



AL RAYAN BANK

Dear Shareholder,

Annual General Meeting

This year's Annual General Meeting ("AGM") of Al Rayan Bank PLC (the "Company") will be held at 10:30 a.m. on Thursday 27 May 2021 at the offices of Al Rayan Bank PLC, 24a Calthorpe Road, Edgbaston, Birmingham, B15 1RP or at such other location as the Company may announce before the date of the meeting.

Following the disruption to our 2020 AGM, caused by social distancing measures implemented by the UK government to manage the impact of the Covid-19 pandemic, our preference had been to welcome shareholders in person to our 2021 AGM. Unfortunately, following the guidelines announced by the UK government on 22 February 2021, and at the date of this letter, we expect that shareholders will not be able to attend the AGM.

As a result, physical attendance at the AGM will likely be limited to the minimum number required to form a quorum (which will be facilitated by the Company) and shareholders are not likely to be permitted to attend the AGM in person. We strongly advise shareholders not to attend in person to minimise public health risks.

Voting

It is important that shareholders do still cast their votes in respect of the business of the AGM. We encourage all shareholders to complete and return a proxy form appointing the Chair of the meeting, as proxy. This will ensure that your vote will be counted irrespective of any attendance restrictions. You can vote by submitting your proxy instructions online or by signing and returning your proxy form in advance to our registrar, Neville Registrars Limited. Voting instructions are set out in the notes on pages 6 and 7. The voting results will be announced on the Company's website shortly after the AGM.

The formal notice convening the AGM is set out overleaf (the "Notice"). The Notice sets out the resolutions to be proposed, together with explanatory notes and general notes for shareholders who wish to give proxy voting instructions electronically or by post. Proxy appointment forms are also enclosed. If you are a registered shareholder holding shares in your own name and have not elected to receive communications in paper form by post, I can advise you that the Annual Report and Financial Statements for the year ended 31 December 2020 are now available online on our website at <https://www.alrayanbank.co.uk/annualreport2020>.

Shareholder Engagement

We appreciate that the AGM is your opportunity to receive an update on the Company and ask questions of the Board. To support engagement with our shareholders in these exceptional circumstances, shareholders are encouraged to send any questions about the business of the AGM to the

Company Secretary at Al Rayan Bank PLC, 24a Calthorpe Road, Edgbaston, Birmingham B15 1RP or by email to executive.office@alrayanbank.co.uk. We will provide written answers to questions registered in this way.

Recommendation

The business to be conducted at the AGM is set out in the Notice with explanatory notes concerning each of the resolutions. The Board considers that all of the proposals set out in the Notice are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Board recommends that you vote in favour of the Resolutions.

The Board wishes to thank you for your continued support.

Yours faithfully



Malcolm Brookes
Interim Chairman
5 May 2021

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting (the "AGM") of Al Rayan Bank PLC (the "Company") will be held at the offices of Al Rayan Bank PLC, 24a Calthorpe Road, Edgbaston, Birmingham, B15 1RP on Thursday 27 May 2021 at 10:30 a.m., for the purposes of considering the following business.

Resolutions

The Resolutions numbered 1 to 4 are proposed as Ordinary Resolutions, which must each receive more than 50% of the votes cast in order to be passed.

Resolutions numbered 5 and 6 are proposed as Special Resolutions, which must each receive 75% of the votes cast in order to be passed.

1. To receive the audited accounts and reports of the directors and auditors for the year ended 31 December 2020.
2. To reappoint Deloitte LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
3. To authorise the directors to determine the remuneration of the auditors.
4. To appoint Sheikh Waleed Bin Hady as a member of the Sharia Supervisory Committee.
5. That, with effect from the conclusion of the meeting, the Articles of Association produced to the meeting, and initialled by the Chairman for the purpose of identification, be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.
6. Subject to confirmation of the Court, the share premium account of the Company be cancelled.

By order of the Board



Mohammed Al Azam
Company Secretary
5 May 2021

Registered office:
44 Hans Crescent
Knightsbridge
London
SW1X 0LZ

Registered in England and Wales
Registration No. 04483430

Explanatory Notes:

1. Resolution 1 – Accounts and Reports

The directors must lay before shareholders the accounts of the Company for the financial year ended 31 December 2020, the report of the directors and the report of the auditors of the Company on those accounts.

2. Resolution 2 – Appointment of Auditors

The law in England requires shareholders to approve the appointment of a company's auditor each year. The appointment runs until the conclusion of the next Annual General Meeting.

It is proposed that Deloitte LLP be and are hereby appointed auditors of the Company and will hold office from the conclusion of this meeting until the conclusion of the next General Meeting at which accounts are laid before the Company.

