



Investor Presentation

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* (28.6% market share)
- 4th largest amongst all listed Qatari banks by total assets* (7% market share)

Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 2nd largest bank in Qatar by market capitalisation (USD 7.8 bn)

Rating

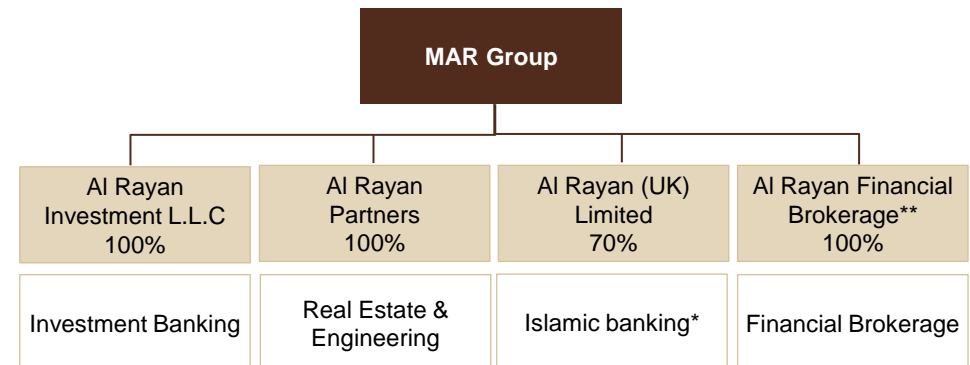
- Moody's upgraded standalone and long-term issuer ratings from A2 to A1 as of 25 August 2016
- Ratings affirmed at A1 by Moody's as of 5 July 2017, however, outlook changed from Stable to Negative

*as at 30 September 2017.

Branch Network



Subsidiaries



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

** license is frozen for two years

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
- Chairman - Kirnaf Investment and Instalment Company
- 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 - Kirnaf Investment & Installment Company
- Board Member - Al Rayan Bank PLC
- Board Member - Malomatia

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

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)

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

Mr. Sheikh Ali Bin Jassim M Al-Thani

Board Member

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

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

Mr. Abdulla Ahmed Al Maleki Al Jahni

Board Member

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

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. Ali Mohammed A S Alobaidli

Board Member

- *Select other roles:* CEO - Ezdan Holding

2. Key Financial Highlights

Balance Sheet

- Total assets reached \$28,279 million compared to \$25,142 million on 31 December 2016, an increase of 12.5%.
- Financing activities increased to \$19,804 million compared to \$18,578 million on 31 December 2016, an increase of 6.6%.
- Investments reached \$6,577 million compared to \$3,989 million as of 31 December 2016, an increase of 64.9%.
- Customer deposits totaled \$17,177 million compared to \$15,938 million on 31 December 2016, an increase of 7.8%.

Income statement

- Net profit totalled \$557 million for the year ended 31 December 2017, compared to \$570 million made during 2016.
- Operating income for the period increased by 15.8% at \$1,194 million as compared to \$1,031 million for the same period in 2016.

Financial Ratios

- Return on average assets of **2.1%**
- Return on average shareholders' equity of the Bank of **15.7%**
- Earnings per share for the period reached QAR **2.70**
- Book value per share reached **\$4.83**
- Operational Efficiency ratio is **21.3%**.

2.1 Profitability

(USD Million)

SUMMARY INCOME STATEMENT	2013	2014	2015	2016	2017
Operating Income	737	845	917	1,031	1,194
Return to investment accountholders and Finance expenses	(152)	(156)	(202)	(334)	(442)
Administrative, net impairment and tax	(107)	(136)	(158)	(127)	(191)
Net Income	478	553	557	570	561
Net Income to Equity holders of the bank	468	550	570	570	557

