



مصرف الريان
MASRAF AL RAYAN

Investor Presentation

Financial Results- H1 2022

July, 2022

Content

Introduction to Masraf Al Rayan

Post merger integration update

Financial Highlights and Performance

Operating Segments

Financial Statements



مصرف الريان

MASRAF AL RAYAN

Introduction to Masraf Al Rayan

Introduction to Masraf Al Rayan Corporate Profile

Overview

Profile

- Islamic bank incorporated in Qatar on January 4 2006 and licensed by the Qatar Central Bank
- Classified as a DSIB (Domestic Systemically Important Bank)
- Legal merger completed on December 1, 2021 with Al Khaliji commercial Bank P.Q.S.C

Business Lines

- Corporate Banking & SME
- Retail & Private Banking
- Treasury & Financial Institutions
- Asset Management & Financial Advisory
- International Operations (UK, France and U.A.E)

Market Share

- 2nd largest listed Islamic bank in Qatar by total assets (32% market share)*
- 3rd largest listed Qatari bank by total loans (10% market share)**

Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization(QAR 38.4 b)***
- Total ordinary shares issued 9.3 billion

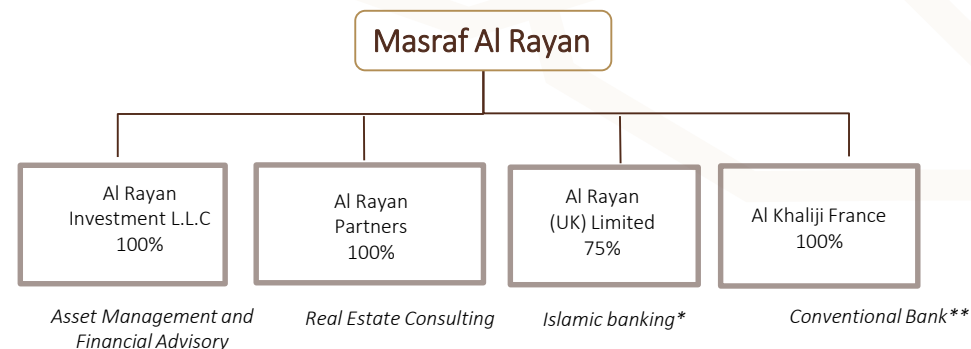
Rating

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

Network



Subsidiaries



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

** Masraf Al Rayan owns 100% of Al Khaliji France (S.A) which also operates 2 branches in U.A.E and 1 branch in Paris, France

Masraf Al Rayan has 100% ownership in MAR Sukuk Ltd., Lusail Waterfront Investment Co, AKCB Finance Ltd, AKCB Falcon Ltd, AKCB Markets Ltd, Lusail Limited, and MAR Finance LLC

Introduction to Masraf Al Rayan

Ownership structure

Shareholding Structure

Total Shareholders	189 k (of which 138 k or 73% non-resident)
Govt. /GRE Shareholding*	34.1% (see major shareholders below)
Other shareholding	Corporations 31.8%, Retail 34.2%
Listing	Qatar Stock Exchange
Regulators	Qatar Central Bank; Qatar Financial Markets Authority

Credit Rating (Moody's)

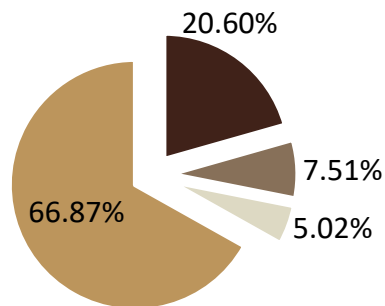
Long-term and short-term foreign currency and local currency issuer ratings: **A1/Prime-1**

Baseline credit assessment and adjusted baseline credit assessment: **baa2**

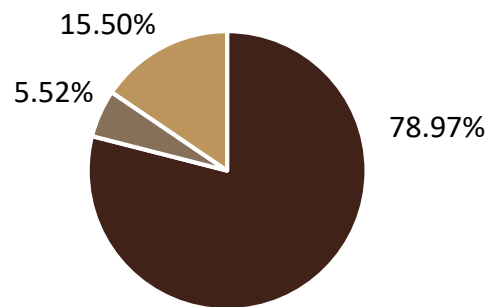
Counterparty Risk Assessment: **Aa3(cr)/Stable(cr)**

