



# Investor Presentation

30 September 2021

## 1. Introduction to Masraf Al Rayan



## 2. Financial Highlights and Performance

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## 3. Operating Segments

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## 4. Historical Financial Statements

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## 5. Overview of Qatar

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# Introduction to Masraf Al Rayan

## Corporate Profile

### Overview of Masraf Al Rayan Q.P.S.C (MAR or the Bank)

#### Profile

- Fully Sharia 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
- Asset Management and Financial Advisory
- International Operations (UK)

#### Market Share

- 2<sup>nd</sup> largest listed Islamic bank in Qatar by total assets (26.4% market share)\*
- 4<sup>th</sup> largest listed Qatari bank by total assets (6.90% market share)

#### Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3<sup>rd</sup> largest bank in Qatar by market capitalization (QAR 33.6 bn)\*\*

#### Rating

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

Source: Qatar Central Bank, Bloomberg

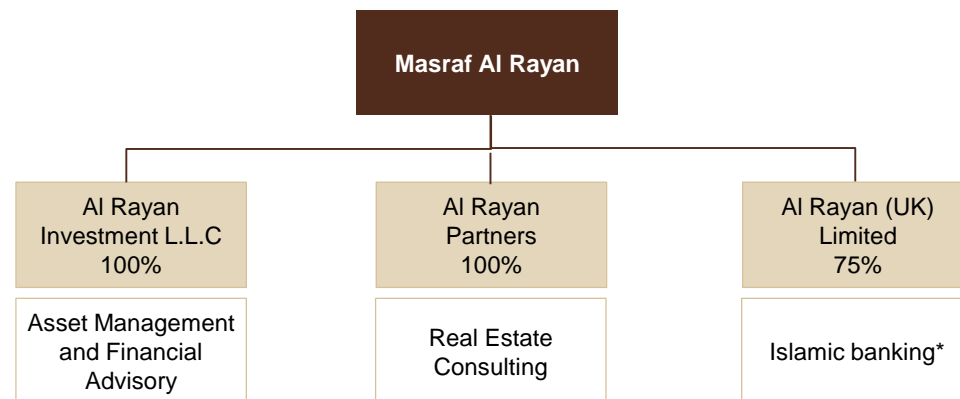
\* As of 31<sup>st</sup> June 2021

\*\* As of 30<sup>th</sup> September 2021

### Branch Network



### Subsidiaries



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

\*\*As of 30 September 2021, the Bank also owns 100% stake in Al Rayan Financial Brokerage ("ARFB"), MAR Sukuk Ltd. and Lusail Waterfront Investment Co. However, operations of ARFB ceased since 12-Jan-2017

# Introduction to Masraf Al Rayan

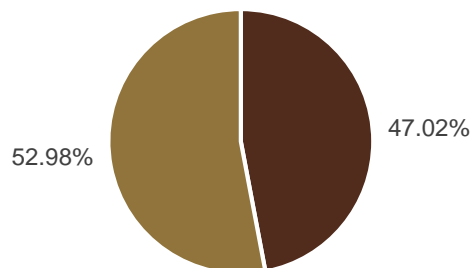
## Ownership Structure & Financial Highlights

### Shareholding Structure

- Government, Government-related entities (GREs) and Qatari institutional investors hold approx. 47.02% of MAR's shares
- Considering both direct and indirect interest, significant shareholders comprised of QIA (15.7%) and QAF Investment Portfolio (9.3%)

4.1

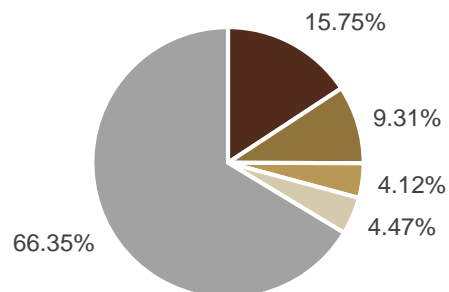
#### Shareholding by Investor Type



- Govt, GREs & Qatari institutions
- Qatari retail and foreign investors

4.2

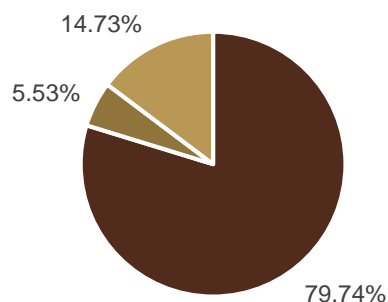
#### Top Shareholders



- QIA
- QAF Investment Portfolio
- Watani Funds (3,4 & 5)
- Pension Fund

4.3

#### Shareholding by Country



- Qatari
- GCC
- Other

### Credit Rating

- 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)**
- Stable outlook

### Share Overview

- MAR shares** listed on the Qatar Stock Exchange
- Symbol:** MARK
- ISIN:** QA000A0M8VM3
- Market cap:** QAR 33.6 bn
- Valuation multiples:** P/E 14.93; P/B 2.26

# 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



**H.E. Ali Bin Ahmad Al Kuwari**

***Other positions:***

- Minister of Commerce and Industry
- Member of the Supreme Council for Economic Affairs and Investment.
- Chairman of the Board of Directors of KATARA Hospitality
- Chairman of the Board of Directors of Qatar Stock Exchange.
- Chairman of the Board of Directors of Qatar Development Bank .
- Chairman of the Board of Directors Masraf Al Rayan.
- Chairman of the Advisory Council of the Investment Promotion Agency "IPA".
- Chairman of the Board of Directors of "QFCA".
- Member of the Board of Directors of Qatar Investment Authority "QIA".
- Member of the Board of Directors of Qatar Petroleum.
- Member of the Board of Regents of Qatar University

### Acting Group Chief Executive Officer



**Mr. Ahmed Abdisheikh**

***Other positions:***

- Board Member - Al Rayan Bank PLC

### Board Members

**Mr. Turki Mohammed Al Khater**  
*Vice Chairman*

- *Select other roles:* Chairman - United Development Company, Board Member - Ooredoo (Qatar).

**Mr. Nasser Jaralla S. Jaralla Al Marri**  
*Board Member*

- *Select other roles:* Board Member - United Development Company, Board Member - Vodafone

**Sheikh Nasser Bin Hamad Al Thani**  
*Board Member*

- *Select other roles:* Board Member - Ooredoo (Oman).

**Mr. Abdulla Ahmed Al Maleki Al Jahni**  
*Board Member*

- *Select other roles:* Board Member - Qatar Business Council

**Sheikh Ali Bin Jassim M Al-Thani**  
*Board Member*

- *Select other roles:* Board Member - Champs Elysees 26, Board Member – Nuran Bank, Board Member - Happag Lloyd.

**Mr. Abdulrahman Mohammed Al Khayareen**  
*Board Member*

**Mr. Mohammed Ibrahim Al Abdulla**  
*Board Member*

**Mr. Tami Ahmad Ali Al Binali**  
*Board Member*

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1. Introduction to Masraf Al Rayan

**2. Financial Highlights and Performance**



3. Operating Segments

---

4. Historical Financial Statements

---

5. Overview of Qatar

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# Financial Highlights and Performance

## Summary

### Balance Sheet

- Total assets reached QAR 124,765 million compared to QAR 116,548 million on 30 September 2020, an increase of 7.05%
- Financing activities increased to QAR 87,010 million compared to QAR 80,775 million on 30 September 2020, an increase of 7.72%
- Investments increased to QAR 22,213 million compared to QAR 21,182 million on 30 September 2020, an increase of 4.87%
- Customer deposits totaled QAR 78,162 million compared to QAR 66,653 million on 30 September 2020, an increase of 17.27%

### Income statement

- Net profit totalled QAR 1,713 million for the nine months ended 30 September 2021 compared to QAR 1,662 million for the same period in 2020.
- Total income for the nine months ended 30 September 2021 decreased by 1.64% totalling QAR 3,742 million as compared to QAR 3,805 million for the same period in 2020.

