



Investor Presentation

31 December 2020

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

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

- 2nd largest listed Islamic bank in Qatar by total assets (27.7% market share)*
- 4th largest listed Qatari banks by total assets (6.92% market share)

Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization (QAR 34 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

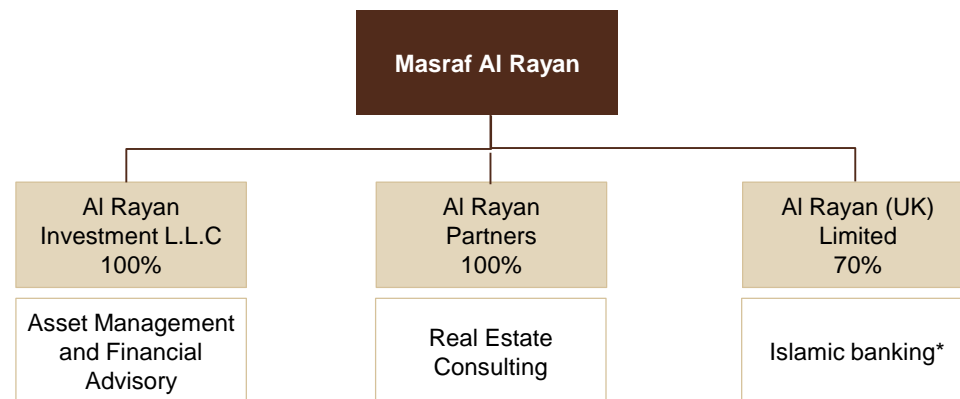
* As of 30th September 2020

** As of 31st December 2020

Branch Network



Subsidiaries



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

**As of 31 Dec 2020 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

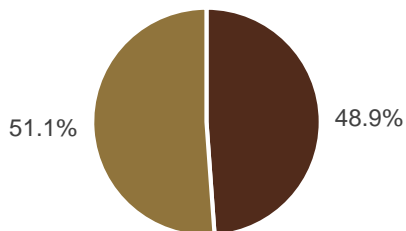
Introduction to Masraf Al Rayan

Ownership Structure & Financial Highlights

Shareholding Structure

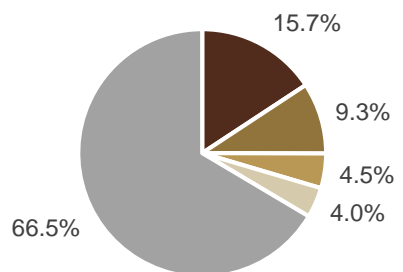
- Government, Government-related entities (GREs) and Qatari institutional investors hold approx. 48.9% of MAR's shares
- Considering both direct and indirect interest, significant shareholders comprised of QIA (15.7%) and QAF Investment Portfolio (9.3%)

Shareholding by Investor Type



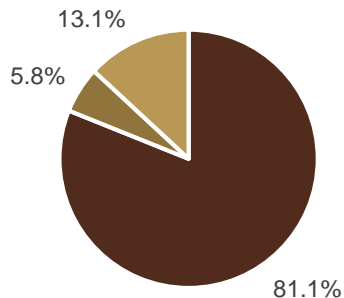
- Govt, GREs & Qatari institutions
- Qatari retail and foreign investors

Top Shareholders



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

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
- Foreign ownership limit:** 48.7%
- Market cap:** QAR 34 bn
- Valuation multiples:** P/E 15.62; P/B 2.36

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
- Chairman of Supreme Council of Economic Affairs and Investment
- Chairman of Qatar Stock Exchange
- Chairman of Qatar Development Bank
- Chairman of the Investment Promotion Agency of Qatar
- Deputy Chairman of Qatar Financial Centre (QFC)
- Board member – Qatar Investment Authority (QIA)
- Board member – Qatar Petroleum (QP)
- Board member – Qatar University
- Board member – Milaha Company
- Board member – Nakilat Company
- Board member – National Tourism Council

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

Group CEO



Mr. Adel Mustafawi

Other positions:

- Vice Chairman - Qatar Sports Investment
- Vice Chairman - Paris Saint Germain F.C
- Board Member - Al Rayan Bank PLC

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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Financial Highlights and Performance

Summary

Balance Sheet

- Total assets reached QAR 121,115 million compared to QAR 106,397 million on 31 December 2019, an increase of 13.8%
- Financing activities increased to QAR 85,983 million compared to QAR 74,837 million on 31 December 2019, an increase of 14.9%
- Investments decreased to QAR 21,120 million compared to QAR 21,906 million on 31 December 2019, a decrease of 3.6%
- Customer deposits totaled QAR 68,918 million compared to QAR 65,613 million on 31 December 2019, an increase of 5.0%

Income statement

- Net profit attributable to equity holders totalled QAR 2,175 million for year ended 31 December 2020, compared to QAR 2,178 million for the corresponding period in 2019.
- Total income for the year ended 31 December 2020 decreased by 3.4% totalling QAR 5,046 million as compared to QAR 5,221 million for the corresponding period in 2019.

Financial Ratios

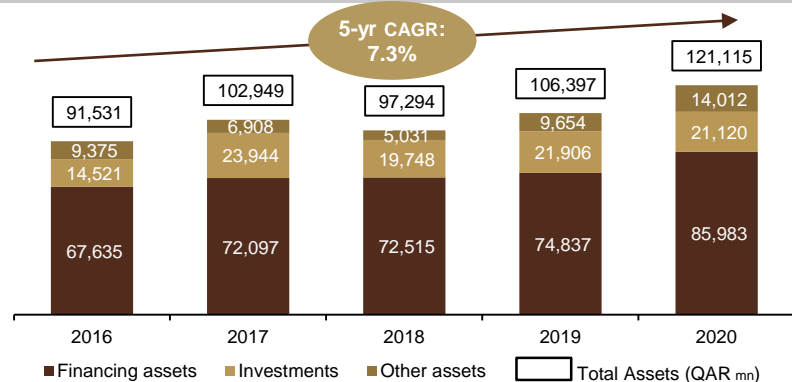
- Return on average assets of **1.91%**
- Return on average shareholders' equity of **15.38%**
- Earnings per share for the period reached **QAR 0.290**
- Book value per share reached **QAR 1.92**
- Operational Efficiency ratio is **21.58%**
- Non-performing financing (NPF) ratio of **1.13%**

