



# Investor Presentation

**30 June 2019**

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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

- 2<sup>nd</sup> largest Islamic bank in Qatar by total assets\* (28.8% market share)
- 4<sup>th</sup> largest amongst all listed Qatari banks by total assets\* (6.7% market share)

### Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3<sup>rd</sup> largest bank in Qatar by market capitalisation (USD 7.8 bn)\*

### Rating

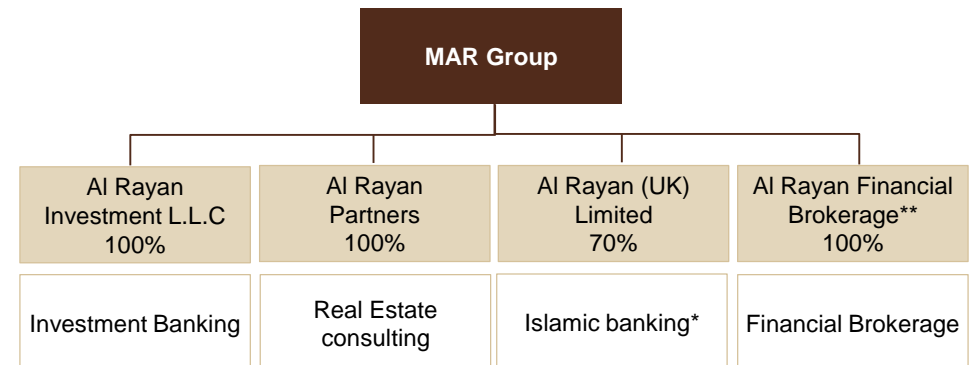
- On 16 July 2018 Moody's has re-affirmed MAR's ratings at A1 with stable outlook

\*as at 30 June 2019

## Branch Network



## Subsidiaries



\*Via Al Rayan Bank Plc (formerly known as Islamic Bank of Britain Plc)

\*\* license is frozen for two years from 12 January 2017, extended up to 10 September 2019

# 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

### Chairman & Managing Director



**Dr. Hussain Ali Al Abdulla**

**Other positions:**

- Minister of State & Board Member - QIA
- Board Member - Qatar Supreme Council for Economic Affairs and Investment
- Board Member - Gulf Investment Corporation (Kuwait)
- Board Member - Volkswagen (Germany)

### Group CEO



**Mr. Adel Mustafawi**

**Other positions:**

- Vice Chairman - Qatar Sports Investment
- Vice Chairman - Paris Saint Germain F.C
- Board Member - Al Rayan Bank PLC
- Board Member - Msheireb Properties

### Board Members

**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

**Sheikh Nasser Bin Hamad 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

**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

**Mr. Sheikh Ali Bin Jassim M Al-Thani**

*Board Member*

- *Select other roles:* Chairman - Qatar Navigation, Board Member - Nakilat

**Mr. Sheikh Khalifa Bin Thani Bin Abdulla**

*Board Member*

## 2. Key Financial Highlights

### Balance Sheet

- Total assets reached \$28,167 million compared to \$27,594 million on 30 June 2018.
- Financing activities increased to \$20,547 million compared to \$20,076 million on 30 June 2018, an increase of 2.3%.
- Investments increased to \$5,630 million compared to \$5,467 million on 30 June 2018, an increase of 3.0%.
- Customer deposits totaled \$17,693 million compared to \$17,223 million on 30 June 2018, an increase of 2.7%.

### Income statement

- Net profit totalled \$296 million for the six months ended 30 June 2019, compared to \$293 million for the corresponding period in 2018.
- Operating income for the period increased by 4.8% at \$700 million as compared to \$668 million for the same period in 2018.

### Financial Ratios

- Return on average assets of **2.2%**
- Return on average shareholders' equity of the Bank of **16.50%**
- Earnings per share for the period reached QAR **0.144**
- Book value per share reached **\$0.47**
- Operational Efficiency ratio is **23.5%**.

