



Earnings Flash Note
Masraf Al Rayan
3Q 2023 / 9M 2023



Masraf Al Rayan (MARK)

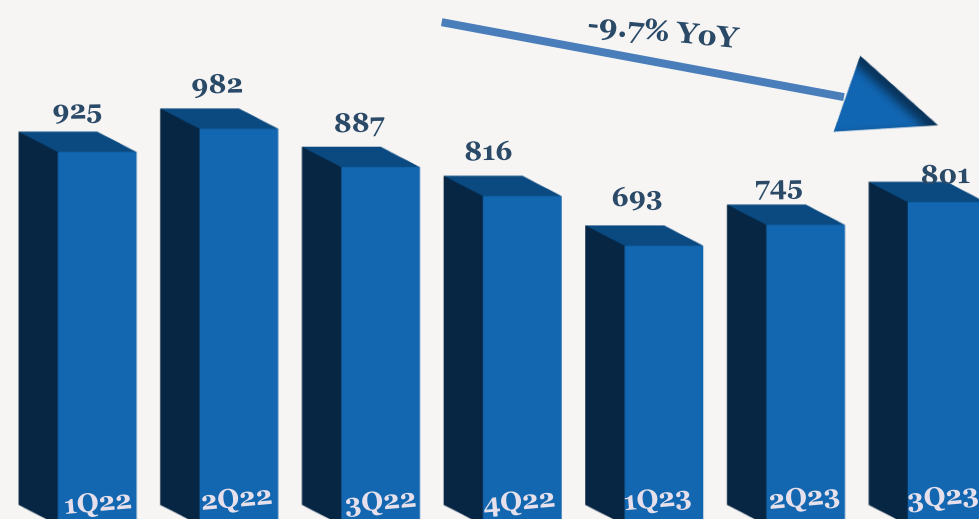
- > **Net profit increased by 42.8% YoY to QR473.0mn (+24.6% QoQ) in 3Q2023** primarily driven by reversal of net impairment losses on investment securities and other exposures subject to credit risk. For 9M2023, net profit was down by 7.0% YoY to QR1,237.6mn.
- > **Net interest & investment income fell by 9.7% YoY to QR800.8mn (+7.5% QoQ)** largely due to higher finance cost and return to investment account holders in 3Q2023 while for 9M2023, it fell by 19.9% YoY to QR2,238.9mn
- > **Cost to income ratio declined by 6.3ppts YoY and 2.4ppts QoQ to 24.5% in 3Q2023.** For 9M2023, cost of income ratio came in at 25.3% compared to 28.2% in 9M2022.
- > **For 3Q2023, EPS came at QR0.051 vs. QR0.036 in 3Q2022** while for 9M2023, EPS was 0.133 vs 0.143 in 9M2022.
- > **As of 3Q23-end, the book value per share stood at QR2.51 (9M22: QR2.48).**
- > **As of 3Q23-end, Loans & advances were QR109.9bn (-5.7% YoY, -1.7% QoQ)** while Customer deposits decreased by 0.9% YoY to QR92.5bn (+4.1% QoQ).
- > **As of 26th Oct 2023, the stock has decreased 40.2% YTD**, underperforming the QSE index, which was down by 12.7% YTD.
- > **The stock is currently trading at a TTM P/B multiple of 0.89x**, lower than its 3Y historical average of 1.84x. For now, we maintain our PT of QR 3.11/share and accumulate rating.

