



Investor Presentation

31 March 2021

Confidential

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 (27.3% market share)*
- 4th largest listed Qatari banks by total assets (6.95% market share)

Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization (QAR 32 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

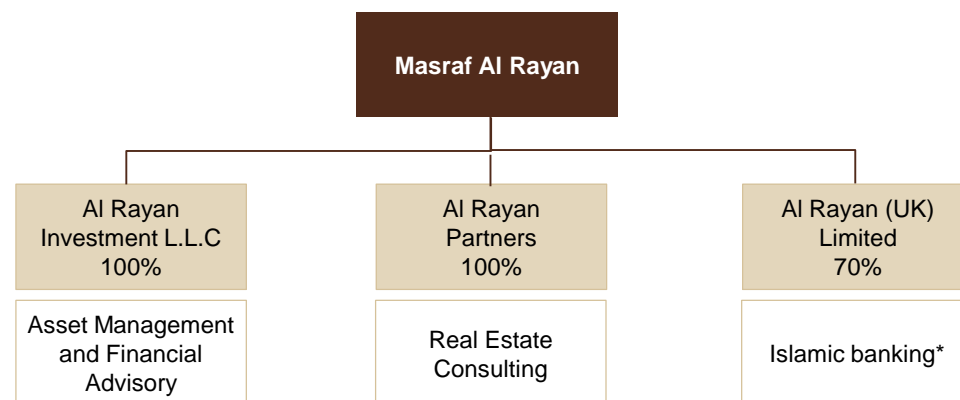
* As of 31st December 2020

** As of 31st March 2021

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

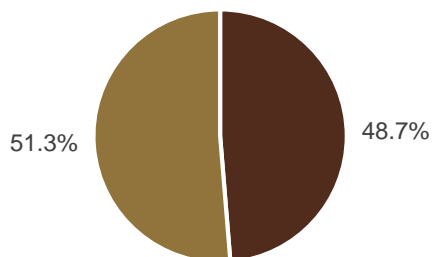
Introduction to Masraf Al Rayan

Ownership Structure & Financial Highlights

Shareholding Structure

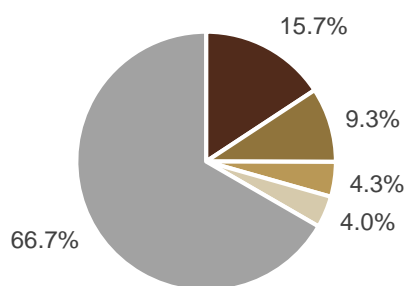
- Government, Government-related entities (GREs) and Qatari institutional investors hold approx. 48.7% of MAR's shares
- Considering both direct and indirect interest, significant shareholders comprised of QIA (15.7%) and QAF Investment Portfolio (9.3%)

Shareholding by Investor Type



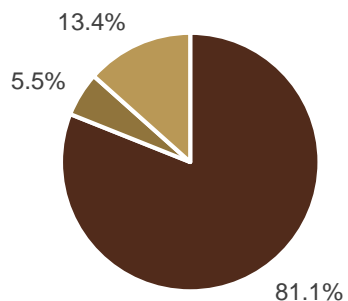
- Govt, GREs & Qatari institutions
- Qatari retail and foreign investors

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 32 bn
- Valuation multiples:** P/E 13.84; 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 125,502 million compared to QAR 109,058 million on 31 March 2020, an increase of 15.1%
- Financing activities increased to QAR 91,297 million compared to QAR 79,265 million on 31 March 2020, an increase of 15.2%
- Investments decreased to QAR 21,063 million compared to QAR 21,626 million on 31 March 2020, a decrease of 2.6%
- Customer deposits totaled QAR 77,449 million compared to QAR 67,730 million on 31 March 2020, an increase of 14.3%

Income statement

- Net profit totalled QAR 575 million for the quarter ended 31 March 2021 compared to QAR 547 million for the same period in 2020.
- Total income for the quarter ended 31 March 2021 decreased by 2.7% totalling QAR 1,277 million as compared to QAR 1,312 million for the same period in 2020.

Financial Ratios

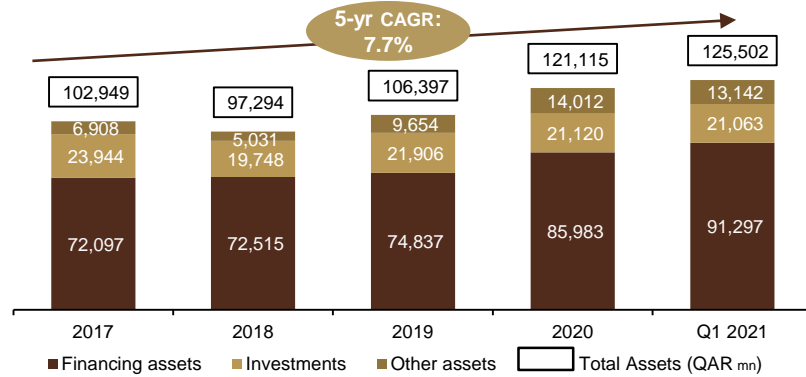
- Annualized return on average assets of **1.86%**
- Annualized return on average shareholders' equity of **16.40%**
- Earnings per share for the period reached **QAR 0.077**
- Book value per share reached **QAR 1.82**
- Operational Efficiency ratio is **18.91%**
- Non-performing financing (NPF) ratio of **1.05%**