Stable outlook

Top Shareholders



Shareholding by Country



■ QIA ■ QAF Investment Portfolio ■ Pension fund ■ Other

■ Qatar ■ GCC ■ Other

Share Overview

MAR shares

- listed on the Qatar Stock Exchange

Symbol

- MARK

ISIN

- QA000A0M8VM3

Market cap

- QAR 38.4 bn

Valuation multiples

- P/B 1.68

Introduction to Masraf Al Rayan

Our Board of Directors

The principal role of the Board is to oversee the implementation of the Bank's strategy initiatives and its functions within the agreed framework in accordance with relevant statutory and regulatory requirements

Chairman of the Board



H.E. Sheikh Mohamed Bin Hamad Bin Qassim Al Thani

Other positions:

- Minister of Industry of Commerce
- Member of Supreme Council of Economic Affairs and Investment
- Chairman of Board of Qatar Stock Exchange
- Chairman of Advisory Board of Investment Promotion Agency
- Chairman of Board of Qatar Financial Center Authority
- Board member, Qatar Investment Authority
- Board member, Qatar Energy

Vice Chairman & Chair of the Executive



H.E. Sheikh Hamad Bin Faisal Bin Thani Al Thani

Other positions:

- Vice Chairman, Qatari Investors Group
- Board Member, Qatari Businessmen Association
- Board Member, Qatar Insurance Company (QIC)
- Board Member, Vodafone Qatar
- Board member, Free Zone Authority

Group Chief Executive Officer



Fahad Al Khalifa

Other positions:

- Board member, Al Khaliji France S.A. – France
- Board member, AL Rayan Bank PLC- UK

Board Members

Mr. Abdullah Nasser Al Misnad



Other positions:

- Founder and Owner, Al Misnad Company
- Chairman, Qatari Investors Group
- Chairman, Vodafone Qatar

Mr. Nasser Jaralla S. Jaralla Al Marri



Other positions:

- Board member, United Development Company
- Board Member, Vodafone

Mr. Turki Mohammed Al Khater



Other positions:

- Chairman, United Development Company
- Board Member, Ooredoo (Qatar).

Mr. Abdulla Ahmed Al Maleki Al Jahni



Other positions:

- Board Member, Qatar Business Council

Sheikh Nasser Bin Hamad Al Thani



Other positions:

- Board Member, Ooredoo (Oman).

Sheikh Ali Bin Jassim M Al-Thani



Other positions:

- Board Member, Champs Elysees 26
- Board Member, Nuran Bank
- Board Member, Happag Lloyd.

Mr. Abdulrahman Mohammed Al Khayareen



Mr. Tami Ahmad Ali Al Binali



Mr. Mohammed Ibrahim Al Abdulla



Introduction to Masraf Al Rayan Management team



FAHAD AL KHALIFA
Group Chief Executive Officer



HAMAD AL KUBAISI
Group Chief Human
Resources Officer



MOHAMMED AL EMADI
Group Chief Business Officer



OMAR AL EMADI
Group Chief Risk Officer



SHABBIR BARKAT ALI
Group Chief Financial Officer



TAHIR PIRZADA
AGM, Group Treasurer and
Financial Institutions



EMAN H. AL-NAEMI
Head of Corporate Affairs



**MUTAZ JAMAL FAHAD
DANA**
Group Compliance and AML
Officer



RONAN DODGSON
AGM, Strategy and Project,
GCEO Office



**ADEL AYAD FAYEZ
ATTIA**
AGM, Group Internal Audit



**ABDELMONEM EL
HASSAN**
AGM, Group Legal Counsel



**FAWZI MAHAMOUD S.
SIAM**
Executive Manager, Sharia
Audit

Introduction to Masraf Al Rayan

A bank with many strengths

Strong fundamentals underpinned by consistently high asset quality, earnings growth and strong capitalization

- Robust capitalization (CAR 20%) well above the regulatory threshold of 13.50% for a DSIB
- Financing exposure to Government and GREs entities 45 % of portfolio
- Strong efficiency - one of the lowest cost to income ratio in the Qatari banking industry

Diversified and innovative product/service offerings and improved geographical diversification

- Wide array of Sharia compliant financing products, deposit accounts, treasury/investment products & advisory services
- Focus on product innovation and providing customized solutions
- Established presence in the UK , France and UAE servicing European, Qatari, other GCC customers

