



Investor Presentation

31 March 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 (28.7% market share)*
- 4th largest listed Qatari banks by total assets (6.6% market share)

Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization (QAR 27.3 bn)*

Rating

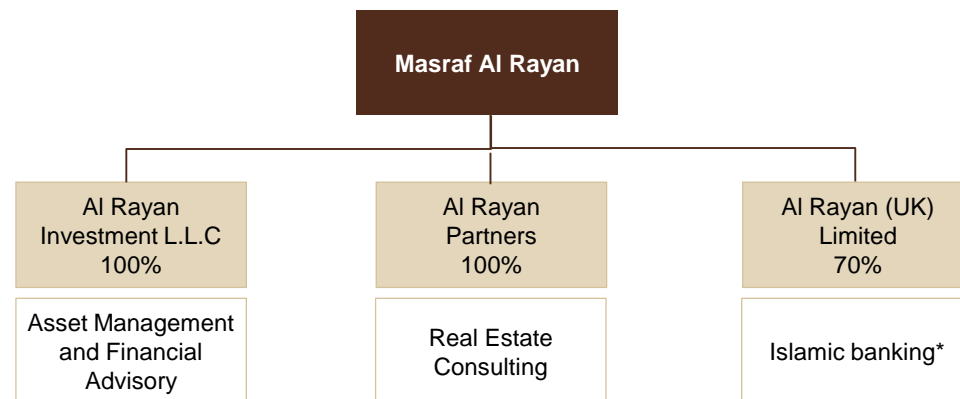
- MAR's credit rating re-affirmed at A1
- Stable outlook, baseline credit assessment and adjusted baseline credit assessment: baa2.

Source: Qatar Central Bank, Bloomberg
* As of 31st March 2020

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

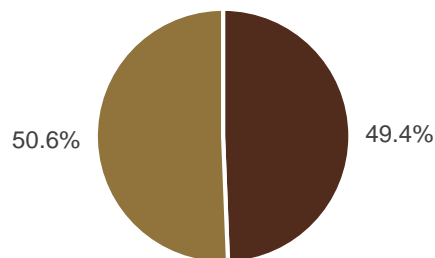
Introduction to Masraf Al Rayan

Ownership Structure & Financial Highlights

Shareholding Structure

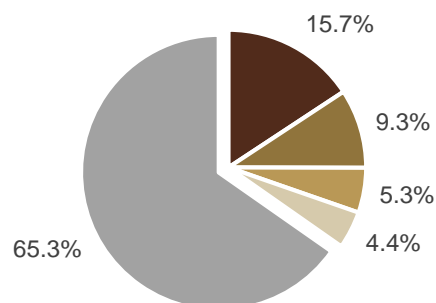
- Government, GREs and Qatari institutional investors hold approx. 48.7% of MAR's shares
- Considering both direct and indirect interest, significant shareholders comprised of QIA (15.7%) and QAF Investment Portfolio (9.4%)

Shareholding by Investor Type



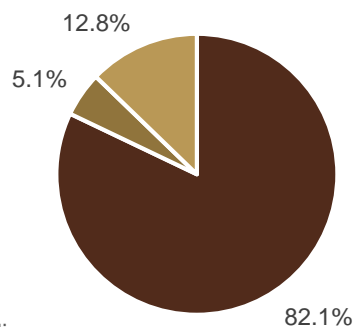
- Govt, GREs & Qatari institutions
- Qatari retail and foreign investors

Top Shareholders



- QIA
- QAF Investment Portfolio
- Watani Funds (3,4 & 5)
- Pension Fund
- 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 27.3 bn
- Valuation multiples:** P/E – 12.45; P/B - 2.14

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.

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).

Mr. Nasser Jaralla S. Jaralla Al Marri
Board Member

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

Sheikh Nasser Bin Hamad Al Thani
Board Member

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

Mr. Abdulla Ahmed Al Maleki Al Jahni

Board Member

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

Sheikh Ali Bin Jassim M Al-Thani
Board Member

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

Mr. Abdulrahman Mohammed Al Khayareen

Board Member

Mr. Mohammed Ibrahim Al Abdulla
Board Member

Mr. Tami Ahmad Ali Al Binali
Board Member

1. Introduction to Masraf Al Rayan

2. Financial Highlights and Performance



3. Operating Segments

4. Historical Financial Statements

5. Overview of Qatar

Financial Highlights and Performance

Summary

Balance Sheet

- Total assets reached QAR 109,058 million compared to QAR 100,314 million on 31 March 2019, an increase of 8.7%
- Financing activities increased to QAR 79,265 million compared to QAR 75,878 million on 31 March 2019, an increase of 4.5%
- Investments increased to QAR 21,626 million compared to QAR 20,041 million on 31 March 2019, an increase of 7.9%
- Customer deposits totaled QAR 67,730 million compared to QAR 64,444 million on 31 March 2019, an increase of 5.1%

Income statement

- Net profit totalled QAR 547 million for the quarter ended 31 March 2020, compared to QAR 544 million in Q1 2019.
- Operating income for the quarter ended 31 March 2020 increased by 4.1% totalling QAR 1,312 million as compared to QAR 1,260 million in Q1 2019.

Financial Ratios

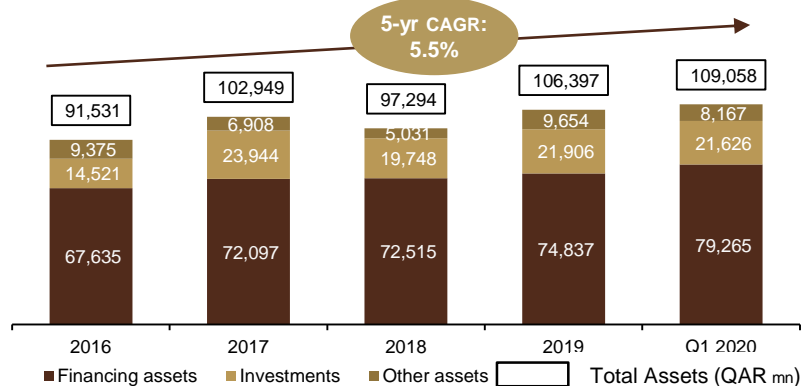
- Return on average assets of **2.03%**
- Return on average shareholders' equity of **16.41%**
- Earnings per share for the quarter reached **QAR 0.073**
- Book value per share reached **QAR 1.70**
- Operational Efficiency ratio is **22.71%**
- Non-performing financing (NPF) ratio of **0.94%**

