



مصرف الريان  
MASRAF AL RAYAN

# Investor Presentation

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## Financial Results- H1 2023

July, 2023

# Content

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# Introduction to Masraf Al Rayan

# Introduction to Masraf Al Rayan Corporate Profile

## Overview

### Profile

- Islamic bank incorporated in Qatar on January 4 2006 and licensed by the Qatar Central Bank
- Classified as a DSIB (Domestic Systemically Important Bank)
- Legal merger completed on December 1, 2021 with Al Khaliji commercial Bank P.Q.S.C

### Business Lines

- Corporate Banking & SME
- Retail & Private Banking
- Treasury & Financial Institutions
- Asset Management & Financial Advisory
- International Operations (UK, France and U.A.E)

### Market Share

- 2nd largest listed Islamic bank in Qatar by total assets (32 % market share)\*
- 3rd largest listed Qatari bank by total loans (9.3 % market share)\*\*

### Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization(QAR 23.8 b)\*\*\*
- Total ordinary shares issued 9.3 billion

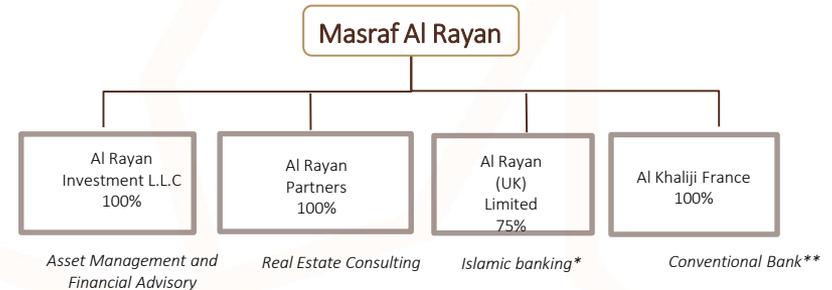
### Rating

- MAR's credit rating re-affirmed at A1
- Negative outlook, baseline credit assessment and adjusted baseline credit assessment: baa2

## Network



## Subsidiaries



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

\*\* Masraf Al Rayan owns 100% of Al Khaliji France (S.A) which also operates 2 branches in U.A.E and 1 branch in Paris, France

Masraf Al Rayan has 100% ownership in MAR Sukuk Ltd., Lusail Waterfront Investment Co, AKCB Finance Ltd, AKCB Markets Ltd, Lusail Limited, and MAR Finance LLC

# Introduction to Masraf Al Rayan

## Ownership structure

### Shareholding Structure

Qatari Ownership:	78.45% (mainly Govt. & GREs)
Govt. /GRE:	33.80% (Major shareholders below)
Other Shareholding:	31.06 %Corporations, & 35.13% Retail
Shareholders count:	184 K (of which 133 K Outside Qatar)
Listing:	Qatar Stock Exchange
Regulators	Qatar central Bank; Qatar Financial Market Authority

### Credit Rating (Moody's)

Long-term and short-term foreign currency and local currency issuer ratings: **A1/Prime-1**

Baseline credit assessment and adjusted baseline credit assessment: **baa2**

Counterparty Risk Assessment: **Aa3(cr)/Stable(cr)**

Negative outlook

### Share Overview

MAR shares

- listed on the Qatar Stock Exchange

Symbol

- MARK

ISIN

- QA000A0M8VM3

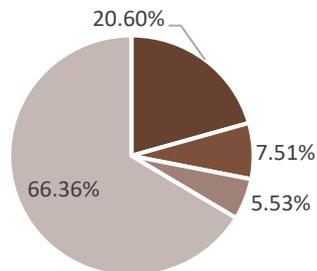
Market cap

- QAR 23.8 bn

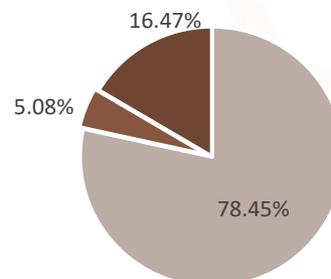
Valuation multiples

- P/B 1.04

Top Shareholders



Shareholding by Country



- QIA
- QAF investment portfolio
- Qatar
- GCC
- Other
- Pension Fund
- Others

# Introduction to Masraf Al Rayan

## Our Board of Directors

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

### Chairman of the Board



H.E. Sheikh Mohamed Bin Hamad Bin Qassim Al Thani

**Other positions:**

- Minister of Industry of Commerce
- Member of Supreme Council of Economic Affairs and Investment
- Chairman of Board of Qatar Stock Exchange
- Chairman of Advisory Board of Investment Promotion Agency
- Chairman of Board of Qatar Financial Center Authority
- Board member, Qatar Investment Authority
- Board member, Qatar Energy

