



مصرف الريان  
MASRAF AL RAYAN

# Investor Presentation

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## Financial Results

for the quarter ended 31 March 2022

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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 (34% market share)\*\*
- 3rd largest listed Qatari bank by total assets (10% market share)\*

### Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization (QAR 48.1 bn)\*
- 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

Source: Qatar Central Bank, Bloomberg

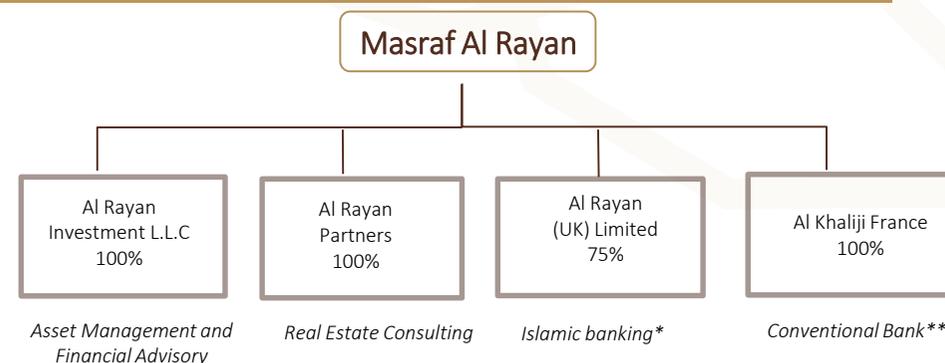
\* As of 31 March 2022

\*\* As of 31 Dec 2021

## 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

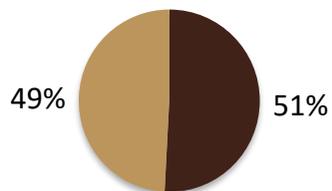
# Introduction to Masraf Al Rayan

## Ownership structure

### Shareholding Structure

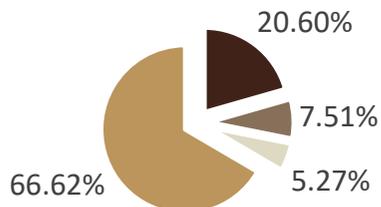
- +51% - shares owned by Government, Government-related entities (GREs) and Qatari Institutional investors;
- +34% - shares owned by Govt., Govt. related entities (GREs)  
*(including QIA (20.60%), QAF Investment Portfolio (7.51%), General Retirement & Pension Fund (5.27%))*

Shareholding by Investor Type



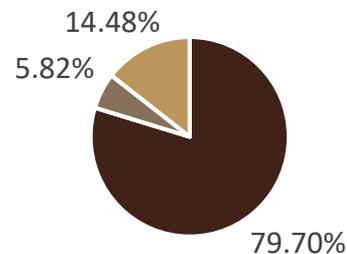
■ Govt, GREs & Qatari institutions ■ Qatari retail & foreign investors

Top Shareholders



■ QIA ■ QAF Investment Portfolio ■ Pension fund ■ Other

Shareholding by Country



■ Qatar ■ 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

Moody's rating

### Share Overview

MAR shares

- listed on the Qatar Stock Exchange

Symbol

- MARK

ISIN

- QA000A0M8VM3

Market cap

- QAR 48.1 bn

Valuation multiples

- P/B 2.58

# Introduction to Masraf Al Rayan

## Board Composition

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



**HE 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. Turki Mohammed Al Khater**

**Other positions:**

- Chairman, United Development Company
- Board member, Al Rayan Bank PLC- UK
- Board Member, Ooredoo (Qatar).

**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. Mohammed Ibrahim Al Abdulla**

**Mr. Nasser Jaralla S. Jaralla Al Marri**

**Other positions:**

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

**Mr. Abdulla Ahmed Al Maleki Al Jahni**

**Other positions:**

- Board Member, Qatar Business Council

**Mr. Abdulrahman Mohammed Al Khayareen**

**Mr. Tami Ahmad Ali Al Binali**



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# Post merger integration update