3Q/9M 2023 Earnings Performance

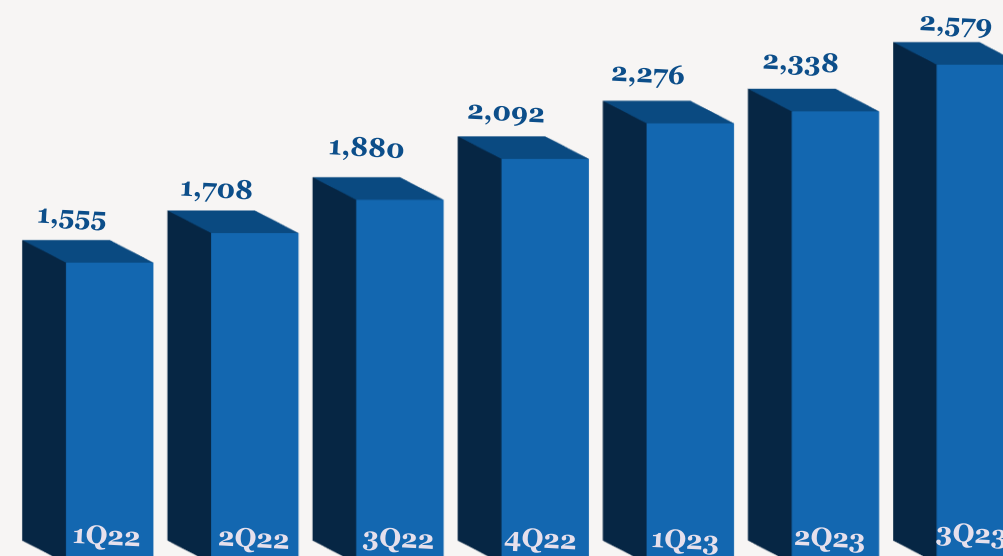
	3Q2023	3Q2022	YoY	2Q2023	QoQ	9M2023	9M2022	YoY
Net Interest & Investment Income	801	887	-9.7%	745	7.5%	2,239	2,794	-19.9%
Net Interest Margin %	2.13%	2.31%		1.94%		1.94%	2.40%	
Net Fee and Commission Income	119	133	-10.1%	94.8	25.9%	328	340	-3.6%
Total Income	2,579	1,880	37.2%	2,338	10.3%	7,192	5,148	39.7%
Cost/Income Ratio %	24.5%	30.8%		26.9%		25.3%	28.2%	
Net Profit	473	331	42.8%	380	24.6%	1,238	1,331	-7.0%
Book Value Per Ordinary Share (QR)	2.51	2.48	1.2%	2.47	1.9%	2.51	2.48	1.2%
EPS (QR)	0.051	0.036	42.8%	0.041	24.6%	0.133	0.143	-7.0%
Loans & Advances	109,947	116,641	-5.7%	111,812	-1.7%	109,947	116,641	-5.7%
Customer Deposits	92,509	93,307	-0.9%	88,864	4.1%	92,509	93,307	-0.9%

Note: Values are expressed in QR'mn unless explicitly stated

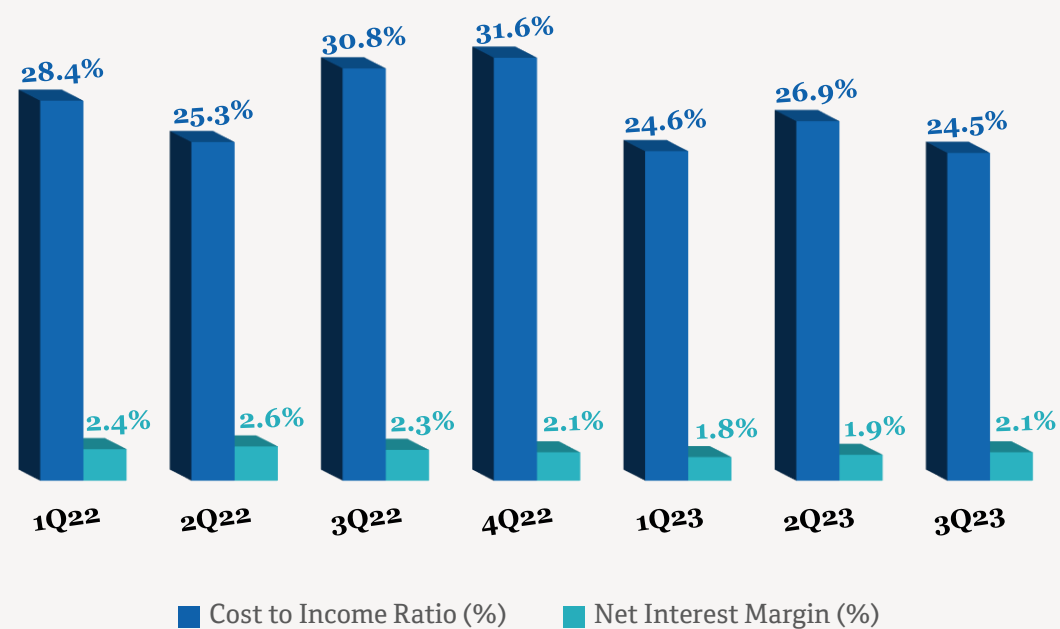
Quarterly Net Interest & Investment Income Trend (QRmn)