### Vice Chairman & Chair of the Executive



H.E. Sheikh Hamad Bin Faisal Bin Thani Al Thani

**Other positions:**

- Vice Chairman, Qatari Investors Group
- Board Member, Qatari Businessmen Association
- Chairman, Qatar Insurance Company (QIC)
- Board Member, Vodafone Qatar

### Board Members



Sheikh Ali Bin Jassim M Al-Thani

**Other positions:**

- Board Member, Qatar General insurance and reinsurance
- CEO adviser, QIA
- Vice Chairman, Al Nuran Bank
- Board member, Al Salam International Investment



Mr. Turki Mohammed Al Khater

**Other positions:**

- Chairman, United Development Company
- Board Member, Ooredoo (Qatar).
- President, General Retirement & Social Insurance Authority



Mr. Nasser Jaralla S. Jaralla Al Marri

**Other positions:**

- Board member, United Development Company
- Board Member, Vodafone
- Chairman, Head of Finance Department at Ministry of Defence



Sheikh Nasser Bin Hamad Al Thani

**Other positions:**

- Board Member, Ooredoo (Oman).
- Chief Commercial Officer, Ooredoo



Mr. Abdulrahman Mohammed Al Khayareen

**Other positions:**

- Board Member, Barwa Real estate



Mohamed Jaber Ahmed Khasim Al Sulaiti

**Other positions:**

- CEO and MD of Al Ahd Holding



Abdulla Hamad Al Minsad

**Other positions:**

- Head of Executive office of the HE Prime minister
- Deputy CEO, Qatar Free Zone



Mohammed Al Saadi

# Introduction to Masraf Al Rayan Management team



**FAHAD AL KHALIFA**

Group Chief Executive Officer



**HAMAD AL KUBAISI**

Group Chief HR Officer



**OMAR AL EMADI**

Group Chief Business Officer



**STUART RENNIE**

Group Chief Operation Officer



**ALEXIS NEESON**

Group Chief Risk officer



**RONAN DODGSON**

Acting Group Chief Financial Officer



**TAHIR PIRZADA**

GM, Group Treasurer and FI



**EMAN AL NAEMI**

AGM, Corporate Communications



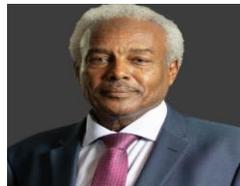
**MUTAZ DANA**

GM, Group Compliance and AML



**ADEL ATTIA**

GM, Group Internal Audit



**ABDELMONEM EL HASSAN**

GM, Group Legal Council



**FAWZI SIAM**

AGM, Sharia Audit

# Introduction to Masraf Al Rayan

## A bank with many strengths



### Strong fundamentals underpinned by Qatari government related franchise, stable profitability and high capitalization

- Robust capitalization (CAR 21.35%) well above the regulatory threshold of 13.50% for a DSIB
- Financing exposure to Government and GREs entities 46% of portfolio
- Strong liquidity and well diversified funding base

### Diversified and innovative product/service offerings and improved geographical diversification

- Wide array of Sharia compliant financing products, deposit accounts, treasury/investment products & advisory services
- Focus on product innovation and providing customized solutions
- Established presence in the UK , France and UAE servicing European, Qatari, other GCC customers

### Strong shareholding structure and likelihood of support from Qatari authorities

- Majority Qatari ownership holding approximately 78%
- Strong government related franchise with a solid domestic asset base and funding source
- Possibility of receiving Govt. support if needed (given Govt.'s in the past supported Qatari banks)

### Experienced management team and commitment to corporate governance

- Members of the Board including the Chairman are highly respected individuals within the wider Govt. set up
- Highly experienced management team with extended years of experience
- Continuously evolving and strengthening corporate governance framework by adopting global best practices