Financial Highlights & Performance

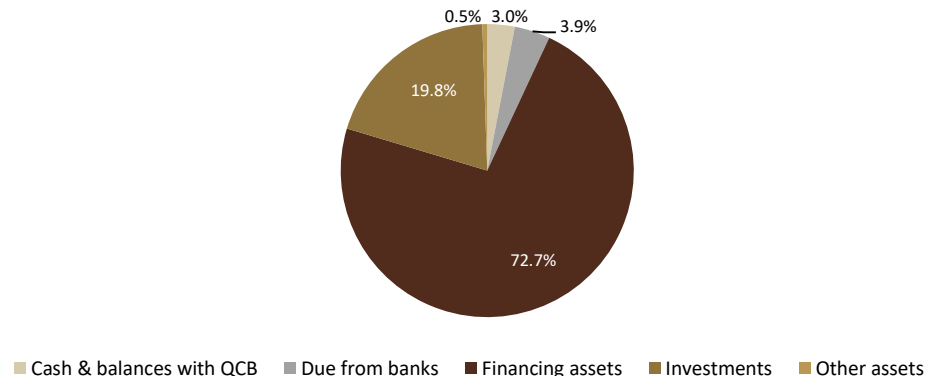
Balance Sheet

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

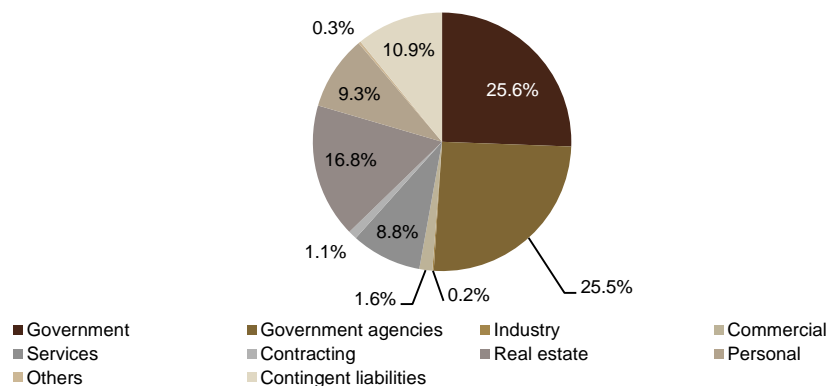
Assets



Asset Mix – 2020

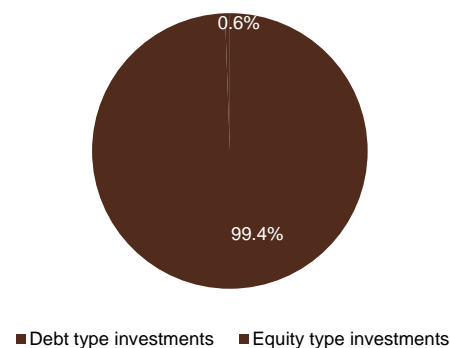


Gross Exposure - Funded & Unfunded – 2020

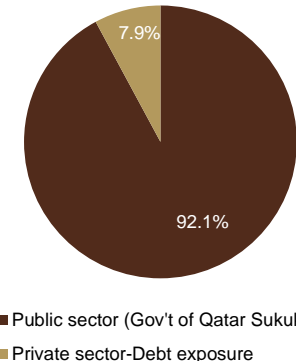


Breakdown of Investment Securities – 2020

Investments by Asset Class



Public vs. Private Debt Exposure*



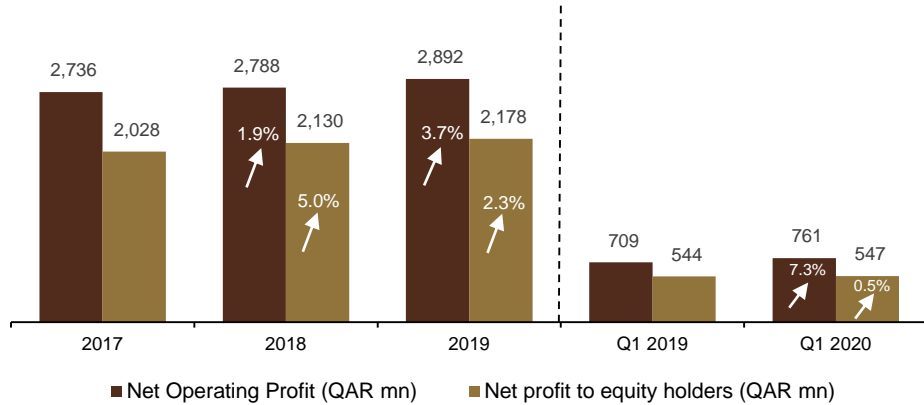
*% of total debt investments including impairments

