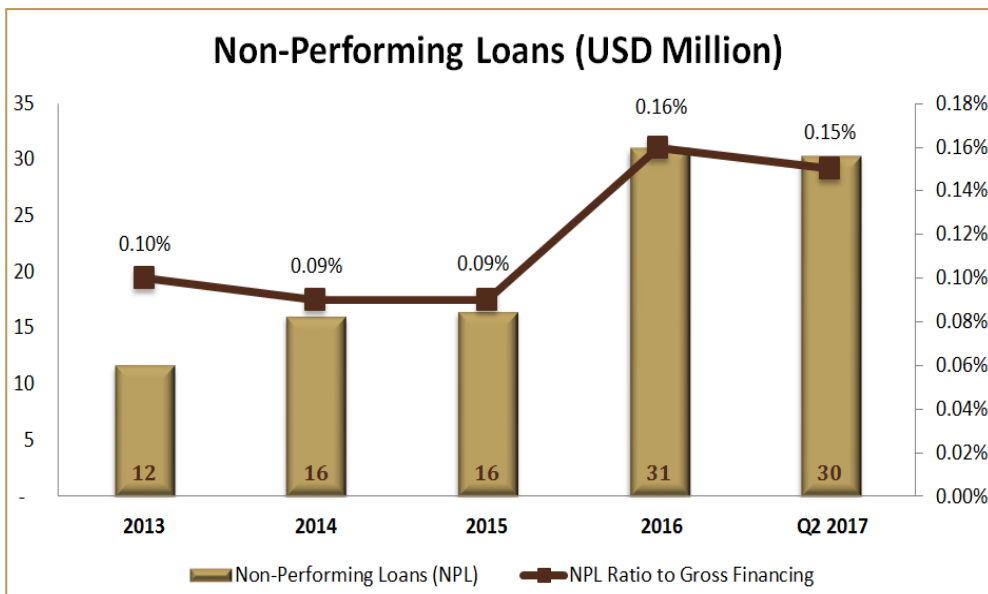
SUBSIDIARIES & ASSOCIATES

List of the Bank's subsidiaries and associates as at 30 June 2017

| Entity Name | Country | Capital | Activity | Ownership % |
|---------------------------------|---------|-----------------|------------------------|-------------|
| SUBSIDIARIES: | | | | |
| Al Rayan Investment L.L.C. | Qatar | USD 100,000,000 | Investment Banking | 100% |
| Al Rayan Financial Brokerage | Qatar | QAR 50,000,000 | Financial Brokerage | 100% |
| Al Rayan (UK) Limited | UK | GBP 100,000,000 | Islamic Banking | 70% |
| Al Rayan Partners | Qatar | QAR 10,000,000 | Real Estate Consulting | 100% |
| ASSOCIATES: | | | | |
| Ci-San Trading W.L.L. | Qatar | QAR 30,600,000 | Investing and trading | 50.00% |
| Kirnaf Finance Company | KSA | SAR 600,000,000 | Leasing | 48.76% |
| Linc Facility Services W.L.L. | Qatar | QAR 6,000,000 | Facility Management | 33.50% |
| Daman Islamic Insurance - Beema | Qatar | QAR 200,000,000 | Insurance | 20.00% |
| National Mass Housing | Oman | OMR 15,000,000 | Real Estate services | 20.00% |