Financial Highlights & Performance

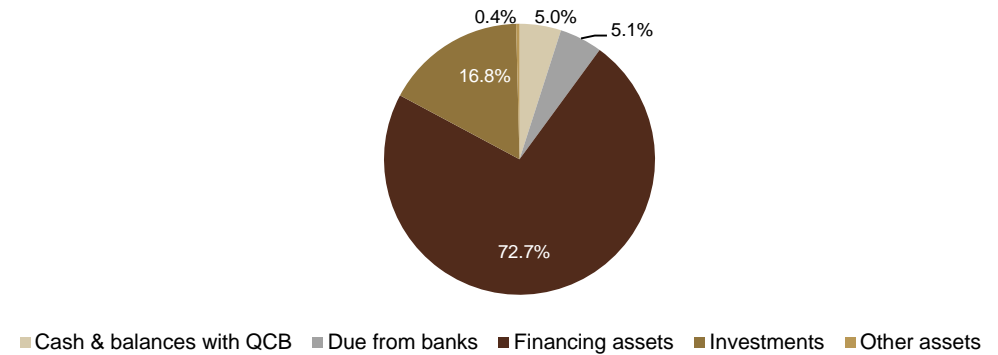
Balance Sheet

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

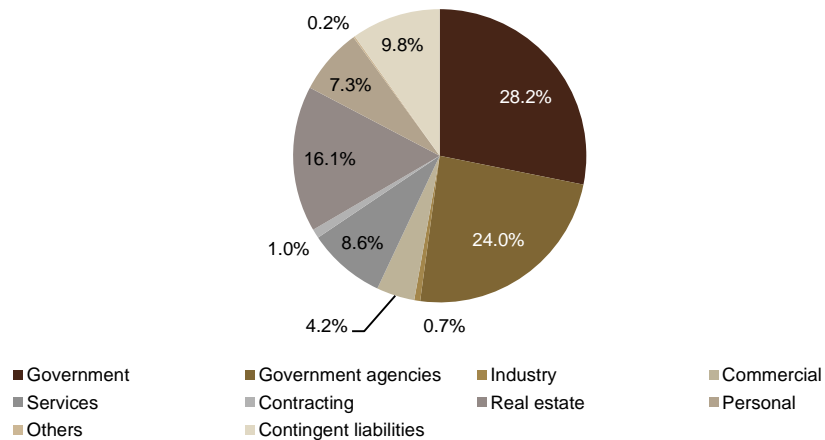
Assets



Asset Mix – Q1-2021

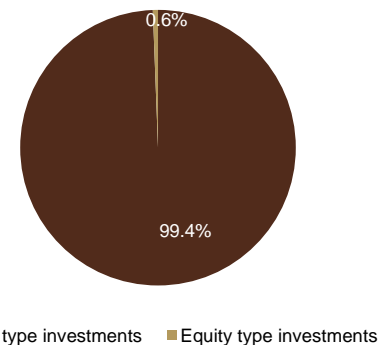


Gross Exposure - Funded & Unfunded – Q1-2021

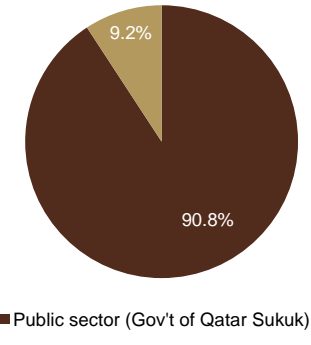


Breakdown of Investment Securities – Q1-2021

Investments by Asset Class



Public vs. Private Debt Exposure*



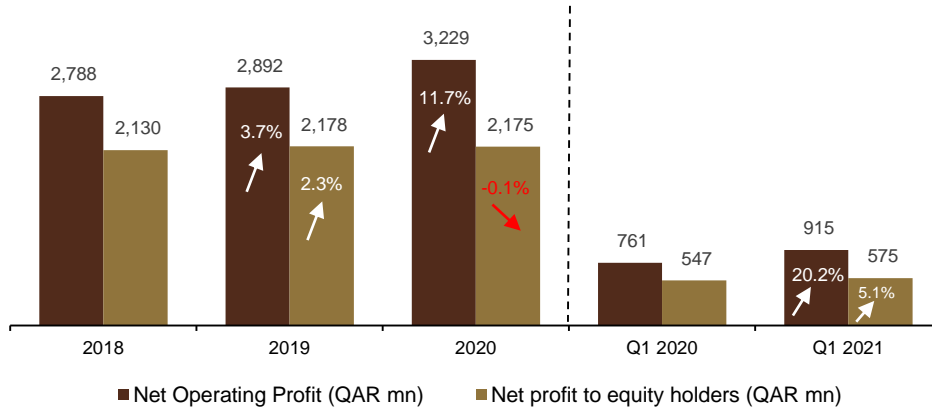
*% of total debt investments including impairments

