

# al khaliji – Next Generation Banking

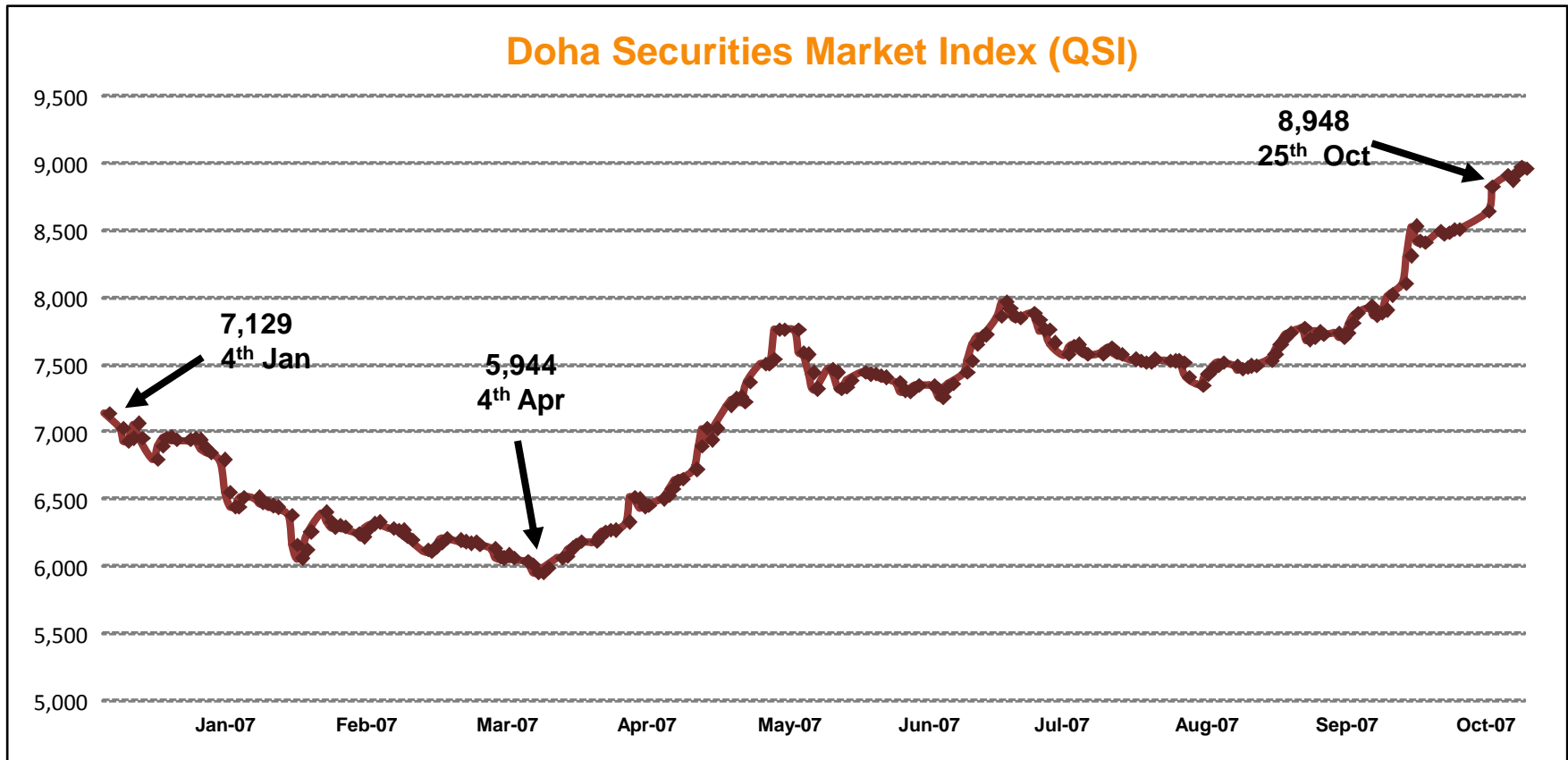


**David Proctor**  
Chairman's Advisor &  
Head of the Executive Team

2<sup>nd</sup> November 2007