Strong shareholding structure and likelihood of support from Qatari authorities

- Majority Qatari ownership (mainly the Govt. & GREs) holding approximately 79%
- Strong government related franchise with a solid domestic asset base and funding source
- Possibility of receiving Govt. support if needed (given Govt.'s in the past supported Qatari banks)

Experienced management team and commitment to corporate governance

- Members of the Board including the Chairman are highly respected individuals within the wider Govt. set up
- Highly experienced management team with a cumulative experience of over 100 years
- Continuously evolving and strengthening corporate governance framework by adopting global best practices

Introduction to Masraf Al Rayan

A strong and stable bank*



* As of Jun 30, 2022 Financial Statements

** Excluding one off merger expenses

Introduction to Masraf Al Rayan Sustainability Governance

- First Islamic bank in Qatar to launch **Sustainable Financing Framework (SSF)**; which enables:
 - ESG-linked funding opportunities to investors;
 - Use of proceeds to finance eligible assets;
 - Introduce ESG concepts in the bank;
 - Set clear ESG targets as part of strategy development;
- **MARs SSF is independently rated** - S&P Global Ratings, assessed the bank's Framework as 'strong' in its ESG criteria, as part of an independent Second Party Opinion;
- An **ESG Governance Committee** ("Committee") at senior management monitors implementation of Framework;
- Following establishment of the framework, the Bank launched the country's first Islamic **green deposit** in April;



Introduction to Masraf Al Rayan

Product offering – full suite of Islamic Banking Products

Retail Banking	Private Banking	Wholesale Banking	Treasury & FI	Investment Banking
Auto finance, Home finance, Personal finance Credit cards	Real estate and Project finance Bespoke investment solutions	Direct finance: Murabaha, Mudaraba, Ijara, Itisna'a, Tawaruq	MM placements: Murabaha, Wakala based Sukuk debt issuance	Asset Management: Mutual funds
Time deposits Saving accounts Current accounts	Business planning Credit planning and management	Trade finance: Letter of credit, Murabaha LC, Finance Guarantee	Sukuk investment in LCY/FCY Equity investment	Financial Advisory: Equity Capital Market & Debt Capital Market
Digital banking, ATMs	Asset management/ Wealth protection	Syndicated financing Cash management	FX SWAP/Forward Profit rate swap Options	Financial Advisory : M&A, IPO's

Introduction to Masraf Al Rayan

Key Recognitions in 2021, 2022





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Post merger integration update

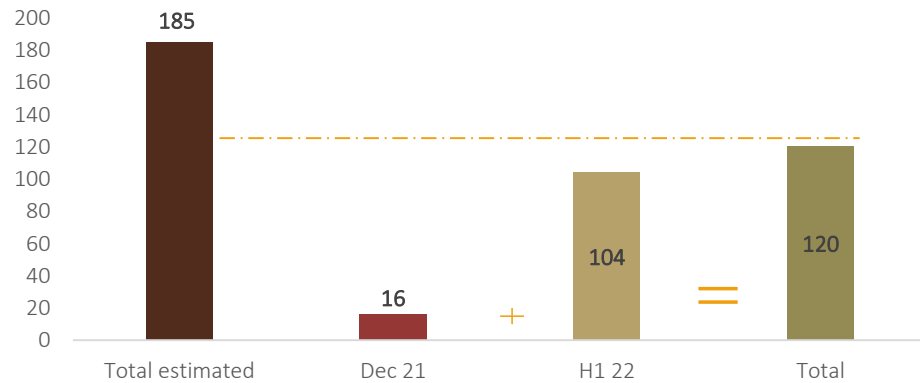
Introduction to Masraf Al Rayan Merger with AKCB – Integration update