Financial Highlights & Performance

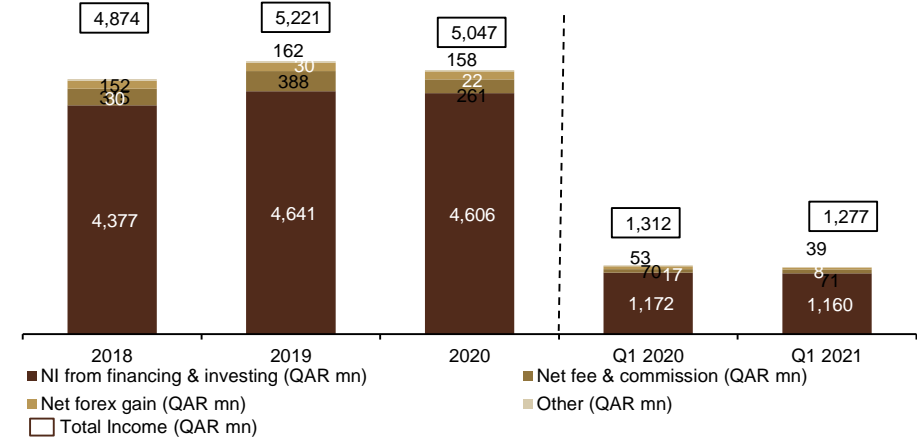
Profitability

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

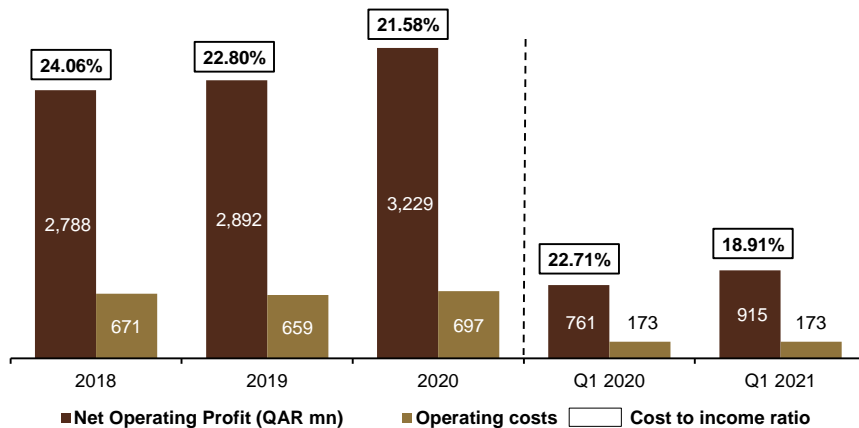
Profitability



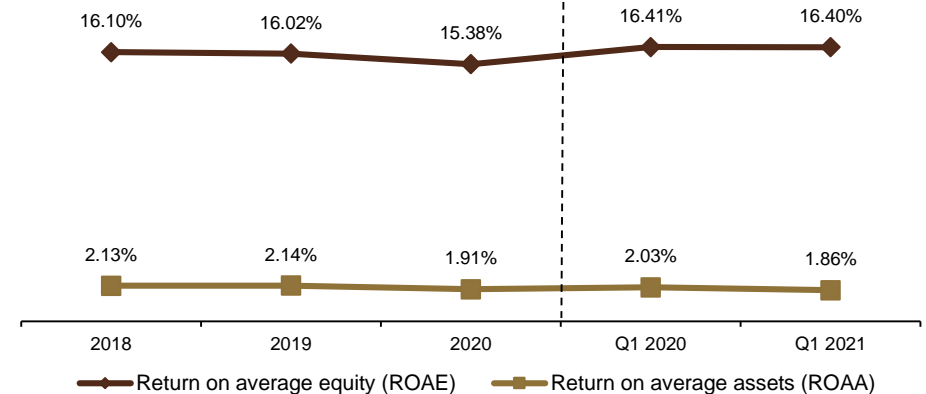
Income Composition



Operating Efficiency



Annualized Return on Assets & Shareholder's Equity*



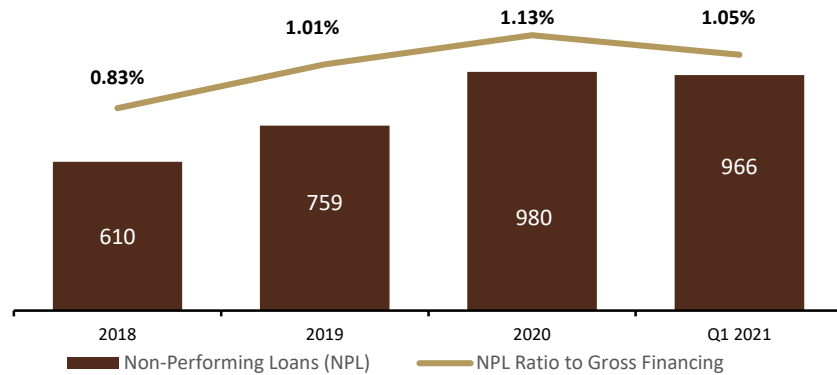
*Attributable to equity holders

Financial Highlights & Performance

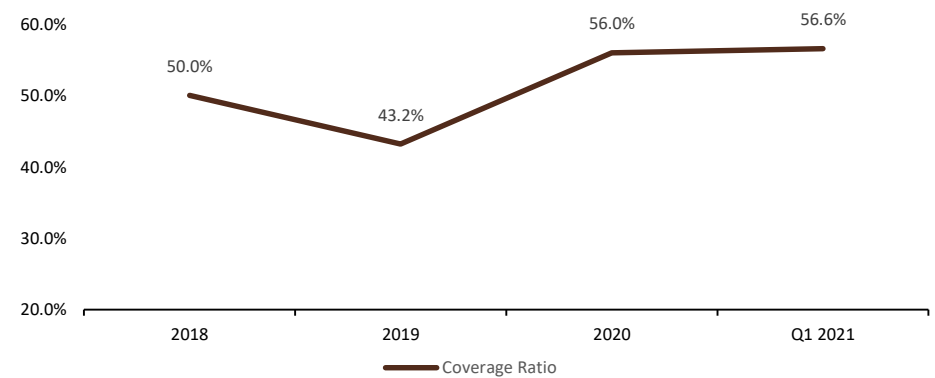
Asset Quality

► Masraf Al Rayan's non-performing financing ratio is at 1.05% reflecting robust asset quality, prudent risk management policies and a conservative lending strategy.

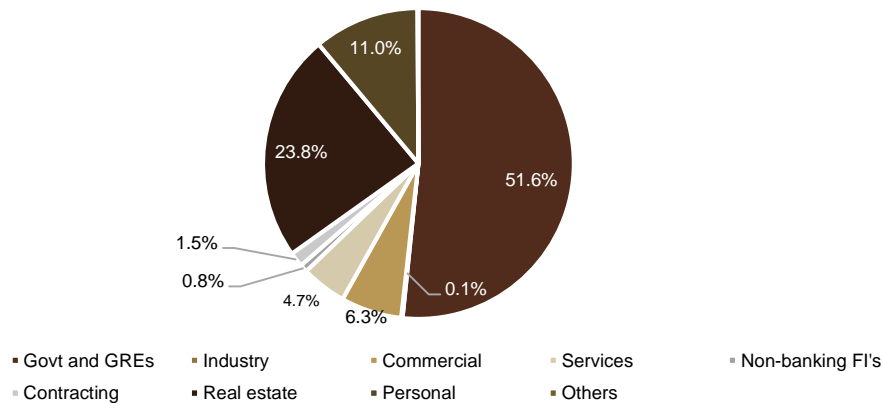
Non-Performing Financing Assets (Stage 3)