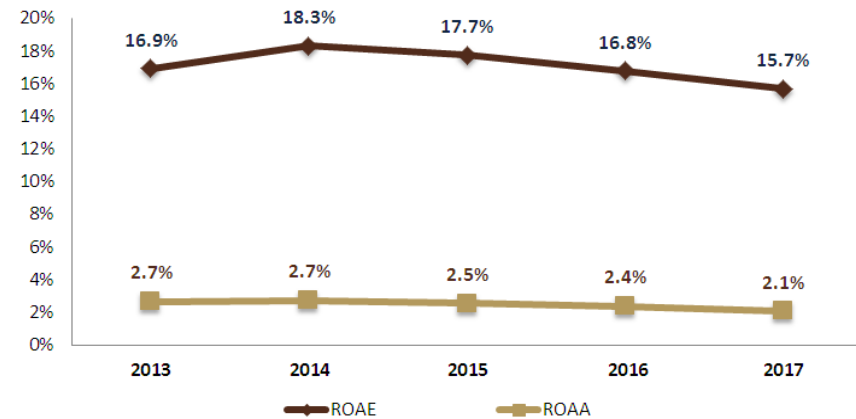
EFFICIENCY

Return on average equity (ROAE)	16.9%	18.3%	17.7%	16.8%	15.7%
Return on average assets (ROAA)	2.7%	2.7%	2.5%	2.4%	2.1%
Efficiency ratio	18.8%	19.2%	20.3%	18.1%	21.3%

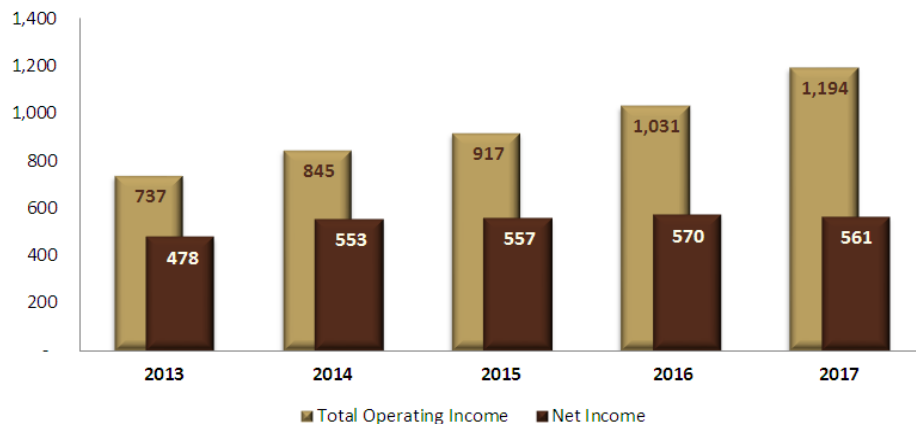
Stable Profitability

- Masraf AlRayan is maintaining a leading position on the return on average assets, which stood at 2.1% on 31 December 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 15% from 2013 to 2017, while earning per share increased from QAR2.27 to QAR2.70 during this time.

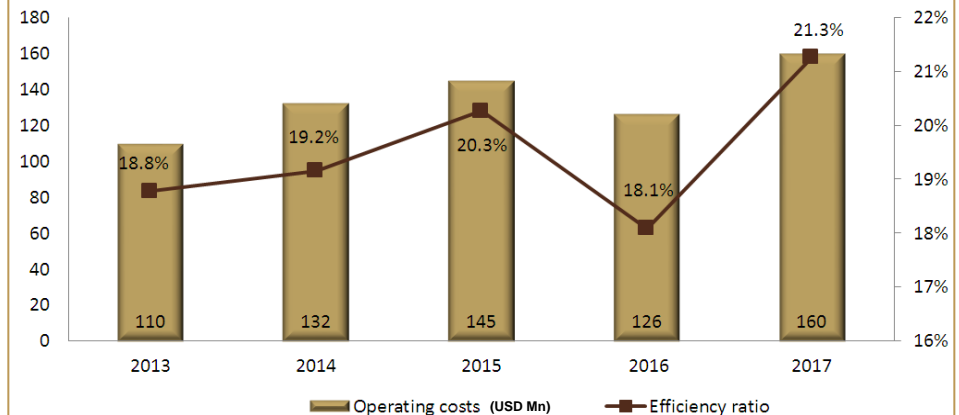
Return on Average Equity & Return on Average Assets