# Transparency means facing the facts, so here they are...

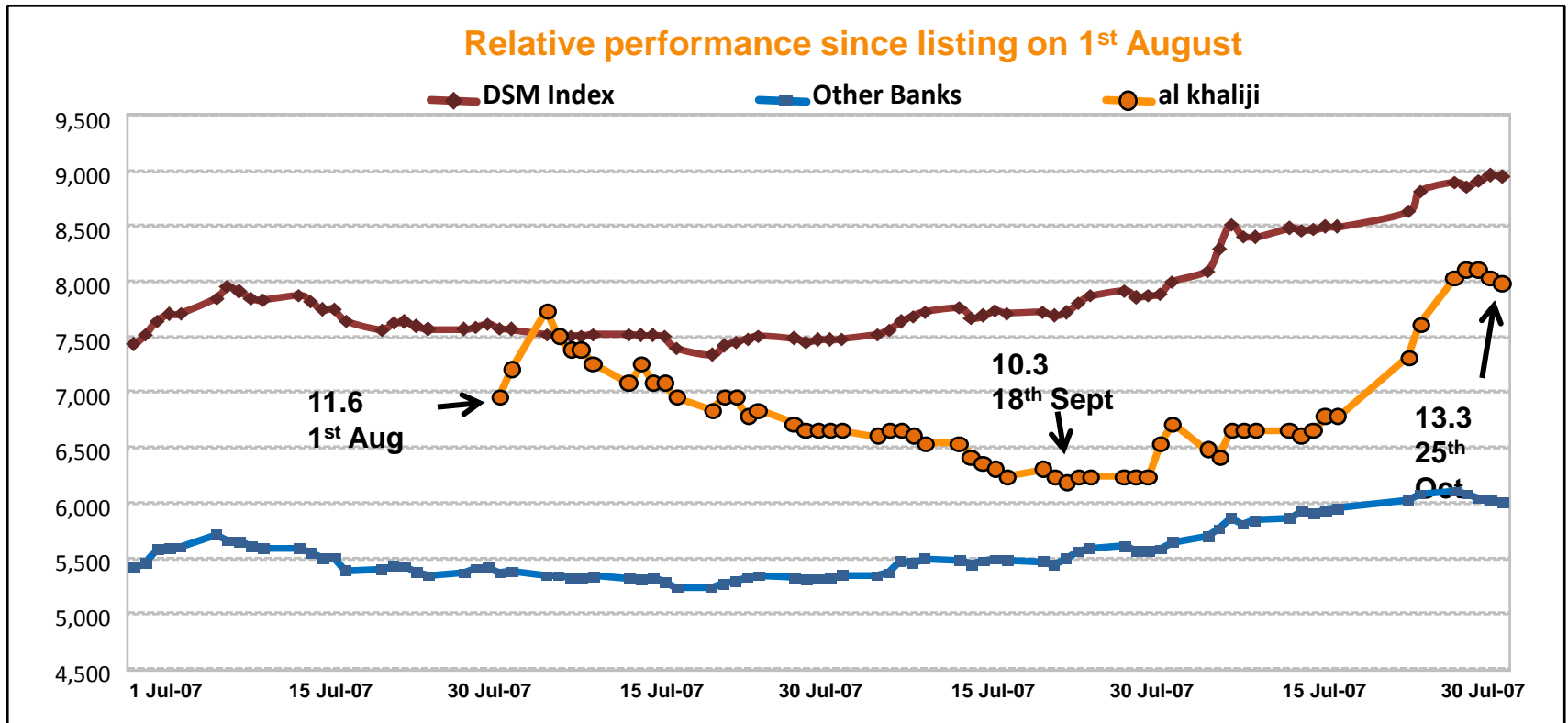
1. The Doha Securities Market Index is up 25% Year to Date, but is a relatively small market