Financial Highlights & Performance

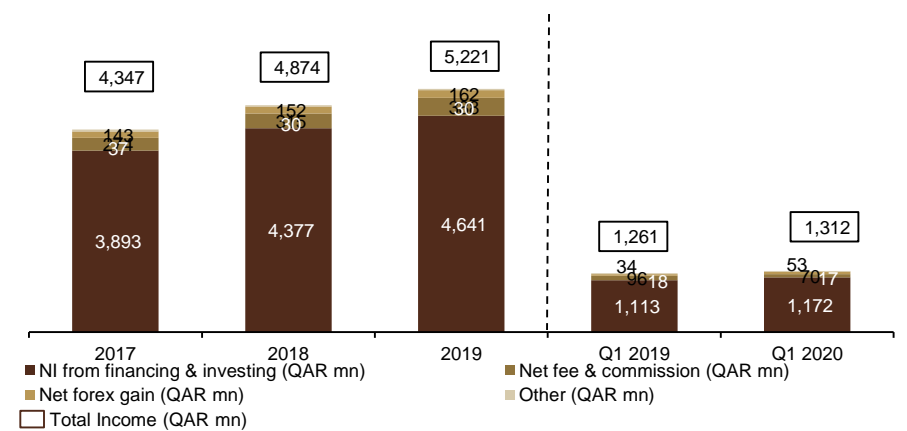
Profitability

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

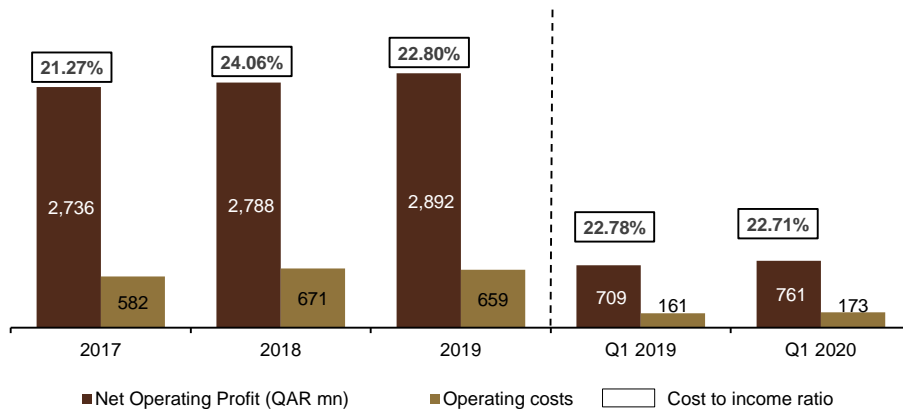
Profitability



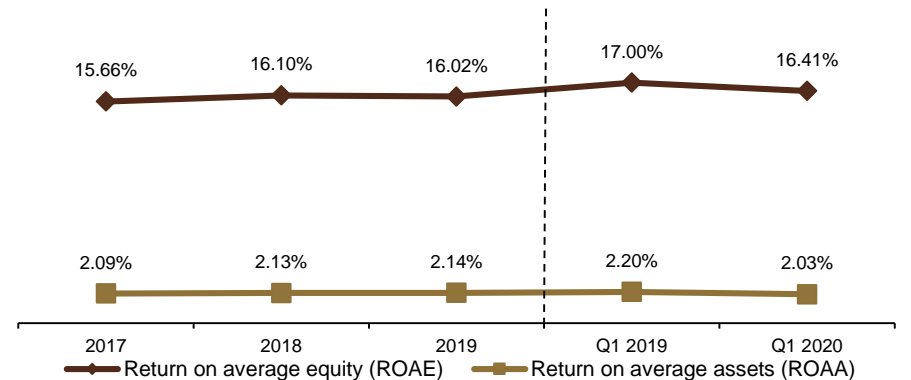
Income Composition



Operating Efficiency



Return on Assets & Shareholder's Equity*



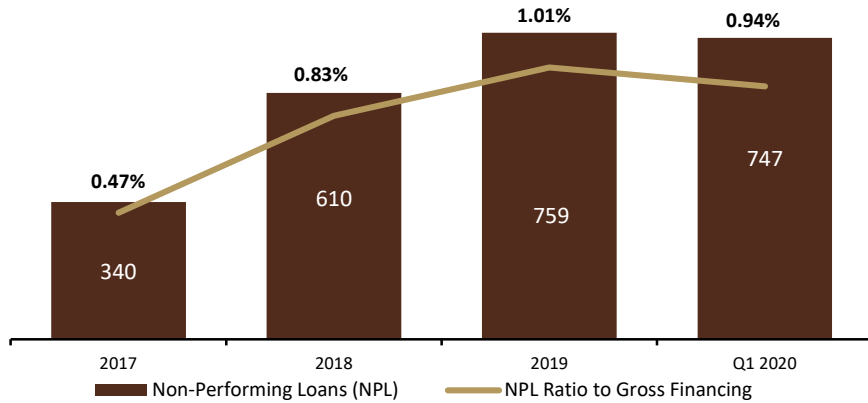
*Attributable to equity holders

Financial Highlights & Performance

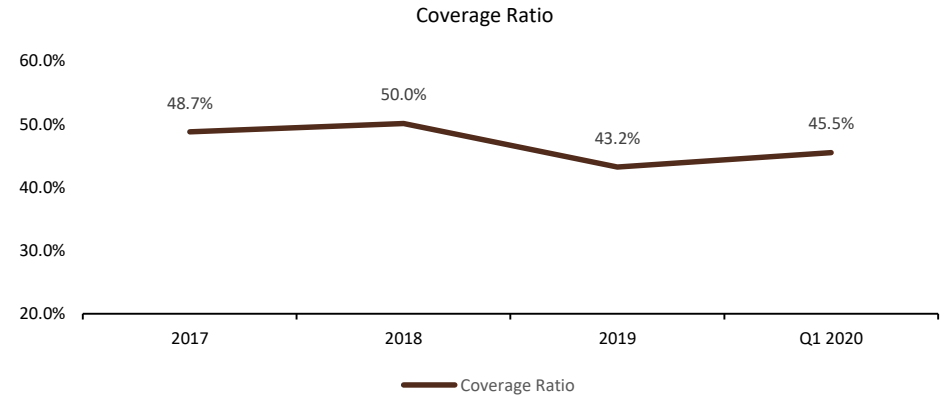
Asset Quality

► Masraf Al Rayan's non-performing financing ratio is at 0.94% reflecting robust asset quality, prudent risk management policies and a conservative lending strategy.