### Financial Ratios

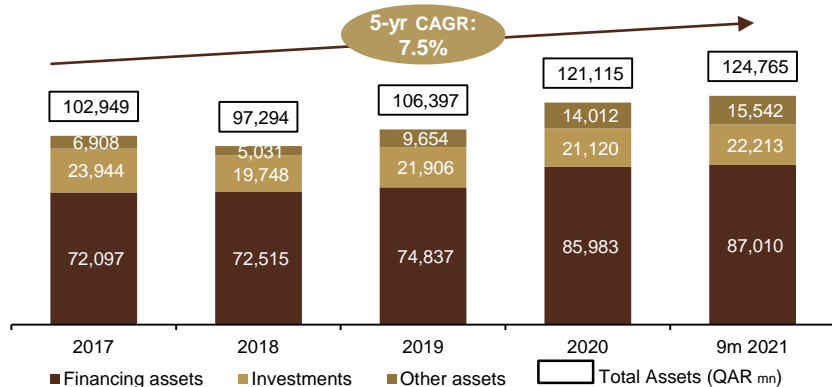
- Annualized return on average assets of **1.86%**
- Annualized return on average shareholders' equity of **15.64%**
- Earnings per share for the period reached **QAR 0.228**
- Book value per share reached **QAR 1.98**
- Operational Efficiency ratio is **20.77%**
- Non-performing financing (NPF) ratio of **1.46%**

# Financial Highlights & Performance

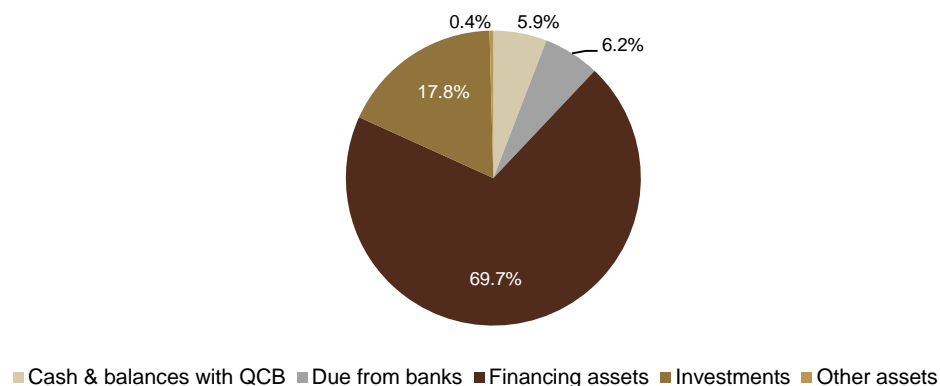
## Balance Sheet

► Financing assets have continued to grow in 2021. Investment securities continue to have high tilt towards high quality Government debt.