Total market capitalisation is 25% of Saudi, 66% of Dubai

# Transparency means facing the facts, so here they are...

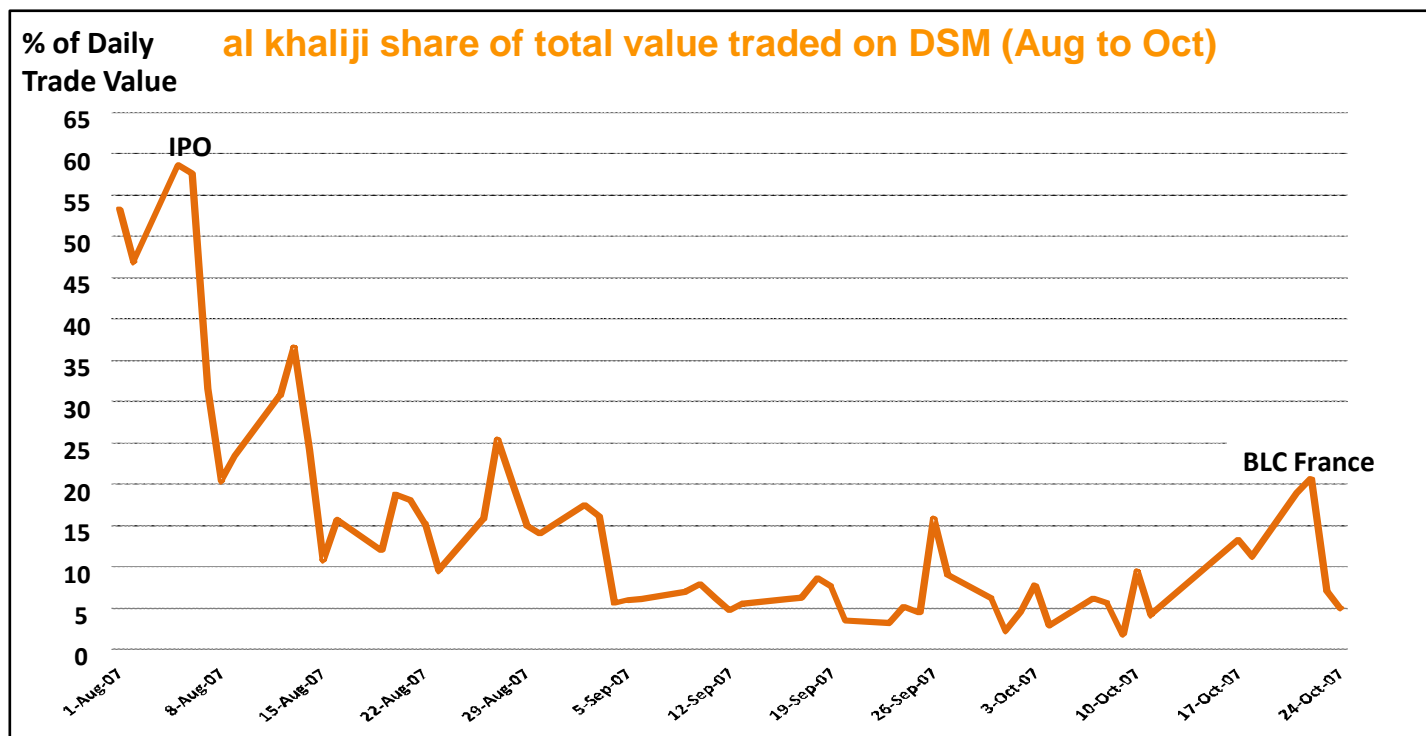
1. The Doha Securities Market Index is up 25% Year to Date, but is a relatively small market
2. Since listing in August, al khaliji's share price has been volatile



Since 1<sup>st</sup> August: DSM up 18%, Al Khaliji up 15%, Bank Index up 12%

# Transparency means facing the facts, so here they are...

1. The Doha Securities Market Index is up 25% Year to Date, but is a relatively small market
2. Since listing in August, al khaliji's share price has been volatile
3. 25% cap on non-GCC ownership restricts room for foreign investment in al khaliji



So why am I here?....

# ...to start the conversation about our new regional bank!

## **We move SWIFTLY – in 10 months we have:**

### **1. Raised QAR 4.5 bn (US\$1.2 bn) equity, authorised capital QAR 7.2 bn (US\$2 bn)**

- CBQ issued capital QAR 1.4 bn (US\$385 mn), total shareholders funds QAR 5.7 bn (US\$ 1.6 bn)
- QNB issued capital QAR 1.6 bn (US\$444 mn), total shareholders funds QAR 10.3 bn (US\$ 2.8 bn)

### **2. Recruited highly experienced international top team**

- 187 staff, 58 agents, 30 nationalities

### **3. Launched our Corporate Loan business**

- One of the Mandated Lead Arrangers for Qtel US\$3bn Term Syndicated Loan

### **4. Agreed purchase of 100% of UAE assets of BLC Bank (France) SA**

- Branches in Dubai, Abu Dhabi, Sharjah, Ras al Khaimah
- Subject to regulatory approval

## **What's our ambition?....**

# ...to be a major regional commercial bank across the Gulf

**Founding shareholders from Qatar, UAE, Oman, Kuwait and Bahrain**

## **Four business lines:**

- Retail
- Small and Medium Sized Enterprises & Affluent
- Corporate
- Treasury and Debt Capital Markets

**At (e.g.) 10% CAR, existing Tier 1 capital supports growth to c. US\$20bn in risk weighted assets**

## **Designed from the beginning to operate to international standards**

- Basel Committee Governance Principles for Banks
- Anti-Money Laundering and Anti-Terrorism Financing
- Strategy Map and Balanced Scorecard
- Performance management system
- Staff Incentive Structure
- Diversity and Quality of staff