Merger & Integration Timelines

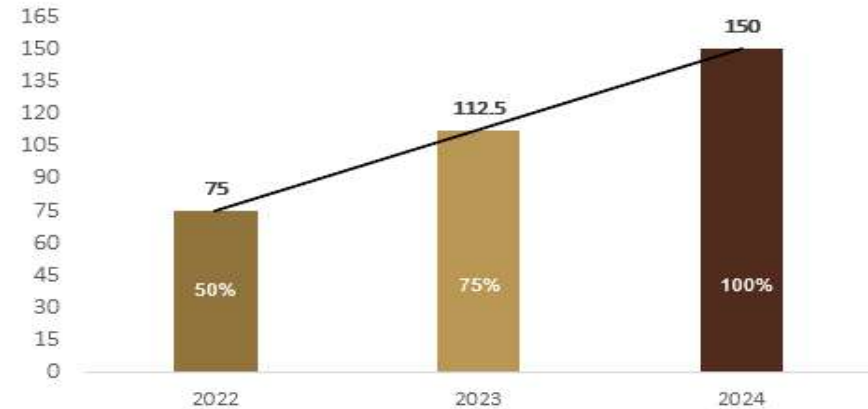


A journey completed less than 2 years (Integration completed within 6 months after Legal Merger!)

Integration one-off expenses (QAR mil)



Synergies effect (QAR mil)



Integration costs

QAR 185 m QAR– estimated as 1.25 x fully phased in synergy target of QAR 150 m;

Synergies

QAR 150 m QAR – targeted synergies per annum, once fully phased in;



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Financial Highlights and Performance

Financial Highlights and Performance

Q1 results (actuals & pro forma)

- H1 2021 comparative amounts are “Pro forma” to enable a like for like comparison with H1, 2022 actual results;
- Pro forma financial information consists of the unaudited condensed consolidated income statement of MAR Group (MAR and AKCB) as if the merger had taken place as at January 1, 2021
- The purpose of the pro forma financial information is to show the material effects that the merger of MAR and AKCB would have had on the historical consolidated income statement if the Group had already existed in the structure created by the combination as at December 1, 2021
- The presentation of the pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the pro forma condensed consolidated income statement addresses a hypothetical situation and, therefore may not give a true picture of the financial position of the Group.

Financial Highlights and Performance

H1 2022 - Summary

Balance Sheet

- Total assets reached QAR 168,644 million compared to QAR 174,034 million on 31 December 2021, a decrease of 3.1%;
- Financing activities at QAR 118,739 million compared to QAR 120,807 million on 31 December 2021, an decrease of 1.7%;
- Investments securities decreased to QAR 31,199 million compared to QAR 32,775 million on 31 December 2021, a decrease of 4.8 %;
- Customer deposits totaled QAR 96,814 million compared to QAR 106,957 million on 31 December 2021, a decrease of 9 %

Income statement*

- Net profit totalled QAR 1,026 million for the period ended 30 Jun 2022 compared to QAR 1,515 million for the same period in 2021;
- Total income for the period ended 30 Jun 2022 totalled QAR 3,266 million as compared to QAR 3,618 million for the same period in 2021.

Financial Ratios

- Annualized return on average assets of 1.20%;
- Annualized return on average equity of 8.85%;
- Earnings per share annualized for the period reached QAR 0.22;
- Book value per share reached QAR 2.46;
- Operational Efficiency ratio is 25% (excluding merger one-off costs, 20.4%)
- Non-performing financing (NPF) ratio of 2.36%

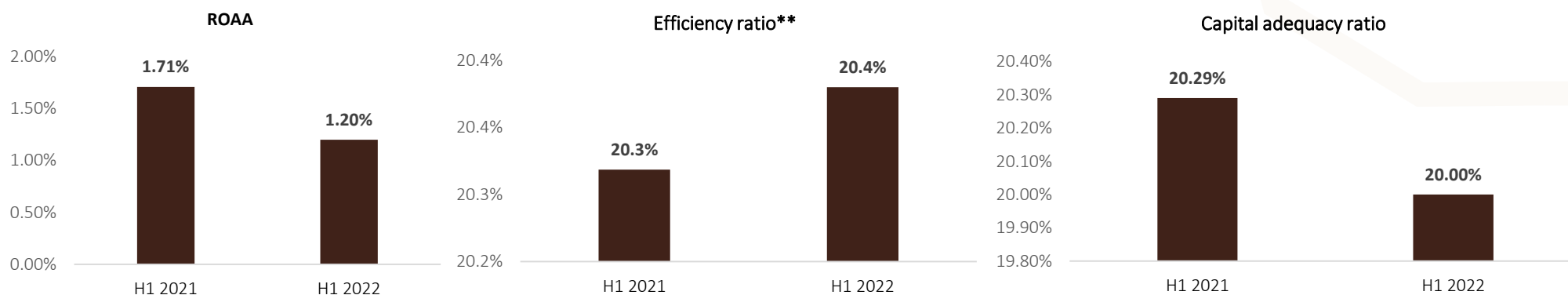
* Pro forma income statements for 2021

Financial Highlights and Performance

Income Statement (actuals & pro forma)