# Introduction to Masraf Al Rayan

## Strong and stable bank



# Introduction to Masraf Al Rayan Sustainability Governance

- First Islamic bank in Qatar to launch **Sustainable Financing Framework (SSF)**; which enables:
  - ESG-linked funding opportunities to investors;
  - Use of proceeds to finance eligible assets;
  - Introduce ESG concepts in the bank;
  - Set clear ESG targets as part of strategy development;
- **MARs SSF** is **independently rated** - S&P Global Ratings, assessed the bank's Framework as 'strong' in its ESG criteria, as part of an independent Second Party Opinion;
- An **ESG Governance Committee** ("Committee") at senior management monitors implementation of Framework;
- Following establishment of the framework, the Bank launched the country's first Islamic **green deposit** in April 2022;



# Introduction to Masraf Al Rayan

## Product offering – Full suite of Islamic Banking Products



Retail Banking	Private Banking	Wholesale Banking	Treasury & FI	Investment Banking
Auto finance, Home finance, Personal finance Credit cards	Real estate and Project finance Bespoke investment solutions	Direct finance: Murabaha, Mudaraba, Ijara, Itisna'a, Tawaruq	MM placements: Murabaha, Wakala based Sukuk debt issuance	Asset Management: Mutual funds
Time deposits Saving accounts Current accounts	Business planning Credit planning and management	Trade finance: Letter of credit, Murabaha LC, Finance Guarantee	Sukuk investment in LCY/FCY Equity investment	Financial Advisory: Equity Capital Market & Debt Capital Market
Digital banking, ATMs	Asset management/ Wealth protection	Syndicated financing Cash management	FX SWAP/Forward Profit rate swap Options	Financial Advisory : M&A, IPO's



# Introduction to Masraf Al Rayan

## Key Recognitions in 2023, 2022



# Financial Highlights and Performance



# Financial Highlights and Performance

## H1-2023 Summary

### Balance Sheet

- Total assets QAR 160,468 million compared to QAR 167,533 million on 31 December 2022;
- Financing activities at QAR 111,812 million compared to QAR 117,859 million on 31 December 2022;
- Investments securities at QAR 34,328 million, compared to QAR 31,477 million on 31 December 2022;
- Customer deposits totaled QAR 88,864 million compared to QAR 97,292 million on 31 December 2022;

### Income statement

- Net profit totalled QAR 765 million for H1 2023, compared to QAR 1,000 million for the same period in 2022;
- Total income for H1 2023 totalled QAR 4,613 million as compared to QAR 3,269 million for the same period in 2022

### Financial Ratios

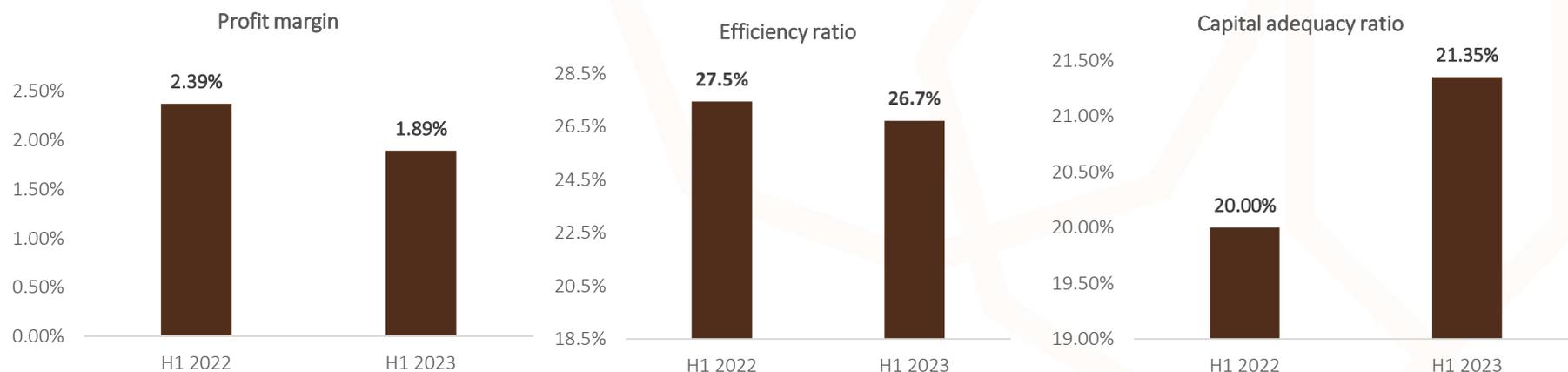
- Net Profit margin of 1.89 %;
- Return on average equity of 6.64%;
- Earnings per share for the period is QAR 0.082;
- Book value per share at QAR 2.47;
- Operational Efficiency ratio is 26.7%
- Non-performing financing (NPF) ratio of 6.41%