# Post merger integration update

## Key highlights

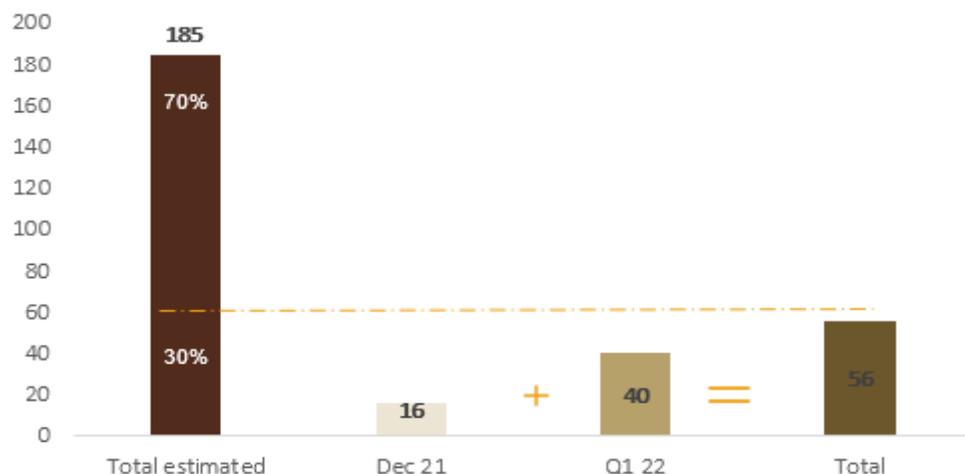
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- **Legal Merger completed on December 1, 2021. Operational Integration targeted for completion within 2022;**
- **Operational Integration – key updates:**
  - Board and Senior Management Structure in place;
  - Unified Head Office at Masraf Al Rayan tower in Lusail;
  - Branches and ATM network rationalization complete;
  - Head count efficiencies delivered at end Q1, 2022;
  - Key decisions on Core Banking Platform in place
- **Key integration activities planned for the remainder of 2022:**
  - Re-platforming of customers and unification of processes (Customer Day 1);

# Post merger integration update

## Integration costs and synergies

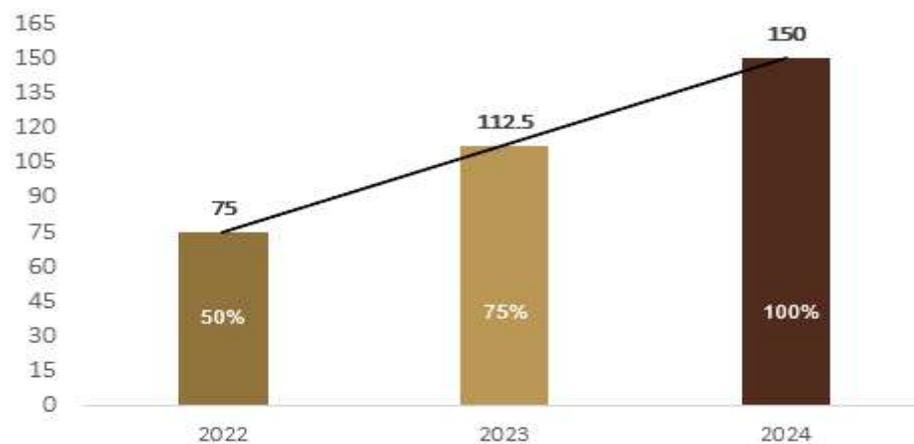
Integration one-off expenses (QAR mil)



### Integration costs

- QAR 185 m – estimated as 1.25 x fully phased in synergy target of QAR 150 m;
- QAR 56.4 m – incurred so far (2021: 16.5 m; 2022: 40 m), comprising of:
  - 23% - Technology driven costs
  - 29% - Consultancy and professional fees
  - 48% - Headcount efficiencies
- 70% - head-room available in one-off integration costs;
- Material One-off costs expected to take place within 2022

Synergies effect (QAR mil)



### Synergies

- QAR 150 m – targeted synergies per annum, once fully phased in;
- Maintain earlier guidance, i.e. synergies to be fully phased in by Year 3 after legal merger
  - 50% (or QAR 75m) – expected realization in 2022 (Yr. 1)
  - 75% (or QAR 112 m) – expected realization in 2023 (Yr. 2)
  - 100% (or QAR 150 m) – expected realization in 2024 (Yr. 3)



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# Financial Highlights and Performance

# Financial Highlights and Performance

## Q1 results (actuals & pro forma)

- Q1 and Q4, 2021 comparative amounts are “Pro forma” to enable a like for like comparison with Q1, 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