## 2.1 Profitability

(USD Million)

<b>SUMMARY INCOME STATEMENT</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Q2 2019</b>
Operating Income	917	1,031	1,194	1,339	700
Return to investment accountholders and Finance expenses	(202)	(334)	(442)	(573)	(314)
Administrative, net impairment and tax	(158)	(127)	(191)	(178)	(89)
<b>Net Income</b>	<b>557</b>	<b>570</b>	<b>561</b>	<b>588</b>	<b>297</b>
<b>Net Income to Equity holders of the bar</b>	<b>570</b>	<b>570</b>	<b>557</b>	<b>585</b>	<b>296</b>

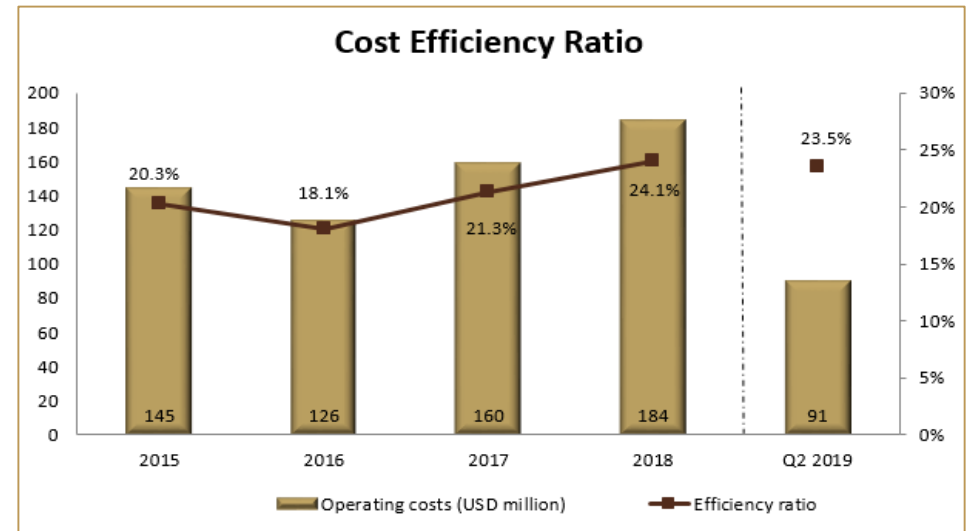
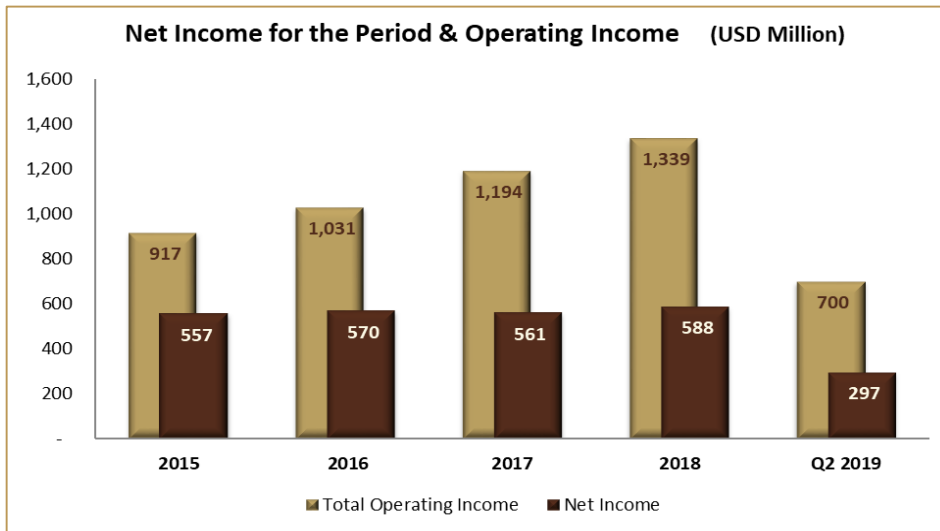
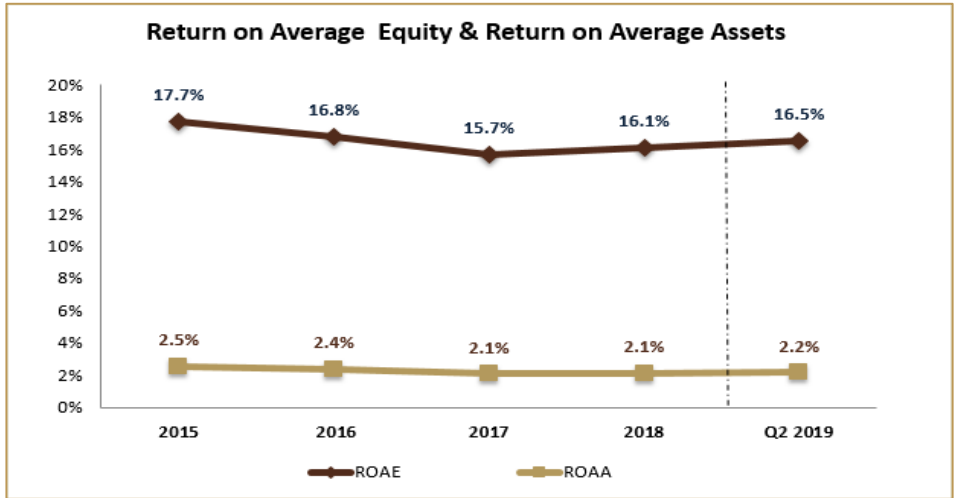
### EFFICIENCY