# Financial Highlights and Performance

## Income statement H1-2023

Income statement (QAR million)	H1 2023	H1 2022	YoY
Total income	4,613	3,269	41.1%
Net operating profit	1,813	2,302	-21.2%
Operating expenses	485	632	23.3%
Pre impairment profit	1,329	1,670	-20.4%
Net Impairment Charges	553	661	16.4%
Net profit	776	1,009	-23.1%
Net profit attributable to shareholders	765	1,000	-23.5%

- Net profit attributable to the Equity holders of the bank totalled QAR 765 million for the H1 2023.
- Operating expenses dropped by 23.3%, compared to H1-2022.



# Financial Highlights and Performance

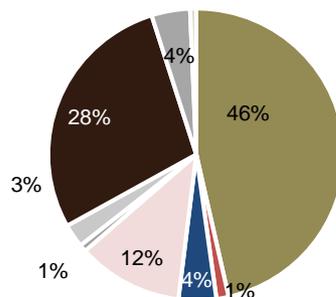
## Balance Sheet H1-2023

Balance Sheet (QAR billion)	H1 2023	H1 2022	YoY
Total Assets	160	168	-4.2%
Financing assets	112	118	-5.1%
Investments securities	34	31	9.1%
Deposits	89	97	-8.7%
Total Equity	24.2	24.3	-0.5%

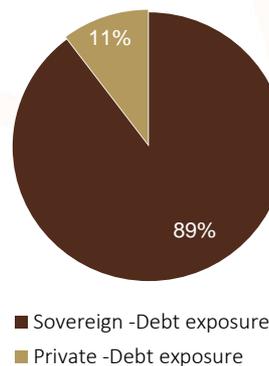
- **Financing Assets QAR 112 b:** of which 46 % exposure to Govt. & GRE's;
- **Investment securities QAR 34 b:** of which 89% exposure is Sovereign Debt;
- **Deposits QAR 89 b:** well diversified mix of Govt., Corporate and Personal banking segments

Financing Assets - Breakdown by Industry

- Govt and GREs
- Industry
- Commercial
- Services
- Non-banking FI's
- Contracting
- Real estate
- Personal
- Others

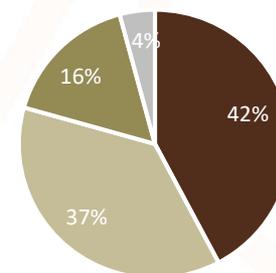


Investment securities



Customer deposits - Breakdown by Sector

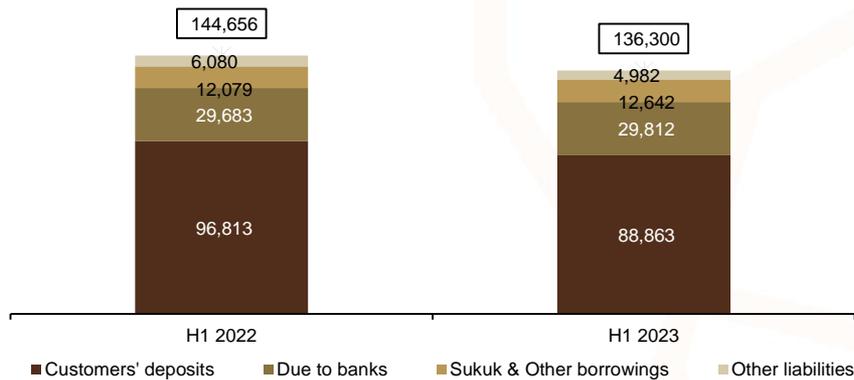
- Government and GRE
- Corporate
- Personal
- Non Bank Financial Institutions