Non-Performing Financing Coverage Ratio (Stage 3)



Financing Assets Breakdown by Industry – Q1-2021



Key Highlights

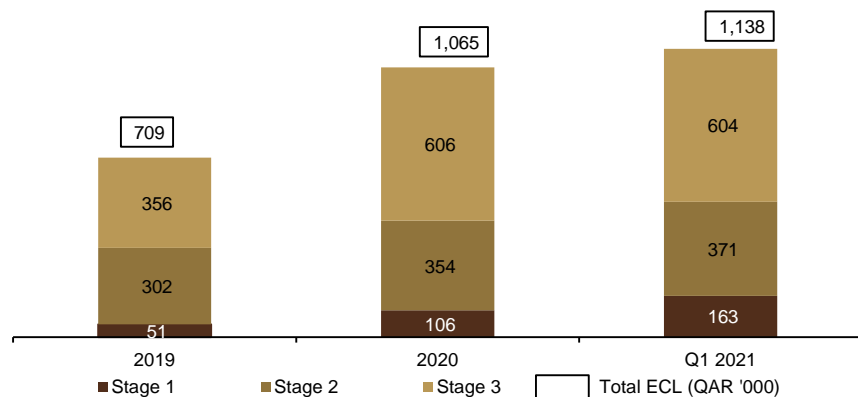
- The Bank's asset quality remains robust as indicated by a NPF ratio of 1.05% as of 31st March 2021.
- Consistently strong asset quality is driven by selective acquisition of customer base, critical credit risk evaluation and management.
- High financing exposure to government sector (51.6% as of 31st March 2021) is another contributor to maintaining good asset quality.

Financial Highlights & Performance

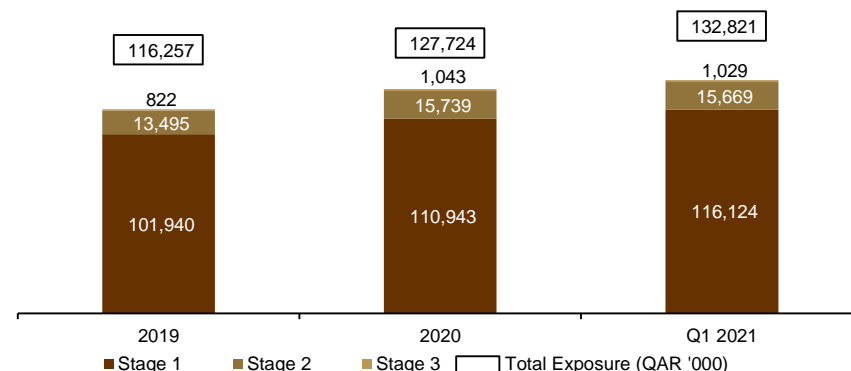
IFRS 9 Impact

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

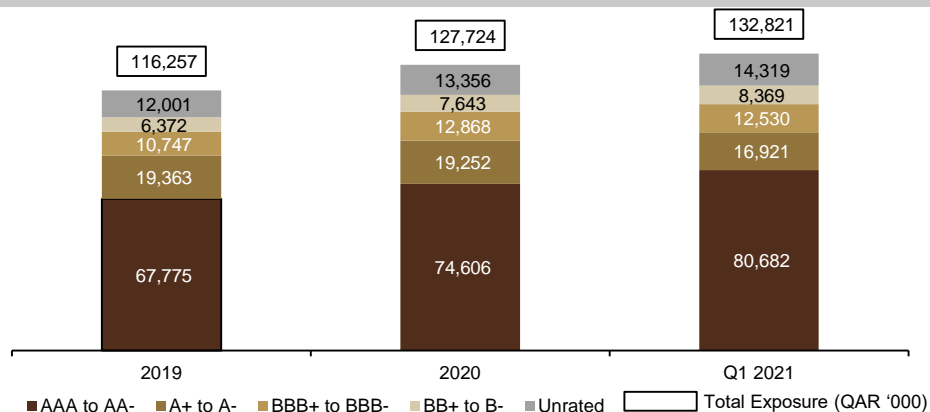
ECL on all exposures - by Stages



All exposures subject to ECL - by Stages



Exposure by Rating Grade



Key Highlights

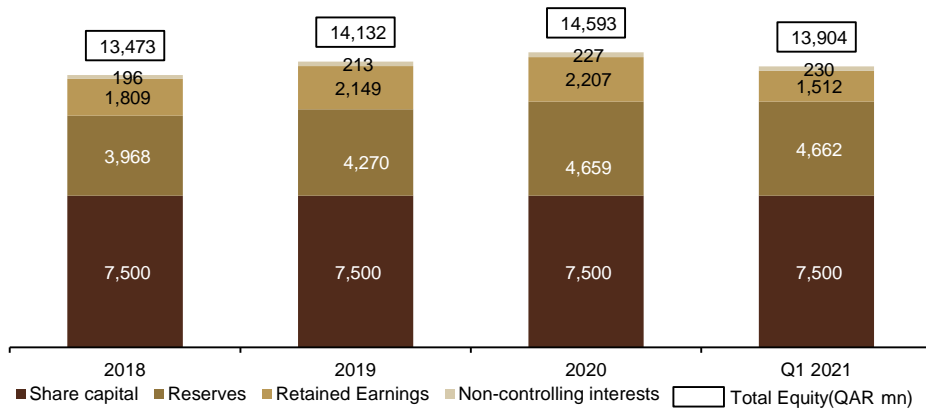
- ECL calculation was adopted by the Bank in January 2018 and adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and non-controlling interest of FY 2018
- Stage 1 includes financial assets on initial recognition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

