



Investor Presentation

31 December 2019

- 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 (29.4% market share)*
- 4th largest listed Qatari banks by total assets (6.7% market share)

Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization (QAR 29.7 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

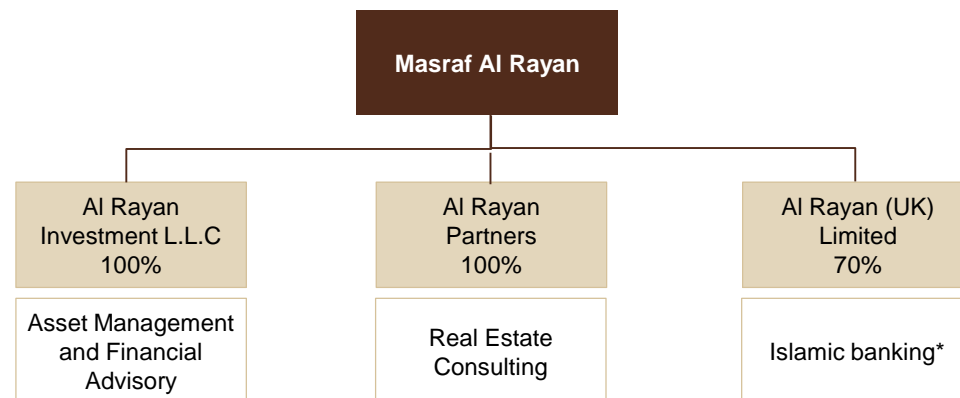
* As of 30th September 2019

** As of 31st December 2019

Branch Network



Subsidiaries



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

**As of 31 Dec 2019 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

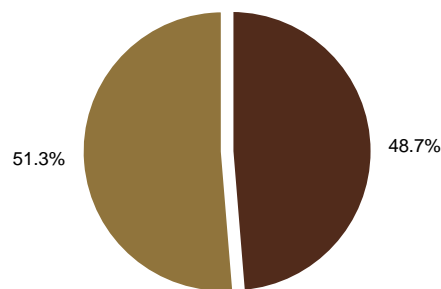
Introduction to Masraf Al Rayan

Ownership Structure & Financial Highlights

Shareholding Structure

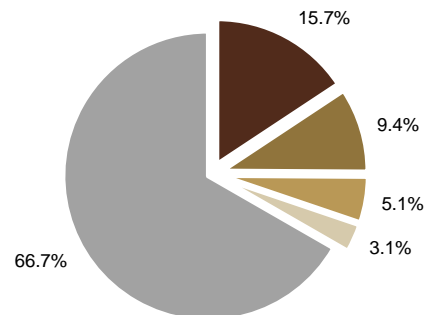
- Government, GREs and Qatari institutional investors hold approx. 48.7% of MAR's shares
- Considering both direct and indirect interest, significant shareholders comprised of QIA (15.7%) and QAF Investment Portfolio (9.4%)

Shareholding by Investor Type



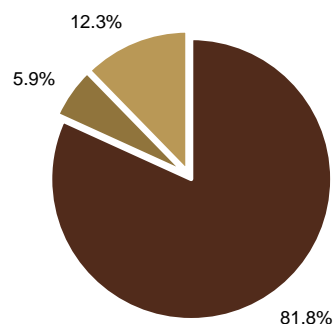
- Govt, GREs & Qatari institutions
- Qatari retail and foreign investors

Top Shareholders



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

Shareholding by Country



- Qatari
- GCC
- Other

Source: QCSD, QSE Trading Report – Ownership Summary 31-Dec-2019

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 29.7 bn
- Valuation multiples:** P/E - 13.66; P/B - 2.13

- 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



Dr. Hussain Ali Al Abdulla

Other positions:

- Minister of State & Board Member - QIA
- Board Member - Qatar Supreme Council for Economic Affairs and Investment
- Board Member - Gulf Investment Corporation (Kuwait)
- Board Member - Volkswagen (Germany)

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
- Board Member – Msheireb Properties

Board Members

Mr. Turki Mohammed Al Khater

Vice Chairman

- *Select other roles:* Chairman - United Development Company, Board Member - Ooredoo (Qatar), President - General Retirement and Social Insurance Authority

Sheikh Nasser Bin Hamad Al Thani

Board Member

- *Select other roles:* Board Member - Starlink, Board Member - Ooredoo (Algeria and Kuwait), Chief New Business Officer - Ooredoo (Qatar)

Dr. Menahi Khalid M. A. Al Hajri

Board Member

- *Select other roles:* Director of Preventive Security Directorate - Ministry of Interior of the State of Qatar

Mr. Sheikh Ali Bin Jassim M Al-Thani

Board Member

- *Select other roles:* Board Member - Nakilat

Mr. Nasser Jaralla S. Jaralla Al Marri

Board Member

- *Select other roles:* Acting Chairman of Financial Affairs Authority - Qatar Armed Forces, Board Member - United Development Company

Mr. Abdulla Ahmed Al Maleki Al Jahni

Board Member

- *Select other roles:* Vice Chairman of Insurance Committee - Qatar Chamber, Board Member - Qatar Business Council

H. E. Sheikh Faisal Bin Saud Al-Thani

Board Member

- *Select other roles:* Acting Director of Industrial Portfolio - Qatar Investment Authority, Chairman - Sadeem Technology Company

Mr. Sheikh Khalifa Bin Thani Bin Abdulla Al Thani

Board Member

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Financial Highlights and Performance

Summary

Balance Sheet

- Total assets reached QAR 106,397 million compared to QAR 97,294 million on 31 December 2018, an increase of 9.4%
- Financing activities increased to QAR 74,837 million compared to QAR 72,515 million on 31 December 2018, an increase of 3.2%
- Investments increased to QAR 21,906 million compared to QAR 19,748 million on 31 December 2018, an increase of 10.9%
- Customer deposits totaled QAR 65,613 million compared to QAR 61,569 million on 31 December 2018, an increase of 6.6%

Income statement

- Net profit totalled QAR 2,178 million for year ended 31 December 2019, compared to QAR 2,130 million in 2018.
- Operating income for the year ended 31 December 2019 increased by 7.1% totalling QAR 5,221 million as compared to QAR 4,874 million in 2018.