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



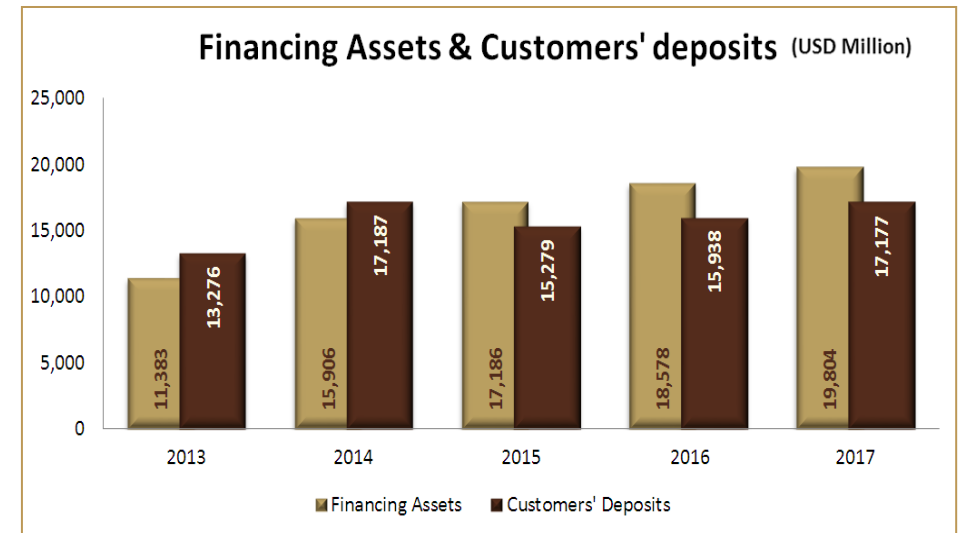
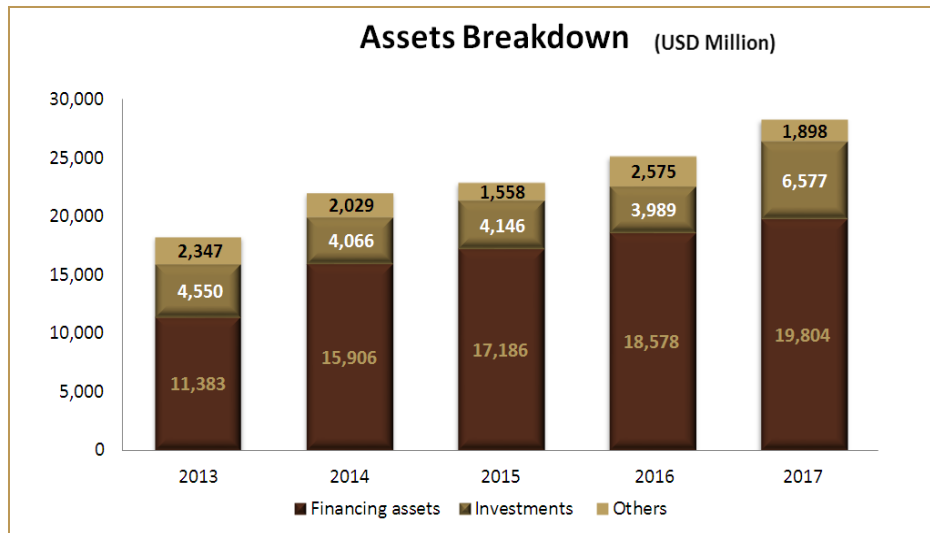
Cost Efficiency Ratio



2.2 Balance Sheet

(USD Million)