Return on average equity (ROAE)	17.7%	16.8%	15.7%	16.1%	16.5%
Return on average assets (ROAA)	2.5%	2.4%	2.1%	2.1%	2.2%
Efficiency ratio	20.3%	18.1%	21.3%	24.1%	23.5%



## Stable Profitability

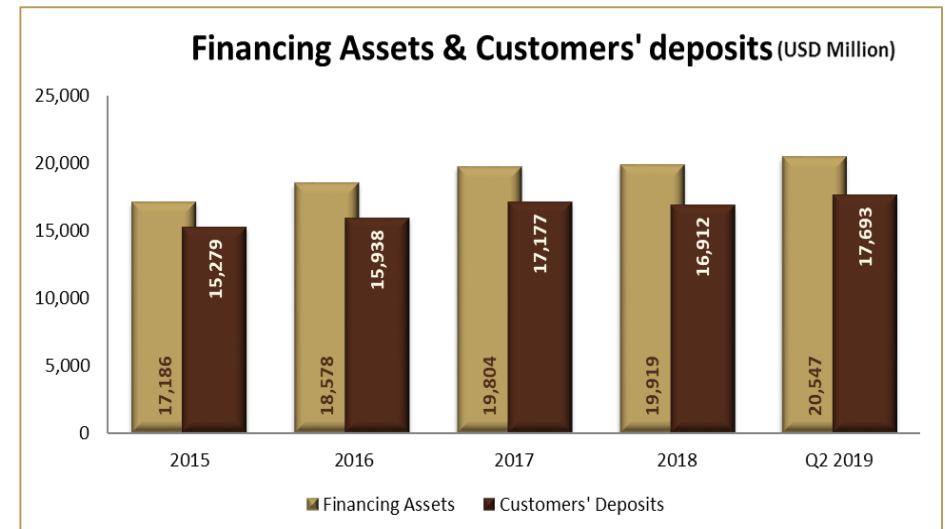
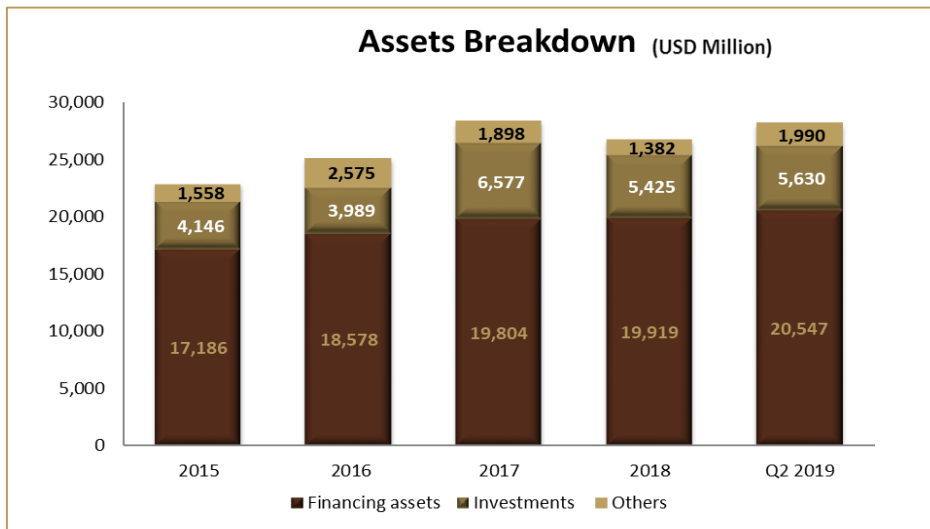
- Masraf Al Rayan maintains a leading position on the return on average assets, which stood at 2.2% p.a. on 30 June 2019.
- The bank has a track record of generating high returns for its shareholders. The Bank's return on average equity (ROAE) stood in excess of 15% from 2015 to 2019, while earnings per share increased from QAR 0.276 to QAR 0.284 during this time.