## Q1 2022 - Summary

### Balance Sheet

- Total assets reached QAR 170,805 million compared to QAR 174,034 million on 31 December 2021, a decrease of 1.8%;
- Financing activities increased to QAR 122,192 million compared to QAR 120,807 million on 31 December 2021, an increase of 1.1%;
- Investments securities decreased to QAR 31,887 million compared to QAR 32,775 million on 31 December 2021, a decrease of 2.7%;
- Customer deposits totaled QAR 101,124 million compared to QAR 106,957 million on 31 December 2021, a decrease of 5.4%

### Income statement\*

- Net profit totalled QAR 506 million for the period ended 31 March 2022 compared to QAR 760 million for the same period in 2021;
- Total income for the period ended 31 March 2022 totalled QAR 1,557 million as compared to QAR 1,817 million for the same period in 2021

### Financial Ratios

- Annualized return on average assets of 1.17%;
- Annualized return on average shareholders' equity of 8.53%;
- Earnings per share annualized for the period reached QAR 0.218;
- Book value per share reached QAR 2.58;
- Operational Efficiency ratio is 25.85% (excluding merger one-off costs, 21.6%)
- Non-performing financing (NPF) ratio of 2.25%

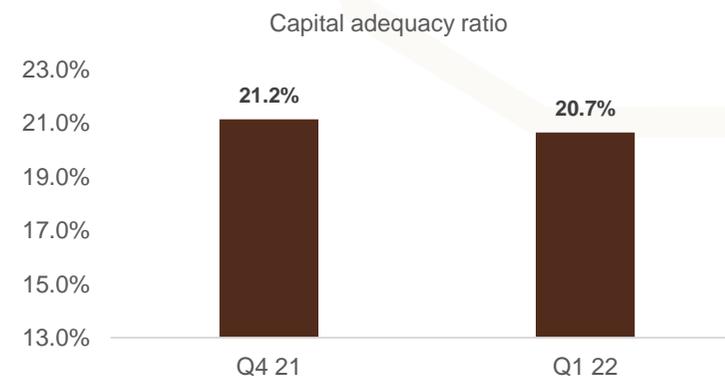
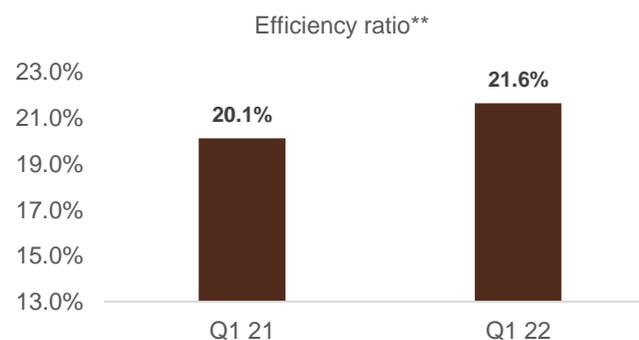
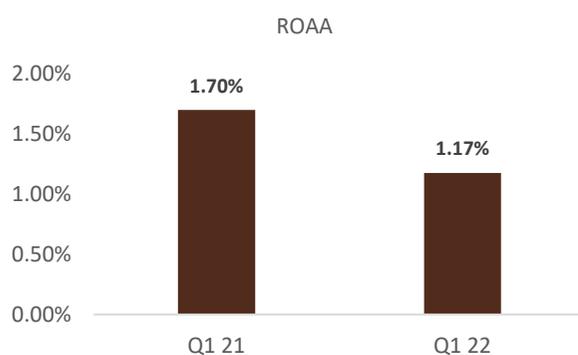
\* Pro forma income statements for 2021

# Financial Highlights and Performance

## Income Statement (actuals & pro forma)

Income statement* (QAR million)	Quarterly trend			Change	
	Q1 2022	Q4 2021	Q1 2021	QoQ	YoY
Operating income	1,557	1,634	1,817	-5%	-14%
Net operating profit	1,075	1,086	1,294	-1%	-17%
Operating expenses	273	233	260	17%	5%
Pre impairment profit	803	854	1,034	-6%	-22%
Net Impairment Charges	287	891	263	-68%	9%
Net profit attributable to shareholders	506	-32	760	1681%	-33%

- Net profit attributable to the Equity holders of the bank totalled QAR 506 million for the Q1 2022; higher than Q4 2021 due to significantly lower impairments
- Operating expenses include QAR 40 million one-off merger related expenses.