Financial Ratios

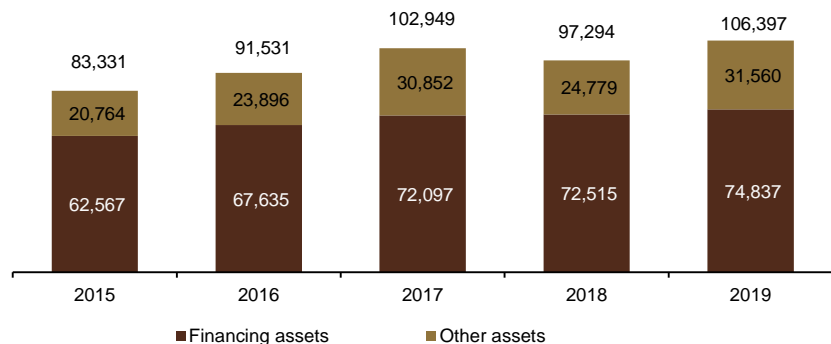
- Return on average assets of **2.14%**
- Return on average shareholders' equity of **16.02%**
- Earnings per share for the year reached **QAR 0.290**
- Book value per share reached **QAR 1.86**
- Operational Efficiency ratio is **22.80%**
- Non-performing financing (NPF) ratio of **1.01%**

Financial Highlights & Performance

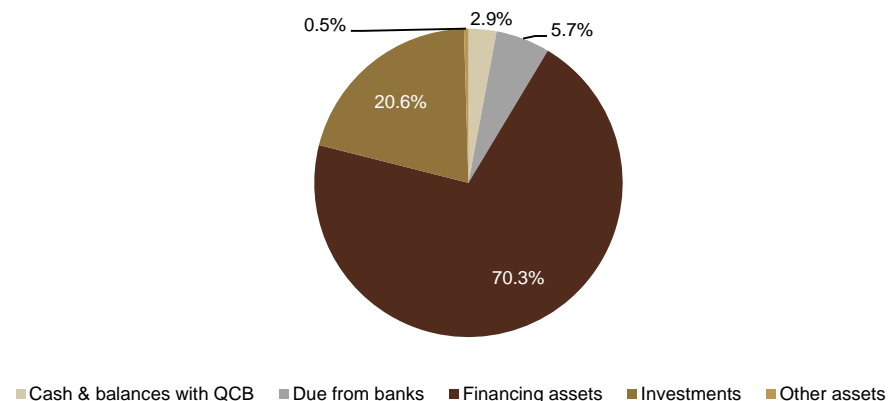
Balance Sheet

► Financing assets have continued to grow in 2019. Investment securities continue to have high tilt towards high quality Government debt.

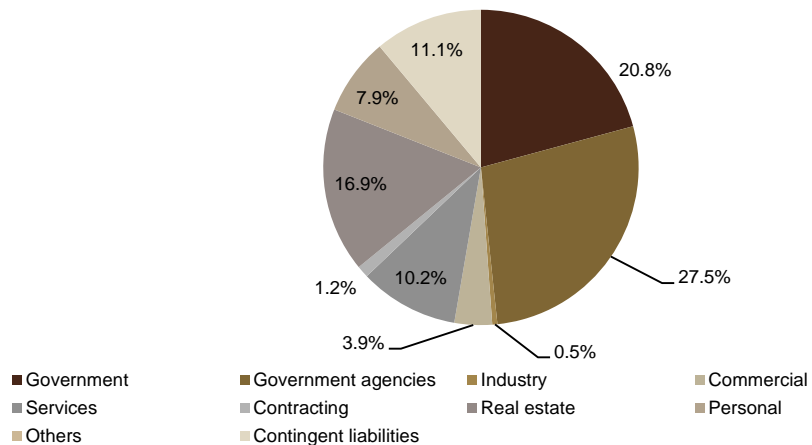
Assets



Asset Mix – 2019

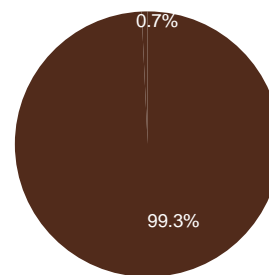


Gross Exposure - Funded & Unfunded – 2019

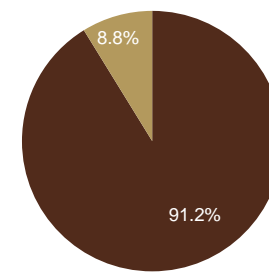


Breakdown of Investment Securities – 2019

Investments by Asset Class



Public vs. Private Debt Exposure*



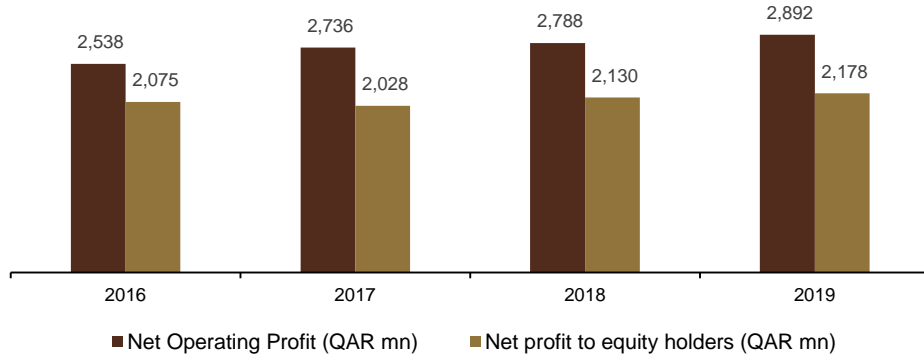
*% of total debt investments including impairments