Income statement (QAR million) *	Half year trend		YoY
	H1 2022	H1 2021	
Operating income	3,266	3,618	-10%
Net operating profit	2,262	2,616	-14%
Operating expenses	554	524	6%
Pre impairment profit	1,708	2,092	-18%
Net Impairment Charges	661	562	17%
Net profit attributable to shareholders	1,026	1,515	-32%

- Net profit attributable to the Equity holders of the bank totalled QAR 1,026 million for the H1 2022.
- Operating expenses include QAR 104 million one-off merger related expenses.



* Pro forma Income statements for 2021

** Excluding one-off merger expenses

Financial Highlights and Performance

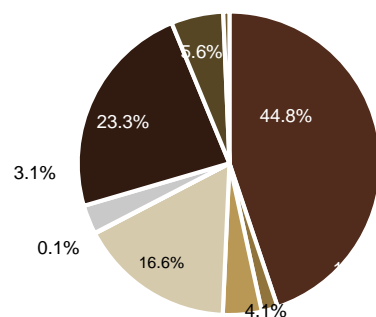
Balance Sheet (actuals)

Year to date

Balance Sheet (QAR billion)	H1 2022	Q4 2021	Change
Total Assets	169	174	-3%
Financing assets	119	121	-2%
Investments securities	31	33	-5%
Deposits	97	107	-9%
Total Equity	24	25	-2%

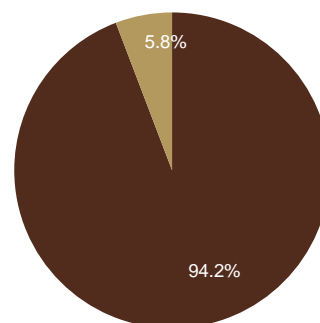
- **Financing Assets QAR 119 b:** of which 44.8 % exposure to Govt. & GRE's;
- **Investment securities QAR 31 b:** of which 94% exposure is Sovereign Debt;
- **Deposits QAR 97 b:** well diversified mix of Govt., Corporate and Personal banking segments

Financing Assets - Breakdown by Industry



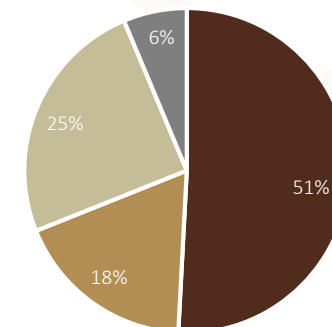
- Govt and GREs
- Industry
- Commercial
- Services
- Non-banking FI's
- Contracting
- Real estate
- Personal
- Others

Investment securities



- Sovereign -Debt exposure
- Private -Debt exposure

Customer deposits - Breakdown by Sector *



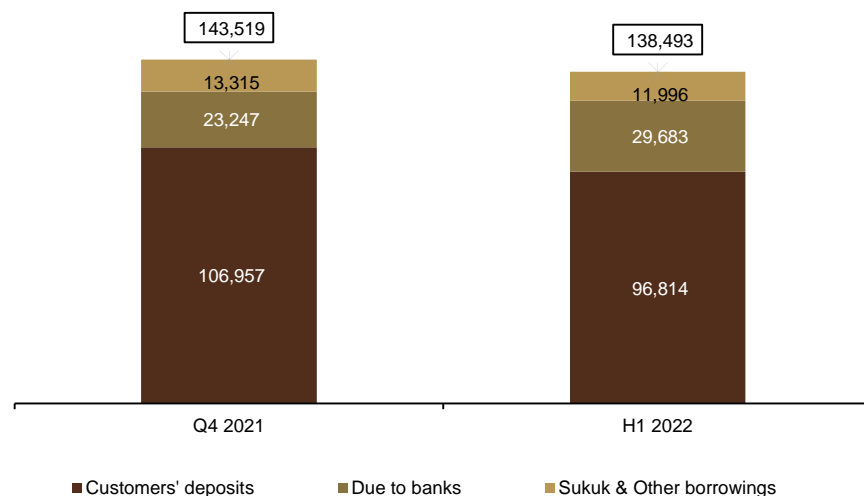
- Government and GRE
- Corporate
- Personal
- Non Bank Financial Institutions