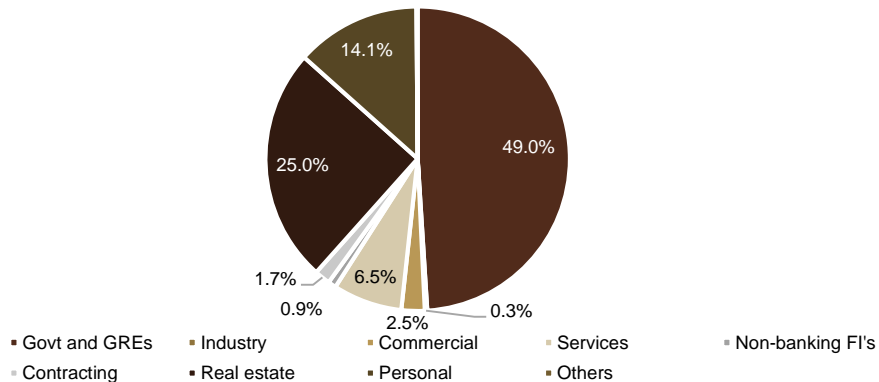
Non-Performing Financing Assets (Stage 3)



Non-Performing Financing Coverage Ratio (Stage 3)



Financing Assets Breakdown by Industry – 2020



Key Highlights

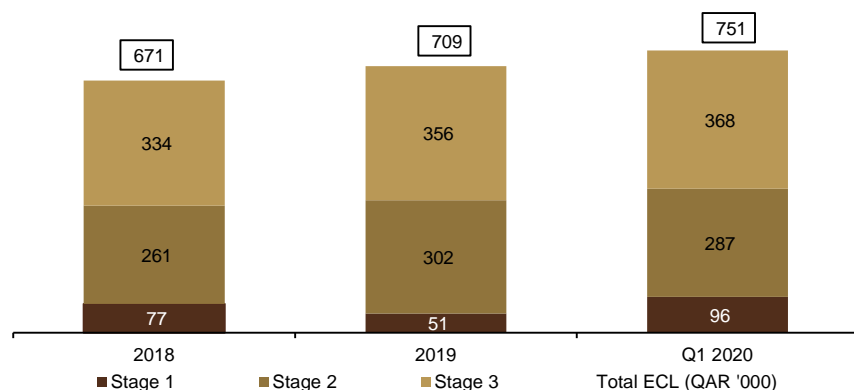
- The Bank's asset quality remains robust as indicated by a NPF ratio of 0.94% as of 31st March 2020.
- Consistently strong asset quality is driven by selective acquisition of customer base, critical credit risk evaluation and management.
- High financing exposure to government sector (49% as of 31st March 2020) is another contributor to maintaining good asset quality.

Financial Highlights & Performance

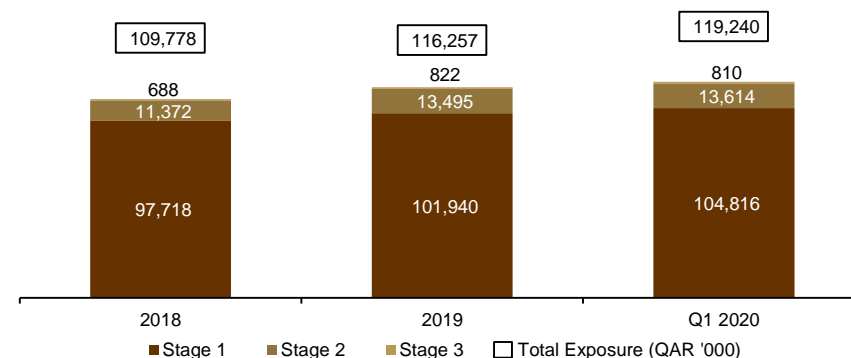
IFRS 9 Impact

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

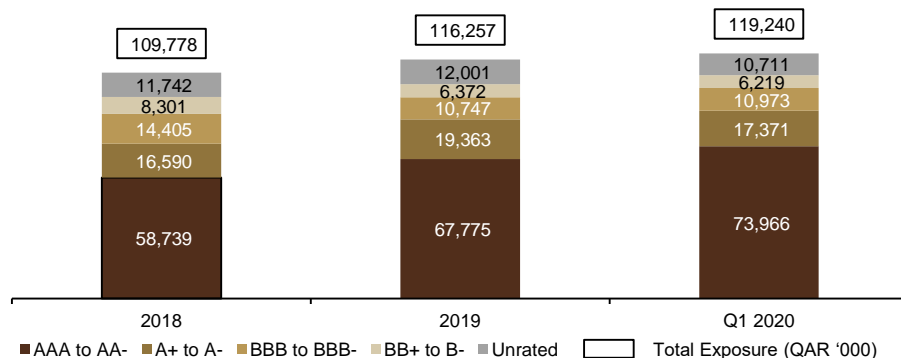
ECL on all exposures - by Stages



All exposures subject to ECL - by Stages



Exposure by Rating Grade



Key Highlights

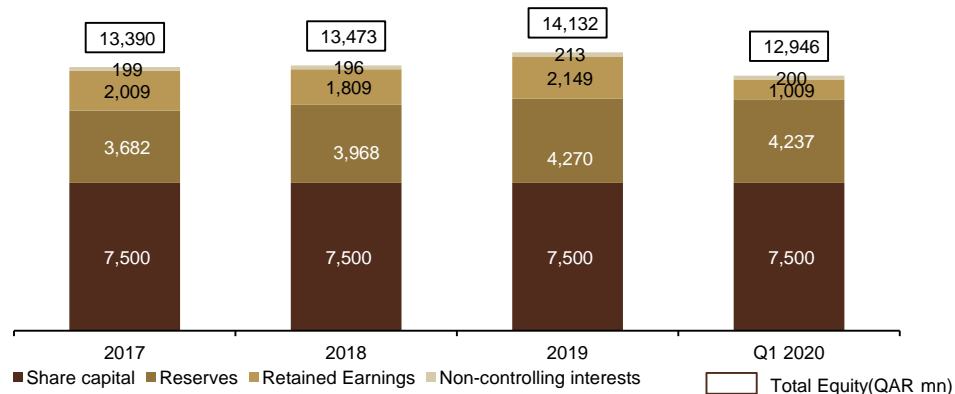
- ECL calculation was adopted by the Bank in January 2018 and adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and non-controlling interest of FY 2018
- Stage 1 includes financial assets on initial recognition 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 51% of the total exposure is to the Government or Government related entities which are highly rated and carry no ECL charge