Financial Highlights & Performance

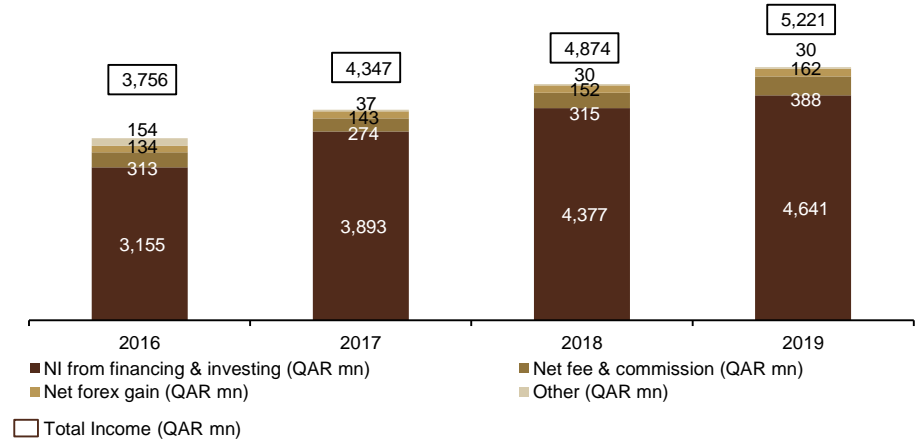
Profitability

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

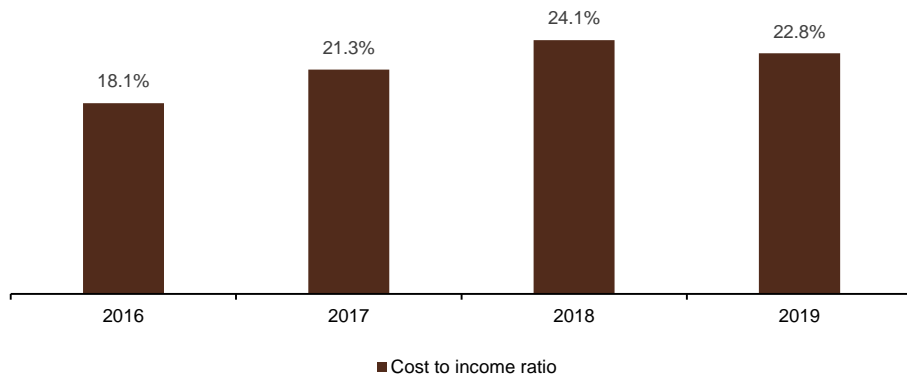
Profitability



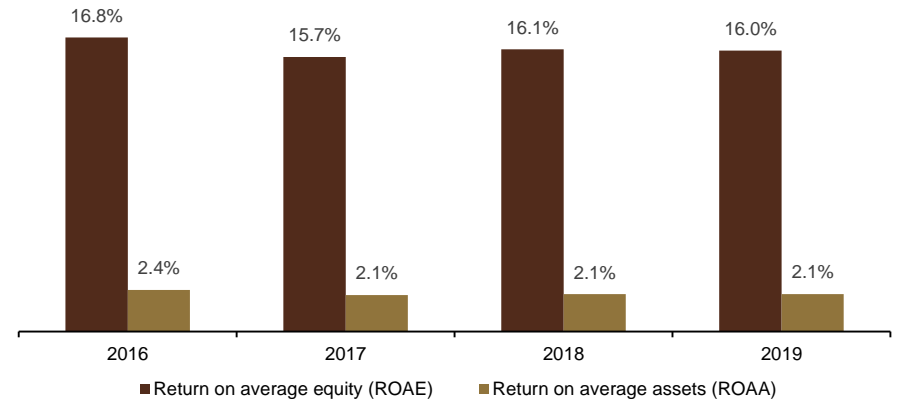
Income Composition



Operating Efficiency



Return on Assets & Shareholder's Equity*



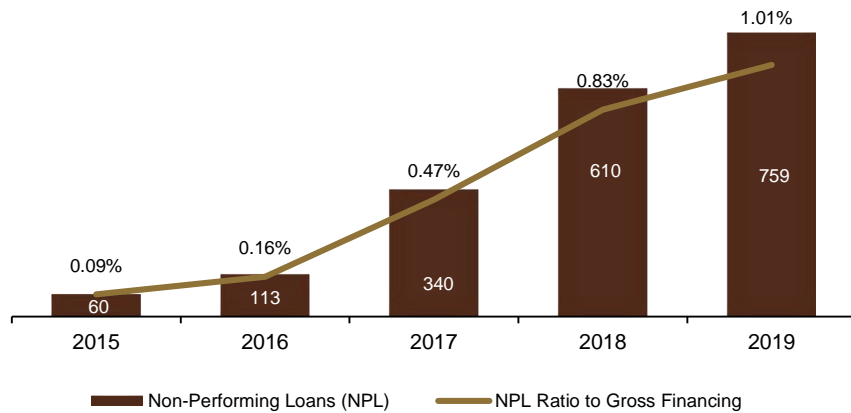
*Attributable to equity holders

Financial Highlights & Performance

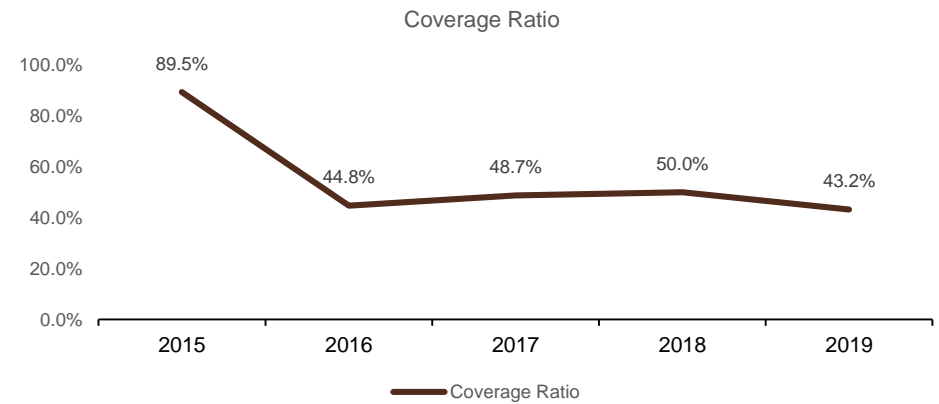
Asset Quality

► Masraf Al Rayan's non-performing financing ratio is at 1.01% reflecting robust asset quality, prudent risk management policies and a conservative lending strategy.