Exchange rate of USD / QAR = 3.6405 is used throughout the presentation

## 2.2 Balance Sheet

SUMMARY BALANCE SHEET	(USD Million)				
	2015	2016	2017	2018	Q2 2019
Total assets	22,890	25,142	28,279	26,726	28,167
Financing assets	17,186	18,578	19,804	19,919	20,547
Investments	4,146	3,989	6,577	5,425	5,630
Customers' deposits	15,279	15,938	17,177	16,912	17,693
Total Equity	3,395	3,536	3,678	3,701	3,587
Book Value per share (USD)	0.441	0.465	0.483	0.486	0.471





## 2.2 Balance Sheet cont'd

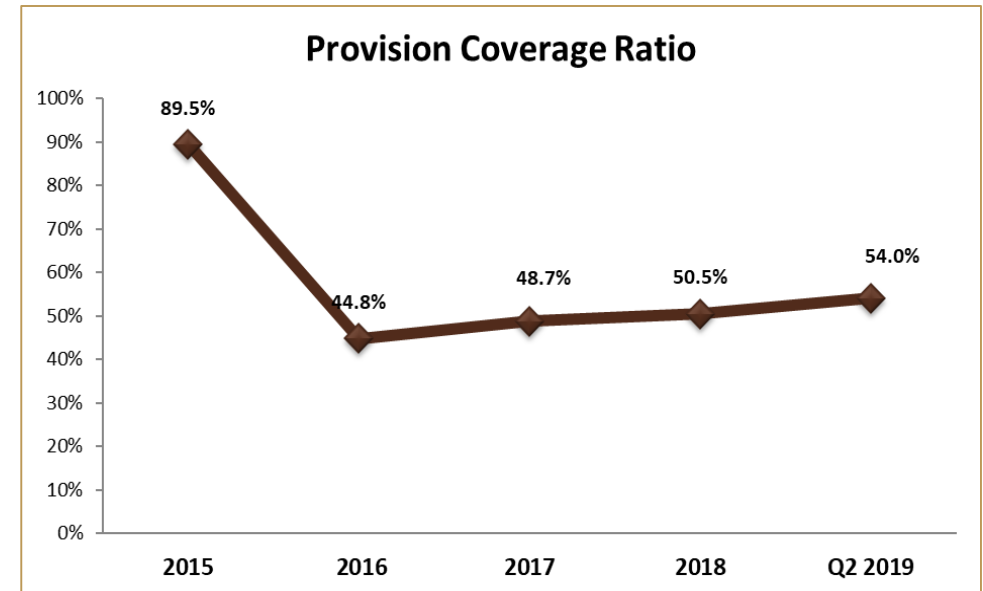
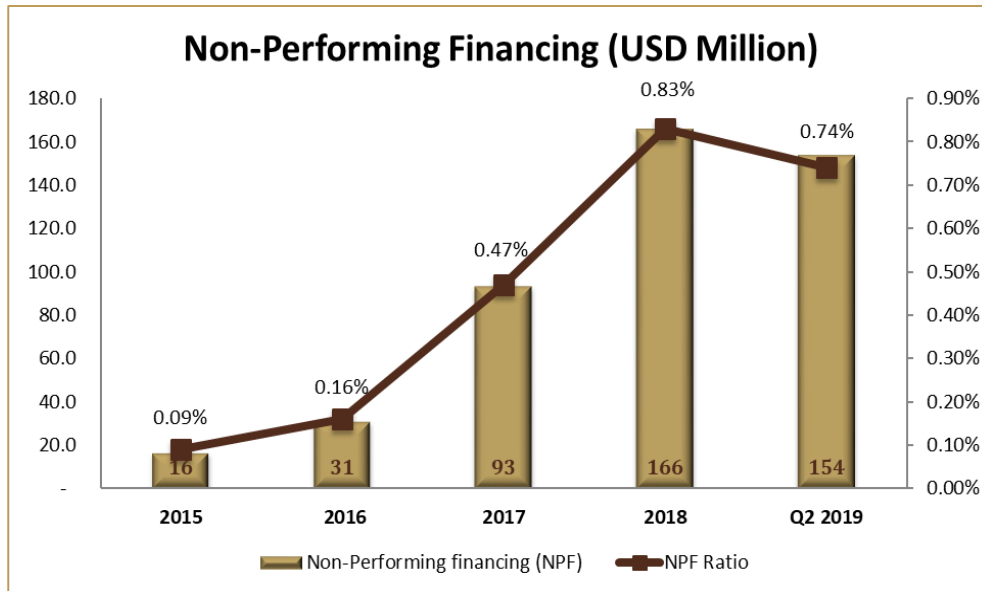
### SUBSIDIARIES & ASSOCIATES