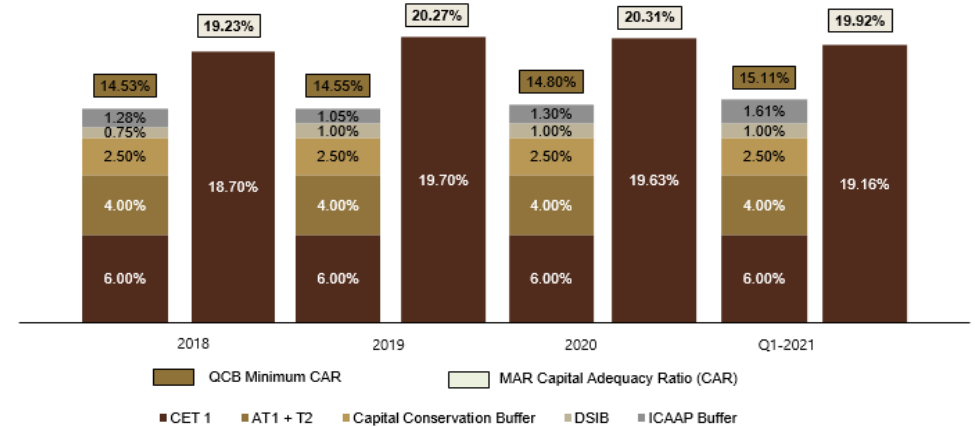
Capital Adequacy

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

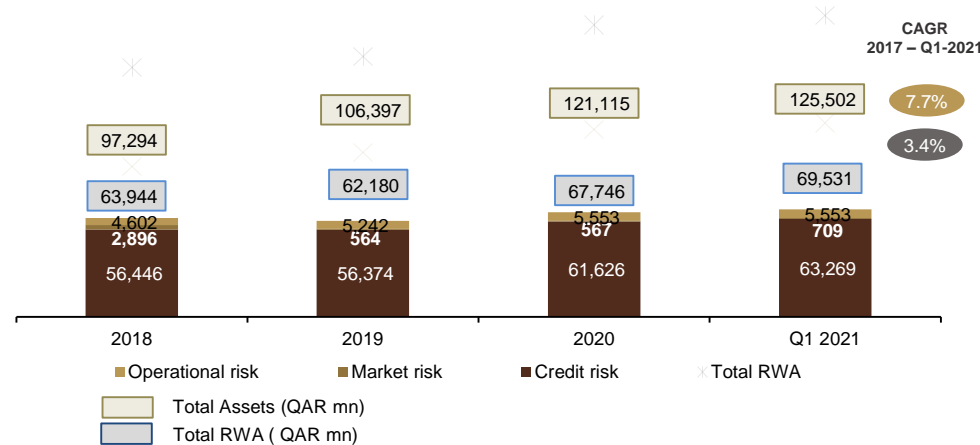
Total Equity Breakdown



Overview of the Bank's Capitalisation Levels



Risk Weighted Assets



Key Highlights

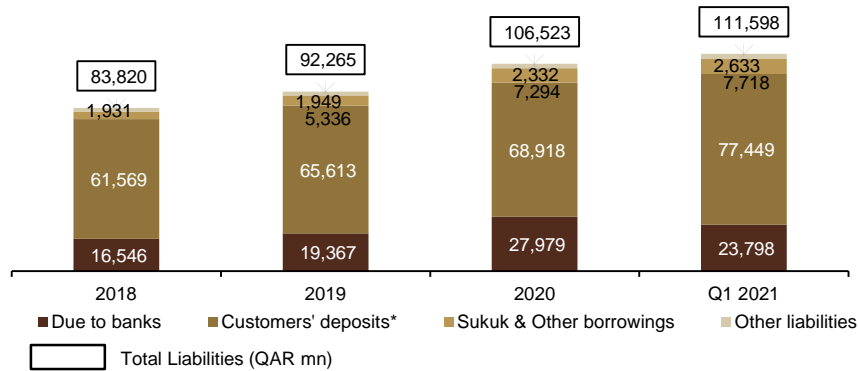
- MAR maintained a healthy capitalization level with CAR (inclusive of CET1 capital 19.16%) of 19.92% as at 31st March 2021, well above the minimum regulatory requirements of 13.50% (including ICAAP buffer: 15.11%).
- As a Domestic Systemically Important Bank (DSIB), the Bank is required to maintain an additional buffer of 1.00% as of 31st March 2021.
- Growth in risk weighted assets (3.4% CAGR for the period 2017--Q1-2021), reaching QAR 70 bn as of 31st March 2021.
- 2017 – Q1-2021 CAGR for Assets at 7.7% vs 3.4% for RWA indicates that the Bank is focused on growing its financing book with higher quality assets.