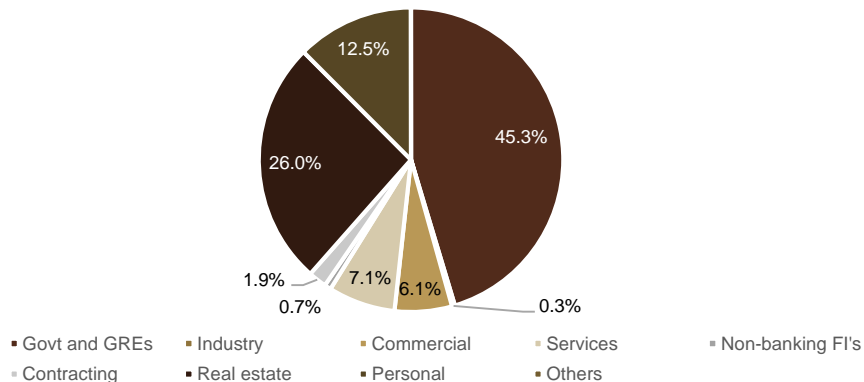
Non-Performing Financing Assets (Stage 3)



Non-Performing Financing Coverage Ratio (Stage 3)



Financing Assets Breakdown by Industry – 2019



Key Highlights

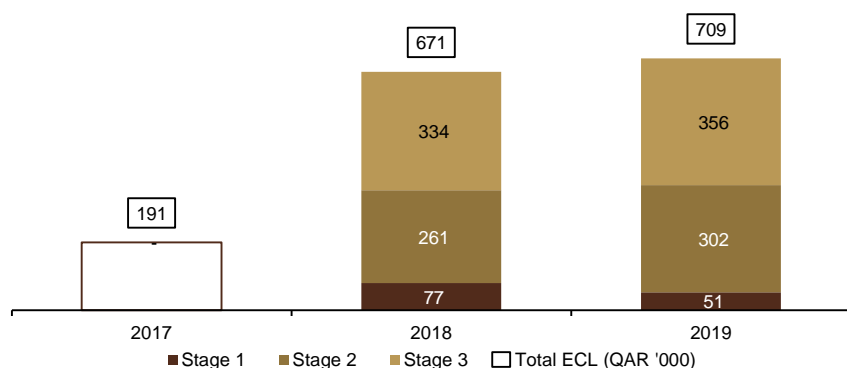
- The Bank's asset quality remains robust as indicated by a NPF ratio of 1.01% as of 31st December 2019.
- Consistently strong asset quality is driven by selective acquisition of customer base, critical credit risk evaluation and management.
- High financing exposure to government sector (45.3% as of 31st December 2019) is another contributor to maintaining good asset quality

Financial Highlights & Performance

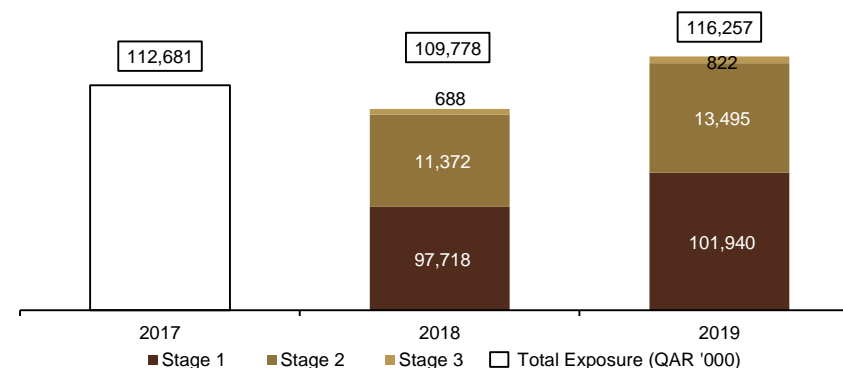
IFRS 9 Impact

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

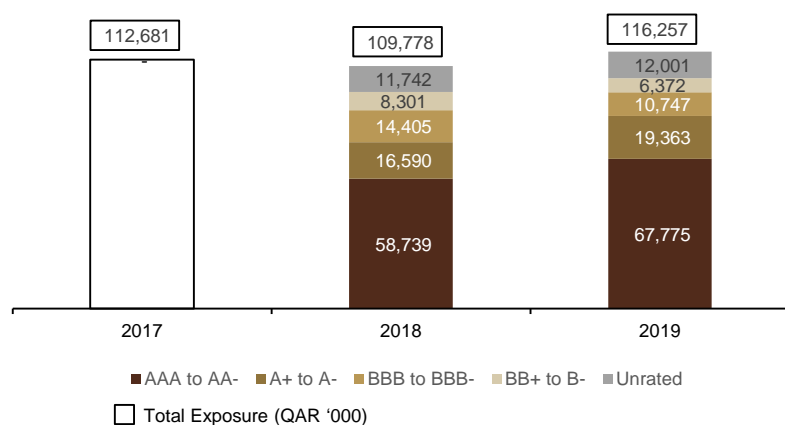
ECL on all exposures - by Stages



All exposures subject to ECL - by Stages



Exposure by Rating Grade



Key Highlights

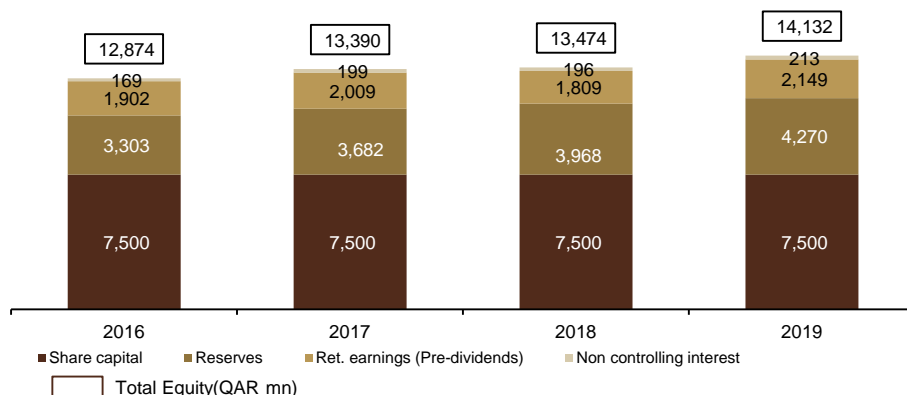
- ECL calculation was adopted by the Bank in January 2018 and adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and non-controlling interest of FY 2018
- Stage 1 includes financial assets on initial recognition 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 48% of the total exposure is to the Government or Government related entities which are highly rated and carry no ECL charge