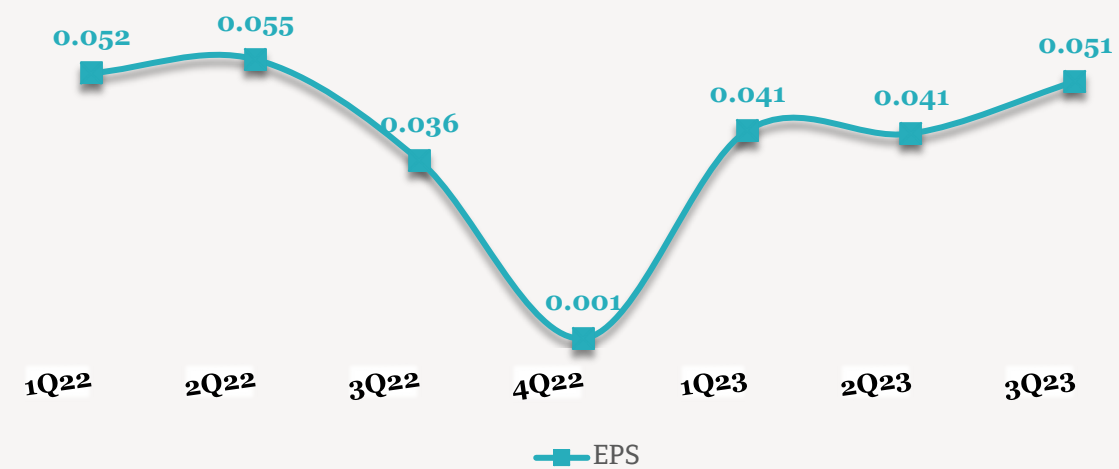
Quarterly Total Income Trend (QRmn)