# But why does the Gulf need another bank?...

# ...because the market needs something fresh!

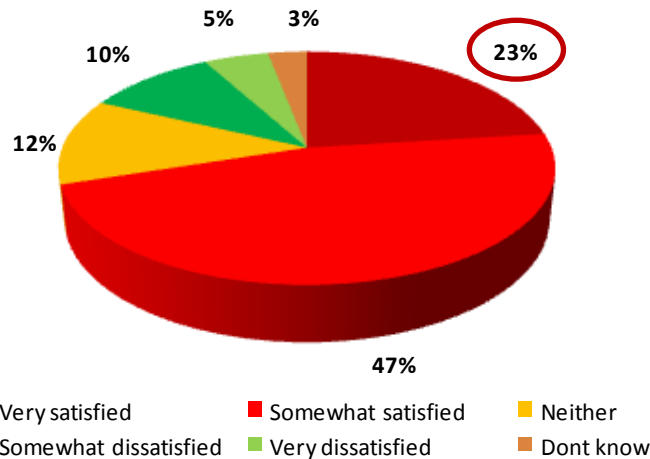
## 1. To help finance huge demand for capital

- US\$1.2 trln projects announced across the Gulf (was US\$ 67 bn in 2003)
- Population growth (Qatar, Kuwait 6% p.a. UAE 4% p.a.)

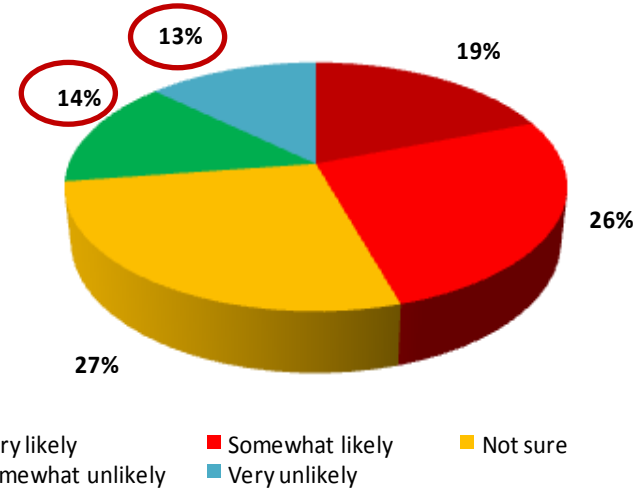
## 2. Existing banks are not meeting customer needs

Only 23% of customers are very satisfied with their bank, and only 27% are unlikely to switch in next 6 months!

Level of Satisfaction With Current Bank?



Likelihood to Switch in Next 6 Months?



YouGov Gulf Banking Survey for Al Khaliji Aug 2007; Survey size: 751 people

# ...because the market needs something fresh!

## 1. To help finance huge demand for capital

- US\$1.2 trln projects announced across the Gulf (was US\$ 67 bn in 2003)
- Population growth (Qatar, Kuwait 6% p.a. UAE 4% p.a.)\*

## 2. Existing banks are not meeting customer needs

## 3. To take advantage of new technology

- End to end service quality
- Product
- Price

## 4. To introduce FMCG brand management approach to Gulf banking:

**Cool**

**Bold**

**Swift**

**United**

**Reliable**

Or put another way...

# ...why would you NOT start a new bank in the Gulf today?

- Strong economic growth**
- + High population growth**
- + Customer demand for improved quality**
- + Integrated technology with no legacy issues**
- + Powerful regional shareholders**
- + Clean balance sheet with no liquidity issues**
- + Experienced, international executive team and staff**
- + Extensive market research**
- + Mix of organic and inorganic opportunities**
- + New approach to branch design**
- + Tailored end-to-end service and process design**

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**= HUGE OPPORTUNITY!**

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**But is this just words and no action?...**

...you decide!



See Appendices for more information...

# Appendices

	Slide Number
Leadership	11
Senior Executives	12 - 14
Shareholding Structure and Major Shareholders	15
Unaudited Profit and Loss Statement 8 <sup>th</sup> January – 30 <sup>th</sup> September 2007	16
Unaudited Balance Sheet Statement 30 <sup>th</sup> September 2007	17
Relative size of al khaliji target markets	18
Example: Rate of Growth in UAE banking market	19
Example: Correlation between UAE economic growth and growth in banking assets	20
Target market economic growth forecasts	20