Financial Highlights & Performance

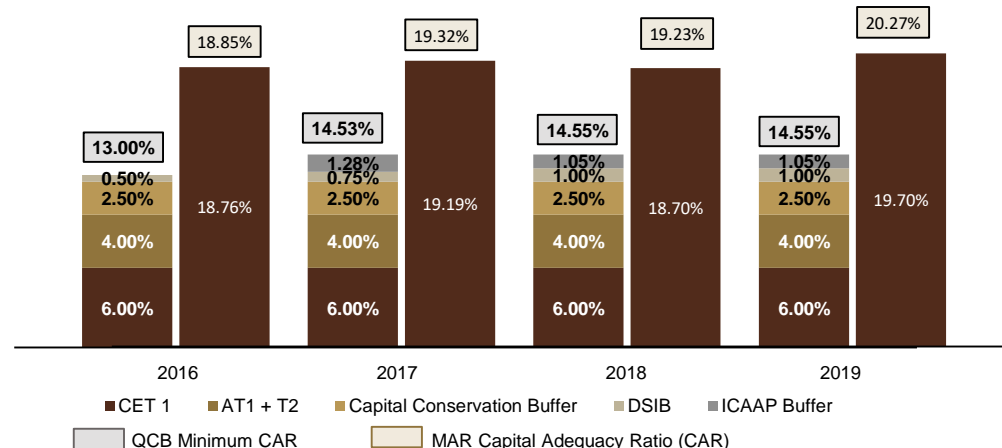
Capital Adequacy

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

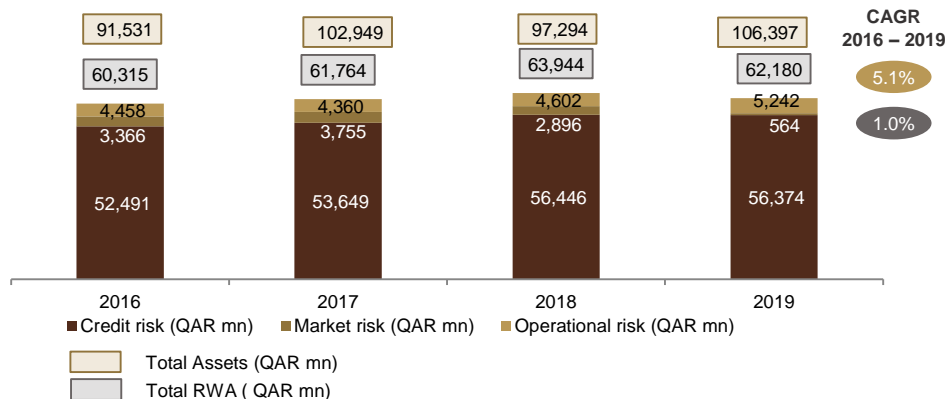
Total Equity Breakdown



Overview of the Bank's Capitalisation Levels



Risk Weighted Assets



Key Highlights

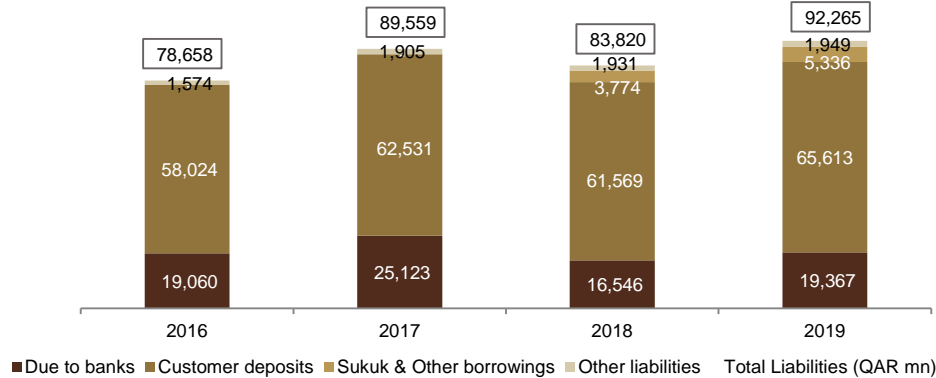
- MAR maintained a healthy capitalization level with CAR (inclusive of CET1 capital 19.70%) of 20.27% as at 31st December 2019, well above the minimum regulatory requirements of 13.50% (including ICAAP buffer: 14.55%).
- As a Domestic Systemically Important Bank (DSIB), the Bank is required to maintain an additional buffer of 1.00% as of 31st December 2019.
- Growth in risk weighted assets (1.0% CAGR for the period 2016 – 2019), reaching QAR 62.2 bn as of 31st December 2019.
- 2016 – 2019 CAGR for Assets at 5.1% vs 1.0% for RWA indicates that the Bank is focused on growing its financing book with higher quality assets.