SUMMARY BALANCE SHEET	2013	2014	2015	2016	2017
Total assets	18,280	22,001	22,890	25,142	28,279
Financing assets	11,383	15,906	17,186	18,578	19,804
Investments	4,550	4,066	4,146	3,989	6,577
Customers' deposits	13,276	17,187	15,279	15,938	17,177
Total Equity	2,940	3,219	3,395	3,536	3,678
Book Value per share (USD)	3.85	4.16	4.41	4.65	4.83



2.2 Balance Sheet cont'd

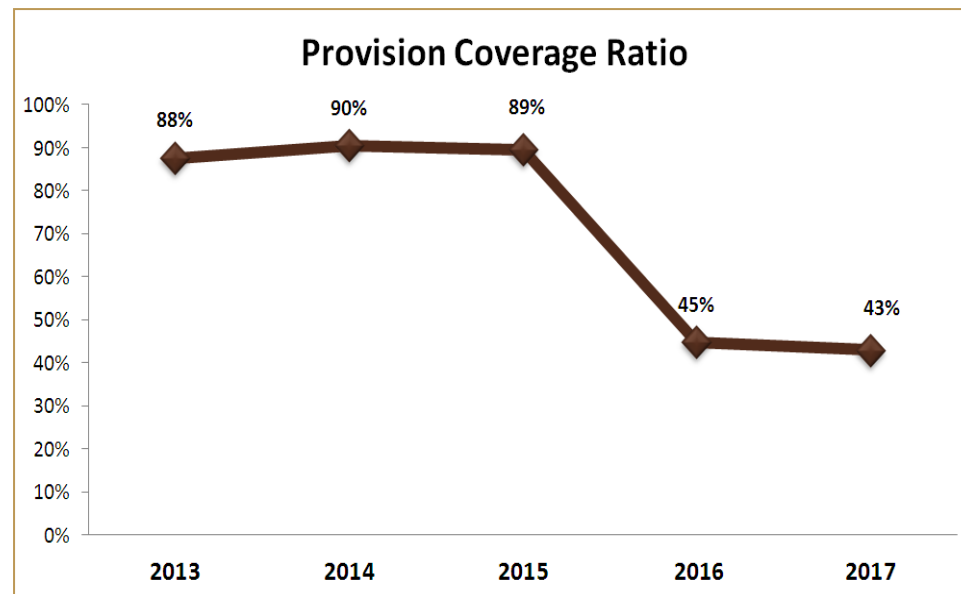
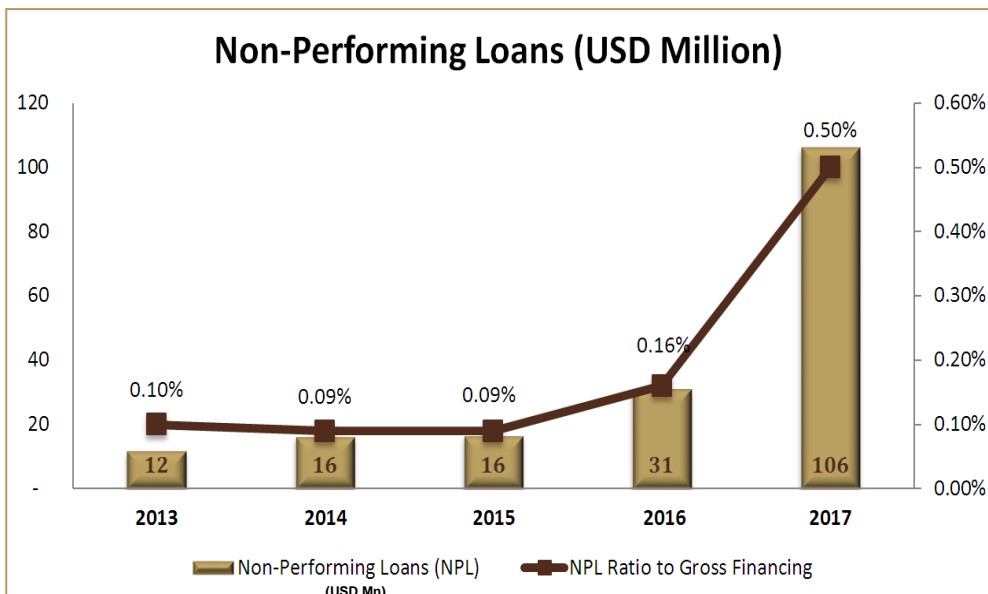
SUBSIDIARIES & ASSOCIATES