\* Pro forma Income statements for 2021

\*\* Excluding one-off merger expenses

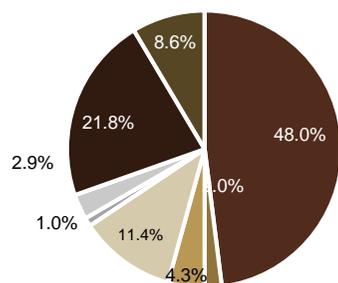
# Financial Highlights and Performance

## Balance Sheet (actuals)

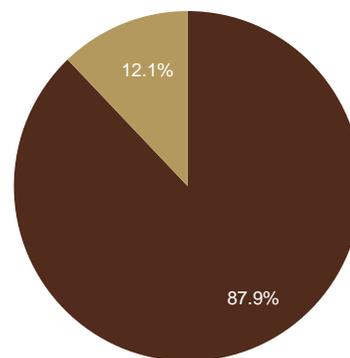
Balance Sheet (QAR billion)	As at		Change %
	Q1 2022	Q4 2021	
Total Assets	171	174	-2%
Financing assets	122	121	1%
Investments securities	32	33	-3%
Deposits	101	107	-5%
Total Equity	25	25	2%

- **Financing Assets QAR 122 b:** of which 48% exposure to Govt. & GRE's;
- **Investment securities QAR 32 b:** of which 88% exposure is Sovereign Debt;
- **Deposits QAR 101 b:** well diversified mix of Govt., Corporate and Personal banking segments

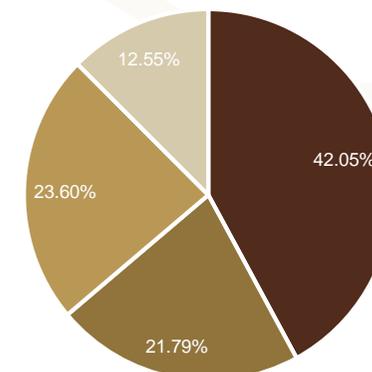
Financing Assets - Breakdown by Industry



Investment securities



Customer deposits - Breakdown by Sector \*



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

Sovereign -Debt exposure

Private -Debt exposure

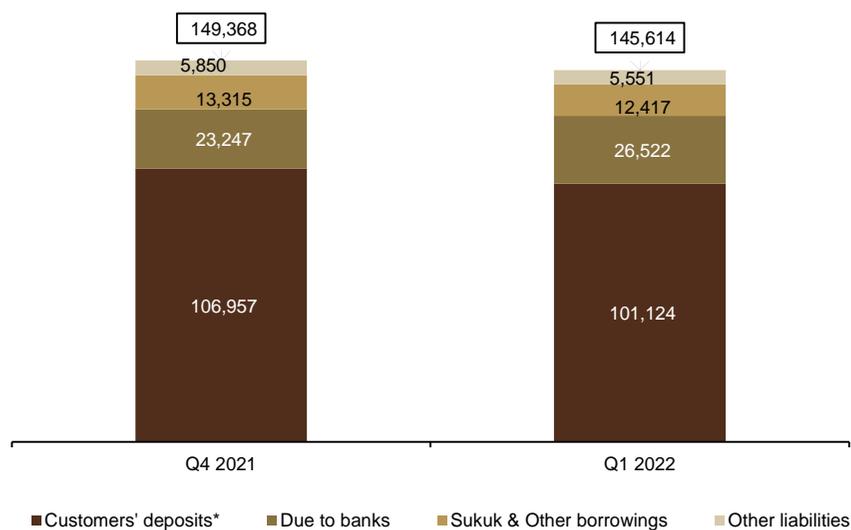
- Govt and GREs
- Corporate
- Personal
- Non Bank Financial Institutions