Financial Highlights & Performance

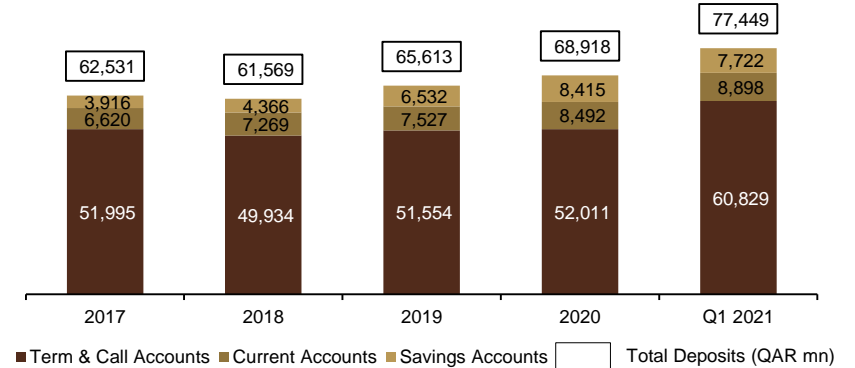
Funding & Liquidity

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

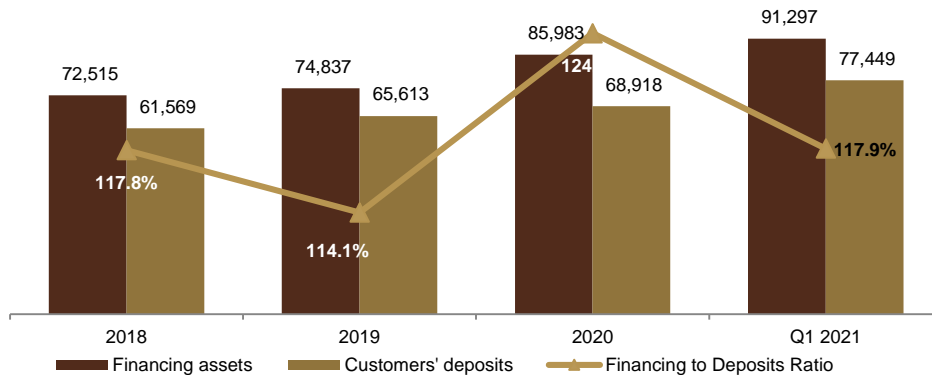
Funding Mix



Deposit Mix



Financing Assets and Customer Deposits

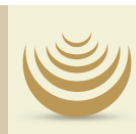


*Includes equity of investment account holders

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 1,160mn**

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

	2020		Q1 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	81,606	68.4%	88,093	71.0%
Total Revenue	3,250	64.7%	862	67.9%
Profit Before Tax	1,712	63.9%	448	64.1%

	2020		Q1 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	25,333	21.2%	23,052	18.6%
Total Revenue	1,399	27.9%	313	24.7%
Profit Before Tax	921	34.4%	234	33.5%

	2020		Q1 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	814	0.7%	804	0.6%
Total Revenue	52	1.0%	13	1.0%
Profit Before Tax	29	1.1%	7	1.1%

	2020		Q1 2021	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	11,567	9.7%	12,189	9.8%
Total Revenue	323	6.4%	81	6.4%
Profit Before Tax	18	0.7%	9	1.3%

*Excludes unallocated assets, liabilities and revenues related to some central functions and non-core business functions which accounted for 1.1% of total assets as at 31-March-21 and 1.5% of total assets as at FY 20

**As of 31st March 2021

Source: Bank's financial statements

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Historical Financials

Consolidated Income Statement

QAR mn	2018	2019	2020	Q1 2020	Q1 2021
Net income from financing activities	3,539	3,710	3,680	918	941
Net income from investing activities	838	931	925	254	219
Total Net Income from Financing and Investing Activities	4,377	4,641	4,605	1,172	1,160
Fee and commission income	319	391	263	72	71
Fee and commission expense	(4)	(3)	(2)	(2)	(1)
Net Fee and Commission Income	315	388	261	70	71
Net foreign exchange gain	152	162	158	53	39
Share of results of associates	22	20	18	14	6
Other income	8	10	4	3	2
Total Income	4,874	5,221	5,046	1,312	1,277
Staff costs	(375)	(395)	(386)	(98)	(97)
Depreciation	(15)	(18)	(25)	(7)	(5)
Other expenses	(279)	(246)	(283)	(67)	(68)
Finance expense	(760)	(838)	(672)	(204)	(144)
Total Expenses	(1,429)	(1,497)	(1,366)	(375)	(314)
Net reversal of impairment losses on due from banks	-	-	-	0	(2)
Net recoveries/(impairment losses) on financing assets	15	(55)	(299)	(15)	(84)
Net impairment losses on investment securities	(9)	(1)	(58)	(18)	(90)
Net reversal / (impairment losses) on off balance sheet exposures	16	11	5	(9)	11
Profit for the Period before Return to Investment Account Holders	3,467	3,679	3,328	896	798
Less: Return to investment account holders	(1,326)	(1,491)	(1,145)	(348)	(218)
Profit for the Period before Tax	2,141	2,188	2,183	548	580
Tax (expense) credit	(2)	(1)	(2)	(1)	(3)
Net Profit for the Period	2,139	2,187	2,181	547	577

Historical Financials

Consolidated Statement of Financial Position

QAR mn	2018	2019	2020	Q1 2020	Q1 2021
Cash and Balances with Qatar Central Bank	3,027	3,123	7,071	3,300	6,218
Due from Banks	1,513	6,035	6,308	4,282	6,417
Financing Assets	72,515	74,837	85,983	79,265	91,297
Investment Securities	19,222	21,379	20,586	21,086	20,615
Investment in Associates	526	527	534	540	448
Fixed assets	189	228	271	258	282
Other assets	302	267	362	326	225
Total Assets	97,294	106,397	121,115	109,058	125,502
Due to banks	16,546	19,367	27,979	20,623	23,798
Customer current accounts	7,269	7,527	8,492	7,931	8,898
Sukuk Financing	1,721	3,334	6,023	3,370	5,976
Other Borrowings	2,053	2,002	1,271	2,003	1,742
Other liabilities	1,931	1,949	2,332	2,387	2,633
Total Liabilities	29,520	34,179	46,097	36,314	43,047
Equity of Investment Account holders	54,300	58,086	60,426	59,800	68,551
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	(2)	27
Foreign currency translation reserve	(14)	(10)	(4)	(18)	(3)
Other reserves	119	123	126	123	126
Retained earnings	1,809	2,149	2,207	1,009	1,512
Total Equity Attributable to Equity Holders of the Bank	13,278	13,919	14,365	12,745	13,674
Non-Controlling interest	196	213	227	200	230
Total Owners' Equity	13,474	14,132	14,592	12,945	13,904
Total Liabilities, Equity of Investment Account Holders and Owners' Equity	97,294	106,397	121,115	109,058	125,502

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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