Financial Highlights & Performance

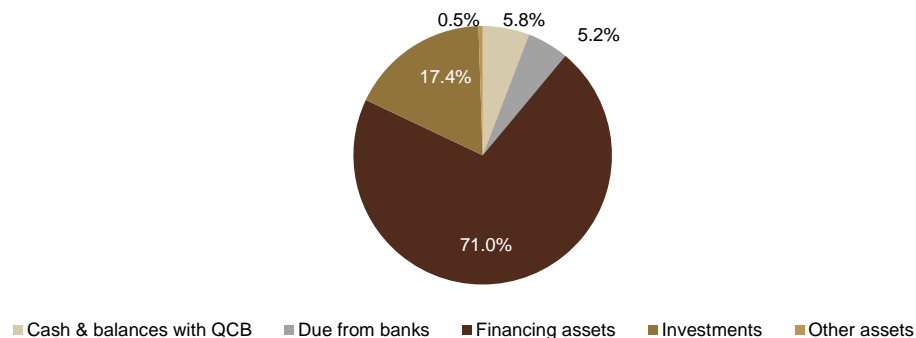
Balance Sheet

► Financing assets have continued to grow in 2020. Investment securities continue to have high tilt towards high quality Government debt.

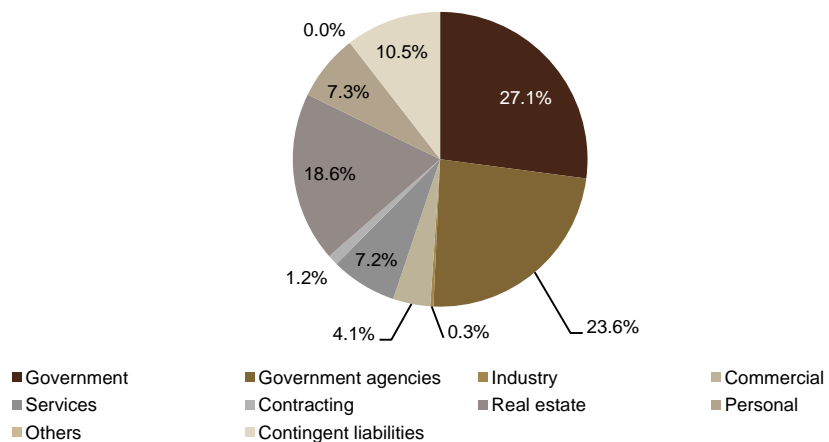
Assets



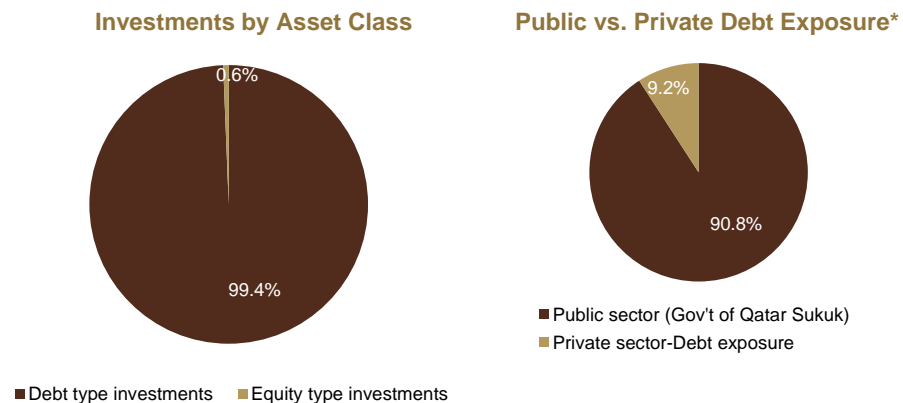
Asset Mix – 2020



Gross Exposure - Funded & Unfunded – 2020



Breakdown of Investment Securities – 2020



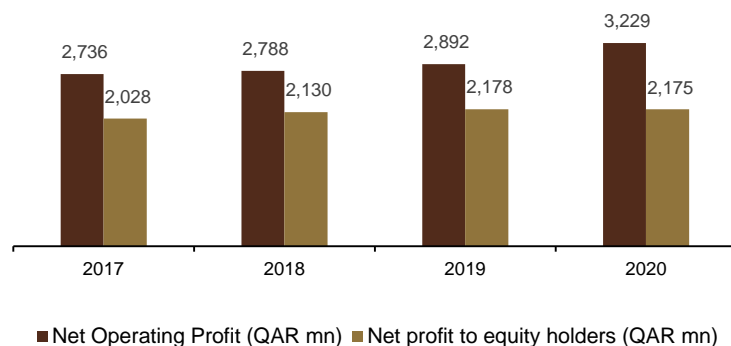
*% of total debt investments including impairments