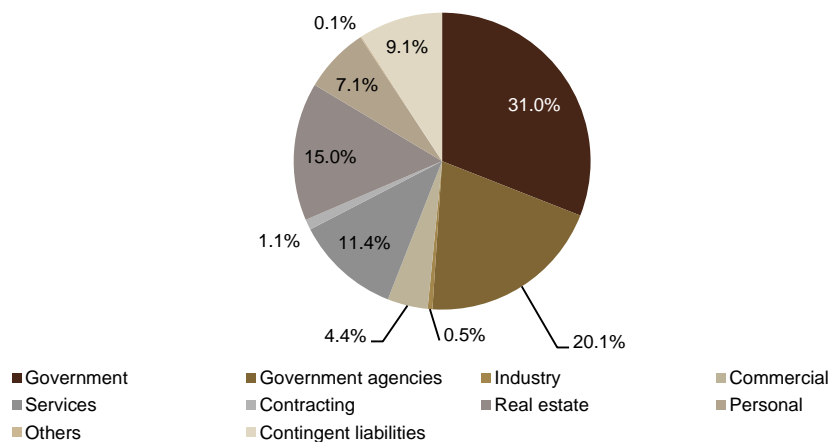
### 8.1 Assets



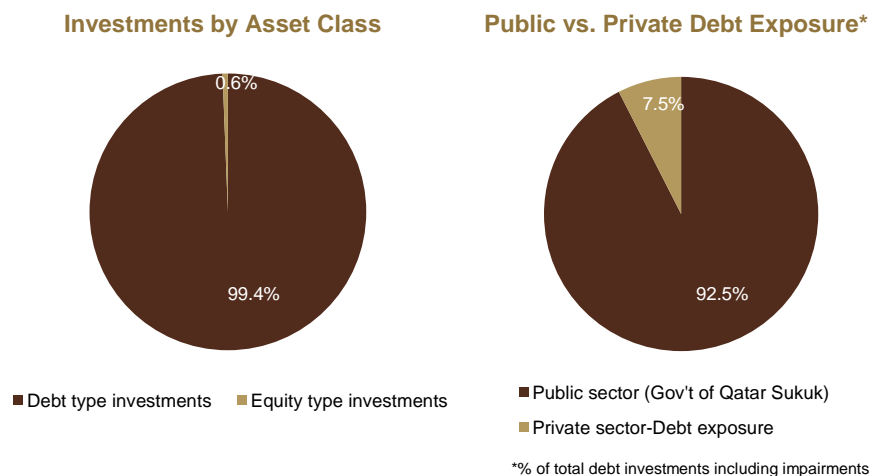
### 8.2 Asset Mix – Q3 2021



### 8.3 Gross Exposure - Funded & Unfunded – Q3 2021



### 8.4 Breakdown of Investment Securities – Q3 2021

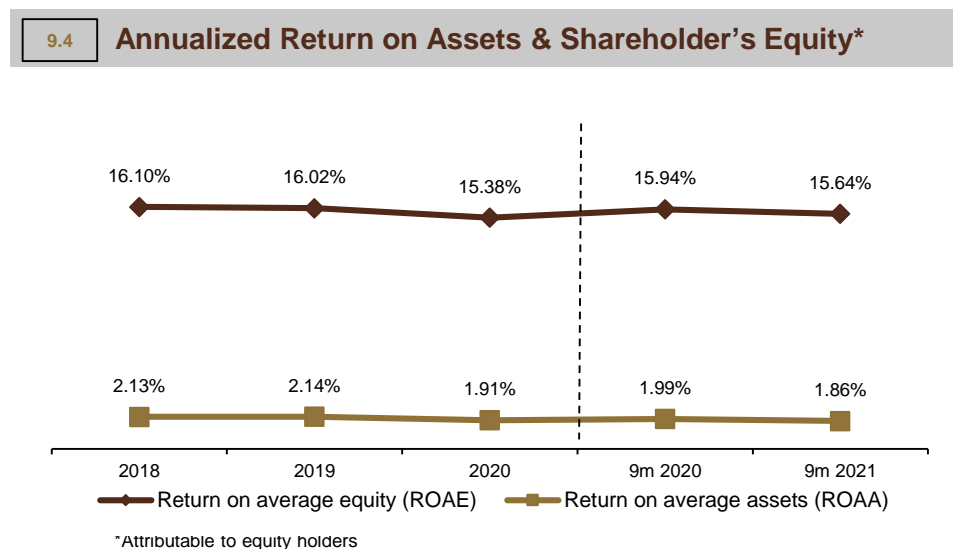
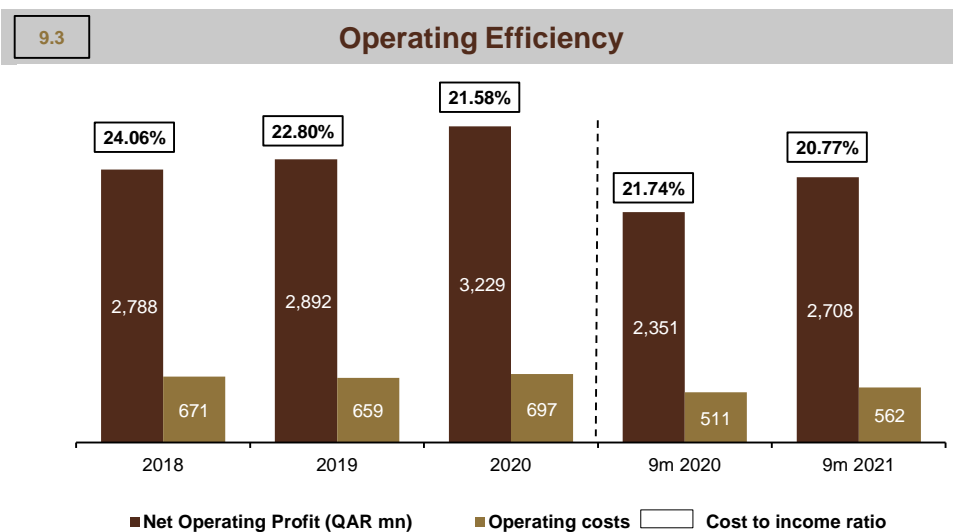
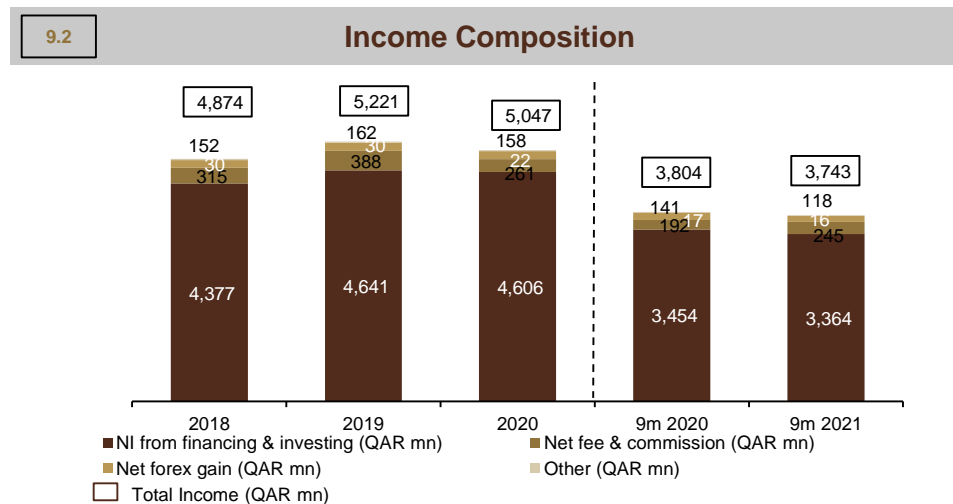
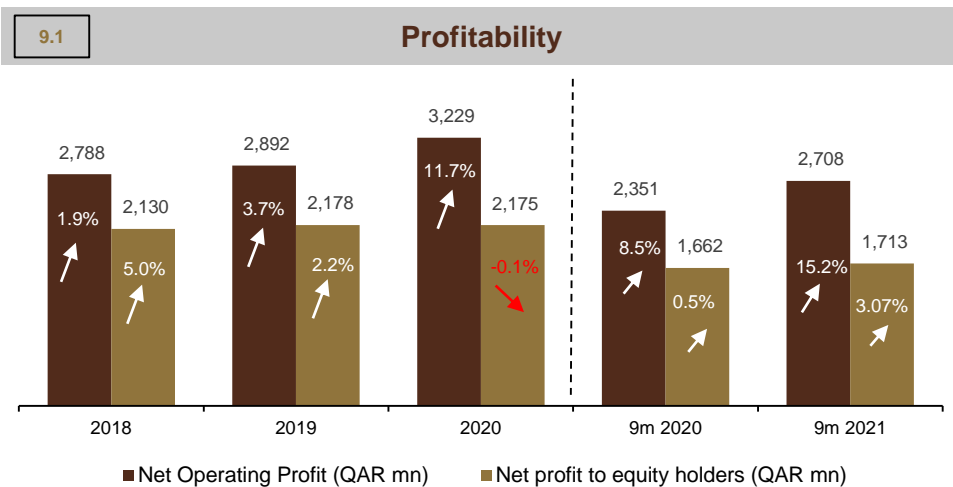




# Financial Highlights & Performance

## Profitability

► Stable profitability with consistent strong cost efficiency and high return on assets and shareholders' equity

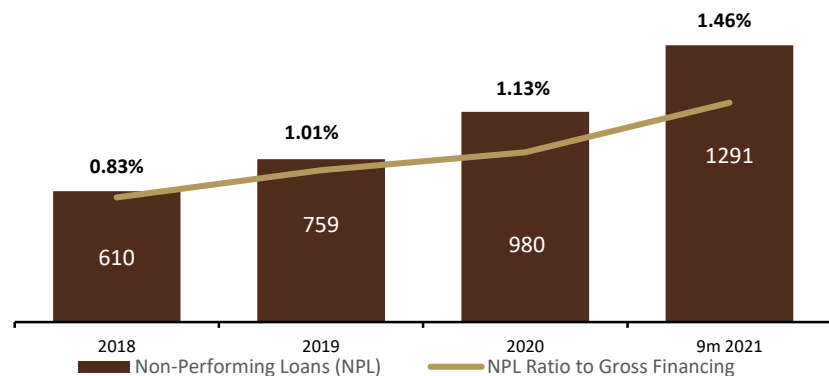


# Financial Highlights & Performance

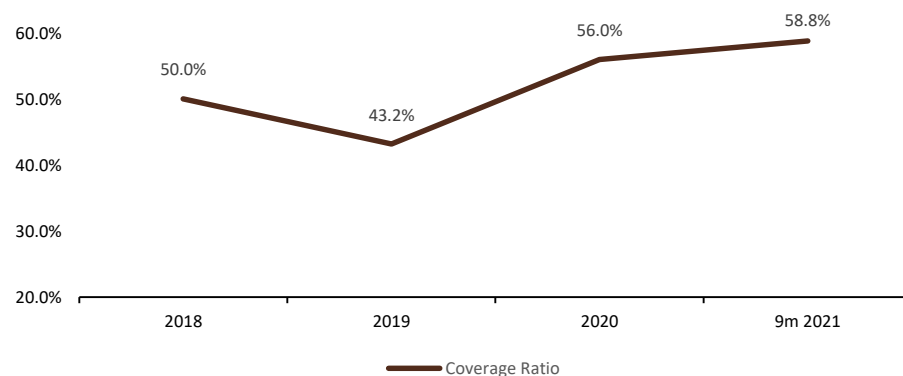
## Asset Quality

► Masraf Al Rayan's non-performing financing ratio is at 1.46% reflecting robust asset quality, prudent risk management policies and a conservative lending strategy.