3. Resolution 3 – Remuneration of the Auditors

The remuneration of an auditor must be fixed by the shareholders by ordinary resolution or in such manner as the shareholders by ordinary resolution determine. Resolution 3 gives authority to the directors to determine the auditors' remuneration.

4. Resolution 4 – Appointment to the Sharia Supervisory Committee

In accordance with the provisions of Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) governance standards, the Board recommends the appointment of Sheikh Waleed Bin Hady to the Sharia Supervisory Committee.

Sheikh Waleed graduated from University of Qatar with a BA in Sharia and Usul-Eldeen (1991). He holds a Masters in Sharia and Law from Omdurman Islamic University, Sudan, (2002), and PhD in Sharia from Imam Muhammad Bin Saud al-Islamiyyah University of Riyadh (2008). Sheikh Waleed started his career as a Judge at the Sharia Court in Qatar in 1991. He is a member of the Sharia Council of AAOIFI and has published various books and articles on Islamic financial transactions.

Sheikh Waleed has extensive experience as chairman and member of several Sharia supervisory boards of Islamic financial institutions including Qatar Islamic Bank (QIB), QIB UK, Qatar International Islamic Bank, Masraf Al Rayan, Beema insurance company, Q Invest and Qatar Arab Finance House.

5. Resolution 5 – Adoption of new Articles of Association of the Company

It is proposed in resolution 5 to adopt new articles (the "New Articles") in order to update the Company's existing articles of association (the "Existing articles") to take account of developing practice and provide increased flexibility for the Board. We have summarised below the material changes introduced in the New Articles which we consider will be of most interest to shareholders. Other changes, which are of a minor, technical or clarifying nature, have not been noted.

It is proposed that the Company adopts New Articles to replace its Existing Articles which were adopted in 2011. The Company is in the process of finalising a Memorandum of Association (the "MOU") between the Company and Masraf Al Rayan, the Company's largest shareholder, with a view to improving, and setting out a clear framework for, the governance of the Company. The MOU requires certain changes to be made to the Company's Existing Articles, and the Board believes that this represents an opportunity to make a number of further amendments in order to update the articles.

The principal changes from the Existing Articles are as follows:

- a) Including reference to the MOU. The directors are required to observe and comply with the terms of the MOU (once it is in force) and, where the MOU requires the Company to refrain from taking any specified action without consent of, or only after consultation with, the other party or parties to the MOU, the directors are required to procure that no such action is taken without such consent or consultation (as the case may be).
- b) Deleting references to the issue of share warrants to bearer – this is no longer permitted.
- c) Changing “chairman” to “chair” throughout, for consistency with the MOU and other corporate governance documents.
- d) Specifying the quorum for general meetings (article 41), which was not previously stated. The quorum required is two members present in person or by proxy or corporate representative.
- e) Reinstating the power of the members (shareholders), which was omitted from the Existing Articles, to remove directors from office without going through the procedures set out in the Companies Act, which can be time-consuming. This provision has been updated to allow the holders of a majority of the shares in issue to exercise this power by written notice to the Company.
- f) Specifying that directors who resign from office must first give the period of notice required by their terms of their appointment.
- g) Requiring non-executive directors (other than those directly appointed by the majority shareholders) to resign from office at the annual general meeting once they have held office for three years or more following the date of their appointment (or re-appointment). Directors who wish to submit themselves for re-appointment by the shareholders at the meeting will be entitled to do so.
- h) Deleting article 101 in the Existing Articles since this duplicates article 9(3): “The directors may also sanction the exercise of any power conferred upon the company by section 247 (power to make provision for employees on cessation or transfer of business) of the Companies Act 2006”.
- i) Updating references to the Financial Services Authority, and making various other minor drafting amendments.

The New Articles showing all the changes to the Existing Articles are available for inspection by contacting the Company Secretary at Al Rayan Bank PLC, 24a Calthorpe Road, Edgbaston, Birmingham B15 1RP or by email to executive.office@alrayanbank.co.uk.

6. Resolution 6 – Cancellation of Share Premium Account

In order to create distributable reserves so that the Company has the flexibility to pay dividends and make other returns of capital to shareholders when the Board considers it appropriate and desirable to do so, it is proposed that the Company cancels the prevailing balance on its share premium account (the “**Cancellation**”). The law in England provides that a public company may only pay dividends on its shares out of its accumulated distributable reserves. The Company's capital reserves, including the share premium account, are non-distributable reserves. However, the Company is allowed to cancel its share premium account and to credit the resulting sums to its profit and loss account, subject to shareholders' approval and the Companies Court's (the “**Court**”) confirmation.