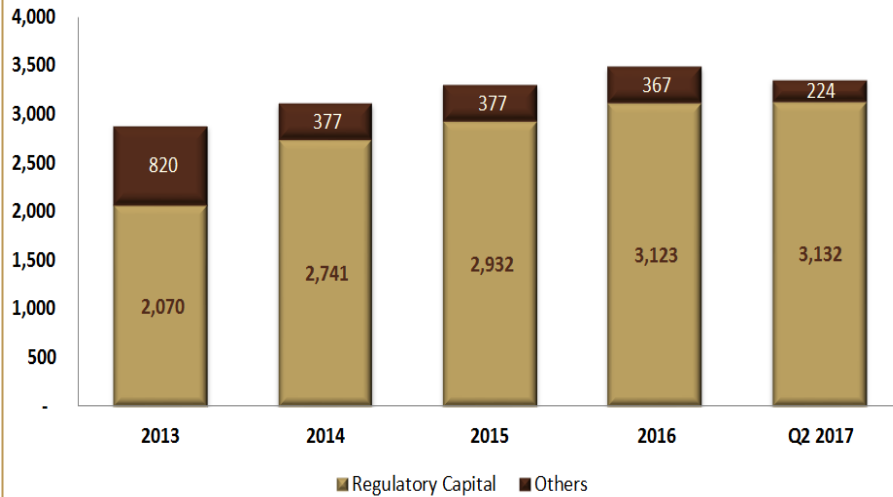
Strong Asset Quality

- Prudent governance supported by strong credit underwriting standards.
- The Bank's quality of assets, in addition to its prudent credit risk management policies and procedures, have enabled the Bank to continue registering a non-performing loan ratio (NPL ratio) of 0.15 % as of 30 June 2017, one of the lowest NPL ratios in the banking industry.
- Conservative provision coverage ratio of 45%.



2.4 Capitalisation

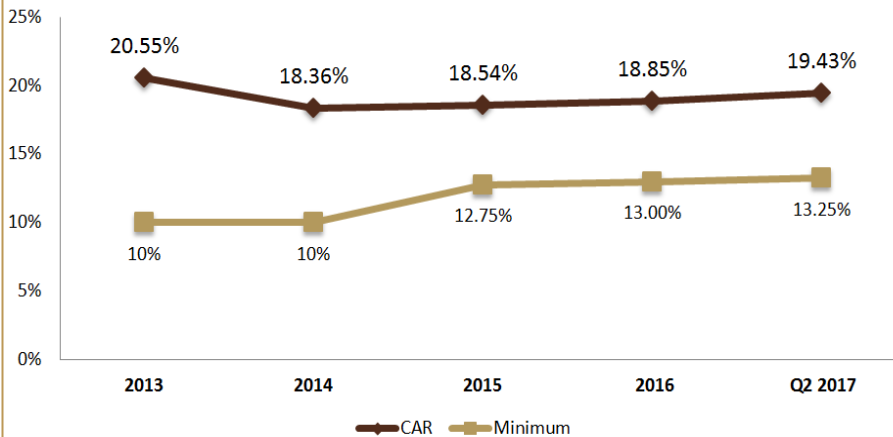
Equity Breakdown (USD Million)



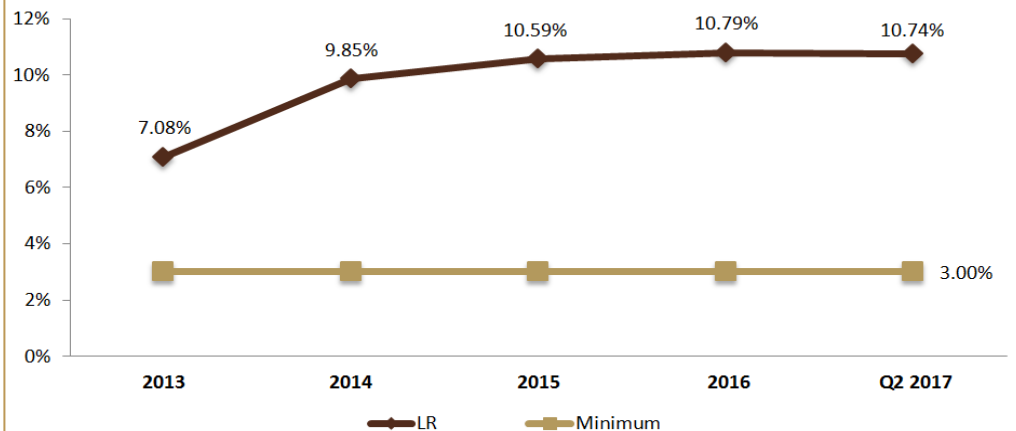
Strengthened Capital

- MAR has a strong capital base with a capital adequacy ratio of 19.43% with a core capital Tier 1 ratio of 19.38% as at 30 June 2017, which highlights that the Bank is well capitalized.
- Well maintained non-risk based leverage ratio.
- MAR complies with the QCB's Basel III requirements to maintain a total capital adequacy ratio in excess of 13.25%.
- MAR is categorized as a Domestic Systemically Important Bank ("DSIB") and is therefore required to hold an additional capital buffer. An additional capital buffer of 0.25 per cent. applied from January 2015 and will be phased in to ultimately reach 1.0 per cent. of Risk Weighted Assets (to be met solely by core equity Tier 1 capital).