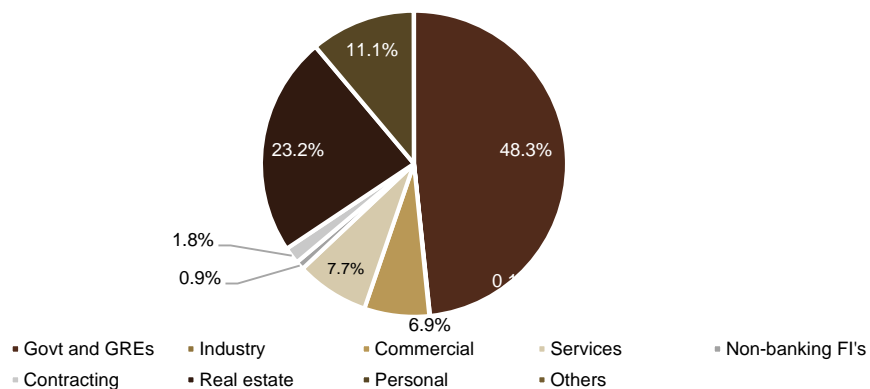
### 10.1 Non-Performing Financing Assets (Stage 3)



### 10.2 Non-Performing Financing Coverage Ratio (Stage 3)



### 10.3 Financing Assets Breakdown by Industry – Q3 2021



### 10.4 Key Highlights

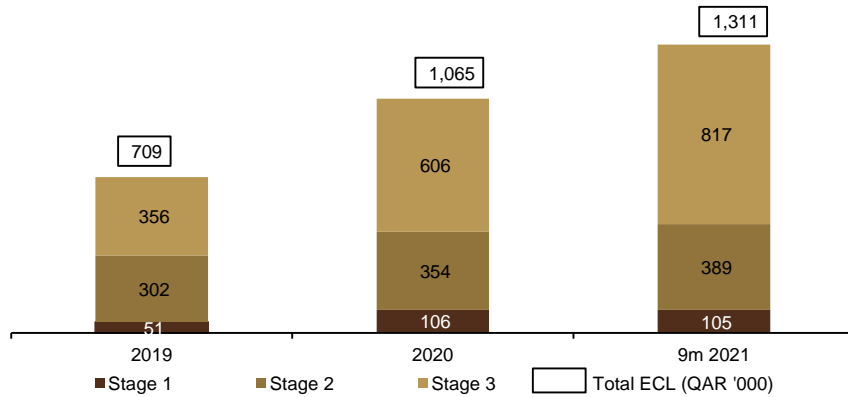
- The Bank's asset quality remains robust as indicated by a NPF ratio of 1.46% as of 30 September 2021.
- Consistently strong asset quality is driven by selective acquisition of customer base, critical credit risk evaluation and management.
- High financing exposure to government sector (48.3% as of 30 September 2021) is another contributor to maintaining good asset quality.

# Financial Highlights & Performance

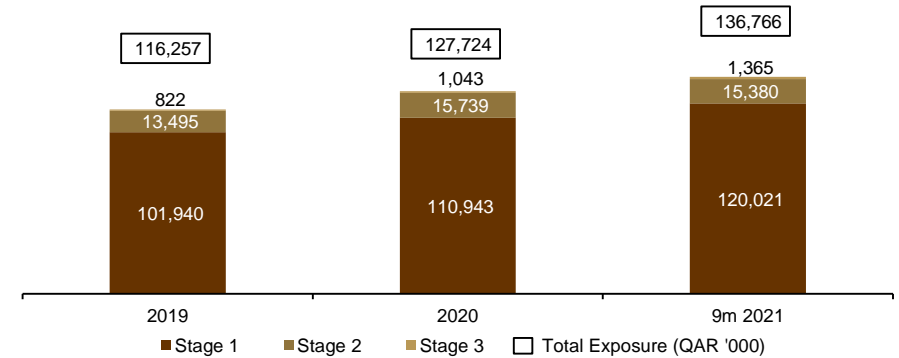
## IFRS 9 Impact

► As per QCB requirements, MAR has adopted ECL regulations from 1 January 2018.