Financial Highlights & Performance

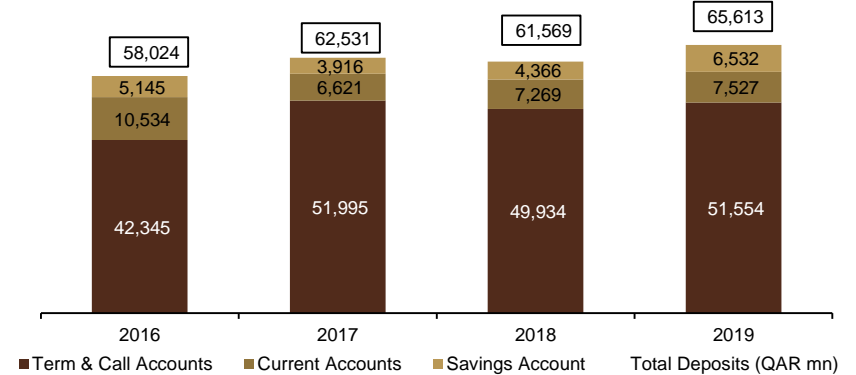
Funding & Liquidity

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

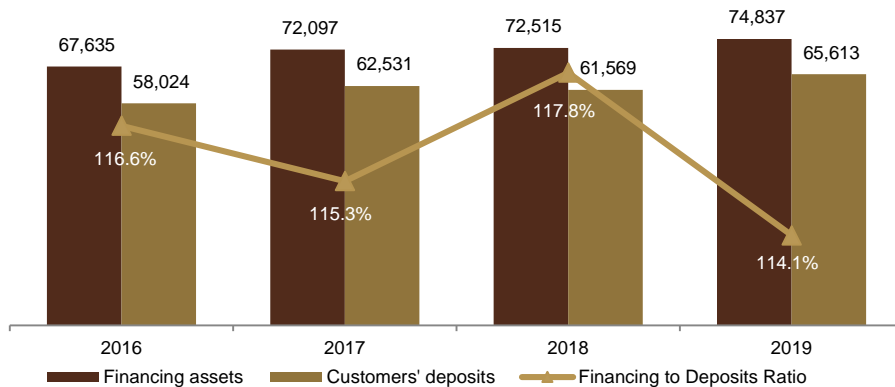
Funding Mix



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
- In 2019, MAR successfully issued Wakala Sukuk (USD 500 mn).
- 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 850mn**

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



	2018		2019	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	67,055	68.9%	69,983	65.8%
Total Revenue	3,451	71.2%	3,557	68.5%
Profit Before Tax	1,769	67.9%	1,792	68.0%



	2018		2019	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	19,029	19.6%	23,697	22.3%
Total Revenue	1,032	21.3%	1,241	23.9%
Profit Before Tax	780	29.9%	786	29.8%



	2018		2019	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	643	0.7%	683	0.6%
Total Revenue	49	1.0%	51	1.0%
Profit Before Tax	26	1.0%	28	1.1%



	2018		2019	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	9,130	9.4%	10,743	10.1%
Total Revenue	312	6.4%	342	6.6%
Profit Before Tax	30	1.1%	30	1.1%

*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 FY 18 and 1.2% of total assets as at FY 19

**As of 31st December 2019

Source: Bank's financial statements

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Historical Financials

Consolidated Income Statement

<i>QAR mn</i>	2016	2017	2018	2019
Net income from financing activities	2,621	3,101	3,539	3,710
Net income from investing activities	534	792	838	931
Total Net Income from Financing and Investing Activities	3,155	3,893	4,377	4,641
Fee and commission income	314	279	319	391
Fee and commission expense	(2)	(5)	(4)	(3)
Net Fee and Commission Income	312	274	315	388
Net foreign exchange gain	134	143	152	162
Share of results of associates	52	28	22	20
Gain on sale of investment in an associate	93	-	-	-
Other income	9	9	8	10
Total Income	3,755	4,347	4,874	5,221
Staff costs	(285)	(328)	(375)	(395)
Depreciation	(16)	(17)	(15)	(18)
Other expenses	(161)	(233)	(279)	(246)
Finance expense	(356)	(495)	(760)	(838)
Total Expenses	(818)	(1,073)	(1,429)	(1,497)
Net reversal of impairment losses on due from banks	-	-	-	-
Net recoveries/(impairment losses) on financing assets	(2)	(108)	15	(55)
Net impairment losses on investment securities	(1)	(6)	(9)	(1)
Net reversal / (impairment losses) on off balance sheet exposures subject to credit risk	-	-	16	11
Profit for the Period before Return to Investment Account Holders	2,934	3,160	3,467	3,679
Less: Return to investment account holders	(861)	(1,115)	(1,326)	(1,491)
Profit for the Period before Tax	2,073	2,045	2,141	2,188
Tax (expense) credit	4	(5)	(2)	(1)
Net Profit for the Period	2,077	2,040	2,139	2,187

Historical Financials

Consolidated Statement of Financial Position

QAR mn	2016	2017	2018	2019
Cash and Balances with Qatar Central Bank	3,126	2,800	3,027	3,123
Due from Banks	5,692	3,312	1,513	6,035
Financing Assets	67,635	72,097	72,515	74,837
Investment Securities	14,012	23,423	19,222	21,379
Investment in Associates	509	520	526	527
Fixed assets	148	160	189	228
Other assets	409	636	302	267
Total Assets	91,531	102,948	97,294	106,396
Due to banks	19,060	25,123	16,546	19,367
Customer current accounts	10,534	6,621	7,269	7,527
Sukuk Financing	-	-	1,721	3,334
Other Borrowings	-	-	2,053	2,002
Other liabilities	1,574	1,905	1,931	1,949
Total Liabilities	31,168	33,649	29,520	34,179
Equity of Investment Account holders	47,490	55,910	54,300	58,086
Share Capital	7,500	7,500	7,500	7,500
Legal Reserve	1,863	2,066	2,279	2,497
Risk Reserve	1,346	1,508	1,575	1,636
Fair value reserve	2	3	10	24
Foreign currency translation reserve	(15)	(8)	(14)	(10)
Other reserves	107	113	119	123
Retained earnings	1,902	2,009	1,809	2,149
Total Equity Attributable to Equity Holders of the Bank	12,705	13,191	13,278	13,919
Non-Controlling interest	169	199	196	213
Total Owners' Equity	12,874	13,390	13,474	14,132
Total Liabilities, Equity of Investment Account Holders and Owners' Equity	91,532	102,949	97,294	106,397

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Snapshot of Qatar

Economic Fundamentals

- Largest exporter of LNG with a global market share of 25%⁽¹⁾
- 3rd largest gas reserves in the world (c.13% 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 outlook upgraded to stable in 2019 mainly on the back of Qatar's macroeconomic resilience, and ability to continue to withstand the financial and economic impact of the regional blockade