The Cancellation requires the passing of resolution 6 as a special resolution of the Company at the annual general meeting and the subsequent confirmations of the Court. If Cancellation is approved by shareholders at the annual general meeting, the Company intends, as soon as practicable thereafter, to apply to the Court for confirmation of the Cancellation in accordance with the requirements of the Companies Act 2006.

In order to approve the Cancellation, the Court will need to be satisfied that the interests of the Company's creditors are not prejudiced as a result of it. To that end, the Company may be required by the Court to give certain undertakings or other form of protection for the creditors. These may include seeking the consent of creditors to the Cancellation and/or the provision by the Company to the Court of an undertaking to treat the reserve arising on the reduction of the share premium

account (after the elimination of the deficit on the Company's profit and loss account) as non-distributable until all the creditors at the time of the Cancellation have been discharged or have otherwise consented to the reserve being distributable, or until the Company has deposited a sum of money into a blocked account sufficient to discharge the claims of non-consenting creditors. However, the terms upon which the Court is willing to confirm the Cancellation are ultimately for the Court to determine. Notwithstanding the above, in the first instance, the Company proposes to request that the Court dispense with the requirement to settle a list of creditors on the basis that there is no material likelihood of the creditors of the Company remaining unpaid as a result of the proposed cancellation of the share premium account.

If the confirmation of the Court is granted, the Cancellation will become effective upon the order confirming the Cancellation being registered at Companies House.

If approved by the shareholders and confirmed by the Court, the Cancellation will not involve any distribution to shareholders but will be added to the Company's profit and loss account and will support the Company's ability to make distributions to shareholders should future circumstances make it appropriate to do so. Any dividend that may be paid in the future will reduce the Company's cash balances and reduce its net assets by a corresponding amount. The Cancellation will not change the number of shares in issue or the fully paid share capital of the Company, or change any rights attaching to the shares.

General Notes:

1. Entitlement to attend and vote

To have the right to attend and vote at the AGM (and also for the purpose of calculating how many votes a person may cast) a person must have their name entered on the register of members of the Company at 6 p.m. on Tuesday 25 May 2021. Changes to entries on the register after this time will be disregarded in determining the rights of any person to attend or vote at the AGM.

Persons who are not shareholders of the Company (or duly appointed proxies or corporate representatives) will not be admitted to the AGM unless prior arrangements are made with the Company.

2. Proxies

A shareholder is entitled to appoint one or more persons as proxies to exercise all or any of his or her rights to attend, speak and vote at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM if he or she so wishes. To appoint more than one proxy shareholders will need to complete a separate proxy form for each proxy. Copies of additional proxy forms can be obtained from the Company's registrar, Neville Registrars Limited, by telephoning 0121 585 1131 (calls are charged at normal rate). Other telephone costs may vary. Lines are open from 9:00 a.m. to 5:00 p.m., excluding public holidays in England and Wales. If you are outside the UK, please call +44 (0) 121 585 1131. Calls from outside the UK will be charged at applicable international rates. Alternatively, shareholders may photocopy the Form of Proxy indicating on each copy the name of the proxy to be appointed and the number of shares in respect of which the proxy is appointed. A failure to specify the number of shares to which each proxy appointment relates or specifying a number in excess of those held by the shareholder may result in the proxy appointment being invalid. The total votes cast and in respect whereof abstention is recorded by a shareholder or his or her duly appointed proxies may not, in aggregate, exceed the total number of the votes exercisable by that shareholder in respect of ordinary shares of which he or she is the holder. All forms of proxy should be returned together in

the same envelope. Shareholders can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form.

A Form of Proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrar, Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD so as to arrive no later than 10.30 a.m. on Tuesday 25 May 2021 (or, in the event that the meeting is adjourned, no later than 48 hours (excluding non-working days) before the time of any adjourned meeting). As an alternative to completing the hard copy Form of Proxy, a shareholder may appoint a proxy or proxies electronically with Neville Registrars at www.sharegateway.co.uk using your personal proxy registration code as shown on the Form of Proxy enclosed with this document.

Zakat Notice

To the shareholders of Al Rayan Bank PLC
For the year ended 31 December 2020

Al Rayan Bank PLC is not responsible for the payment of the Zakat on the shares held by the shareholders. It has therefore not calculated Zakat due on each share as at 31 December 2020, or during the preceding 12 months.

The shareholders are therefore responsible for the payment of Zakat, if any, in accordance with their circumstances and should undertake their own calculations.



Malcolm Brookes

Interim Chairman

5 May 2021