\*Includes equity of investment account holders

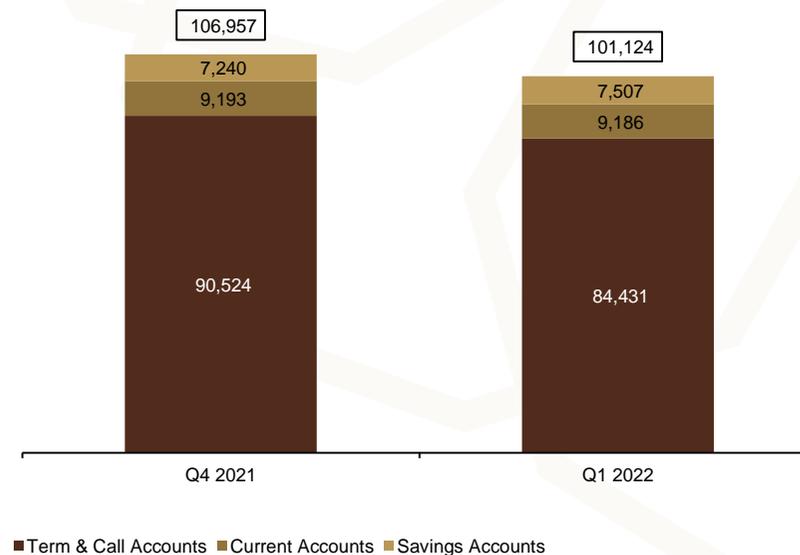
# Financial Highlights and Performance

## Funding & Liquidity

### Funding Mix – QAR m



### Deposit Mix – QAR m



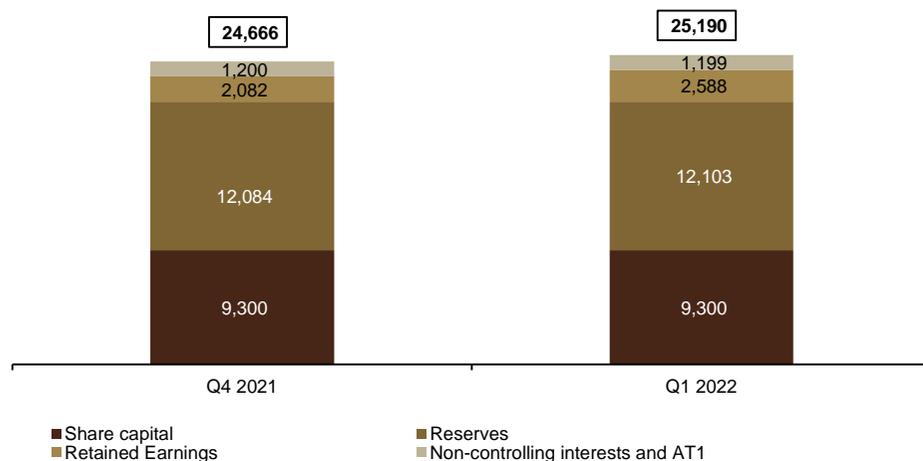
### Key Highlights

- 88% 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 (19% Due to Banks, 9% Sukuk and 72% Customer Deposits);