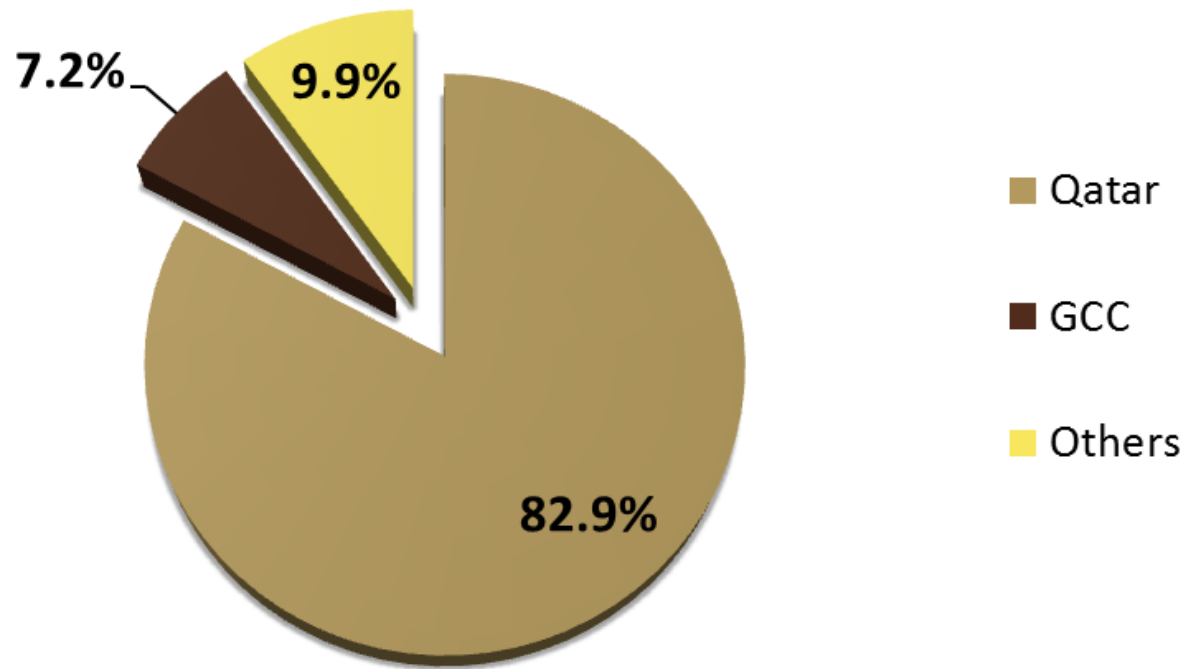
Capital Adequacy Ratio (CAR)



Leverage Ratio (LR)



Shareholders' Information February 2017



3. Overview of Qatar

Economic Fundamentals

- The current diplomatic row between Qatar and some of its GCC neighbors has now been ongoing for sometime; this has also been causing some inconveniences in the short term; however, it is our firm believe that this thing will die down soon; and, even if this current standoff continues, it is still expected for the local Qatari economy to be able to adapt to the new conditions.
- Qatari Government's strong fiscal and economic policy direction is also helping the economy to grow at the fastest rate among the GCC countries in spite of the crisis. For example, the estimated expenditure for 2017 is at QAR 198.4 billion and QAR 93.2 billion (or 47.0%) of that is allocated for the major projects.
- So, the key driver for growth in Qatar is infrastructure spending, despite low oil prices.
- Qatar is also the largest exporter of LNG with a global market share of 31%.
- Qatar has also been enjoying the top rank since 2011, in terms of its per capita income—i.e., Qatar is the richest country in the world.