# Leadership



**Tariq Al Malki**

Chairman and Managing Director



**David Proctor**

Chairman's Advisor  
and Head of Executive Team

## Additional responsibilities:

- Board member, Qatar Investment Authority
- Board member, Qatar Financial Markets Authority
- Board member, Qatari Diar
- Financial Advisor to Prime Minister, Minister of Foreign Affairs, Qatar

## Past experience

- Head of Corporate Banking, Qatar National Bank
- Head of Marketing, Qatar Fertiliser Company

## Past experience

- Standard Chartered Bank
  - CEO, UAE
  - CEO, Europe
  - Group Head, Risk Strategy
  - Group Head, Client Relationships
- Bank America NT & SA
  - CEO, Thailand
  - Regional Credit Officer, Asia
  - Europe Head, Leveraged Finance

# Senior Executive Team (1)

## Rob McCall

Senior Executive, Corporate & Institutional Banking



- B. Com. Legal, Wits Business School
- Last three roles :
  - Head of Corporate and CMB Banking, HSBC South Africa
  - Relationship Director, Barclays Bank
  - Senior Relationship Manager, Nedcor

## Biswajit Desgupta

Senior Executive, Treasury



- Chartered Accountant, ICA India
- Last three roles :
  - Head of Treasury & Institutional Banking, Dubai Bank, UAE
  - Acting Head Corporate Banking, Dubai Bank, UAE
  - Acting Head, Investment Services Group, Dubai Bank, UAE

## Imran Samee

Senior Executive, Retail Banking



- BS, London School of Economics
- Last three roles :
  - Head of Retail, Dubai Bank
  - General Manager, Mashreqbank Qatar
  - Head of Products, Mashreqbank UAE

## Andrew Ball

Senior Executive, SME & Affluent



- Last three roles :
  - Head of Affluent Sales, National Bank of Kuwait
  - Head of Sales and Distribution, Citibank UK
  - Head of Branch Sales, Citibank UK

# Senior Executive Team (2)

## Barry Steyn

Senior Executive, Finance



- CA, South Africa
- Last three roles :
  - Advisor to the CFO (EVP Finance) Riyadh Bank, Saudi Arabia
  - Project Leader, BOE Investment Bank, South Africa
  - CFO, Real Africa Durolink Investment Bank, South Africa

## Wendy Fagan

Senior Executive, Human Resources



- Institute of Personnel & Development
- Last three roles :
  - Director of Human Resources, Al Jazeera Network, Doha
  - VP/Director of Human Resources, GE Capital IT Solutions UK
  - Director of Human Resources, NBC Europe

## Steve Reece

Senior Executive, Risk



- BA, Psychology, East Carolina University
- Last three roles :
  - Chief Credit Officer, National Commercial Bank, Saudi Arabia
  - Country Risk Manager, Citibank, Chile
  - Regional Marketing Director & Senior Lending Officer, Citibank, Gulf & Levant

## Niall Coburn

Senior Executive, Legal, Compliance and Company Secretary



- BA, LLB, LLM
- Last three roles :
  - Director of Enforcement, Dubai Financial Services Authority
  - Principal Lawyer, Enforcement, Australian Securities & Investments Commission
  - Barrister at Law, Owen Dixon Chambers, Melbourne

# Senior Executive Team (3)

## Guy Noble

Senior Executive, Service Delivery



- Six Sigma Master Black Belt; Certified (GE)
- Last three roles :
  - Director, Financial Services & Region Head, Middle East & Africa, Venturehaus Ltd, London
  - Head of Operations Delivery and Risk, Lloyds TSB PLC, London
  - Project Director, GMAC UK, Poland & Germany

## Probir Ghosh

Senior Executive, Audit



- B.Com (H), FCA, CIA, CISA, CFE, CFSA, CBM-USA, CFC-Can, FIFP-UK, FIFC-Can, CBA-USA, CBA-Can, Adip FC-Can
- Last three roles :
  - SVP, Group Head of Finance Control, BME Bank, Bahrain
  - Chief Internal Auditor, Majan Bank, Oman
  - Managing Director, Audit Services, Canada Trust Inc, Toronto

## Tarek Hashisho

Senior Executive, Information & Communications Technology (ICT)



- BS, Chapman University, California, U.S.
- Last three roles :
  - Director ICT, Qatar Transportation Company (Mowasalat)
  - Senior Manager IT, QNB
  - Head of Systems and Support, Qatar Liquefied Gas Company

## Holly Joint

Senior Executive, Strategic Programmes



- MA Literate Humaniores / St Hilda's college, Oxford University
- Last three roles :
  - Business Planning Manager to CEO, SCB UAE
  - Business Consultant, Service Delivery, Cable & Wireless, UK
  - Management Consultant, Accenture