*Includes equity of investment account holders

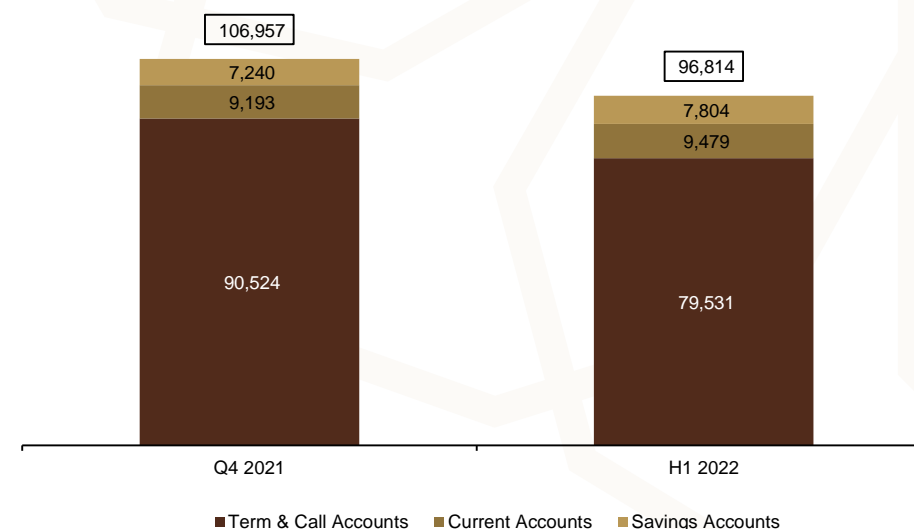
Financial Highlights and Performance

Funding & Liquidity

Funding Mix – QAR m



Deposit Mix – QAR m



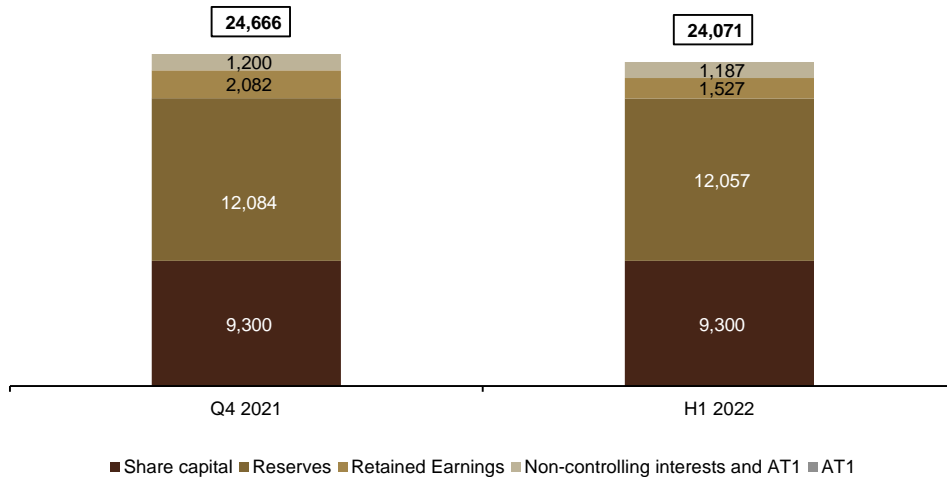
Key Highlights

- 94% Investment book being High Quality Sovereign Debt, provides access to liquidity through Repo funding;
- MAR Sukuk Programme established in 2019, to further diversify funding base;
- Well diversified funding mix (21% Due to Banks, 9% Sukuk & other borrowings and 70% Customer Deposits);