Financial Highlights & Performance

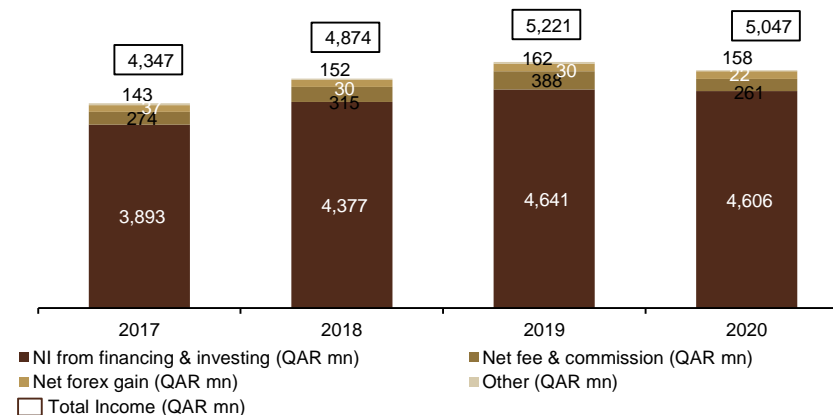
Profitability

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

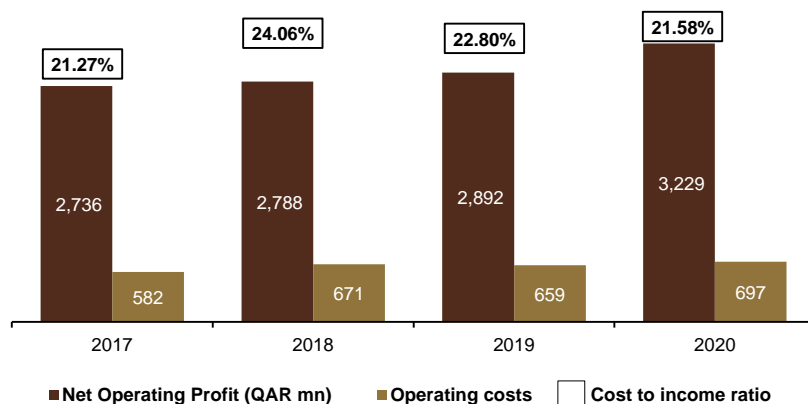
Profitability



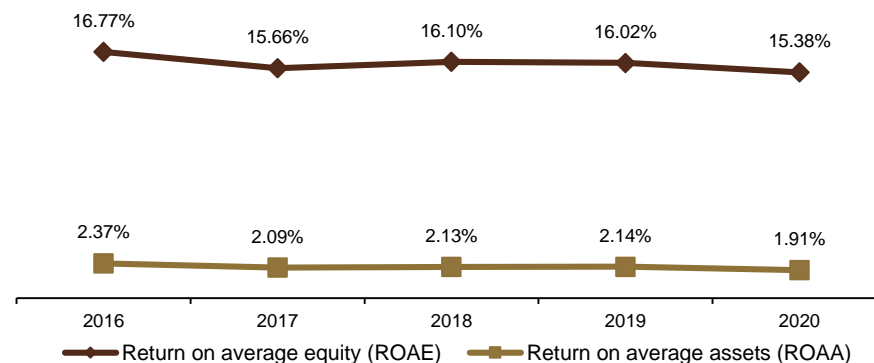
Income Composition



Operating Efficiency



Return on Assets & Shareholder's Equity*



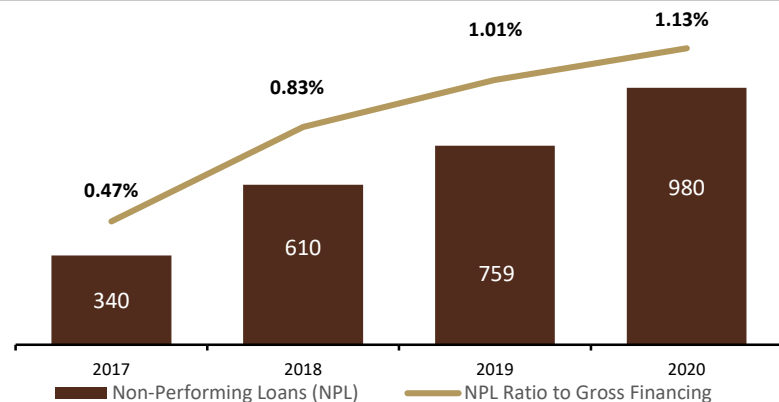
*Attributable to equity holders

Financial Highlights & Performance

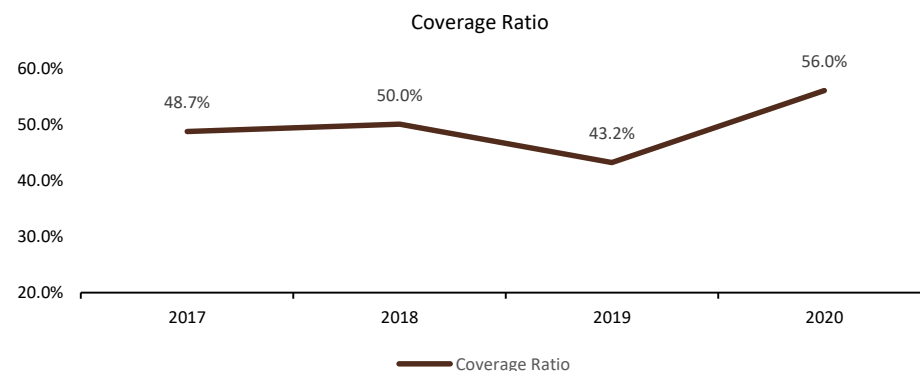
Asset Quality

► Masraf Al Rayan's non-performing financing ratio is at 1.13% reflecting robust asset quality, prudent risk management policies and a conservative lending strategy.

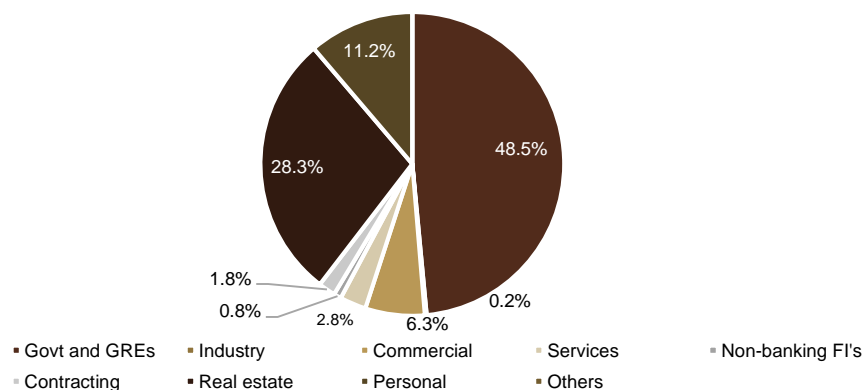
Non-Performing Financing Assets (Stage 3)