Financial Highlights & Performance

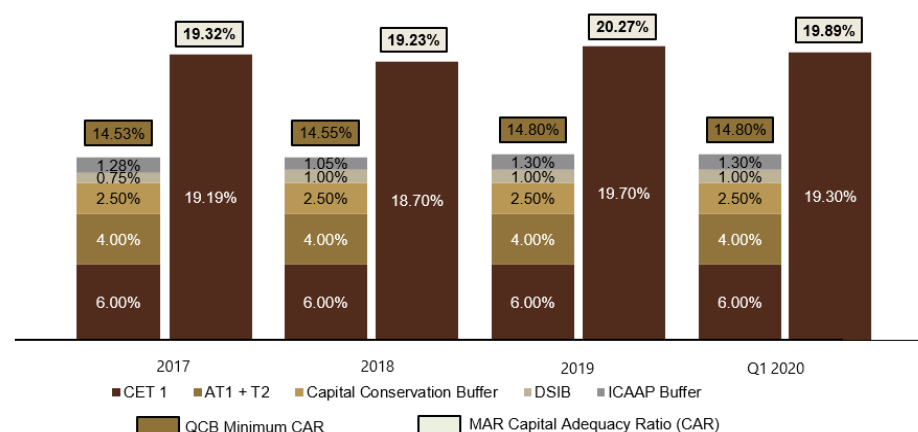
Capital Adequacy

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

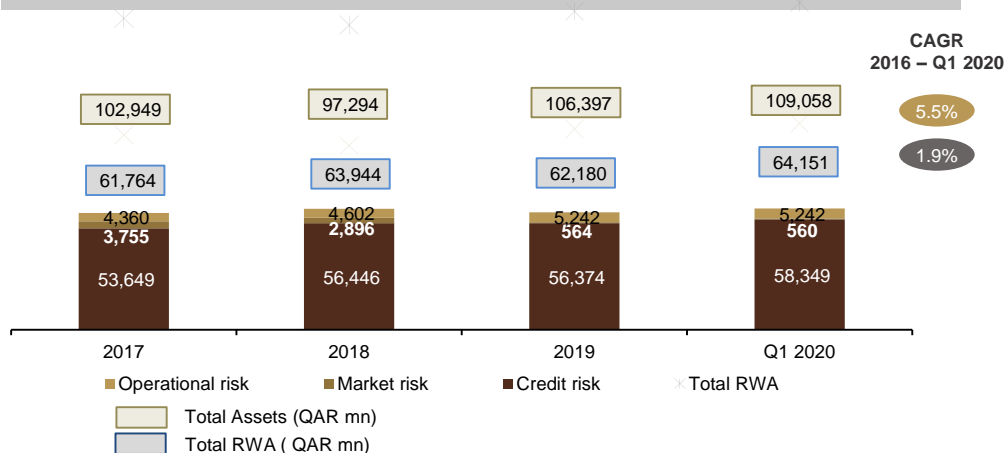
Total Equity Breakdown



Overview of the Bank's Capitalisation Levels



Risk Weighted Assets



Key Highlights

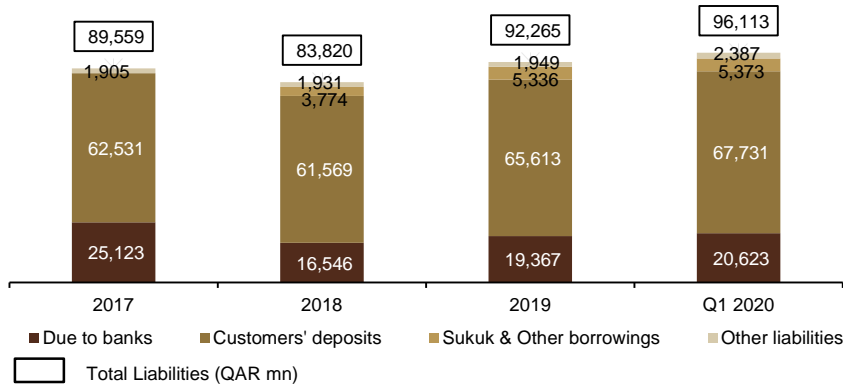
- MAR maintained a healthy capitalization level with CAR (inclusive of CET1 capital 19.30%) of 19.89% as at 31st March 2020, well above the minimum regulatory requirements of 13.50% (including ICAAP buffer: 14.80%).
- As a Domestic Systemically Important Bank (DSIB), the Bank is required to maintain an additional buffer of 1.00% as of 31st March 2020.
- Growth in risk weighted assets (1.0% CAGR for the period 2016 - Q1 2020), reaching QAR 62.2 bn as of 31st March 2020.
- 2016 - Q1 2020 CAGR for Assets at 5.5% vs 1.9% for RWA indicates that the Bank is focused on growing its financing book with higher quality assets.