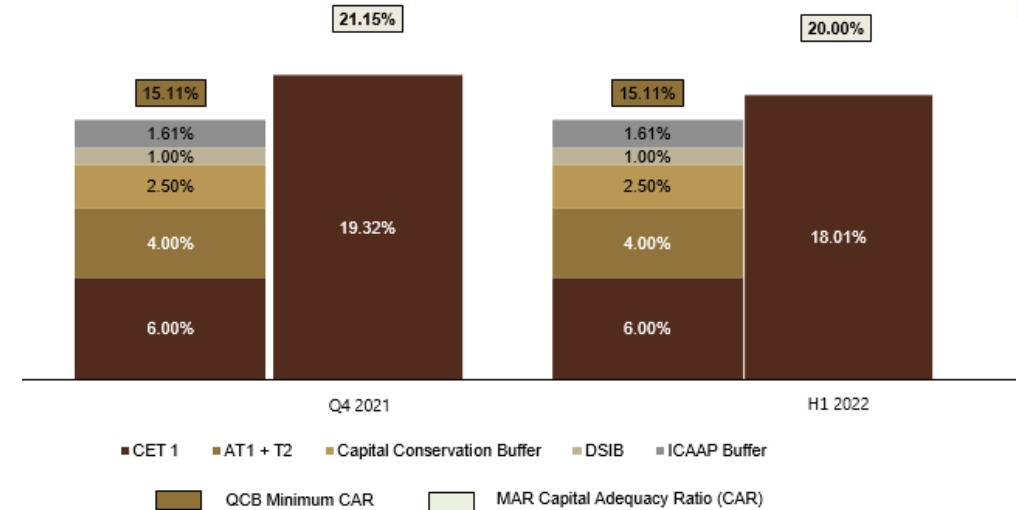
Financial Highlights and Performance

Capital Adequacy

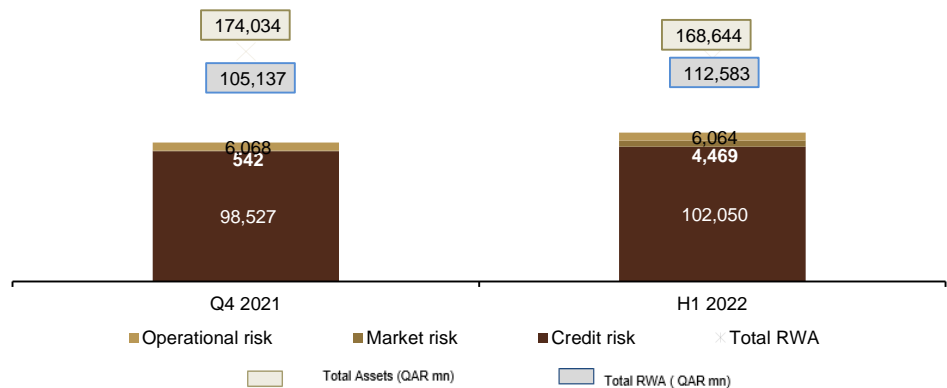
Equity Breakup



Capitalisation %



Risk Weighted Assets



Key Highlights

- Strong capitalization level - CAR (inclusive of CET1 capital of 18.01%) of 20% as at 30 Jun 2022, 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 30 Jun 2022;



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Operating Segments

Operating Segments

For the purpose of financial reporting, the Bank provides breakdown by five segments that are managed separately based on the Bank's management and internal reporting structure

Corporate Banking

- Core driver of the Bank's business.
 - 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 Govt. and GREs, large corporates and small and medium enterprises



	H1 2022	
	QAR m	% of Total*
Total Assets	78,855	46.8%
Total Revenue	1,686	51.6%
Profit Before Tax	1,097	104.8%

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



	H1 2022	
	QAR m	% of Total*
Total Assets	30,016	17.8%
Total Revenue	666	20.4%
Profit Before Tax	73	6.9%

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



	H1 2022	
	QAR m	% of Total*
Total Assets	13,262	7.9%
Total Revenue	172	5.3%
Profit Before Tax	51	4.8%

Operating Segments

For the purpose of financial reporting, the Bank provides breakdown by five segments that are managed separately based on the Bank's management and internal reporting structure

Treasury and Financial Institutions



	H1 2022	
	QAR m	% of Total*
Total Assets	42,737	25.3%
Total Revenue	676	20.7%
Profit Before Tax	232	22.1%

Asset Management and Financial Advisory



	H1 2022	
	QAR m	% of Total*
Total Assets	181	0.1%
Total Revenue	33	1.0%
Profit Before Tax	23	2.2%

* Excludes unallocated and non Sharia compliant assets, liabilities, revenues and profit related to central functions, and non-core business functions which accounted for 2.1% of total assets as at 30 Jun 22