The Bank's subsidiaries and associates as at 30 June 2019:

Entity Name	Country	Capital	Activity	Ownership %
<b>SUBSIDIARIES:</b>				
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	Investment activities	70%
Al Rayan Partners	Qatar	QAR 10,000,000	Real Estate Consulting	100%
Lusail Waterfront Investment Co.	Cayman Islands	USD 50,000	Investment activities	100%
MAR Sukuk Limited	Cayman Islands	USD 50,000	Sukuk Issuance	100%
<b>ASSOCIATES:</b>				
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 financing ratio (NPF ratio) of 0.74% as of 30 June 2019, one of the lowest NPF ratios in the banking industry.
- Conservative provision coverage ratio of 54.0%.



# 2.4 Capitalisation

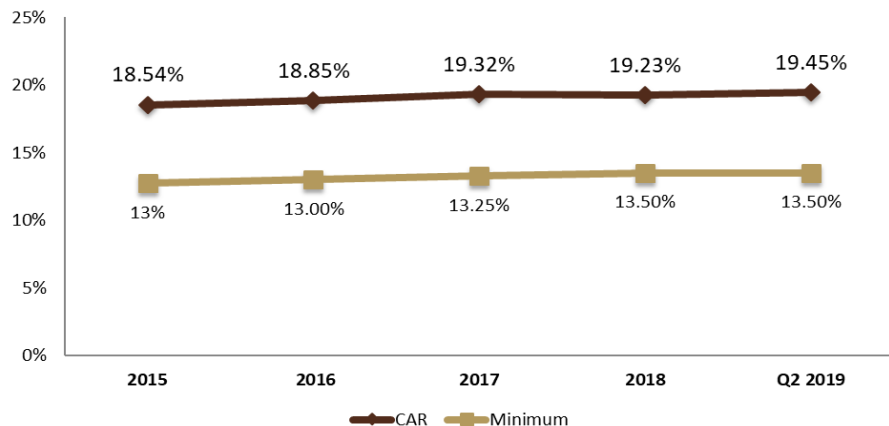
## Strengthened Capital

Equity Breakdown (USD Million)