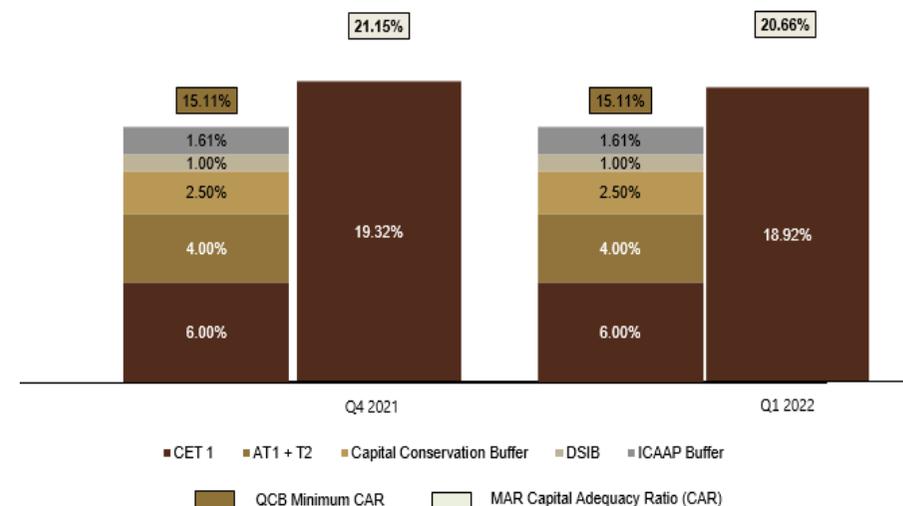
# Financial Highlights and Performance

## Capital Adequacy

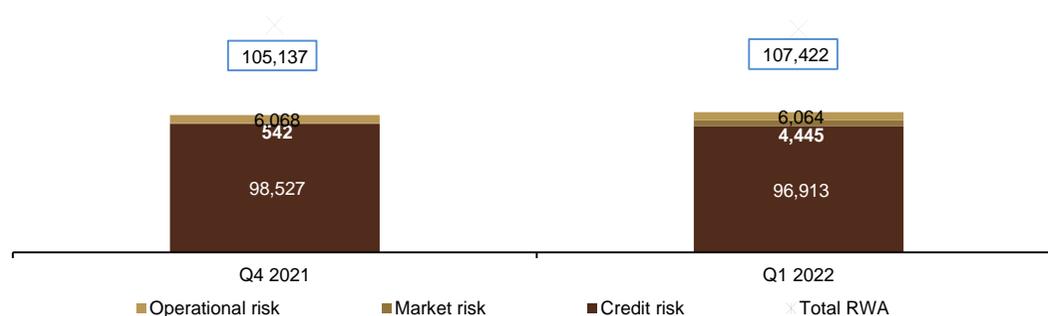
### Equity Breakup



### Capitalisation %



### Risk Weighted Assets



### Key Highlights

- Strong capitalization level - CAR (inclusive of CET1 capital of 18.92%) of 20.66% as at 31 March 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 31 March 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



	Q1 2022	
	QAR m	% of Total*
Total Assets	83,401	48.9%
Total Revenue	780	50.1%
Profit Before Tax	491	95.1%

## 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



	Q1 2022	
	QAR m	% of Total*
Total Assets	30,185	17.7%
Total Revenue	318	20 %
Profit Before Tax	-52	-10.1%

## 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



	Q1 2022	
	QAR m	% of Total*
Total Assets	13,662	8 %
Total Revenue	84	5.4%
Profit Before Tax	25	4.9%

# 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

- Core driver of the Bank's business.
- Undertake the Group's funding and centralized risk management activities through borrowings, sukuk and debt financing, use of Shari'a compliant instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities

	Q1 2022	
	QAR m	% of Total*
<b>Total Assets</b>	39,995	23.5%
<b>Total Revenue</b>	350	22.5%
<b>Profit Before Tax</b>	250	48.5%

## 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

	Q1 2022	
	QAR m	% of Total*
<b>Total Assets</b>	197	0.2 %
<b>Total Revenue</b>	14	0.9%
<b>Profit Before Tax</b>	8	1.6%

\* Excludes unallocated and non Sharia compliant assets, liabilities, revenues and profit related to central functions, and non-core business functions which accounted for 1.9% of total assets as at 31 March 22)



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# Financial Statements

# Financial Statements

## Published Balance Sheet

QAR mn	Q1 2022	Q4 2021	Variance%
Cash and Balances with central banks	5,571	5,221	7%
Due from Banks	4,606	9,156	-50%
Financing Assets	122,192	120,807	1%
Investment Securities	31,887	32,775	-3%
Investment in Associates	355	349	2%
Fixed assets	754	715	6%
Intangible assets	1,759	1,759	0%
Other assets	3,681	3,253	13%
<b>Total Assets</b>	<b>170,805</b>	<b>174,034</b>	<b>-2%</b>
Due to banks	26,522	23,247	14%
Customer current accounts	9,186	9,193	0%
Sukuk Financing	7,617	7,615	0%
Other Borrowings	4,800	5,700	-16%
Other liabilities	5,551	5,850	-5%
<b>Total Liabilities</b>	<b>53,676</b>	<b>51,604</b>	<b>4%</b>
<b>Equity of Investment Account holders</b>	<b>91,938</b>	<b>97,764</b>	<b>-6%</b>
Share Capital	9,300	9,300	0%
Legal Reserve	9,644	9,644	0%
Risk Reserve	2,283	2,283	0%
Fair value reserve	61	36	69%
Foreign currency translation reserve	(12)	(6)	105%
Other reserves	127	127	0%
Retained earnings	2,588	2,082	24%
<b>Total Equity Attributable to Equity Holders of the Bank</b>	<b>23,992</b>	<b>23,467</b>	<b>2%</b>
Non-Controlling interest	199	200	0%
Instrument eligible as additional capital	1,000	1,000	0%
<b>Total Equity</b>	<b>25,191</b>	<b>24,666</b>	<b>2%</b>
<b>Total Liabilities, Equity of Investment Account Holders and Equity</b>	<b>170,805</b>	<b>174,034</b>	<b>-2%</b>