## Florence Janin

Senior Executive, Corporate Affairs



- MA International Management & Marketing / IFA Business school, France
- Last three roles :
  - Head of Public Relations and Corporate Affairs UAE/GCC, Barclays Bank UAE
  - National Manager, Credit Cards and Relationship Marketing, HSBC Sydney
  - Senior Proposition Manager International Banking, Private Clients, Barclays Bank, UK

# Shareholding Structure and Major Shareholders

Shareholding Structure		
	No. Shares	%
Founders	312,000,000	43.3
Private Placement	288,000,000	40.0
IPO	120,000,000	16.7
<b>Total</b>	<b>720,000,000</b>	<b>100</b>

Major Shareholders		
Name	Shares Held	%
Qatari Diar for Real Estate Invest. Co.	125,550,000	17.4
Qatar Pension and Retirement Authority	36,000,000	5.0
Qatar Foundation	36,000,000	5.0
Qatar Health and Education Fund	36,000,000	5.0
National Bank of Dubai	36,000,000	5.0

# Financial Statements

BALANCE SHEET	30 Sep 2007 (Unaudited)	
	<u>QAR '000</u>	<u>USD '000</u>
<b>ASSETS</b>		
Due from banks and other financial institutions	3,973,194	1,088,546
Loans and advances, and financing activities to customers	526,454	144,234
Property, furniture and equipment	7,602	2,083
Other assets (*)	68,245	18,697
<b>TOTAL ASSETS</b>	<b><u>4,575,495</u></b>	<b><u>1,253,560</u></b>
<b>LIABILITIES</b>		
Other liabilities	30,854	8,453
<b>TOTAL LIABILITIES</b>	<b><u>30,854</u></b>	<b><u>8,453</u></b>
<b>SHAREHOLDERS' EQUITY</b>		
Paid up share capital	3,600,000	986,302
Legal reserve (**)	888,758	243,495
Net income for the period	55,883	15,310
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>4,544,641</u></b>	<b><u>1,245,107</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>4,575,495</u></b>	<b><u>1,253,560</u></b>

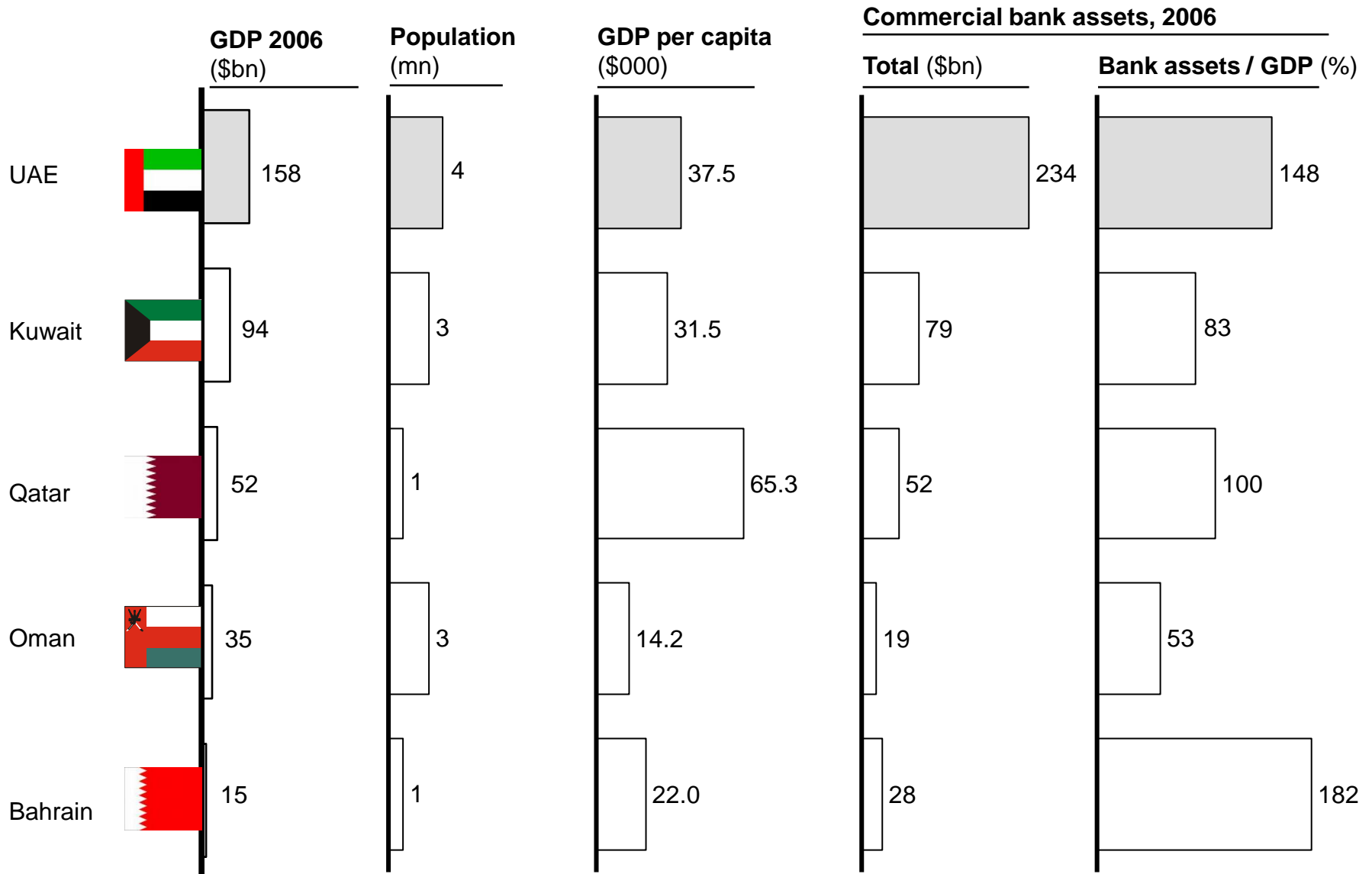
(\*) Other assets include accrued interest income of QR 34.7 million and capital work in progress of QR 21.7 million.