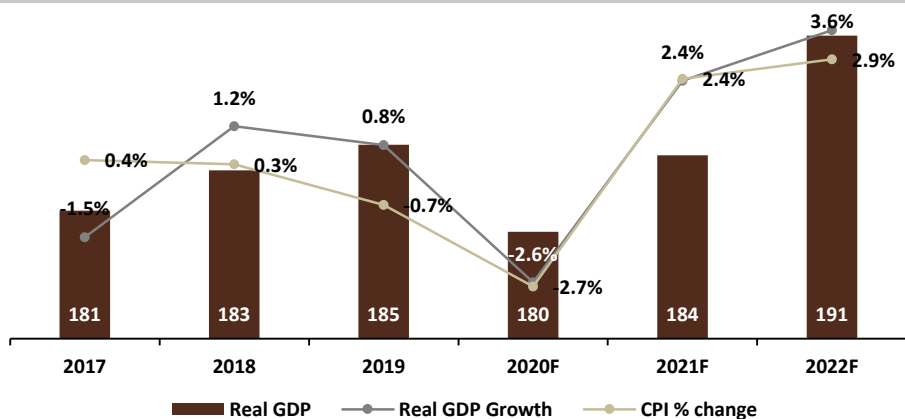
Outlook

- 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

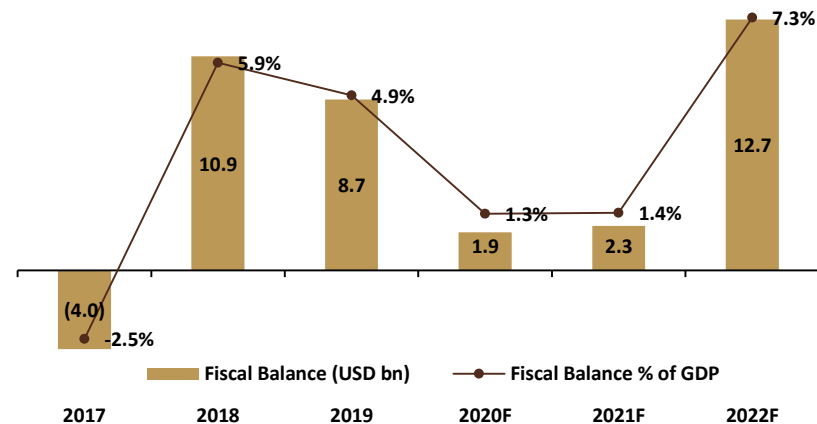
(2) Source: BP Statistical Review of World Energy – 2020

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



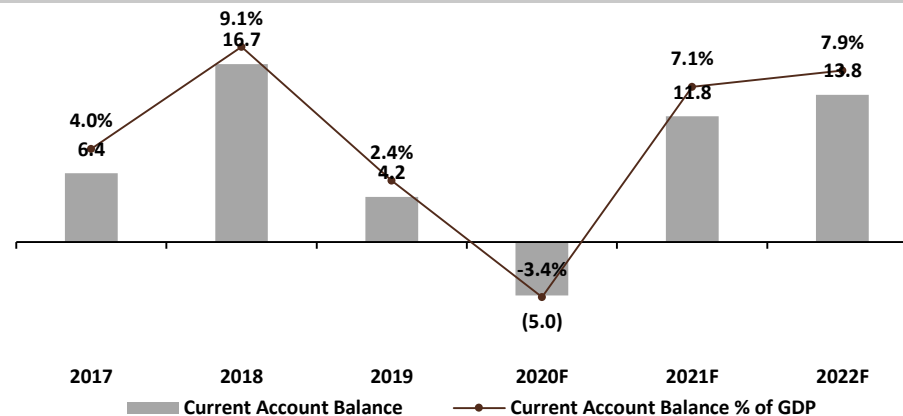
Source: IMF World Economic Database Outlook April 2021

Fiscal Balance (USDbn)



Source: IMF World Economic Outlook Database April 2021

Current account balance (USDbn)