Non-Performing Financing Coverage Ratio (Stage 3)



Financing Assets Breakdown by Industry – 2020



Key Highlights

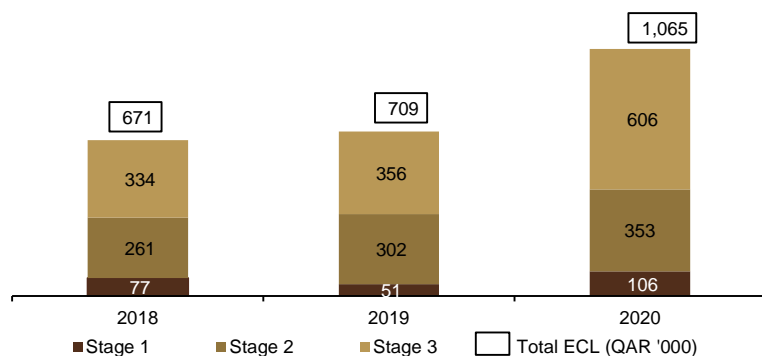
- The Bank's asset quality remains robust as indicated by a NPF ratio of 1.13% as of 31st December 2020.
- Consistently strong asset quality is driven by selective acquisition of customer base, critical credit risk evaluation and management.
- High financing exposure to government sector (48.5% as of 31st December 2020) is another contributor to maintaining good asset quality.

Financial Highlights & Performance

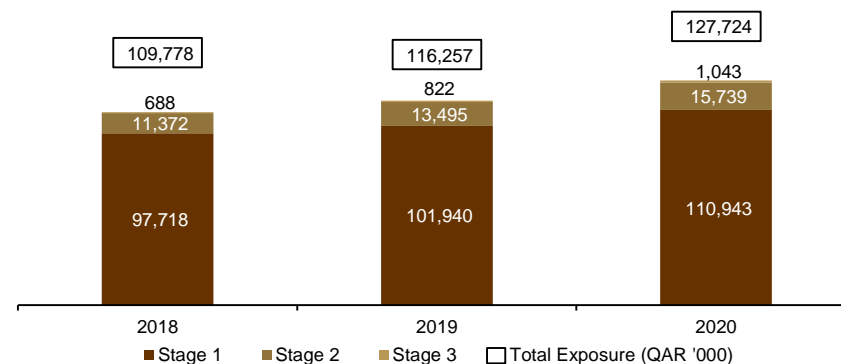
IFRS 9 Impact

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

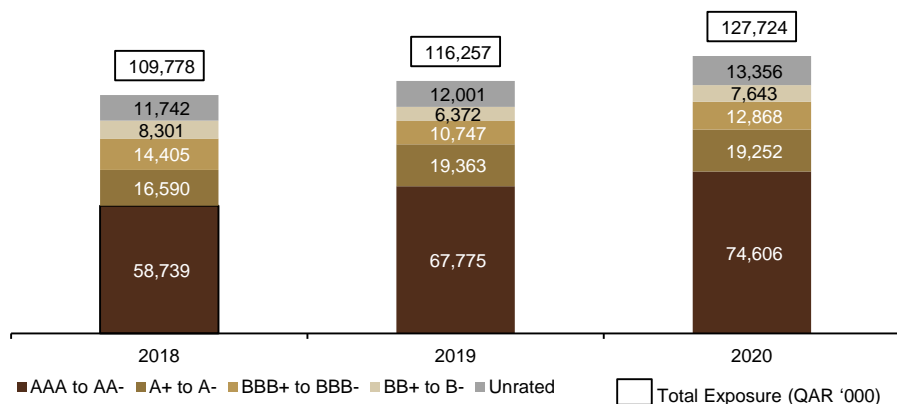
ECL on all exposures - by Stages



All exposures subject to ECL - by Stages



Exposure by Rating Grade



Key Highlights

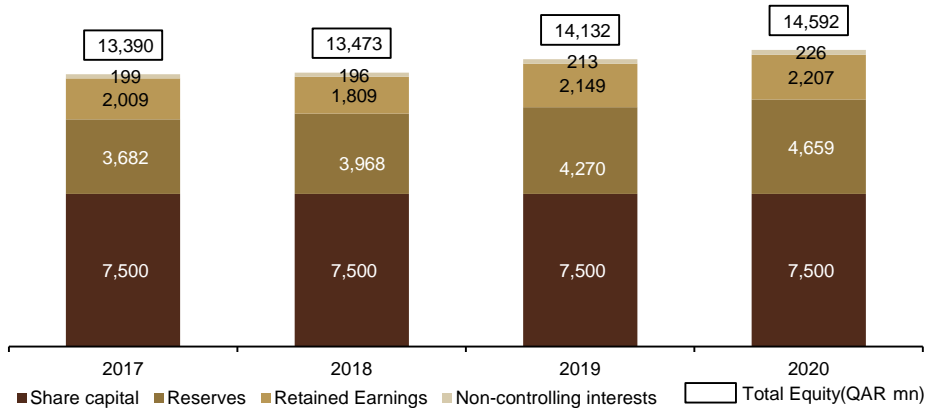
- ECL calculation was adopted by the Bank in January 2018 and adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and non-controlling interest of FY 2018
- Stage 1 includes financial assets on initial recognition 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