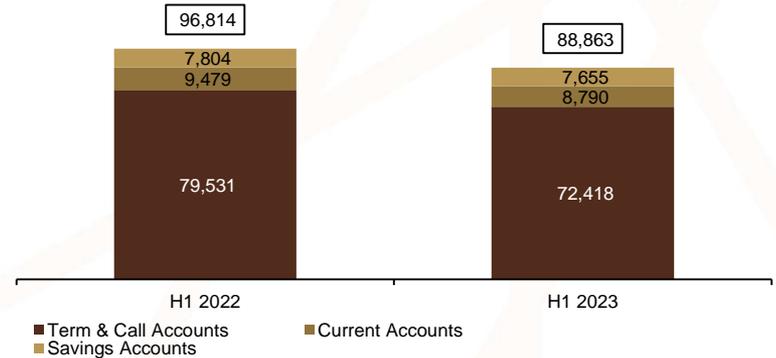
# Financial Highlights and Performance

## Funding & Liquidity H1-2023

### Funding Mix – QAR m



### Deposit Mix – QAR m



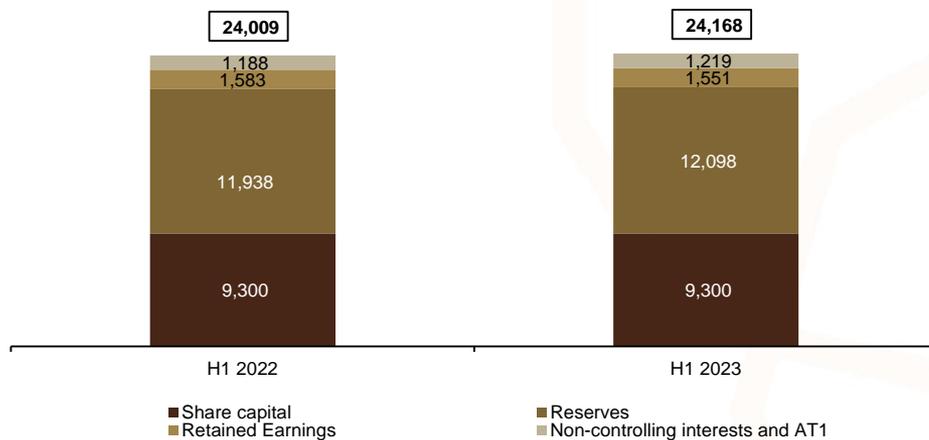
### Key Highlights

- 89% Investment book being High Quality Sovereign Debt, provides access to liquidity through Repo funding;
- MAR Sukuk Programme established in 2019, to further diversify funding base;
- Well diversified funding mix (22.7% Due to Banks, 9.6 % Sukuk & other borrowings and 67.7% Customer Deposits);