List of the Bank's subsidiaries and associates as at 31 December 2017

Entity Name	Country	Capital	Activity	Ownership %
<u>SUBSIDIARIES:</u>				
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%
Lusail Waterfront Investment	Cayman Islands	USD 50,000	Investment activities	100%
<u>ASSOCIATES:</u>				
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%

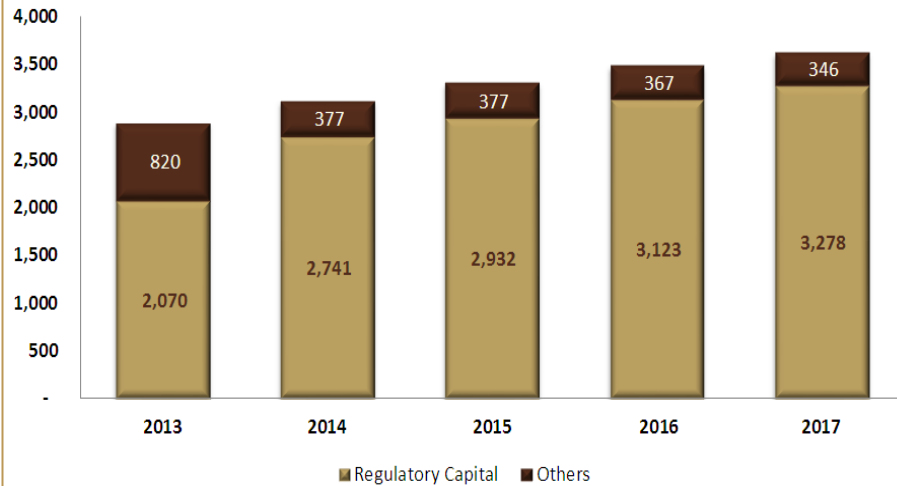
Strong Asset Quality

- 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 (NPF ratio) of 0.50 % as of 31 December 2017, one of the lowest NPF ratios in the banking industry.
- Conservative provision coverage ratio of 43%.



2.4 Capitalisation

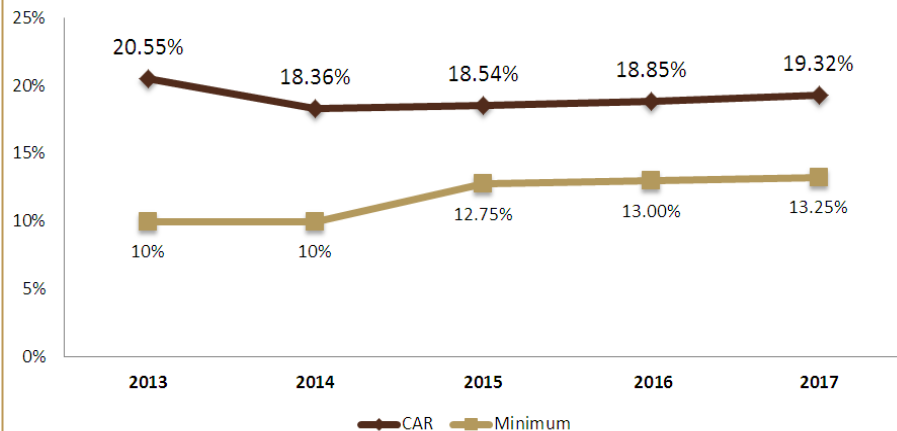
Equity Breakdown (USD Million)