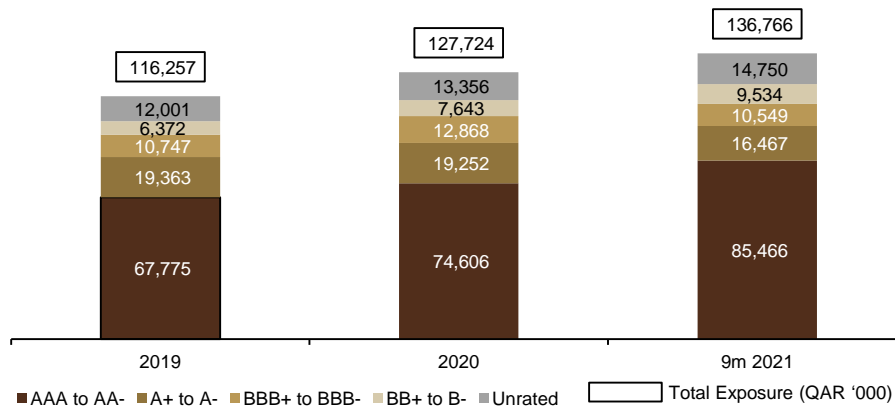
11.1 ECL on all exposures - by Stages



11.2 All exposures subject to ECL - by Stages



11.3 Exposure by Rating Grade



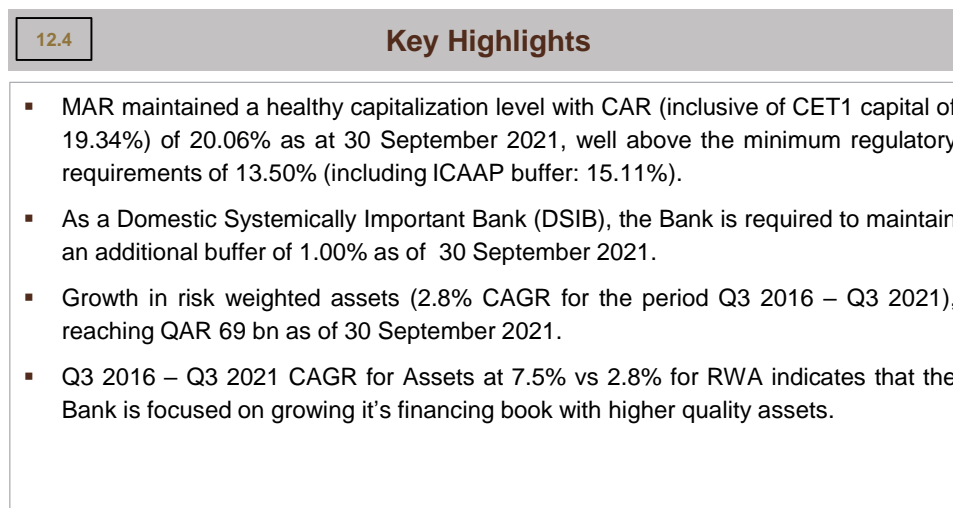
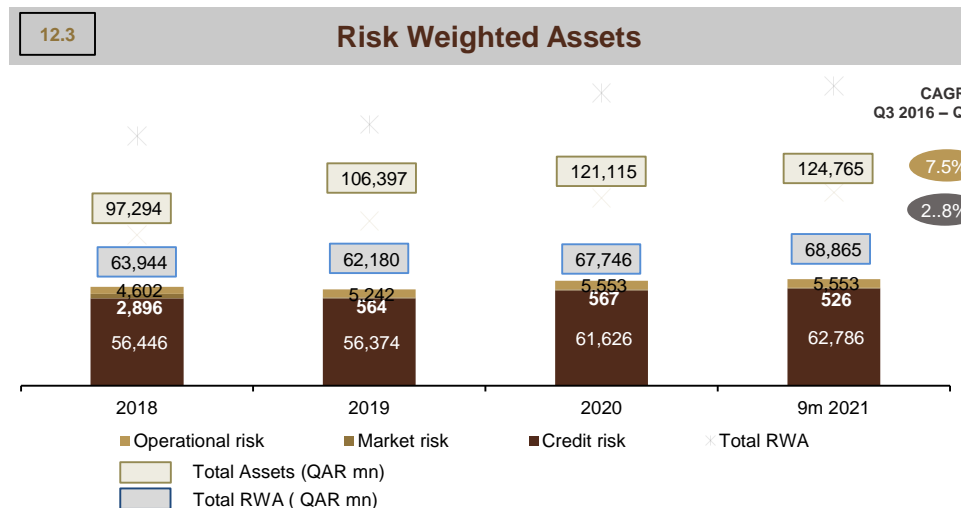
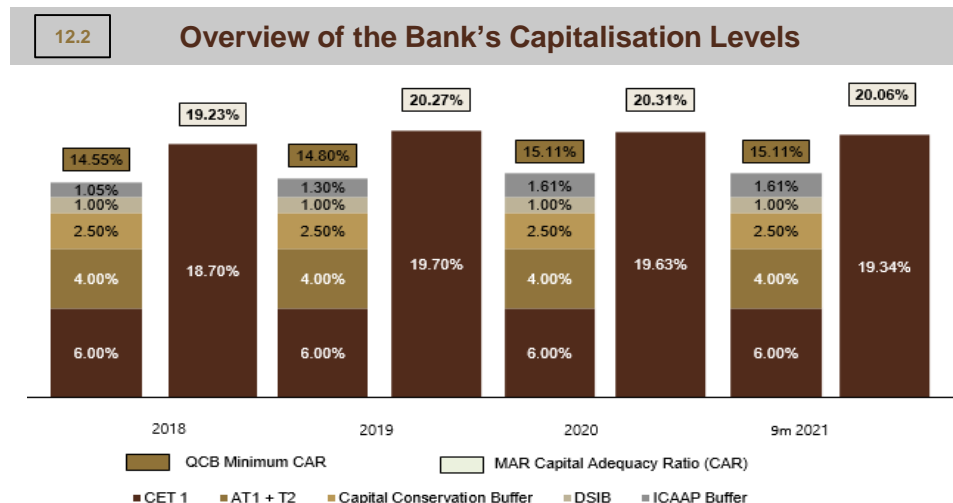
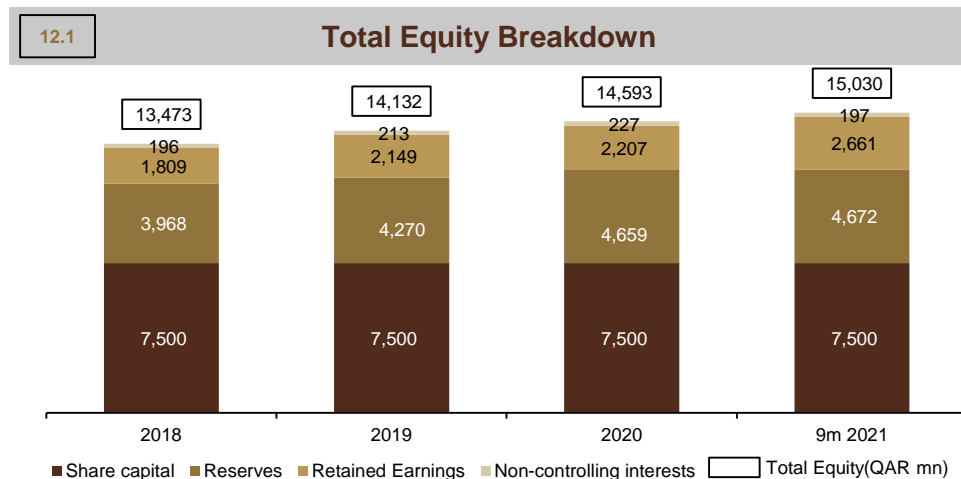
11.4 Key Highlights

- ECL calculation was adopted by the Bank in January 2018 and adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and non-controlling interest of FY 2018
- Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since initial recognition. The Bank has over 87% of the exposure classified as Stage 1 helping it reduce its overall ECL
- Over 50% of the total exposure is to the Government or Government related entities which are highly rated and carry no ECL charge

# Financial Highlights & Performance

## Capital Adequacy

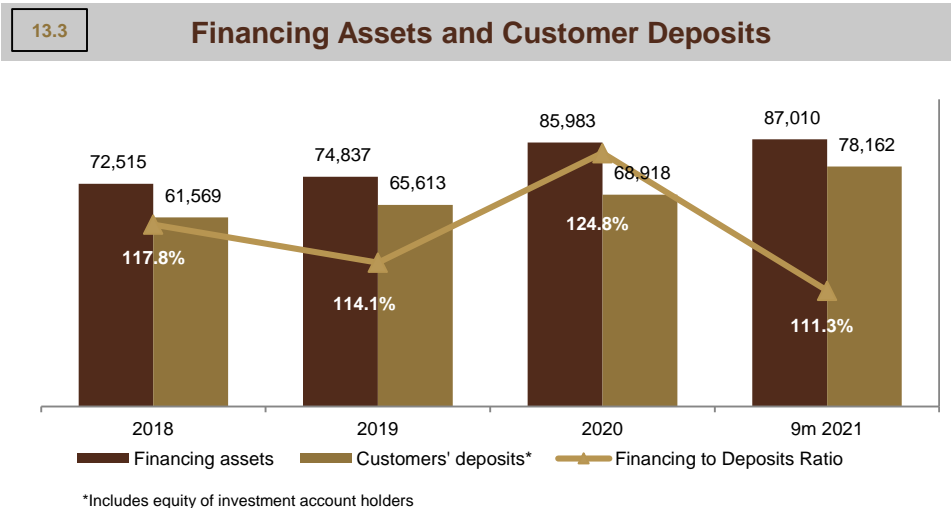
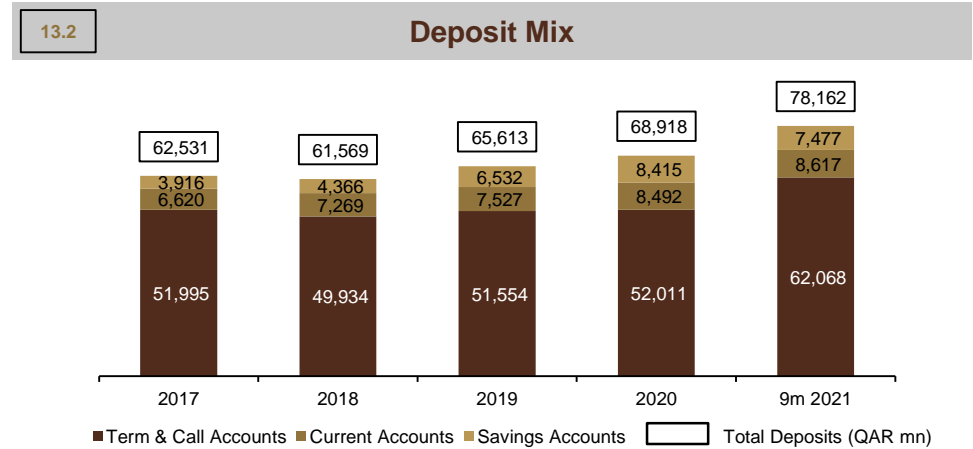
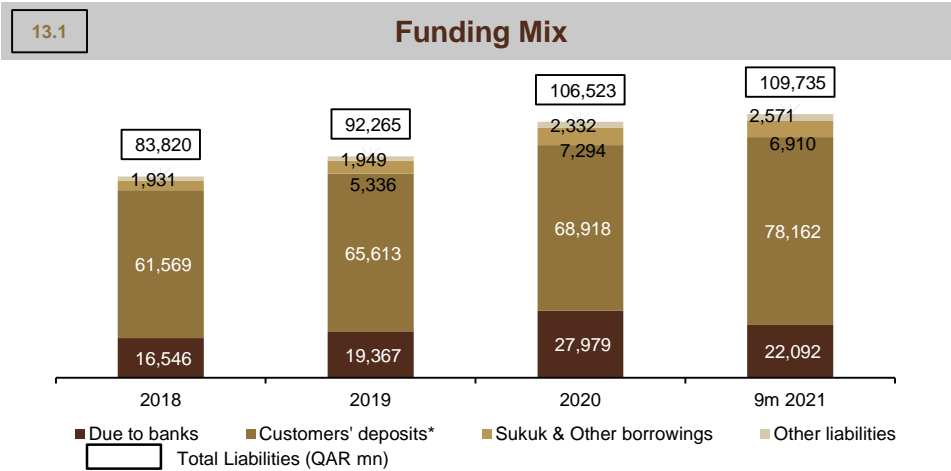
► Masraf Al Rayan is well capitalized with CAR exceeding the regulatory threshold indicating ample room for growth