(\*\*) Legal reserve includes share premium and the excess of establishment fees collected over establishment expenses incurred.

# Financial Statements

INCOME STATEMENT	For the period from 8 Jan 2007 to 30 Sep 2007 (Unaudited)	
	<u>QAR '000</u>	<u>USD '000</u>
Interest income	128,988	35,339
Other income	664	182
<b>OPERATING INCOME</b>	<b>129,652</b>	<b>35,521</b>
General and administration expenses	(72,916)	(19,977)
Depreciation	(853)	(234)
<b>NET INCOME FOR THE PERIOD</b>	<b>55,883</b>	<b>15,310</b>

# Relative Size of Target Markets

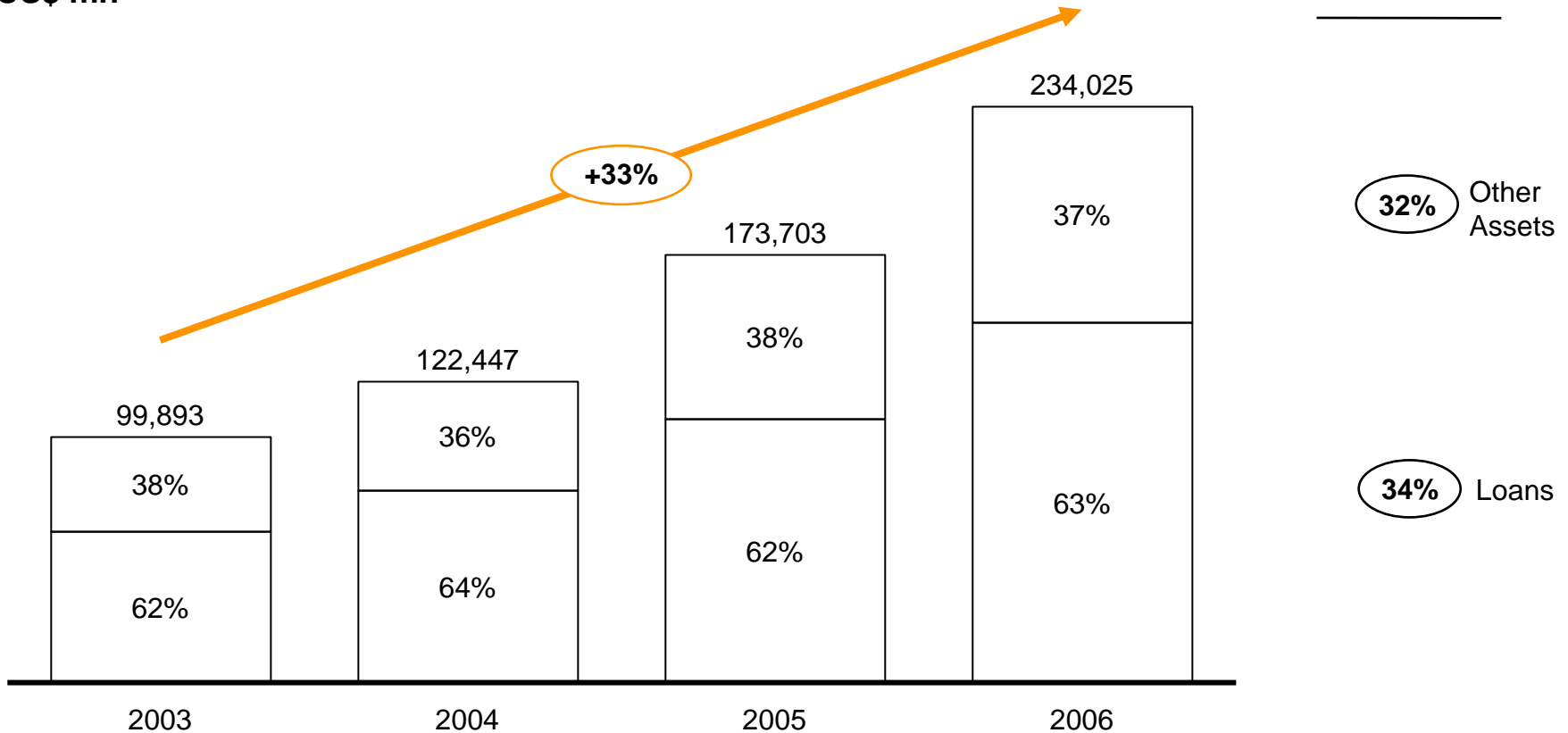


Source: Central Banks, Global Insights reports, team analysis