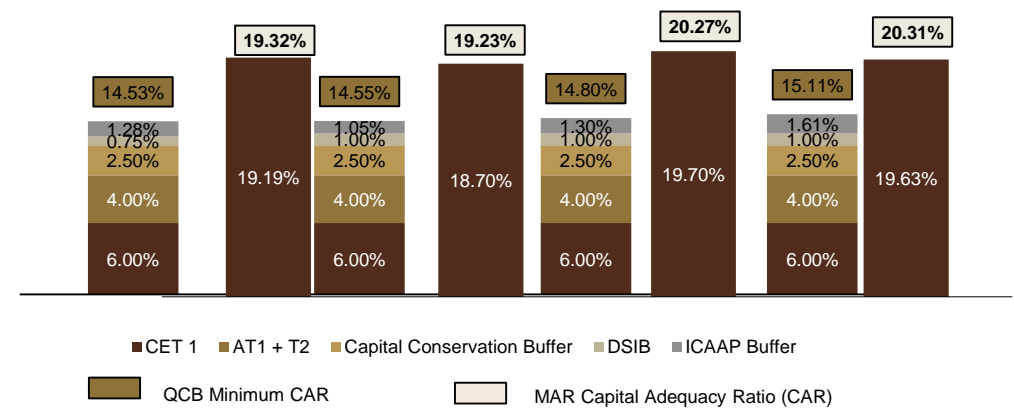
Capital Adequacy

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

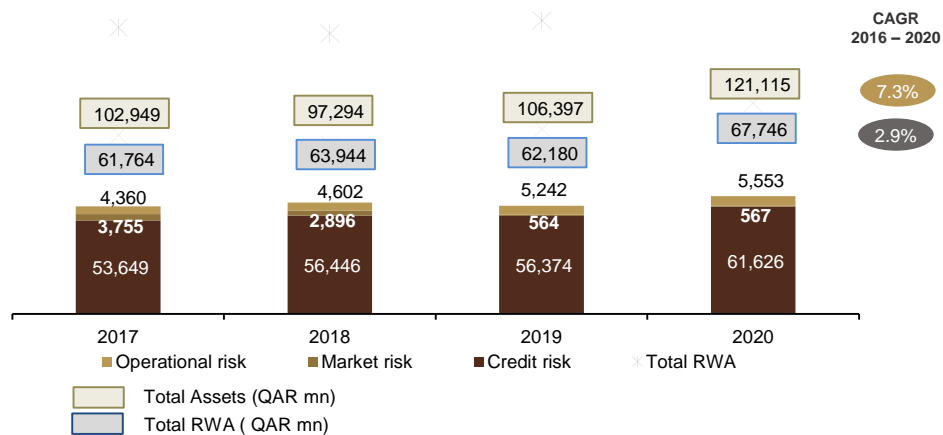
Total Equity Breakdown



Overview of the Bank's Capitalisation Levels



Risk Weighted Assets



Key Highlights

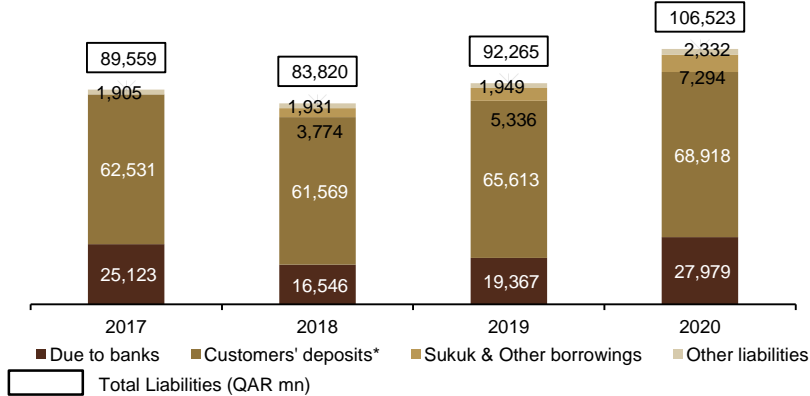
- MAR maintained a healthy capitalization level with CAR (inclusive of CET1 capital 19.63%) of 20.31% as at 31st December 2020, well above the minimum regulatory requirements of 13.50% (including ICAAP buffer: 15.11%).
- As a Domestic Systemically Important Bank (DSIB), the Bank is required to maintain an additional buffer of 1.00% as of 31st December 2020.
- Growth in risk weighted assets (2.9% CAGR for the period 2016 –2020), reaching QAR 68 bn as of 31st December 2020.
- 2016 – 2020 CAGR for Assets at 7.3% vs 2.9% for RWA indicates that the Bank is focused on growing its financing book with higher quality assets.

Financial Highlights & Performance

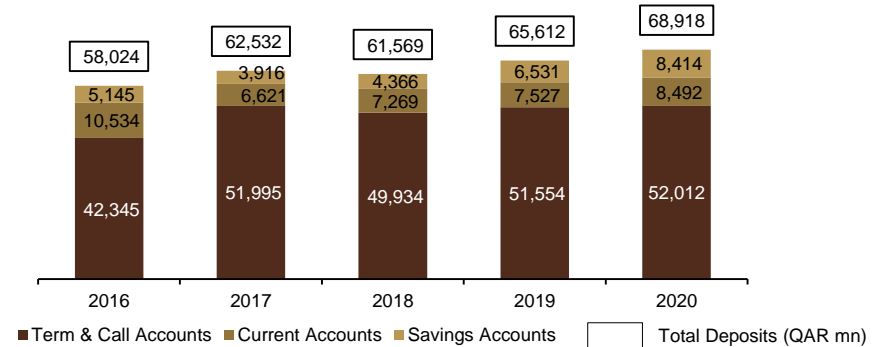
Funding & Liquidity

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

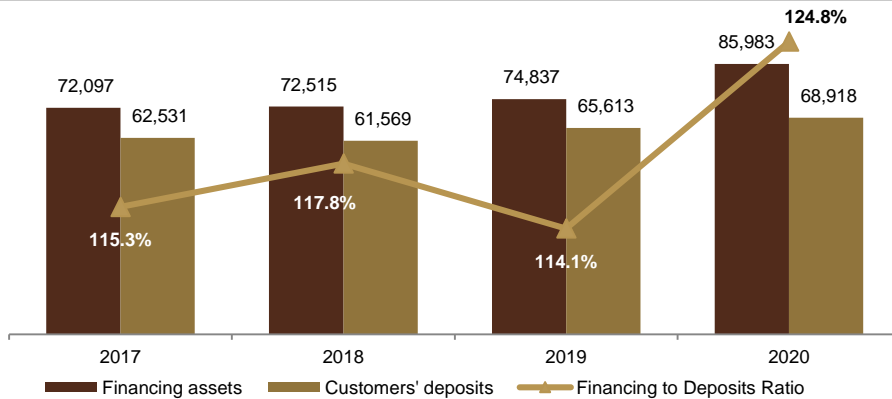
Funding Mix



Deposit Mix



Financing Assets and Customer Deposits



*Includes equity of investment account holders

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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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 1,112mn**