# Financial Statements

## Published Income statement

QAR mn	Q1'22	Q1'21	Q1'22 vs Q1'21
Net income from financing activities	1,100	941	17%
Net income from investing activities	297	219	35%
<b>Total Net Income from Financing and Investing Activities</b>	<b>1,396</b>	<b>1,160</b>	<b>20%</b>
Fee and commission income	94	71	31%
Fee and commission expense	(6)	(1)	750%
<b>Net Fee and Commission Income</b>	<b>87</b>	<b>71</b>	<b>23%</b>
Net foreign exchange gain	63	39	63%
Share of results of associates	10	6	70%
Other income	0	2	-75%
<b>Total Income</b>	<b>1,557</b>	<b>1,277</b>	<b>22%</b>
Staff costs	(182)	(97)	89%
Depreciation	(14)	(5)	194%
Other expenses	(77)	(69)	12%
Finance expense	(161)	(144)	12%
<b>Total Expenses</b>	<b>(433)</b>	<b>(314)</b>	<b>38%</b>
Net (impairment losses) / reversal on due from banks	1	(2)	-178%
Net (impairment losses) / reversal on financing assets	(272)	(84)	223%
Net (impairment losses) / reversal on investments	(9)	(90)	-90%
Net (impairment losses) / reversal on other balance sheet exposures	<b>(7)</b>	11	<b>-161%</b>
<b>Profit for the Period before Return to Investment Account Holders</b>	<b>837</b>	<b>798</b>	<b>5%</b>
Less: Return to investment account holders	(321)	(218)	47%
<b>Profit for the Period before Tax</b>	<b>516</b>	<b>580</b>	<b>-11%</b>
Tax expense	(5)	(3)	73%
<b>Net Profit for the Year / Period</b>	<b>511</b>	<b>577</b>	<b>-11%</b>
<b>Net profit to equity holders (QAR mn)</b>	<b>506</b>	<b>575</b>	<b>-12%</b>

# Financial Statements

## Pro forma Income statement

QAR mn	Q1'22	Q4'21	Q1'21	Q1'22 vs Q4'21	Q1'22 vs Q1'21
Net income from financing activities	1,100	1,139	1,334	-3%	-18%
Net income from investing activities	297	370	330	-20%	-10%
<b>Total Net Income from Financing and Investing Activities</b>	<b>1,396</b>	<b>1,509</b>	<b>1,664</b>	<b>-7%</b>	<b>-16%</b>
Fee and commission income	94	86	107	9%	-13%
Fee and commission expense	(6)	(6)	(6)	12%	8%
<b>Net Fee and Commission Income</b>	<b>87</b>	<b>80</b>	<b>101</b>	<b>9%</b>	<b>-14%</b>
Net foreign exchange gain	63	51	42	23%	50%
Share of results of associates	10	(5)	6	-313%	70%
Other income	0	(1)	2	-150%	-80%
<b>Total Income</b>	<b>1,557</b>	<b>1,634</b>	<b>1,817</b>	<b>-5%</b>	<b>-14%</b>
Staff costs	(182)	(112)	(147)	63%	24%
Depreciation	(14)	(30)	(15)	-55%	-9%
Other expenses	(77)	(91)	(98)	-15%	-22%
Finance expense	(161)	(179)	(226)	-10%	-29%
<b>Total Expenses</b>	<b>(433)</b>	<b>(412)</b>	<b>(486)</b>	<b>5%</b>	<b>-11%</b>
Net (impairment losses) / reversal on due from banks	1	(3)	(2)	-151%	-166%
Net (impairment losses) / reversal on financing assets	(272)	(893)	(189)	-70%	44%
Net (impairment losses) / reversal on investments	(9)	9	(93)	-196%	-90%
Net (impairment losses) / reversal on other balance sheet exposures	(7)	-	21		<b>-132%</b>
<b>Profit for the Period before Return to Investment Account Holders</b>	<b>837</b>	<b>335</b>	<b>1,068</b>	<b>150%</b>	<b>-22%</b>
Less: Return to investment account holders	(321)	(368)	(297)	-13%	8%
<b>Profit for the Period before Tax</b>	<b>516</b>	<b>(33)</b>	<b>771</b>	<b>1664%</b>	<b>-33%</b>
Tax expense	(5)	8	(9)	-169%	-42%
<b>Net Profit for the Year / Period</b>	<b>511</b>	<b>(25)</b>	<b>762</b>	<b>2115%</b>	<b>-33%</b>
<b>Net profit to equity holders (QAR mn)</b>	<b>506</b>	<b>(32)</b>	<b>760</b>	<b>1681%</b>	<b>-33%</b>

**THANK YOU**

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