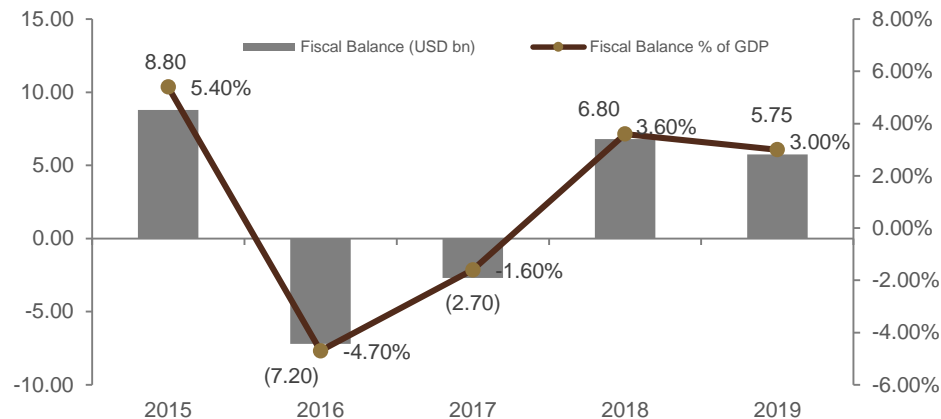
Outlook

- Major projects (43% of 2019 budgeted expenditure QAR 207 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 – 2019 Edition