Rating

- The country also still enjoys one of the highest credit ratings in the world—Aa3/AA-/AA- by the Moody's, S&P and Fitch, despite the recent downgrade by all three agencies (triggered by GCC sanctions), due to the government's sound macroeconomic policy and resilience.

Outlook

- The outlook for the Qatari economy has improved, as the oil prices have been picking up—e.g., Qatar's July trade surplus jumped 78.1%, y/y, according to recent data. The huge infrastructure spending activities will also brighten up the outlook, going forward.
- The country will also almost halve its fiscal budget deficit in 2017, as per the State budget figures, recently tabled by Qatar Ministry of Finance (projected Qatar fiscal deficit is QAR28.3 Bn vs. QAR46.5 Bn in the prior year).

3. Overview of Qatar cont'd

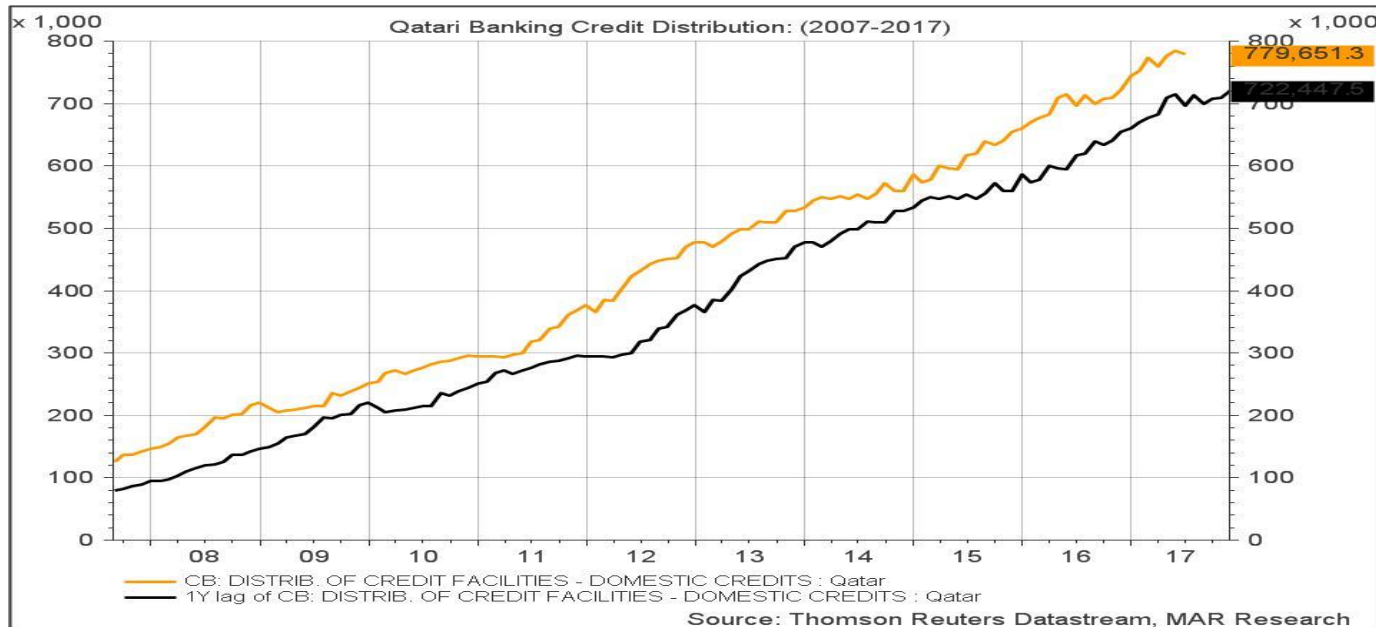
Overview of the Qatari Banking Sector

Snapshot of the Qatari Banking Sector

- A total of 18 banks licensed by the Qatar Central Bank:

| Banks | No. |
|--------------------|-----|
| Islamic banks | 5 |
| Conventional banks | 6 |
| State-owned bank | 1 |
| Foreign banks | 6 |

- Banks' total assets stood at USD 357.9 billion, as July 31, 2017
- Qatari Banks credit growth rate and distribution have also been above trend since 2007 (See chart).



4. Key Contacts

Group Chief Executive Officer

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