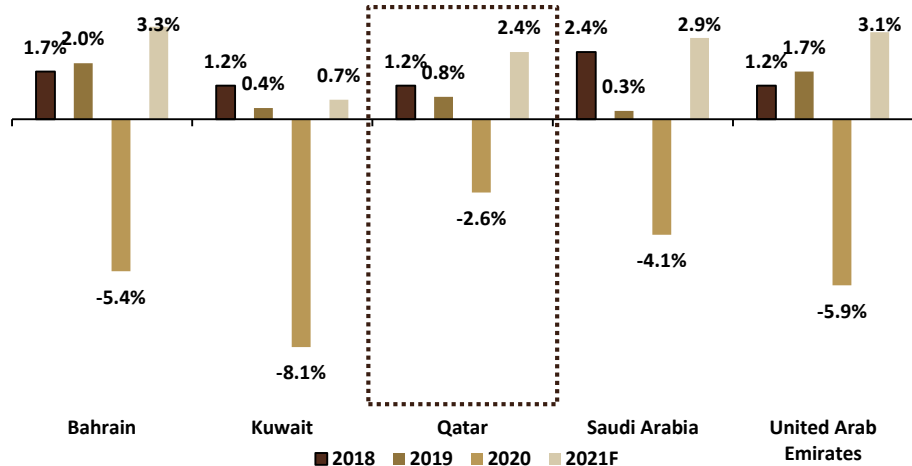


Source: IMF World Economic Database Outlook April 2021

Operating Environment

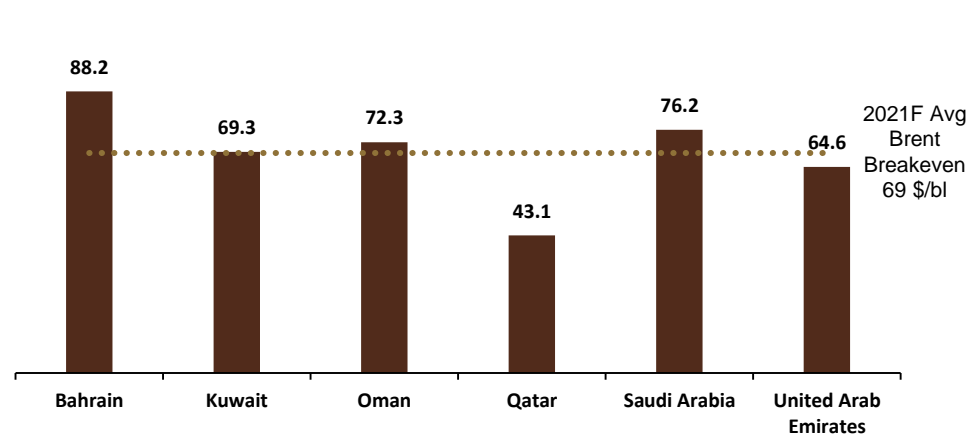
Qatar vs Other GCC Countries

Real Gross Domestic Product (GDP) Growth of GCC



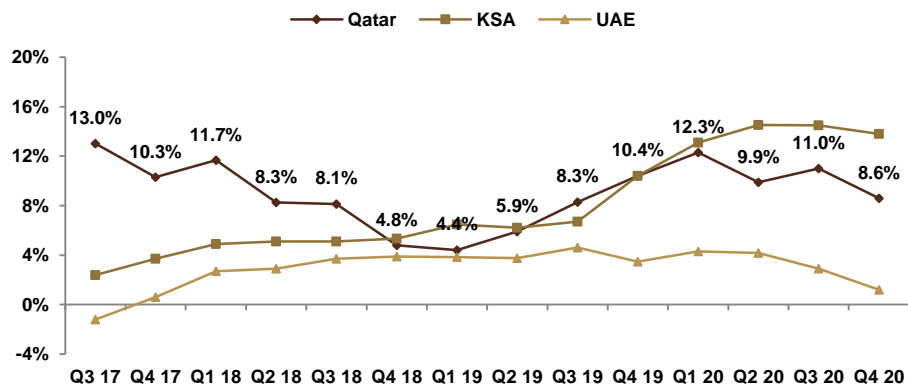
Source: IMF Data Mapper World Economic Outlook April 2021

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



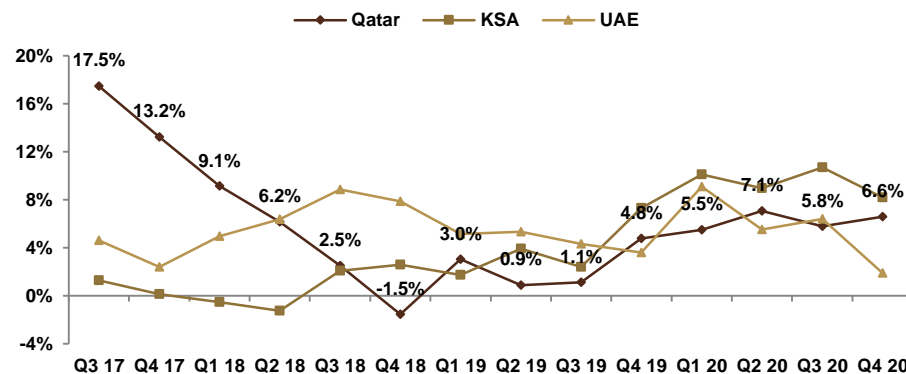
Source: IMF, Statistical Appendix 2021

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

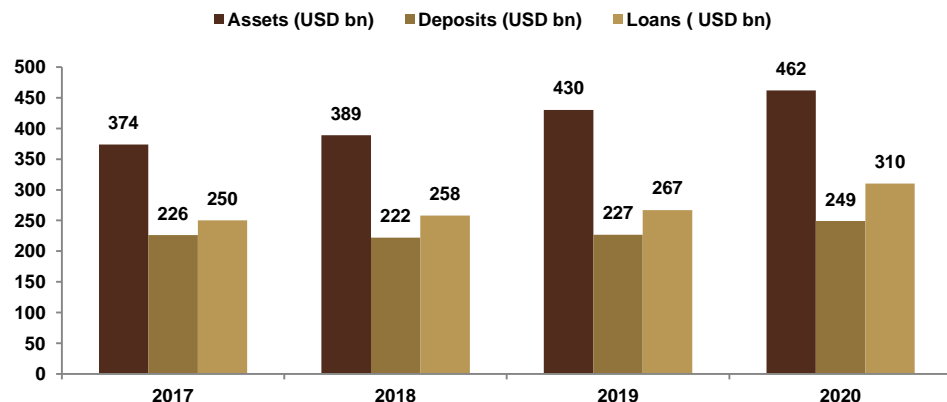
Snapshot of the Qatari Banking Sector

- A total of 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 462 bn as at December 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

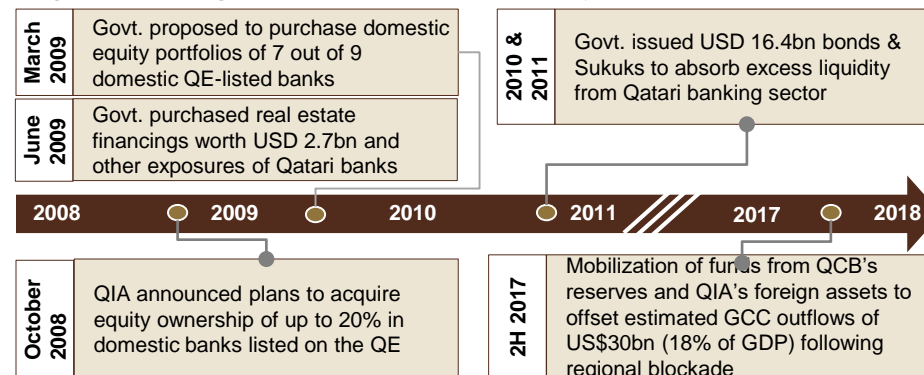
Key Balance Sheet Indicators



Source: Qatar Central Bank, Quarterly Statistical Bulletin 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

	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