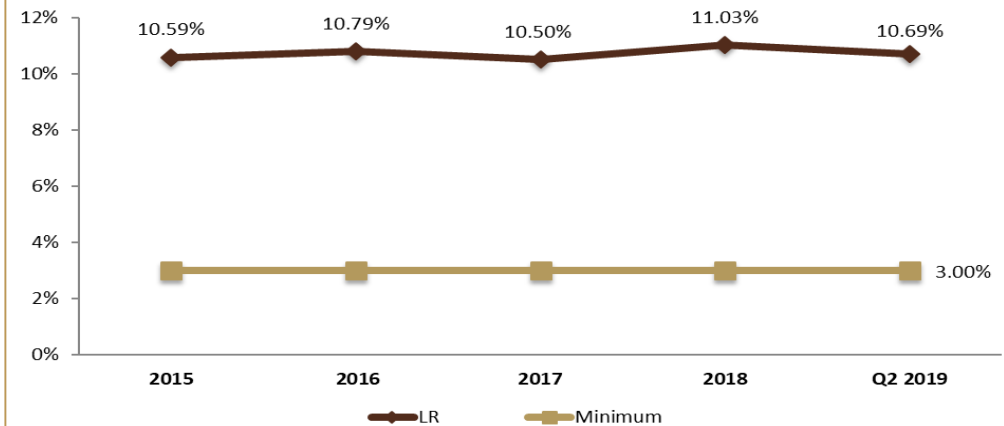


- MAR has a strong capital base with a capital adequacy ratio of 19.45% with a common equity Tier 1 (CET 1) ratio of 18.91% as at 30 June 2019, which highlights that the Bank is well capitalized.
- Well maintained non-risk based leverage ratio.
- MAR complies with the QCB's Basel III requirements to maintain a total capital adequacy ratio in excess of 13.50%.
- MAR is categorized as a Domestic Systemically Important Bank ("DSIB") and is therefore required to hold an additional capital buffer of 1% (to be met solely by core equity Tier 1 capital).

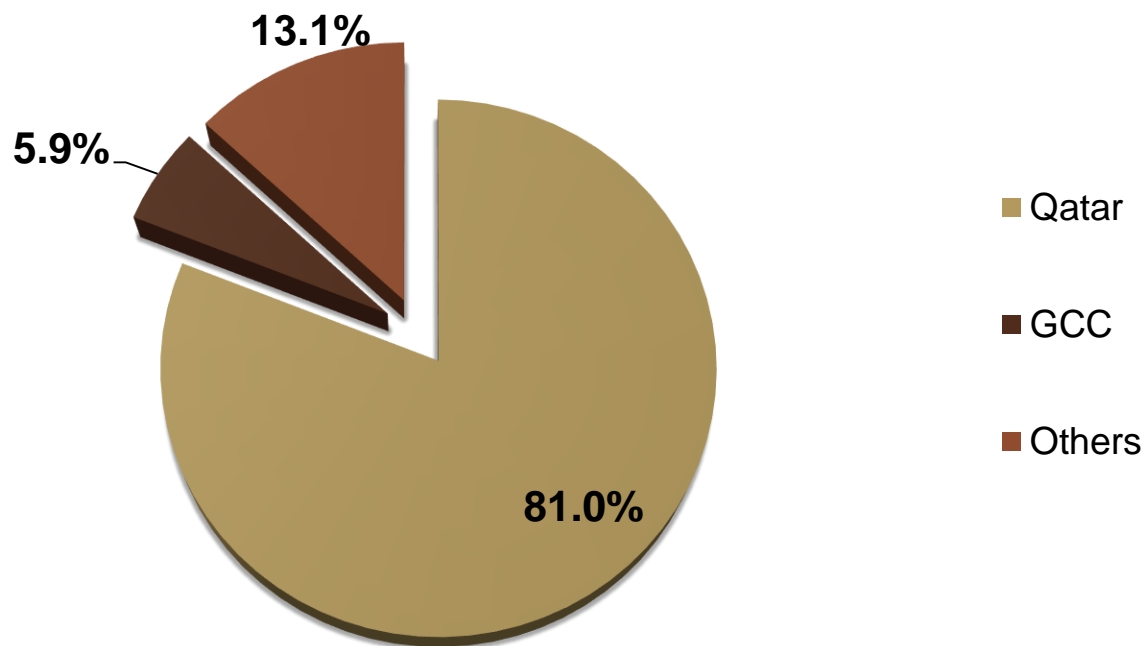
Capital Adequacy Ratio (CAR)



Leverage Ratio (LR)



## Shareholders' Information June 2019



# 3. Overview of Qatar

## Economic Fundamentals

- Qatar's economy has been preparing itself for hosting 2022 World Cup with the government now projecting the GDP and population growth levels of this the period.
- And it is Qatari Government's strong fiscal and economic policy direction that is also helping the economy to grow at the fastest rate among the GCC countries in spite of the blockade.
- Therefore, the key driver for growth in Qatar is infrastructure spending, while oil prices have also significantly improved.
- 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 enjoys one of the highest credit ratings in the world—Aa3/AA-/AA- by the Moody's, S&P and Fitch because of the government's sound macroeconomic policy and resilience.