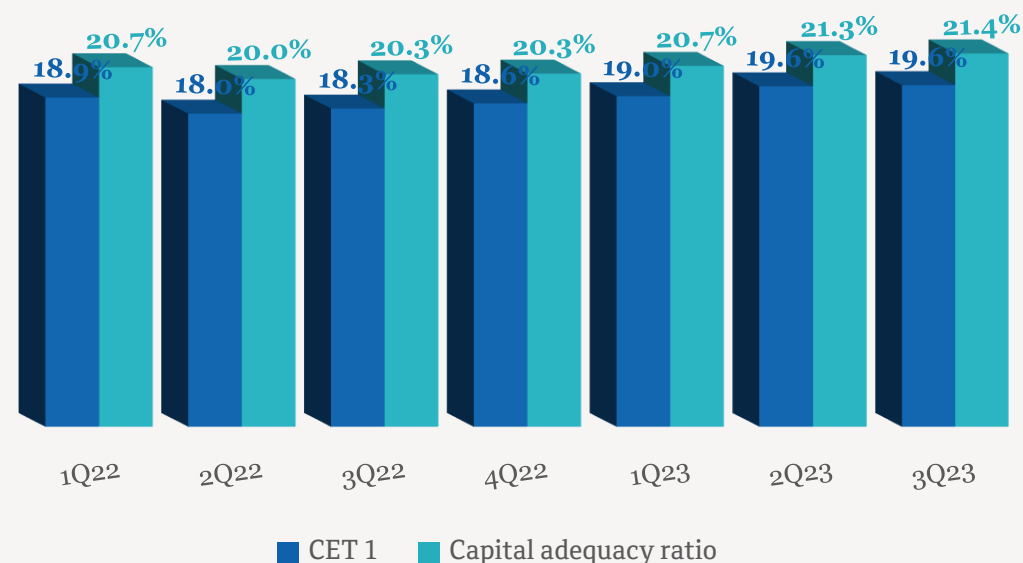
Quarterly Ratio Trend



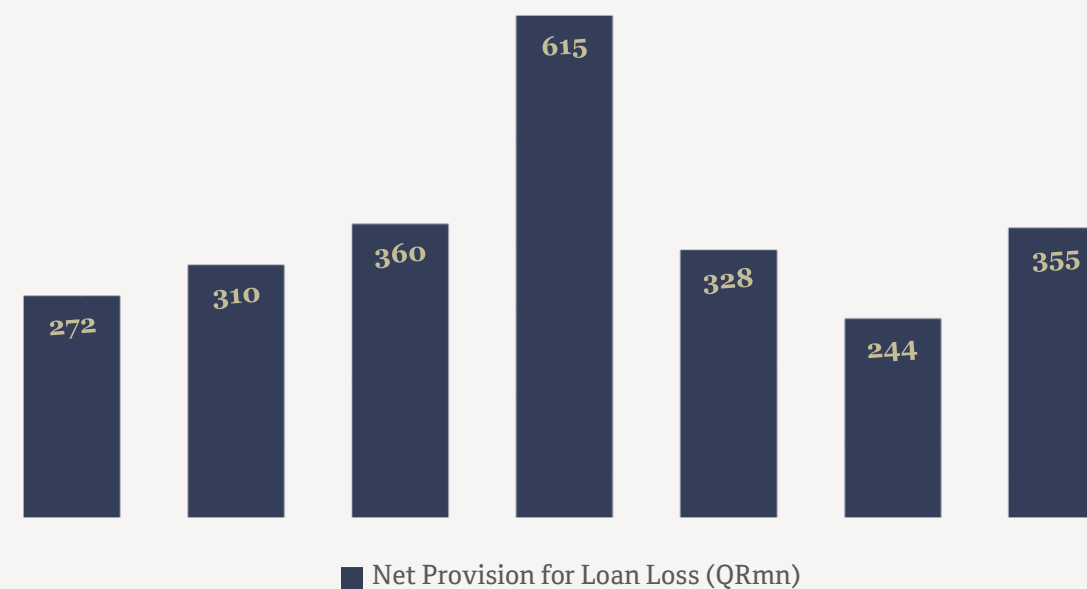
EPS (QR) Trend



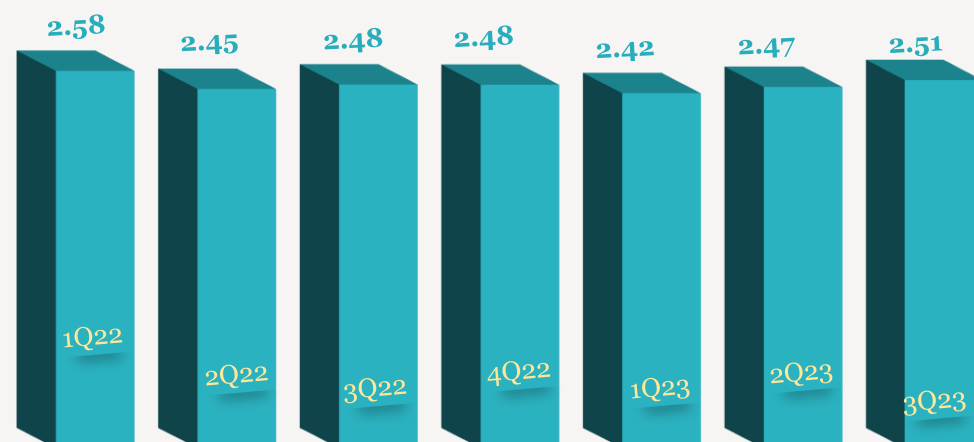
Capital Adequacy Ratios (%)