# Financial Highlights & Performance

## Funding & Liquidity

- ▶ Masraf Al Rayan primarily relies on customer deposits and is seeking to diversify its funding mix as part of its strategic objective



- 13.4 Key Highlights**
- As part of its strategic initiative, MAR established a sukuk programme to diversify its funding base
  - MAR's international presence also provides access to attractive funding terms on a bilateral or club deal basis, from Money Markets lines to 3-year maturity on an unsecured basis
  - The Bank's USD deposit campaign targets international Money Market funds

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1. Introduction to Masraf Al Rayan
  2. Financial Highlights and Performance
  - 3. Operating Segments**
  4. Historical Financial Statements
  5. Overview of Qatar
- 





# Introduction to Masraf Al Rayan

## Business Overview & Segments

- ▶ For the purpose of financial reporting, the Bank provides breakdown by four segments which offer different products and services, and are managed separately based on the Bank's management and internal reporting structure

### Corporate Banking

- ▶ Core driver of the Bank's business and includes treasury operations
- ▶ 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 banks and FIs, Govt. and GREs, large corporates and small and medium enterprises

### 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

### Asset Management and Financial Advisory

- ▶ 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
- ▶ Assets under management (AUM) of over USD 1,326mn\*\*

### 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

	2020		9m 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
<b>Total Assets</b>	81,606	68.4%	88,825	71.7%
<b>Total Revenue</b>	3,250	64.7%	2,529	67.6%
<b>Profit Before Tax</b>	1,712	63.9%	1,465	68.3%

	2020		9m 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
<b>Total Assets</b>	25,333	21.2%	22,843	18.4%
<b>Total Revenue</b>	1,399	27.9%	918	24.5%
<b>Profit Before Tax</b>	921	34.4%	617	28.8%

	2020		9m 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
<b>Total Assets</b>	814	0.7%	726	0.6%
<b>Total Revenue</b>	52	1.0%	45	1.2%
<b>Profit Before Tax</b>	29	1.1%	29	1.3%

	2020		9m 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
<b>Total Assets</b>	11,567	9.7%	11,415	9.2%
<b>Total Revenue</b>	323	6.4%	248	6.6%
<b>Profit Before Tax</b>	18	0.7%	35	1.6%

\*Excludes unallocated assets, liabilities and revenues related to some central functions and non-core business functions which accounted for 0.8% of total assets as at 30 September 21 and 1.5% of total assets as at FY 20

\*\*As of 30 September 2021

Source: Bank's financial statements

- 
1. Introduction to Masraf Al Rayan
  2. Financial Highlights and Performance
  3. Operating Segments
  - 4. Historical Financial Statements**
  5. Overview of Qatar
- 



# Historical Financials

## Consolidated Income Statement

QAR mn	2018	2019	2020	9m 2020	9m 2021
Net income from financing activities	3,539	3,710	3,680	2,751	2,726
Net income from investing activities	838	931	925	704	638
<b>Total Net Income from Financing and Investing Activities</b>	<b>4,377</b>	<b>4,641</b>	<b>4,605</b>	<b>3,454</b>	<b>3,364</b>
Fee and commission income	319	391	263	193	247
Fee and commission expense	(4)	(3)	(2)	(2)	(2)
<b>Net Fee and Commission Income</b>	<b>315</b>	<b>388</b>	<b>261</b>	<b>192</b>	<b>245</b>
Net foreign exchange gain	152	162	158	141	118
Share of results of associates	22	20	18	13	14
Other income	8	10	4	5	2
<b>Total Income</b>	<b>4,874</b>	<b>5,221</b>	<b>5,046</b>	<b>3,805</b>	<b>3,742</b>
Staff costs	(375)	(395)	(386)	(290)	(317)
Depreciation	(15)	(18)	(25)	(18)	(39)
Other expenses	(279)	(246)	(283)	(204)	(206)
Finance expense	(760)	(838)	(672)	(518)	(398)
<b>Total Expenses</b>	<b>(1,429)</b>	<b>(1,497)</b>	<b>(1,366)</b>	<b>(1,029)</b>	<b>(960)</b>
Net (impairment losses) / reversal on due from banks	-	-	-	0	(1)
Net (impairment losses) / reversal on financing assets	15	(55)	(299)	(153)	(239)
Net (impairment losses) / reversal on investments	(9)	(1)	(58)	(31)	(189)
Net (impairment losses) / reversal on other balance sheet exposures	16	11	5	10	8
<b>Profit for the Period before Return to Investment Account Holders</b>	<b>3,467</b>	<b>3,679</b>	<b>3,328</b>	<b>2,602</b>	<b>2,361</b>
Less: Return to investment account holders	(1,326)	(1,491)	(1,145)	(936)	(636)
<b>Profit for the Period before Tax</b>	<b>2,141</b>	<b>2,188</b>	<b>2,183</b>	<b>1,666</b>	<b>1,725</b>
Tax (expense) credit	(2)	(1)	(2)	(0)	(1)
<b>Net Profit for the Year / Period</b>	<b>2,139</b>	<b>2,187</b>	<b>2,181</b>	<b>1,666</b>	<b>1,724</b>

# Historical Financials

## Consolidated Statement of Financial Position

QAR mn	2018	2019	2020	9m 2020	9m 2021
Cash and Balances with central banks	3,027	3,123	7,071	9,212	7,313
Due from Banks	1,513	6,035	6,308	4,891	7,709
Financing Assets	72,515	74,837	85,983	80,775	87,010
Investment Securities	19,222	21,379	20,586	20,643	21,864
Investment in Associates	526	527	534	539	349
Fixed assets	189	228	271	266	373
Other assets	302	267	362	221	147
<b>Total Assets</b>	<b>97,294</b>	<b>106,397</b>	<b>121,115</b>	<b>116,548</b>	<b>124,765</b>
Due to banks	16,546	19,367	27,979	25,101	22,092
Customer current accounts	7,269	7,527	8,492	8,875	8,617
Sukuk Financing	1,721	3,334	6,023	6,001	5,349
Other Borrowings	2,053	2,002	1,271	2,365	1,561
Other liabilities	1,931	1,949	2,332	2,328	2,571
<b>Total Liabilities</b>	<b>29,520</b>	<b>34,179</b>	<b>46,097</b>	<b>44,669</b>	<b>40,189</b>
<b>Equity of Investment Account holders</b>	<b>54,300</b>	<b>58,086</b>	<b>60,426</b>	<b>57,778</b>	<b>69,545</b>
Share Capital	7,500	7,500	7,500	7,500	7,500
Legal Reserve	2,279	2,497	2,714	2,497	2,714
Risk Reserve	1,575	1,636	1,797	1,636	1,797
Fair value reserve	10	24	25	22	38
Foreign currency translation reserve	(14)	(10)	(4)	(13)	(3)
Other reserves	119	123	126	123	126
Retained earnings	1,809	2,149	2,207	2,124	2,661
<b>Total Equity Attributable to Equity Holders of the Bank</b>	<b>13,278</b>	<b>13,919</b>	<b>14,365</b>	<b>13,889</b>	<b>14,834</b>
Non-Controlling interest	196	213	227	211	197
<b>Total Equity</b>	<b>13,474</b>	<b>14,132</b>	<b>14,592</b>	<b>14,101</b>	<b>15,031</b>
<b>Total Liabilities, Equity of Investment Account Holders and Equity</b>	<b>97,294</b>	<b>106,397</b>	<b>121,115</b>	<b>116,548</b>	<b>124,765</b>