Financial Highlights & Performance

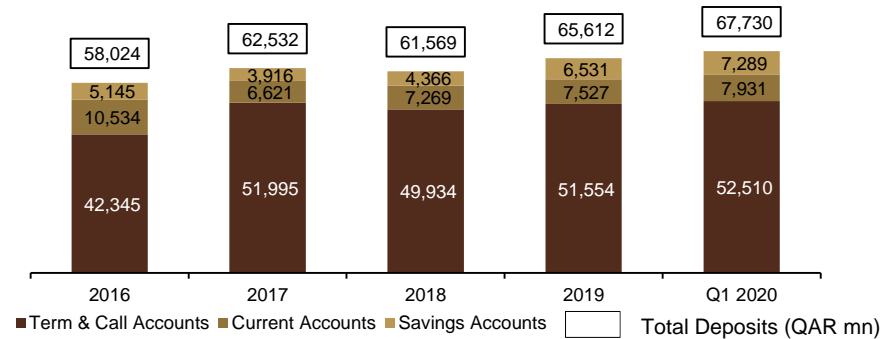
Funding & Liquidity

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

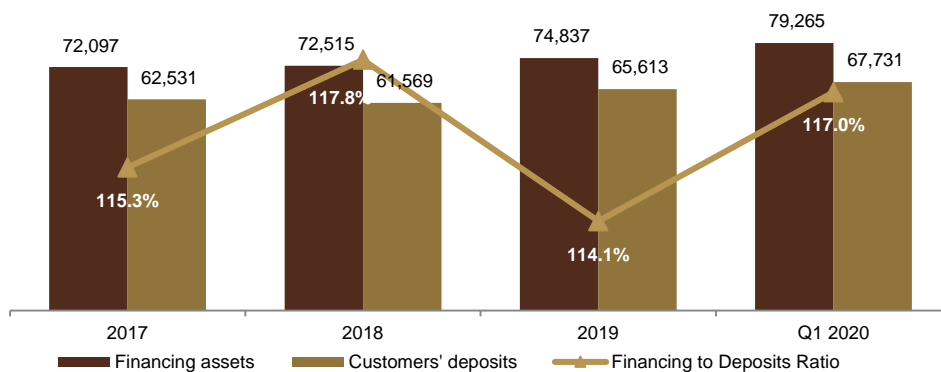
Funding Mix



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

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



Introduction to Masraf Al Rayan

Business Overview & Segments

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

Corporate Banking

- ▶ Core driver of the Bank's business and includes treasury operations
- ▶ Diverse range of Sharia compliant financial products and services and cash management services
- ▶ Principal products include Murabaha, Ijarah, Ijarah Muntahia Bittamleek, Musharaka and Istisna'a.
- ▶ Client base includes banks and FIs, Govt. and GREs, large corporates and small and medium enterprises

Retail Banking

- ▶ Diverse range of Sharia compliant retail banking products and services
- ▶ Wide network of branches and ATMs, as well as alternative distribution channels (internet banking, mobile banking and telephone banking)
- ▶ Private Banking segment focuses on providing a high-quality service to high net worth individuals in Qatar and abroad

Asset Management and Financial Advisory

- ▶ Represents contribution from the Bank's fully-owned investment banking arm, Al Rayan Investment LLC (ARI);
- ▶ ARI has three business segments: (i) Asset Management (ii) Financial Advisory and (iii) Strategic Investments
- ▶ ARI's strategy is to provide investment products and services to meet clients' needs
- ▶ Assets under management (AUM) of over USD 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

	2019		Q1 2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	69,983	65.8%	72,777	66.7%
Total Revenue	3,557	68.5%	853	65.8%
Profit Before Tax	1,792	68.0%	422	64.2%

	2019		Q1 2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	23,697	22.3%	24,074	22.1%
Total Revenue	1,241	23.9%	343	26.5%
Profit Before Tax	786	29.8%	228	34.6%

	2019		Q1 2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	683	0.6%	687	0.6%
Total Revenue	51	1.0%	15	1.1%
Profit Before Tax	28	1.1%	7	1.1%

	2019		Q1 2020	
	QAR mn	% of Total*	QAR mn	% of Total*
Total Assets	10,743	10.1%	9,914	9.1%
Total Revenue	342	6.6%	85	6.6%
Profit Before Tax	30	1.1%	0	0.0%

*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 Q1-2020 and 1.5% of total assets as at FY 19

**As of 31st March 2020

Source: Bank's financial statements

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



Historical Financials

Consolidated Income Statement

QAR mn	2017	2018	2019	Q1 2019	Q1 2020
Net income from financing activities	3,101	3,539	3,710	897	918
Net income from investing activities	792	838	931	216	254
Total Net Income from Financing and Investing Activities	3,893	4,377	4,641	1,113	1,172
Fee and commission income	279	319	391	96	72
Fee and commission expense	(5)	(4)	(3)	-	(2)
Net Fee and Commission Income	274	315	388	96	70
Net foreign exchange gain	143	152	162	34	53
Share of results of associates	28	22	20	14	14
Gain on sale of investment in an associate	-	-	-	-	-
Other income	9	8	10	4	3
Total Income	4,347	4,874	5,221	1,261	1,312
Staff costs	(328)	(375)	(395)	(97)	(98)
Depreciation	(17)	(15)	(18)	(5)	(7)
Other expenses	(233)	(279)	(246)	(58)	(67)
Finance expense	(495)	(760)	(838)	(208)	(204)
Total Expenses	(1,073)	(1,429)	(1,497)	(368)	(376)
Net reversal of impairment losses on due from banks	-	-	-	-	-
Net recoveries/(impairment losses) on financing assets	(108)	15	(55)	(4)	(15)
Net impairment losses on investment securities	(6)	(9)	(1)	1	(18)
Net reversal / (impairment losses) on off balance sheet exposures subject to credit risk	-	16	11	2	(9)
Profit for the Period before Return to Investment Account Holders	3,160	3,467	3,679	892	896
Less: Return to investment account holders	(1,115)	(1,326)	(1,491)	(343)	(348)
Profit for the Period before Tax	2,045	2,141	2,188	549	548
Tax (expense) credit	(5)	(2)	(1)	(2)	(1)
Net Profit for the Period	2,040	2,139	2,187	547	547

Historical Financials

Consolidated Statement of Financial Position

QAR mn	2017	2018	2019	Q1 2019	Q1 2020
Cash and Balances with Qatar Central Bank	2,800	3,027	3,123	2,988	3,300
Due from Banks	3,312	1,513	6,035	973	4,282
Financing Assets	72,097	72,515	74,837	75,878	79,265
Investment Securities	23,423	19,222	21,379	19,502	21,086
Investment in Associates	520	526	527	539	540
Fixed assets	160	189	228	198	258
Other assets	636	302	267	235	326
Total Assets	102,949	97,294	106,397	100,314	109,058
Due to banks	25,123	16,546	19,367	17,374	20,623
Customer current accounts	6,621	7,269	7,527	7,746	7,931
Sukuk Financing	-	1,721	3,334	1,682	3,370
Other Borrowings	-	2,053	2,002	2,054	2,003
Other liabilities	1,905	1,931	1,949	2,227	2,387
Total Liabilities	33,649	29,520	34,179	31,083	36,314
Equity of Investment Account holders	55,910	54,300	58,086	56,697	59,800
Share Capital	7,500	7,500	7,500	7,500	7,500
Legal Reserve	2,066	2,279	2,497	2,279	2,497
Risk Reserve	1,508	1,575	1,636	1,575	1,636
Fair value reserve	3	10	24	15	(2)
Foreign currency translation reserve	(8)	(14)	(10)	(11)	(18)
Other reserves	113	119	123	119	123
Retained earnings	2,009	1,809	2,149	853	1,009
Total Equity Attributable to Equity Holders of the Bank	13,191	13,278	13,919	12,330	12,745
Non-Controlling interest	199	196	213	204	200
Total Owners' Equity	13,390	13,474	14,132	12,534	12,945
Total Liabilities, Equity of Investment Account Holders and Owners' Equity	102,949	97,294	106,397	100,314	109,058