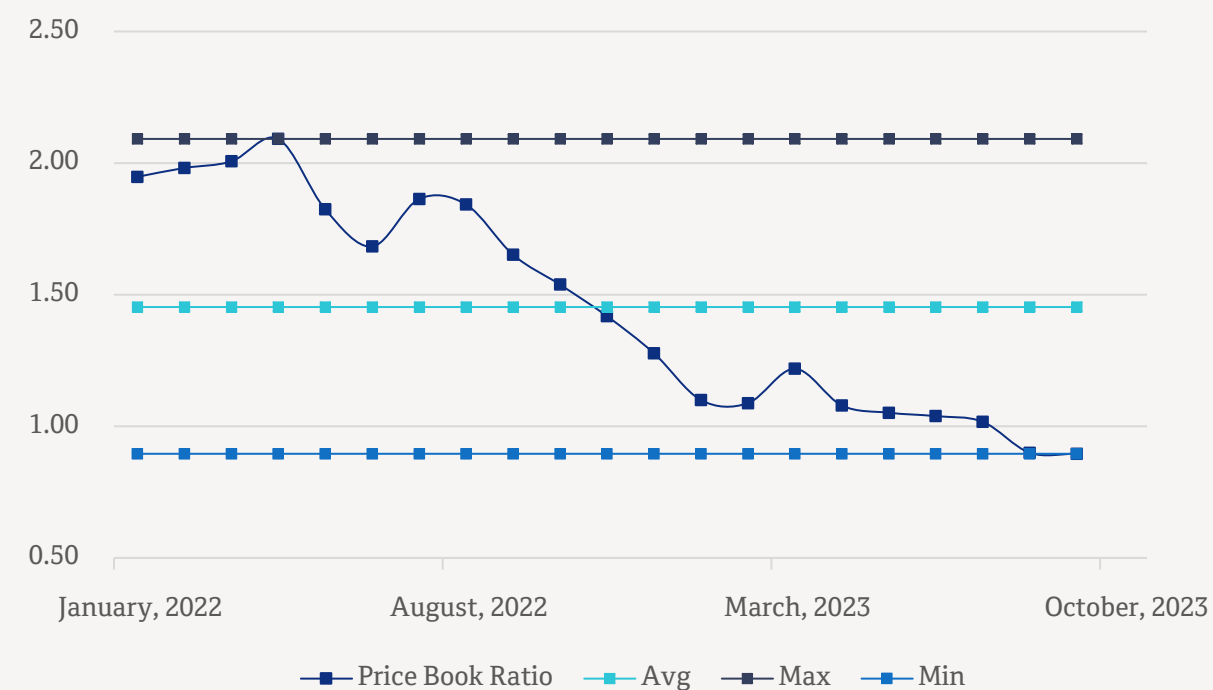
Net Provision for Loan Loss (QR mn)



Book Value Per Share (QR)



P/B Multiple Band (x)



Contacts

QNB Financial Services Co. W.L.L.

Contact Center: (+974)4476 6666

info@qnbfs.com.qa

Doha, Qatar

Saugata Sarkar, CFA, CAIA

Head of Research

saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian

Senior Research Analyst

shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA

Senior Research Analyst

phibion.makuwerere@qnbfs.com.qa

Roy Thomas

Senior Research Analyst

roy.thomas@qnbfs.com.qa

Dana Saif Al Sowaidi

Research Analyst

dana.alsowaidi@qnbfs.com.qa

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