International Operations

- ▶ Represents contribution from the Bank's international locations mainly the Bank's UK based subsidiary, Al Rayan Bank PLC
- ▶ 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

	2019		2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	69,983	66.6%	81,606	68.4%
Total Revenue	3,557	68.5%	3,250	64.7%
Profit Before Tax	1,792	68.0%	1,712	63.9%

	2019		2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	23,697	22.5%	25,333	21.2%
Total Revenue	1,241	23.9%	1,399	27.9%
Profit Before Tax	786	29.8%	921	34.4%

	2019		2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	683	0.7%	814	0.7%
Total Revenue	51	1.0%	52	1.0%
Profit Before Tax	28	1.1%	29	1.1%

	2019		2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	10,743	10.2%	11,567	9.7%
Total Revenue	342	6.6%	323	6.4%
Profit Before Tax	30	1.1%	18	0.7%

*Excludes unallocated assets, liabilities and revenues related to some central functions and non-core business functions which accounted for 1.5% of total assets as at 31-Dec-20 and 1.2% of total assets as at FY 19

**As of 31st December 2020

Source: Bank's financial statements

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Historical Financials

Consolidated Income Statement

QAR mn	2017	2018	2019	2020
Net income from financing activities	3,101	3,539	3,710	3,680
Net income from investing activities	792	838	931	925
Total Net Income from Financing and Investing Activities	3,893	4,377	4,641	4,606
Fee and commission income	279	319	391	263
Fee and commission expense	(5)	(4)	(3)	(2)
Net Fee and Commission Income	274	315	388	261
Net foreign exchange gain	143	152	162	158
Share of results of associates	28	22	20	18
Other income	9	8	10	4
Total Income	4,347	4,874	5,221	5,046
Staff costs	(328)	(375)	(395)	(386)
Depreciation	(17)	(15)	(18)	(25)
Other expenses	(233)	(279)	(246)	(283)
Finance expense	(495)	(760)	(838)	(672)
Total Expenses	(1,073)	(1,429)	(1,497)	(1,366)
Net reversal of impairment losses on due from banks	-	-	-	(0)
Net recoveries/(impairment losses) on financing assets	(108)	15	(55)	(299)
Net impairment losses on investment securities	(6)	(9)	(1)	(58)
Net reversal / (impairment losses) on off balance sheet exposures	-	16	11	5
Profit for the Period before Return to Investment Account Holders	3,160	3,467	3,679	3,328
Less: Return to investment account holders	(1,115)	(1,326)	(1,491)	(1,145)
Profit for the Period before Tax	2,045	2,141	2,188	2,183
Tax (expense) credit	(5)	(2)	(1)	(2)
Net Profit for the Period	2,040	2,139	2,187	2,181

Historical Financials

Consolidated Statement of Financial Position

QAR mn	2017	2018	2019	2020
Cash and Balances with Qatar Central Bank	2,800	3,027	3,123	7,071
Due from Banks	3,312	1,513	6,035	6,308
Financing Assets	72,097	72,515	74,837	85,983
Investment Securities	23,423	19,222	21,379	20,586
Investment in Associates	520	526	527	534
Fixed assets	160	189	228	271
Other assets	636	302	267	362
Total Assets	102,949	97,294	106,397	121,115
Due to banks	25,123	16,546	19,367	27,979
Customer current accounts	6,621	7,269	7,527	8,492
Sukuk Financing	-	1,721	3,334	6,023
Other Borrowings	-	2,053	2,002	1,271
Other liabilities	1,905	1,931	1,949	2,332
Total Liabilities	33,649	29,520	34,179	46,097
Equity of Investment Account holders	55,910	54,300	58,086	60,426
Share Capital	7,500	7,500	7,500	7,500
Legal Reserve	2,066	2,279	2,497	2,714
Risk Reserve	1,508	1,575	1,636	1,797
Fair value reserve	3	10	24	25
Foreign currency translation reserve	(8)	(14)	(10)	(4)
Other reserves	113	119	123	126
Retained earnings	2,009	1,809	2,149	2,207
Total Equity Attributable to Equity Holders of the Bank	13,191	13,278	13,919	14,365
Non-Controlling interest	199	196	213	227
Total Owners' Equity	13,390	13,474	14,132	14,592
Total Liabilities, Equity of Investment Account Holders and Owners' Equity	102,949	97,294	106,397	121,115

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Operating Environment

Qatar at a Glance

Snapshot of Qatar

Economic Fundamentals

- Largest exporter of LNG with a global market share of 22%⁽¹⁾
- 3rd largest gas reserves in the world (c.12% of world's total)⁽²⁾
- Largest exporter of LNG for over a decade⁽¹⁾

Rating

- Rated Aa3 (Moody's) and AA- (S&P & Fitch) with stable outlook in 2020 based on Qatar's high income and vast hydrocarbon reserves as well as its continued macroeconomic resilience in the face of the regional blockade

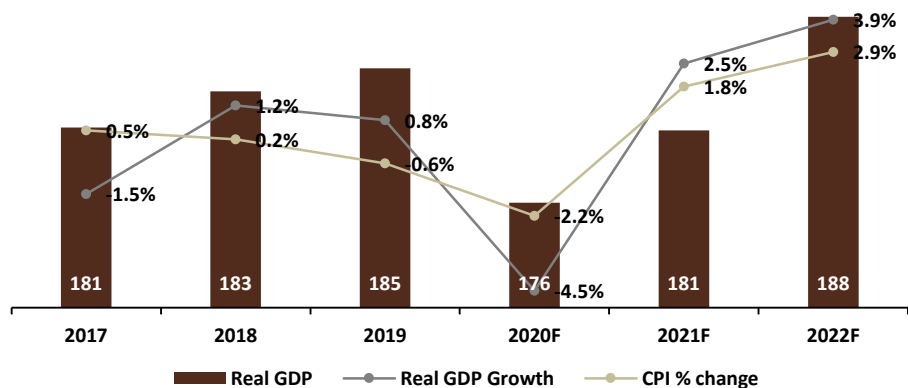
Outlook

- Major projects (43% of 2020 budgeted expenditure QAR 211 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 – 2020 Edition