1. Introduction to Masraf Al Rayan
2. Financial Highlights and Performance
3. Operating Segments
4. Historical Financial Statements
- 5. Overview of Qatar**



# Operating Environment

## Qatar at a Glance

### Snapshot of Qatar

#### Economic Fundamentals

- Second largest exporter of LNG with a global market share of 22%<sup>(1)</sup>
- 3<sup>rd</sup> largest gas reserves in the world (c.13.1% of world's total)<sup>(2)</sup>

#### Rating

- Rated A1/P-1 in the long and short-term respectively by Moody's with stable outlook in 2021 based on Qatar's high income and vast hydrocarbon reserves as well as its continued macroeconomic resilience

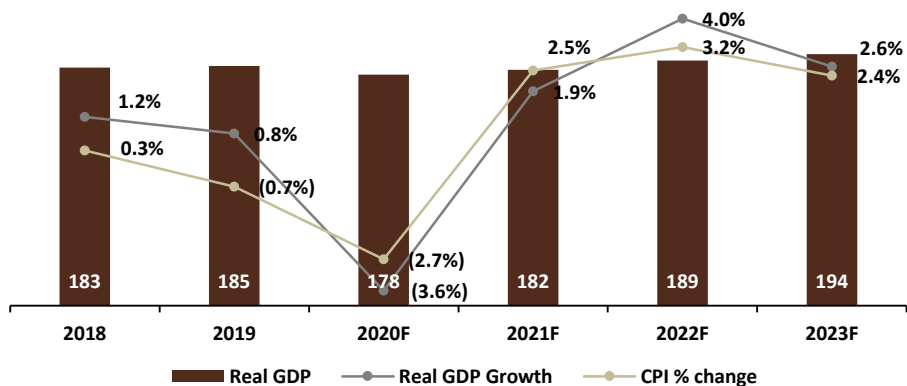
#### Outlook

- Major projects (45% of 2021 budgeted revenue or QAR 72 bn) with focus on infrastructure spending to drive growth
- LNG capacity expansion from 77 mtpa to 126 mtpa (64% increase) by 2027

(1) Source: IGU LNG Report – 2021 Edition

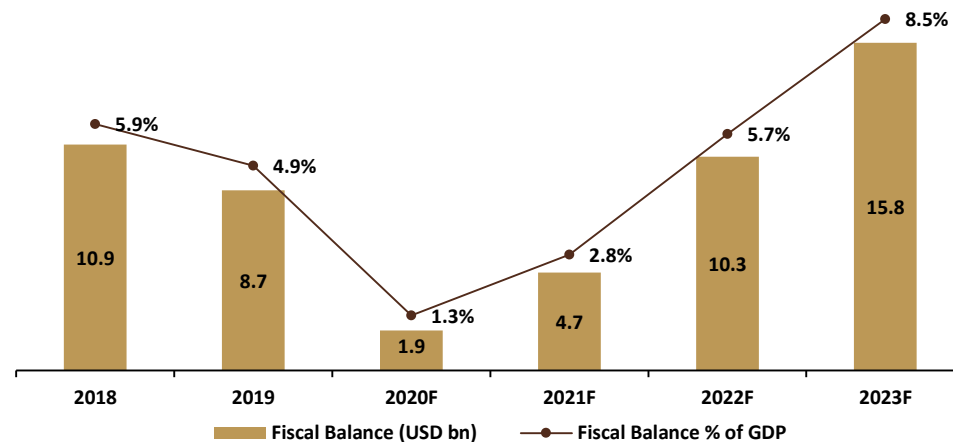
(2) Source: BP Statistical Review of World Energy – 2021

### Real GDP (USDbn), Real GDP Growth, and Inflation



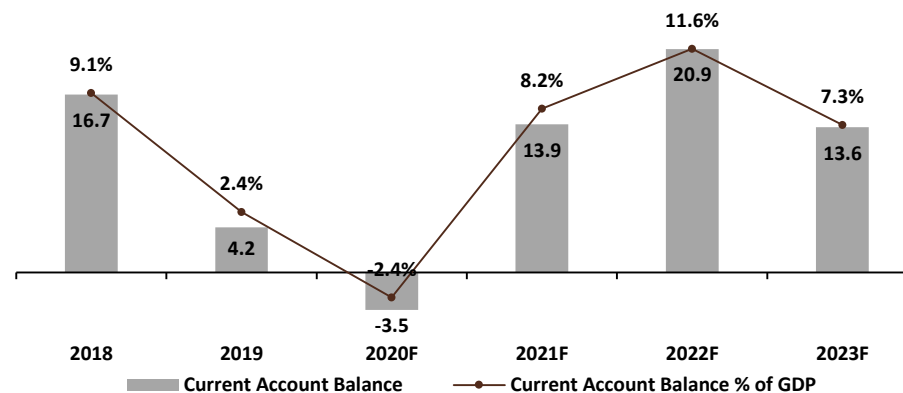
Source: IMF World Economic Database Outlook October 2021

### Fiscal Balance (USDbn)



Source: IMF World Economic Outlook Database October 2021

### Current account balance (USDbn)



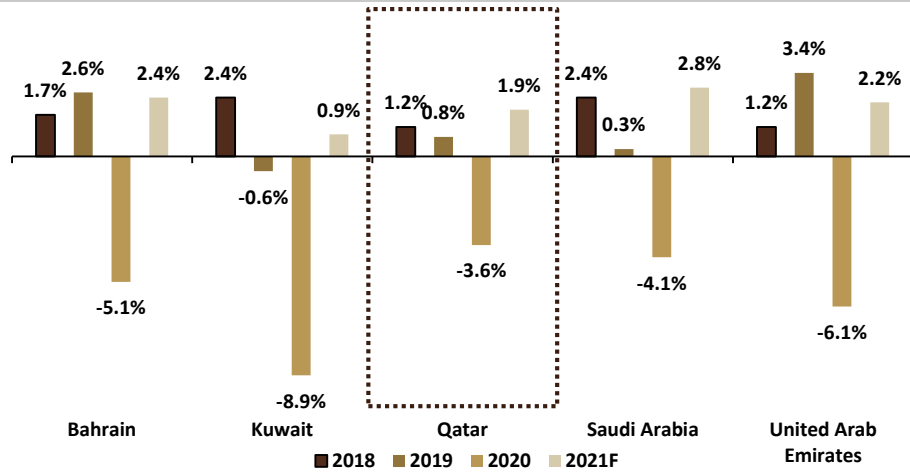
Source: IMF World Economic Database Outlook October 2021