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



Operating Environment

Qatar at a Glance

Snapshot of Qatar

Economic Fundamentals

- 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

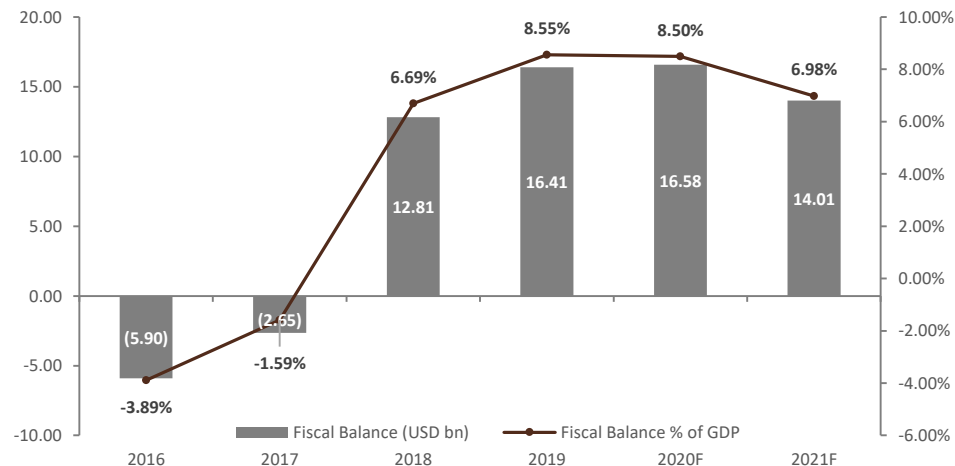
Outlook

- 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

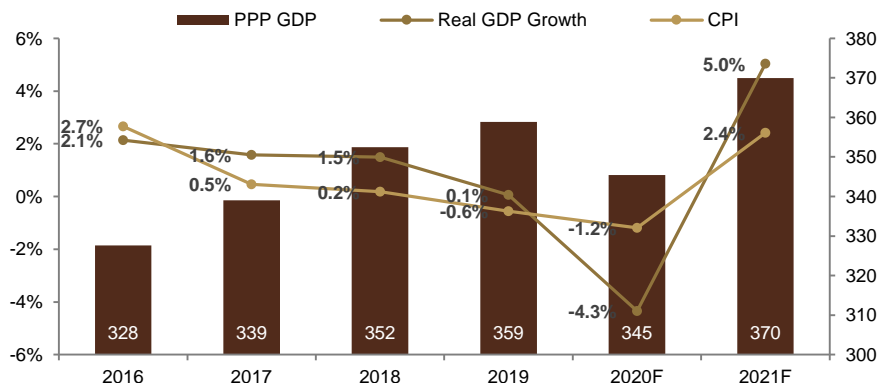
(2) Source: BP Statistical Review of World Energy – June 2019

Fiscal Balance



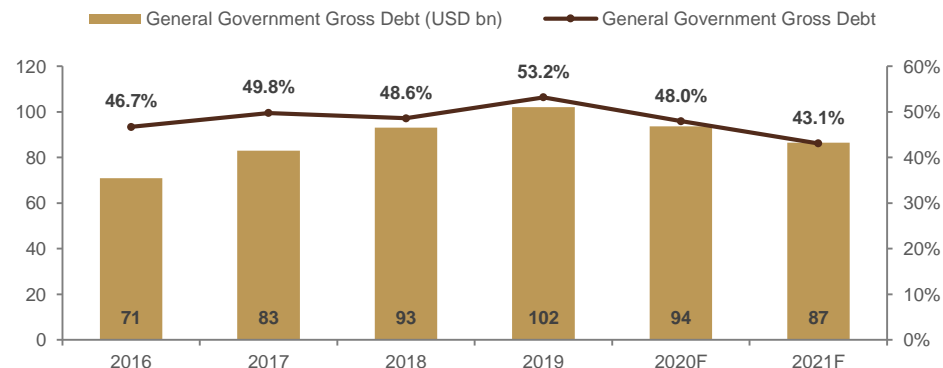
Source: IMF World Economic Database October 2019