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Financial Statements

Financial Statements

Published Balance Sheet

QAR mn	H1 2022	Q4 2021	Variance%
Cash and Balances with central banks	6,111	5,221	17%
Due from Banks	5,804	9,156	-37%
Financing Assets	118,740	120,807	-2%
Investment Securities	31,199	32,775	-5%
Investment in Associates	360	349	3%
Fixed assets	772	715	8%
Intangible assets	1,759	1,759	0%
Other assets	3,900	3,253	20%
Total Assets	168,644	174,034	-3%
Due to banks	29,683	23,247	28%
Customer current accounts	9,479	9,193	3%
Sukuk Financing	7,540	7,615	-1%
Other Borrowings	4,456	5,700	-22%
Other liabilities	6,080	5,850	4%
Total Liabilities	57,238	51,604	11%
Equity of Investment Account holders	87,335	97,764	-11%
Share Capital	9,300	9,300	0%
Legal Reserve	9,644	9,644	0%
Risk Reserve	2,283	2,283	0%
Fair value reserve	44	36	21%
Foreign currency translation reserve	(41)	(6)	595%
Other reserves	127	127	0%
Retained earnings	1,527	2,082	-27%
Total Equity Attributable to Equity Holders of the Bank	22,884	23,467	-2%
Non-Controlling interest	188	200	-6%
Instrument eligible as additional capital	1,000	1,000	0%
Total Equity	24,072	24,666	-2%
Total Liabilities, Equity of Investment Account Holders and Equity	168,644	174,034	-3%

Financial Statements

Published Income statement

QAR mn	H1'22	H1'21	H1'22 vs H1'21
Net income from financing activities	2,338	1,857	26%
Net income from investing activities	570	432	32%
Total Net Income from Financing and Investing Activities	2,908	2,289	27%
Fee and commission income	209	161	30%
Fee and commission expense	(1)	(2)	-27%
Net Fee and Commission Income	208	159	30%
Net foreign exchange gain	117	81	45%
Share of results of associates	23	10	133%
Other income	11	2	432%
Total Income	3,266	2,540	29%
Staff costs	(285)	(204)	39%
Depreciation	(28)	(26)	4%
Other expenses	(242)	(125)	93%
Finance expense	(342)	(275)	24%
Total Expenses	(896)	(631)	42%
Net (impairment losses) / reversal on due from banks	(15)	(2)	920%
Net (impairment losses) / reversal on financing assets	(582)	(182)	219%
Net (impairment losses) / reversal on investments	(37)	(189)	-80%
Net (impairment losses) / reversal on other balance sheet exposures	(27)	11	-348%
Profit for the Period before Return to Investment Account Holders	1,708	1,548	10%
Less: Return to investment account holders	(662)	(399)	66%
Profit for the Period before Tax	1,046	1,149	-9%
Tax expense	(12)	2	-722%
Net Profit for the Year / Period	1,035	1,151	-10%
Net profit to equity holders (QAR mn)	1,026	1,143	-12%

Financial Statements

Pro forma Income statement

QAR mn	H1'22	H1'21	H1'22 vs H1'21
Net income from financing activities	2,338	2,650	-12%
Net income from investing activities	570	651	-12%
Total Net Income from Financing and Investing Activities	2,908	3,301	-12%
Fee and commission income	209	222	-6%
Fee and commission expense	(1)	(14)	-91%
Net Fee and Commission Income	208	209	0%
Net foreign exchange gain	117	92	28%
Share of results of associates	23	14	58%
Other income	11	2	338%
Total Income	3,266	3,618	-10%
Staff costs	(285)	(303)	-6%
Depreciation	(28)	(43)	-35%
Other expenses	(242)	(179)	35%
Finance expense	(342)	(439)	-22%
Total Expenses	(896)	(963)	-7%
Net (impairment losses) / reversal on due from banks	(15)	7	-334%
Net (impairment losses) / reversal on financing assets	(582)	(442)	32%
Net (impairment losses) / reversal on investments	(37)	(166)	-78%
Net (impairment losses) / reversal on other balance sheet exposures	(27)	40	-167%
Profit for the Period before Return to Investment Account Holders	1,708	2,093	-18%
Less: Return to investment account holders	(662)	(563)	18%
Profit for the Period before Tax	1,046	1,529	-32%
Tax expense	(12)	(7)	69%
Net Profit for the Year / Period	1,035	1,523	-32%
Net profit to equity holders (QAR mn)	1,026	1,515	-32%

THANK YOU