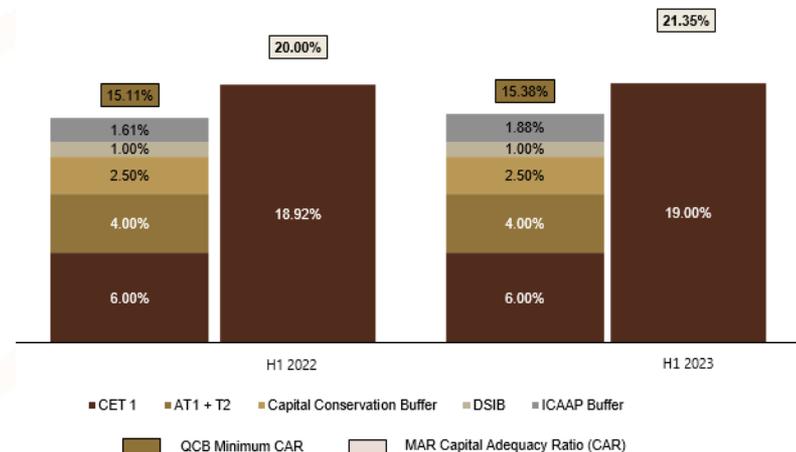
# Financial Highlights and Performance

## Capital Adequacy H1-2023

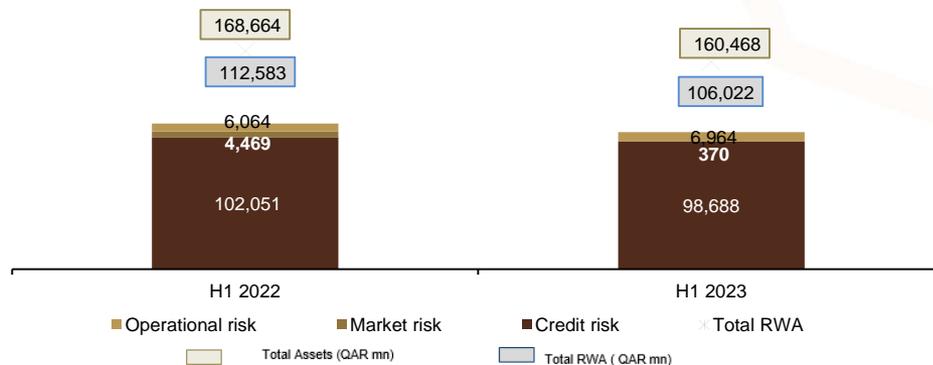
### Equity Breakup



### Capitalisation %



### Risk Weighted Assets



### Key Highlights

- Strong capitalization level - CAR (inclusive of CET1 capital of 19%) of 21.35% as at 30 Jun 2023, well above the minimum regulatory requirements of 13.50% (including ICAAP buffer: 15.38%);
- As a Domestic Systemically Important Bank (DSIB), the Bank is required to maintain an additional buffer of 1.00% as of 30 Jun 2023;

# Operating Segments

# Operating Segments H1-2023

For the purpose of financial reporting, the Bank provides breakdown by five segments that are managed separately based on the Bank's management and internal reporting structure

## Corporate Banking

- Core driver of the Bank's business.
  - Diverse range of Sharia compliant financial products and services and cash management services
  - Principal products include Murabaha, Ijarah, Ijarah Muntahia Bittamleek, Musharaka and Istisna'a.
  - Client base includes Govt. and GREs, large corporates and small and medium enterprises



	H1 2023	
	QAR mn	% of Total*
<b>Total Assets</b>	74,081	46.2%
<b>Total Revenue</b>	2,464	53.4%
<b>Net operating income</b>	1,199	66.1%

## Retail Banking

- Diverse range of Sharia compliant retail banking products and services
  - Wide network of branches and ATMs, as well as alternative distribution channels (internet banking, mobile banking and telephone banking)
  - Private Banking segment focuses on providing a high-quality service to high net worth individuals in Qatar and abroad



	H1 2023	
	QAR mn	% of Total*
<b>Total Assets</b>	28,210	17.6%
<b>Total Revenue</b>	940	20.4%
<b>Net operating income</b>	574	31.6%

## International Operations

- Represents contribution from the Bank's international location, Al Rayan Bank PLC (UK based subsidiary)
  - Al Rayan Bank PLC is the oldest and largest Sharia Compliant Retail Bank in the UK
  - Al Rayan Bank PLC services over 85,000 personal, business and premier customers and currently has branches strategically located across the UK



	H1 2023	
	QAR mn	% of Total*
<b>Total Assets</b>	13,841	8.6%
<b>Total Revenue</b>	291	6.3%
<b>Net operating income</b>	170	9.3%



# Operating Segments H1-2023

For the purpose of financial reporting, the Bank provides breakdown by five segments that are managed separately based on the Bank's management and internal reporting structure

## Treasury and Financial Institutions

- 4
- Core driver of the Bank's business.
  - Undertake the Group's funding and centralized risk management activities through borrowings, sukuk and debt financing, use of Shari'a compliant instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities

	H1 2023	
	QAR mn	% of Total*
<b>Total Assets</b>	40,555	25.3%
<b>Total Revenue</b>	803	17.4%
<b>Net operating income</b>	-244	-13.5%