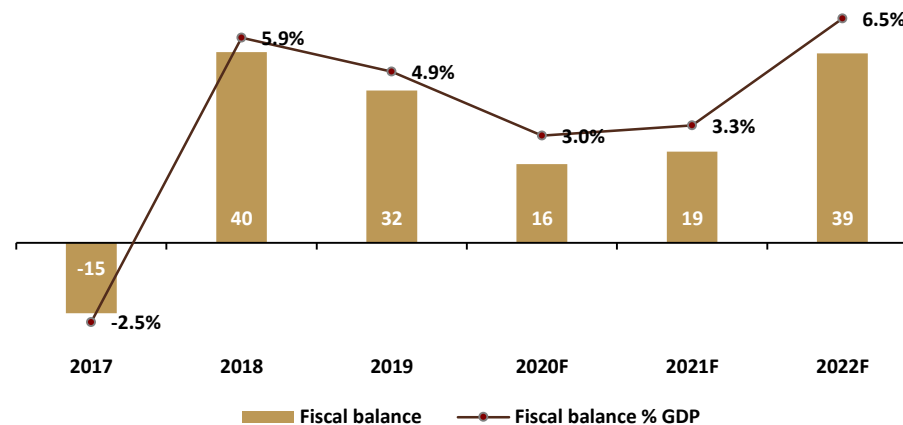
(2) Source: BP Statistical Review of World Energy – 2020

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



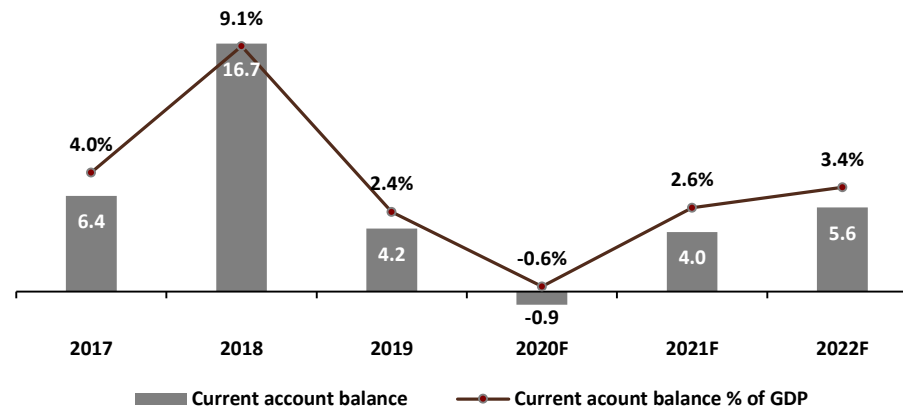
Source: IMF World Economic Database Outlook October 2020

Fiscal Balance (USDbn)



Source: IMF World Economic Outlook Database October 2020

Current account balance (USDbn)