# Operating Environment

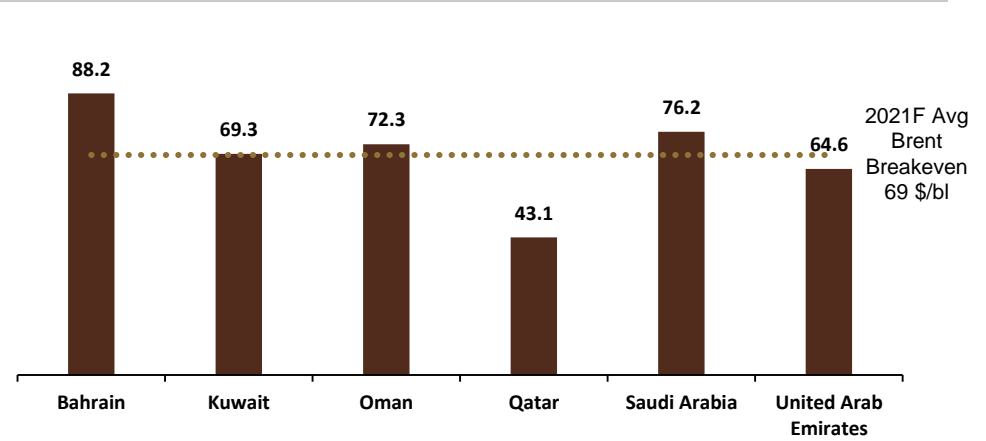
## Qatar vs Other GCC Countries

### Real Gross Domestic Product (GDP) Growth of GCC



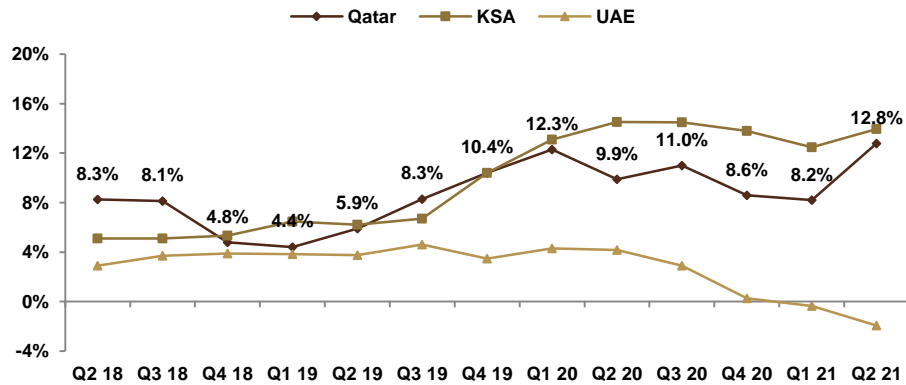
Source: IMF Data Mapper World Economic Outlook October 2021

### Fiscal Breakeven Oil Price, 2021 Projections (USD / barrel)



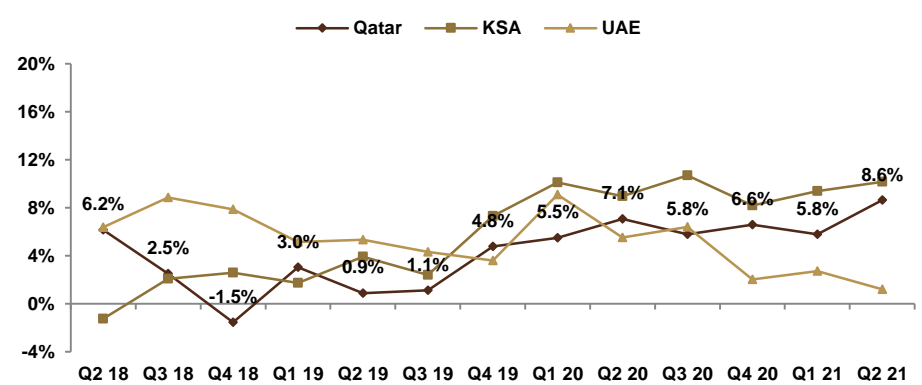
Source: IMF, Statistical Appendix 2021

### Commercial Banks' Total Loans Growth (YOY)



Source: Central bank (Qatar, KSA, U.A.E)

### Commercial Banks' Deposit Growth (YOY)



Source: Central bank (Qatar, KSA, U.A.E)

# Operating Environment

## Overview of the Qatari Banking Sector & Regulatory Support

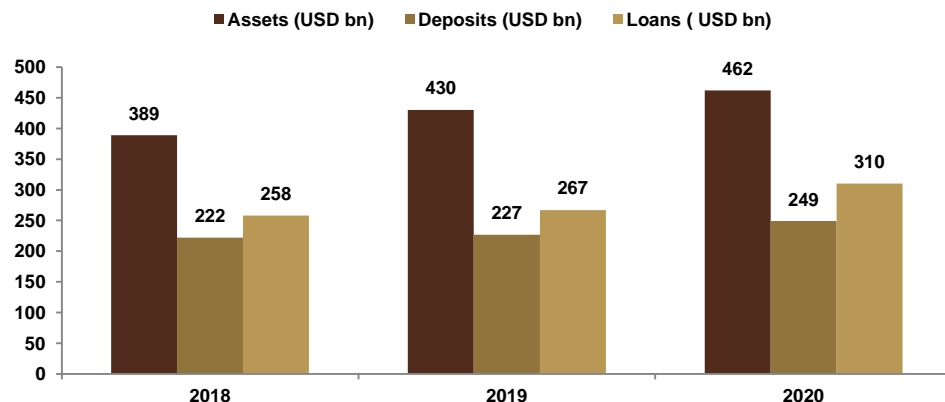
### Snapshot of the Qatari Banking Sector

- A total of 17 banks licensed by the Qatar Central Bank:

Banks	No.
Islamic banks	4
Conventional banks	5
State-owned bank	1
Foreign banks	7

- Total assets of USD 489 bn as at August 2021 with strong and sound regulatory environment
- Minimum capital adequacy ratio of 13.5% including ICAAP charge but excluding DSIB capital charge as per Qatar Central Bank
- Maximum credit limit to single customer of 20% of a bank's capital and reserves

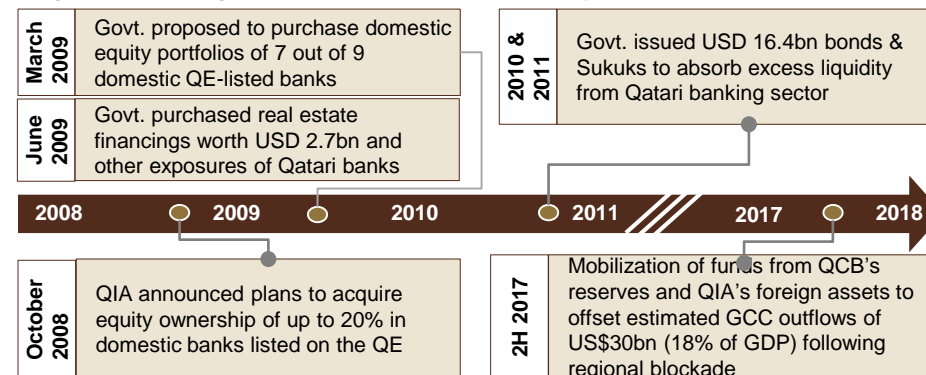
### Key Balance Sheet Indicators



Source: Qatar Central Bank, Quarterly Statistical Bulletin Feb 2021

### State of Qatar's Track Record of Support

- Historically, the Government, through the QCB and QIA, has taken several steps to provide capital to support the domestic commercial banking sector
- That said, MAR did not require any support during the 2008 financial crisis given its strong balance sheet and asset quality**



### Key Financial Indicators

	2018	2019	2020
Tier 1 Capital to RWA*	16.8%	17.2%	17.5%
Capital Adequacy Ratio*	17.6%	18.0%	18.5%
NPL Ratio	1.9%	1.8%	2.0%
NPL Coverage Ratio	75.8%	81.9%	83.8%
Liquid Assets/Total Assets	29.1%	30.2%	28.1%
Loans to Deposits	116.1	122.4	124.6

\* For national banks

Source: Financial Stability Review 2020- QCB