## Outlook

- The outlook for the Qatari economy has improved, as the oil prices have picked .
- The country's budget is now also in surplus and will remain so, going forward, according to the recent figures from the Ministry of Finance

# 3. Overview of Qatar cont'd

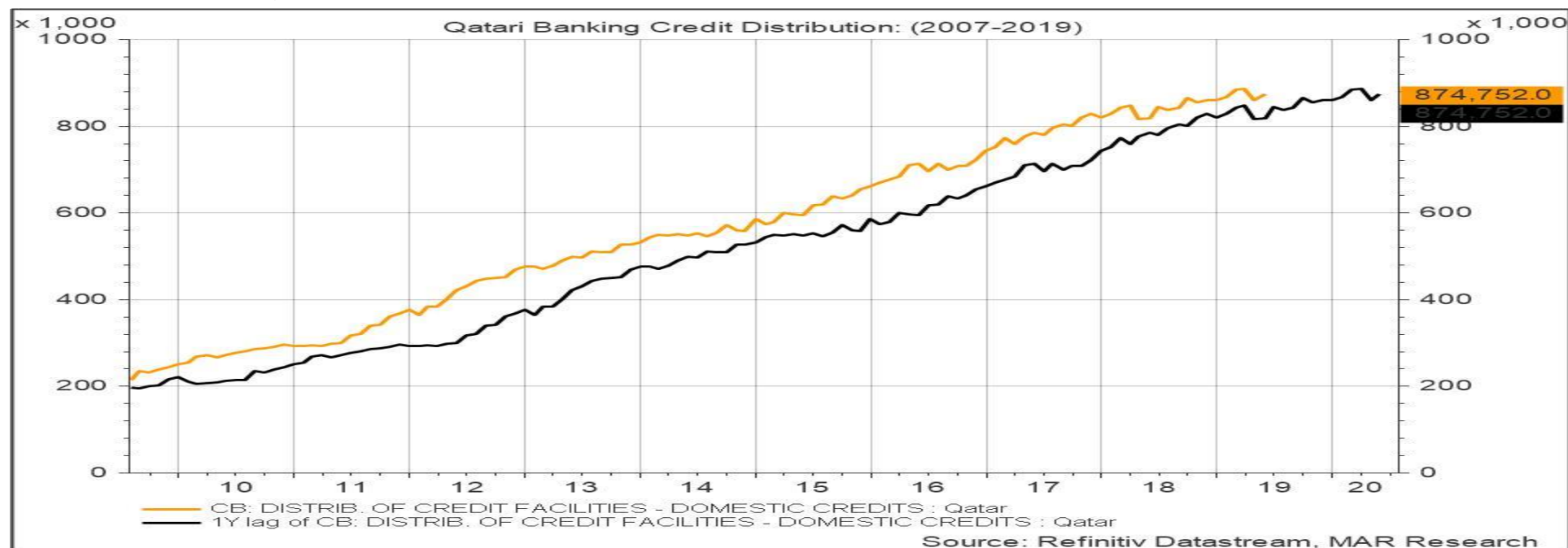
## Overview of the Qatari Banking Sector

### Snapshot of the Qatari Banking Sector

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

Banks	No.
Islamic banks	4
Conventional banks	6
State-owned bank	1
Foreign banks	7

- Banks' total assets stood at USD \$399.8 billion, as of June 30, 2019
- Qatari Banks credit growth rate and distribution have also been above trend since 2007 (See chart below).





# 4. Key Contacts

## Key Contacts

### Group Chief Executive Officer

Adel Mustafawi +974 4423 5800 [Adel.Mustafawi@alrayan.com](mailto:Adel.Mustafawi@alrayan.com)

### Chief Operating Officer

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### Al Rayan Investment

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### Treasury

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### Wholesale Banking

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### SME Banking

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### Retail Banking

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### Corporate Communication

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