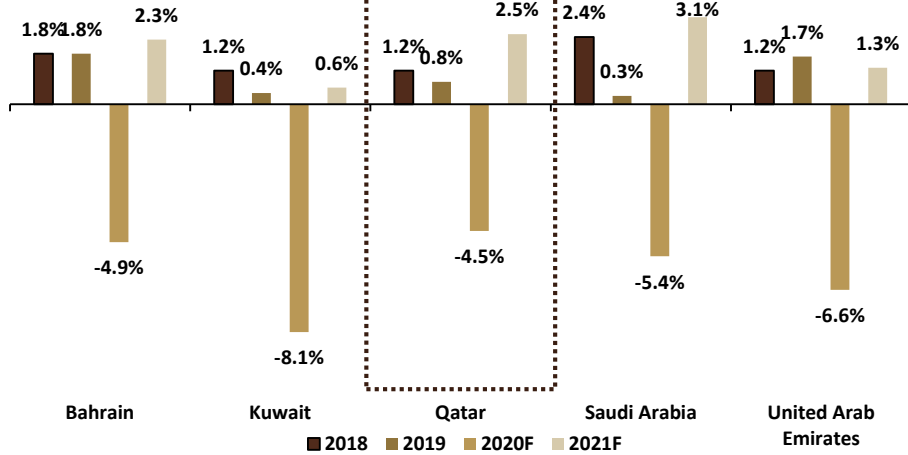


Source: IMF World Economic Database Outlook October 2020

Operating Environment

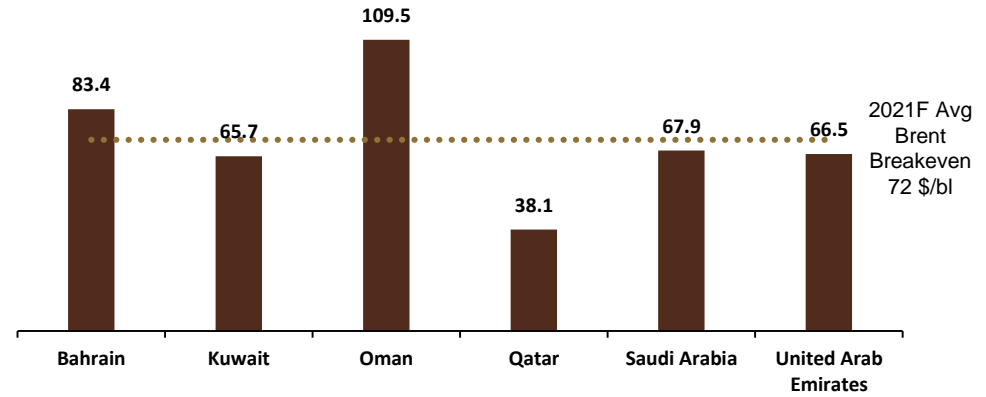
Qatar vs Other GCC Countries

Real Gross Domestic Product (GDP) Growth of GCC



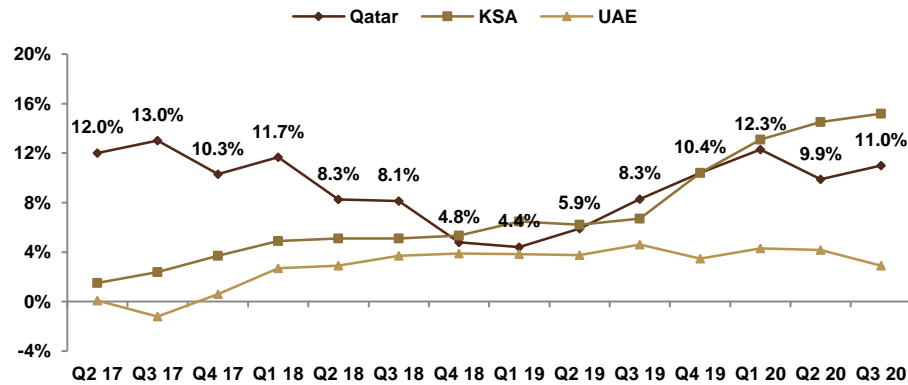
Source: IMF Data Mapper World Economic Database April 2020

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



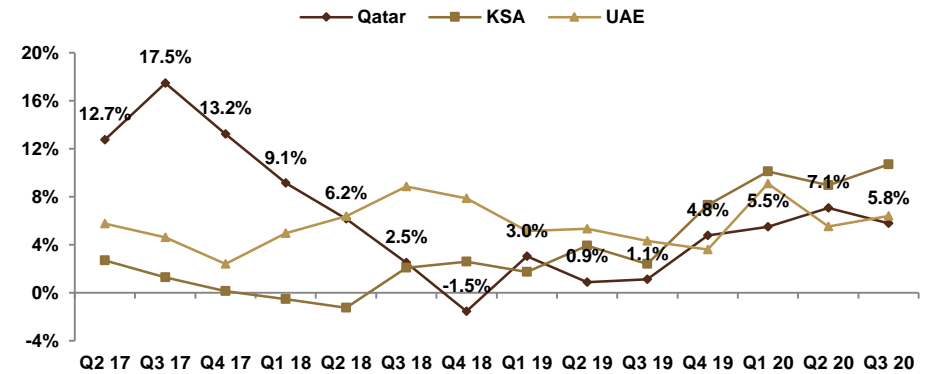
Source: IMF, Statistical Appendix 2020

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

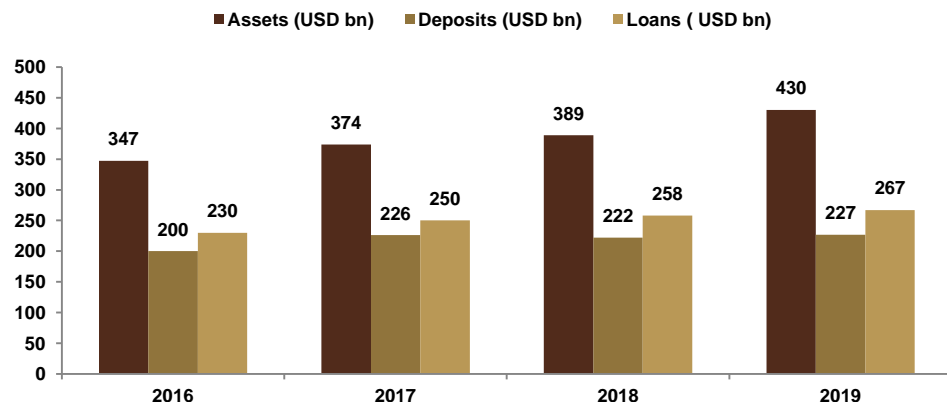
Snapshot of the Qatari Banking Sector

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

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

- Total assets of USD 454 bn as at November 2020 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

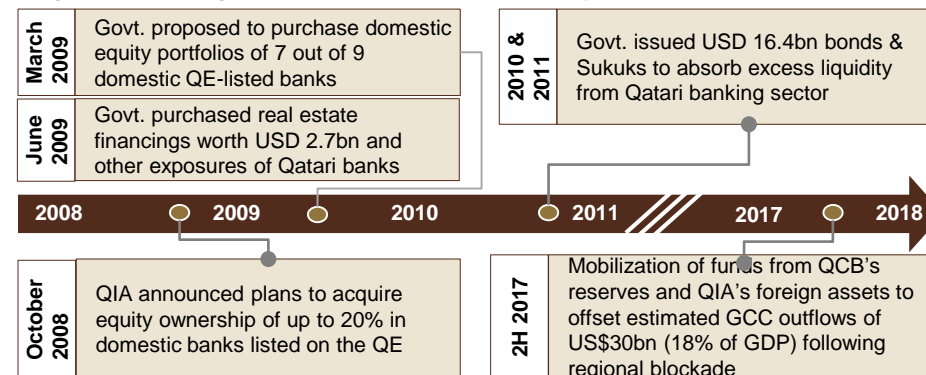
Key Balance Sheet Indicators



Source: Qatar Central Bank, Quarterly Statistical Bulletin Sep 2019

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

	2017	2018	2019
Tier 1 Capital to RWA*	16.1%	16.8%	17.21%
Capital Adequacy Ratio*	16.2%	17.6%	18.04%
NPL Ratio	1.6%	1.9%	1.8%
NPL Coverage Ratio	83.2%	75.8%	81.94%
Liquid Assets/Total Assets	28.2%	29.1%	30.2%
Loans to Deposits	78.4%	66.4%	69.8%

* For national banks

Source: Financial Stability Review 2019- QCB