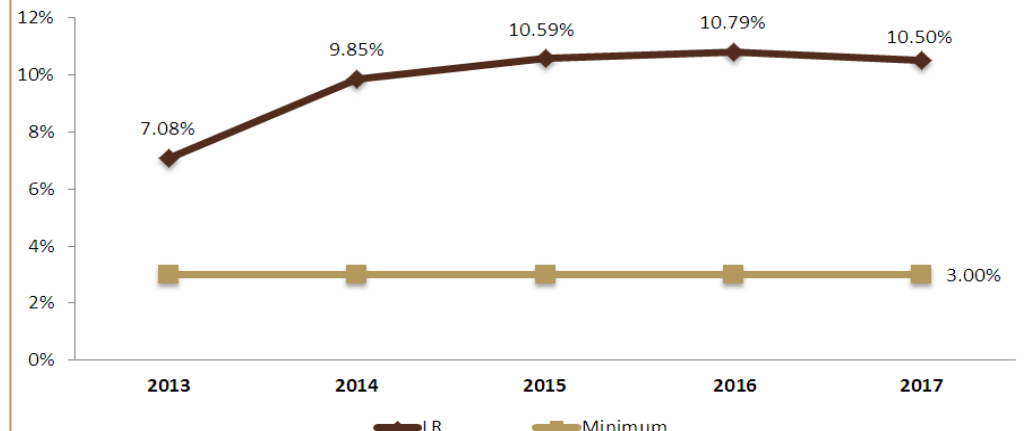
Strengthened Capital

- MAR has a strong capital base with a capital adequacy ratio of 19.32% with a core capital Tier 1 ratio of 19.26% as at 31 December 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).

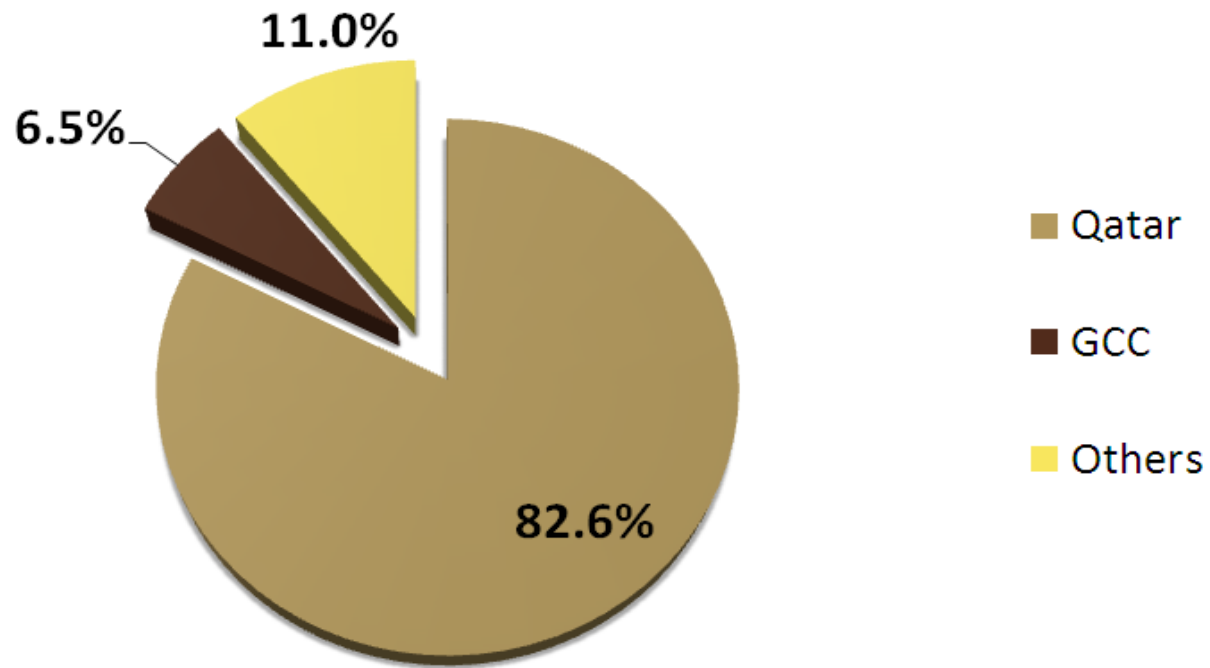
Capital Adequacy Ratio (CAR)