## Asset Management and Financial Advisory

- 5
- Represents contribution from the Bank's fully-owned investment banking arm, Al Rayan Investment LLC (ARI);
  - ARI has three business segments: (i) Asset Management (ii) Financial Advisory and (iii) Strategic Investments
  - ARI's strategy is to provide investment products and services to meet clients' needs

	H1 2023	
	QAR mn	% of Total*
<b>Total Assets</b>	196	0.1%
<b>Total Revenue</b>	27	0.6%
<b>Net operating income</b>	27	1.5%

\* Excluding unallocated and non-Sharia compliant assets, revenues and profit related to central functions, and non-core business functions, which accounted for 2.2% of total assets as at 30 Jun 23



# Financial Statements

# Financial Statements

## Balance Sheet H1-2023

QAR mn	H1 2023	Q4 2022	H1 2022
Cash and Balances with central banks	4,976	5,088	6,111
Due from Banks	2,555	6,109	5,804
Financing Assets	111,812	117,859	118,775
Investment Securities	34,328	31,477	31,180
Investment in Associates	322	346	360
Fixed assets	959	902	772
Intangible assets	1,622	1,678	1,735
Other assets	3,894	4,074	3,927
<b>Total Assets</b>	<b>160,468</b>	<b>167,533</b>	<b>168,664</b>
Due to banks	29,812	28,805	29,683
Customer current accounts	8,790	8,737	9,479
Sukuk Financing	7,880	7,682	7,623
Other Borrowings	4,763	3,843	4,456
Other liabilities	4,982	5,629	6,080
<b>Total Liabilities</b>	<b>56,227</b>	<b>54,696</b>	<b>57,321</b>
<b>Equity of Investment Account holders</b>	<b>80,073</b>	<b>88,555</b>	<b>87,335</b>
Share Capital	9,300	9,300	9,300
Legal Reserve	9,644	9,644	9,644
Risk Reserve	2,399	2,399	2,283
Fair value reserve	29	33	44
Foreign currency translation reserve	(115)	(149)	(160)
Other reserves	141	141	127
Retained earnings	1,551	1,716	1,583
<b>Total Equity Attributable to Equity Holders of the Bank</b>	<b>22,949</b>	<b>23,084</b>	<b>22,821</b>
Non-Controlling interest	219	198	187
Instrument eligible as additional capital	1,000	1,000	1,000
<b>Total Equity</b>	<b>24,168</b>	<b>24,282</b>	<b>24,008</b>
<b>Total Liabilities, Equity of Investment Account Holders and Equity</b>	<b>160,468</b>	<b>167,533</b>	<b>168,664</b>

# Financial Statements

## Income statement H1-2023

QAR mn	H1 2023	H1 2022
Net income from financing activities	3,492	2,299
Net income from investing activities	746	574
<b>Total Net Income from Financing and Investing Activities</b>	<b>4,238</b>	<b>2,873</b>
Fee and commission income	213	209
Fee and commission expense	(4)	(1)
<b>Net Fee and Commission Income</b>	<b>209</b>	<b>208</b>
Net foreign exchange gain	78	155
Share of results of associates	24	22
Gain on sale of investment in an associate	16	-
Other income	48	10.7
<b>Total Income</b>	<b>4,613</b>	<b>3,269</b>
Staff costs	(195)	(285)
Depreciation	(84)	(94)
Other expenses	(188)	(242)
Finance expense	(1,053)	(304)
<b>Total Expenses</b>	<b>(1,520)</b>	<b>(925)</b>
Net (impairment losses) / reversal on due from banks	4	(16)
Net (impairment losses) / reversal on financing assets	(572)	(582)
Net (impairment losses) / reversal on investments	(40)	(37)
Net (impairment losses) / reversal on other balance sheet exposures	56	(27)
<b>Profit for the Period before Return to Investment Account Holders</b>	<b>2,541</b>	<b>1,682</b>
Less: Return to investment account holders	(1,747)	(662)
<b>Profit for the Period before Tax</b>	<b>794</b>	<b>1,020</b>
Tax expense	(18)	(11)
<b>Net Profit for the Year / Period</b>	<b>776</b>	<b>1,009</b>
<b>Net profit to equity holders (QAR mn)</b>	<b>765</b>	<b>1,000</b>



مصرف الريان  
MASRAF AL RAYAN

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THANK YOU

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