Real GDP Growth and Inflation



Source: IMF World Economic Database October 2019

Government Indebtedness

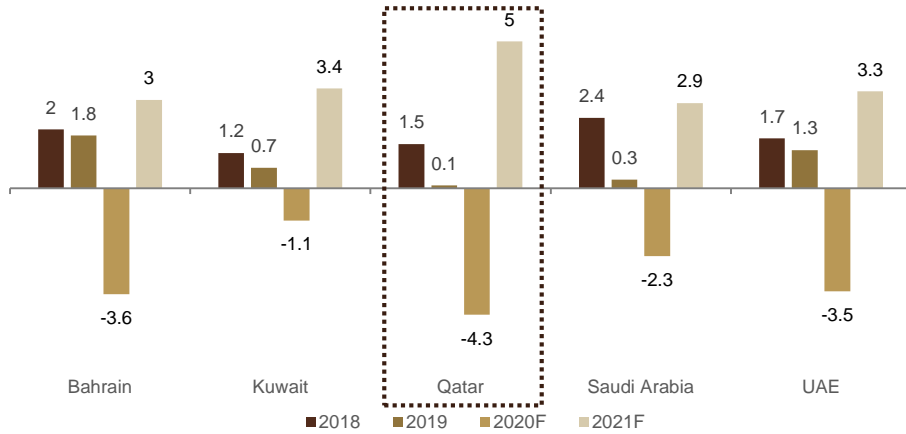


Source: IMF World Economic Database October 2019

Operating Environment

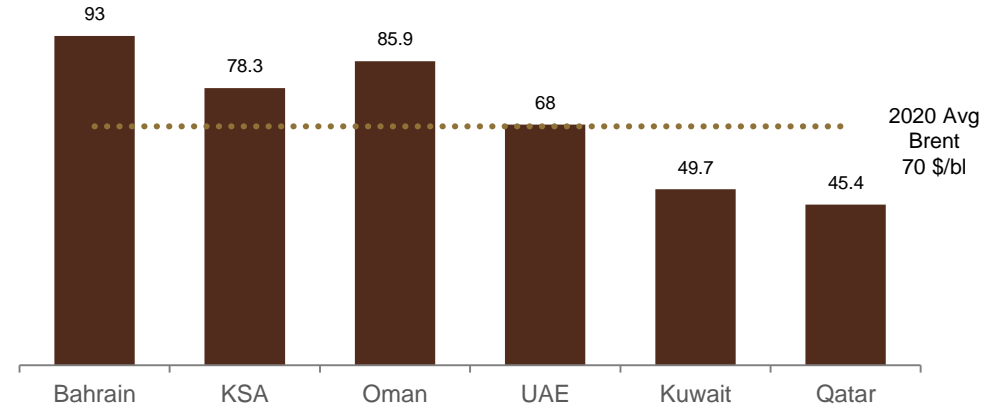
Qatar vs Other GCC Countries

Real Gross Domestic Product (GDP) Growth of GCC



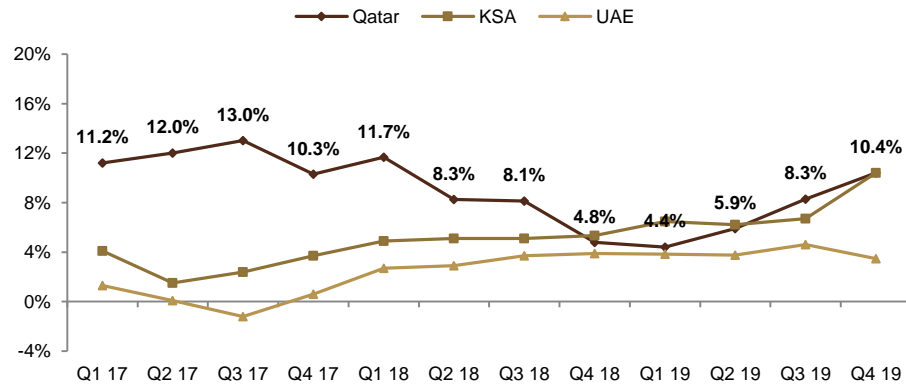
Source: IMF Data Mapper World Economic Database October 2019

Fiscal Breakeven Oil Price, 2020 Projections (USD / barrel)



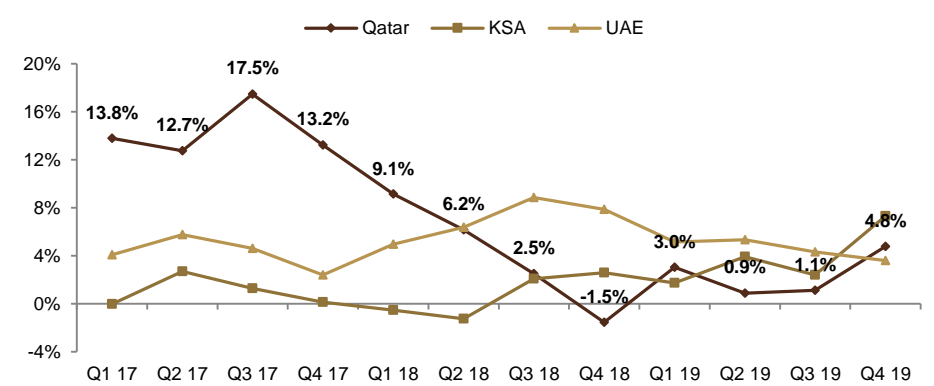
Source: IMF, Statistical Appendix 2020

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

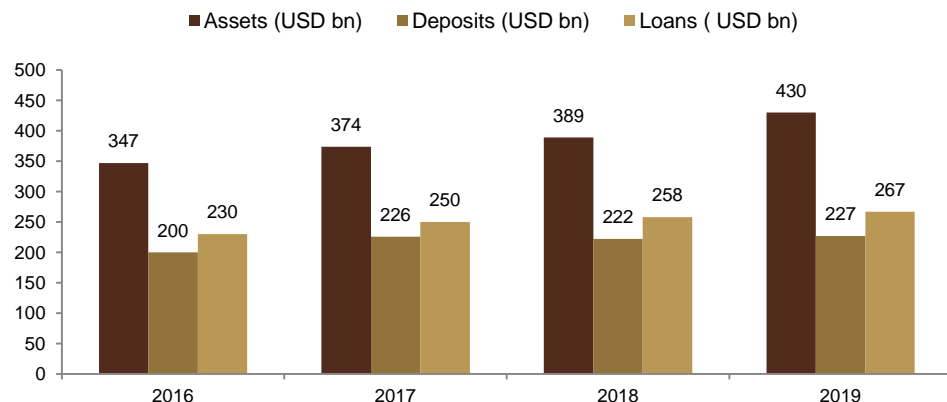
Snapshot of the Qatari Banking Sector

- 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 426 bn as at December 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

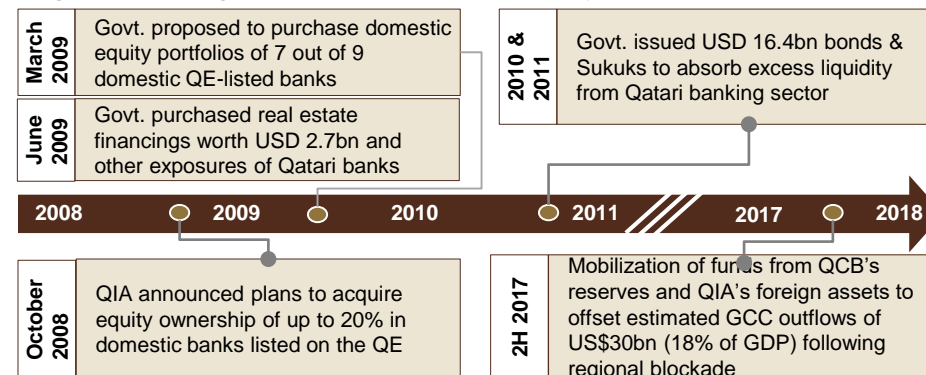
Key Balance Sheet Indicators



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