Leverage Ratio (LR)



Shareholders' Information December 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 even if this current standoff continues, the local Qatari economy has already been 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, while oil prices have also 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 also still 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 up—e.g., Qatar's December trade surplus jumped 39.1%, y/y, according to recent data. Qatar's money supply (M2) also increased in December by 21.3%, y/y, which is a sign of liquidity in the country improving.
- 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

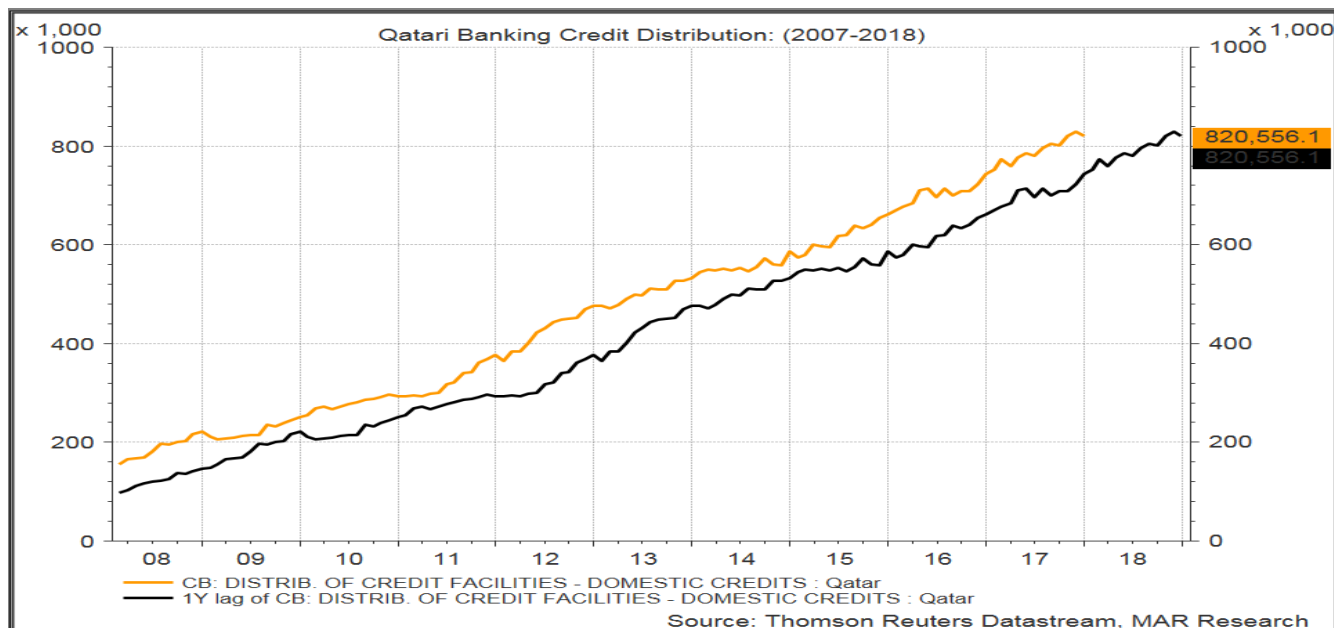
Overview of the Qatari Banking Sector

Snapshot of the Qatari Banking Sector

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

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

- Banks' total assets stood at USD \$374.6 billion, as December 31, 2017
- Qatari Banks credit growth rate and distribution have also been above trend since 2007 (See chart below).



4. Key Contacts

Group Chief Executive Officer

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Chief Operating Officer

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