(2) Source: BP Statistical Review of World Energy – June 2019

Fiscal Balance



Source: Qatar Central Bank Quarterly Statistic Bulletins, September 2019

Source: IMF World Economic Database October 2019

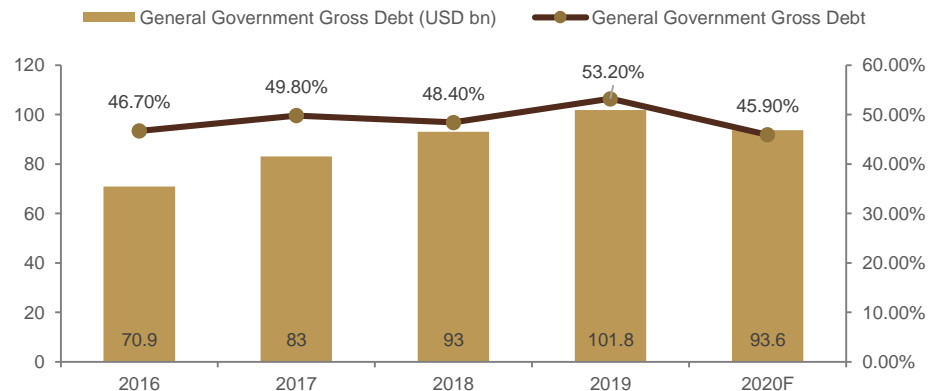
Real GDP Growth and Inflation



Source: IMF World Economic Database October 2019

Source: Qatar Central Bank, Quarterly Statistic Bulletins September 2019

Government Indebtedness

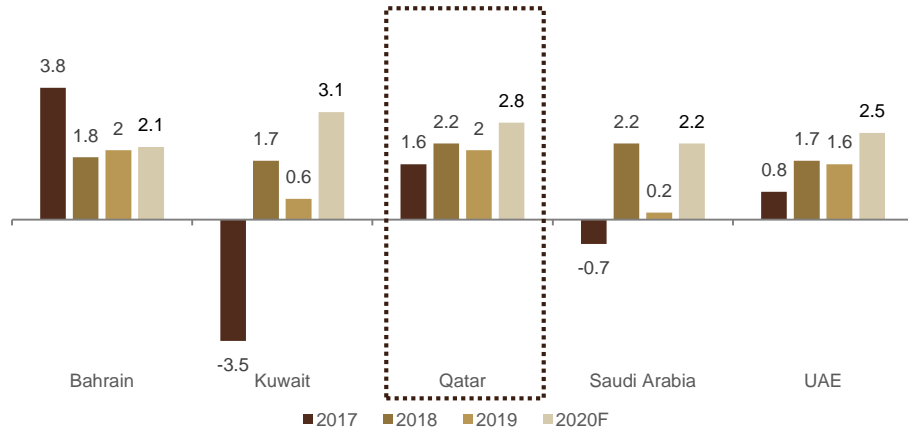


Source: IMF World Economic Database October 2019

Operating Environment

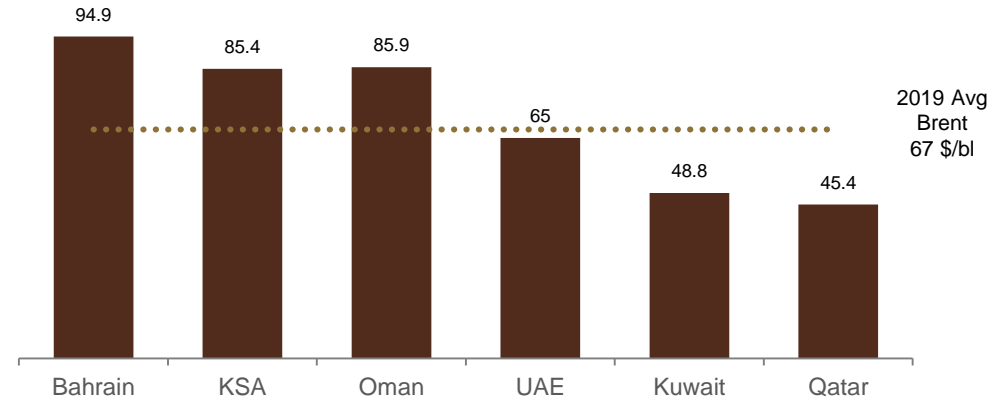
Qatar vs Other GCC Countries

Real Gross Domestic Product (GDP) Growth of GCC



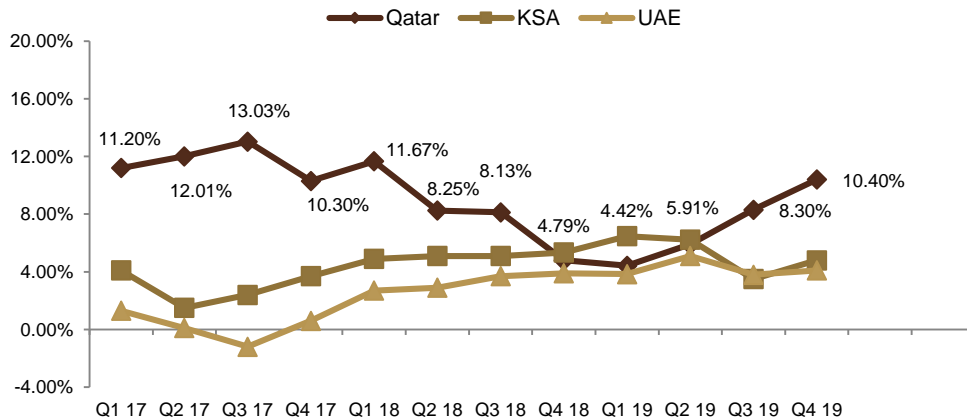
Source: IMF Data Mapper World Economic Database October 2019

Fiscal Breakeven Oil Price, 2019 Projections (USD / barrel)



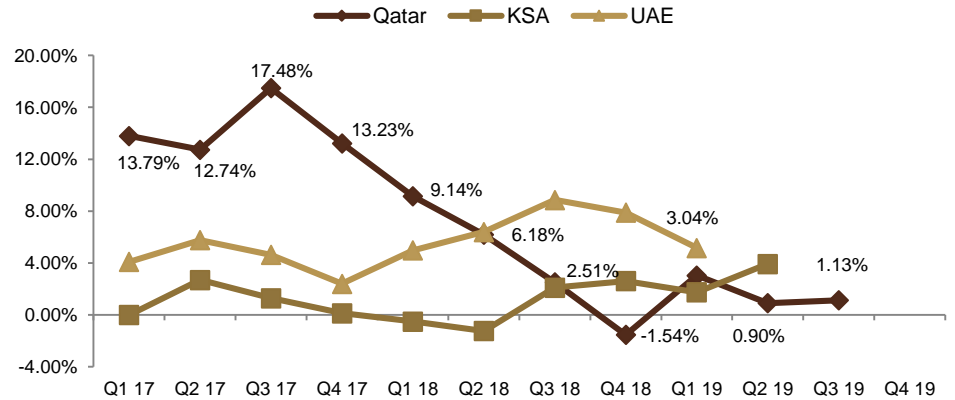
Source: IMF, Statistical Appendix March 2019
Source: U.S Energy Information Administration January 2020 for average Brent price as of December 2019

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)
Note: Qatar Q4 19, KSA Q3-4 19, KSA Q3-4 19 UAE Q2-3-4 19 are unavailable

Operating Environment

Overview of the Qatari Banking Sector & Regulatory Support

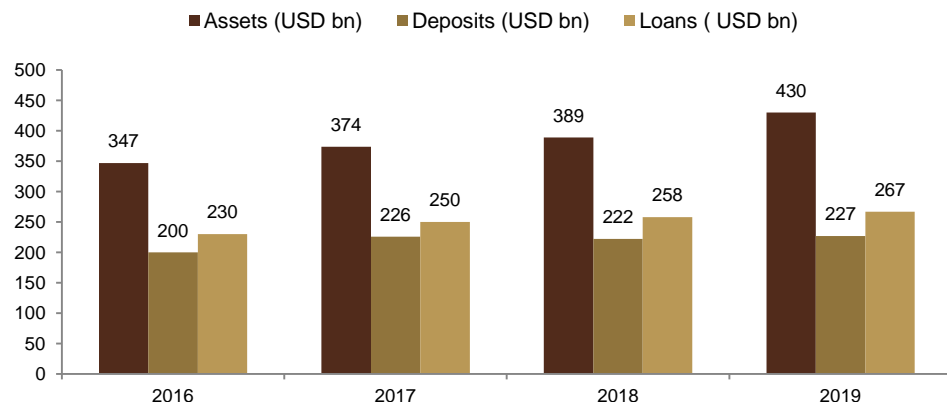
Snapshot of the Qatari Banking Sector

- 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 430 bn as at 30 September 2019 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

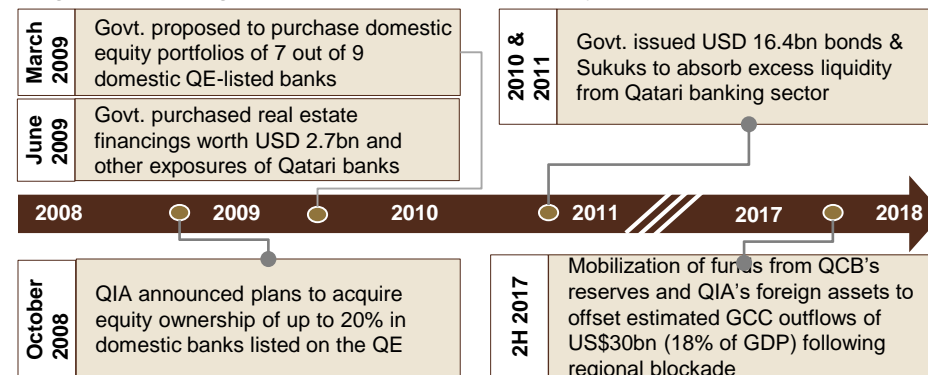
Key Balance Sheet Indicators



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

	2016	2017	2018
Tier 1 Capital to RWA*	15.6%	16.1%	16.8%
Capital Adequacy Ratio*	15.8%	16.2%	17.6%
NPL Ratio	1.3%	1.6%	1.9%
NPL Coverage Ratio	79.9%	83.2%	75.8%
Liquid Assets/Total Assets	29.6%	28.2%	29.1%
Loans to Customer Deposits	115.5%	110.7%	116.1%

* For national banks

Source: Financial Stability Review 2019- QCB