# Example: Growth in UAE Banking Market

Total banking assets\*  
US\$ mn

CAGR %  
2003 to 2006

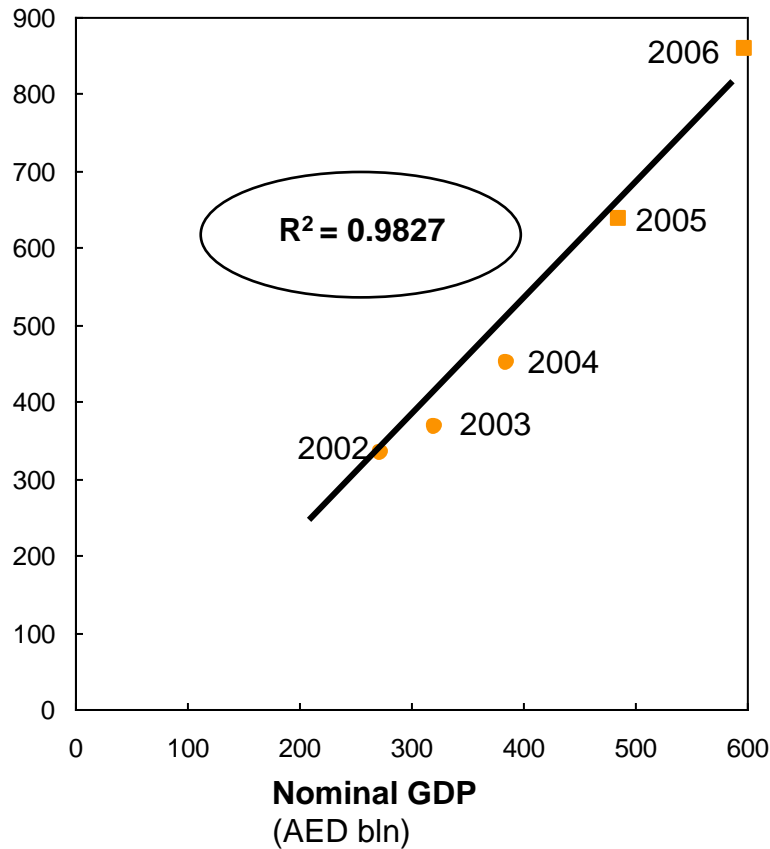


\* Excludes overseas branches of national banks

Source: Central bank website; team analysis

# Example: Economic / Banking Growth Correlation

**UAE Bank Assets**  
(AED bn)



**Forecast Economic Growth Rates - (%)**

	Nominal GDP		Real GDP	
	2007	2008	2007	2008
<b>UAE</b>	14.8	12.3	7.8	6.0
<b>Qatar</b>	4.0	6.9	5.5	7.3
<b>Kuwait</b>	(3.6)	0.6	5.6	6.2
<b>Oman</b>	7.3	5.0	4.4	4.5
<b>Bahrain</b>	10.8	8.5	6.8	5.4

Source: Global Insight; Central Bank Annual Reports; Business Monitor

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