

CREDIT OPINION

30 August 2022

Update



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RATINGS

Al Rayan Bank PLC

Domicile	United Kingdom
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Al Rayan Bank PLC

Update to credit analysis

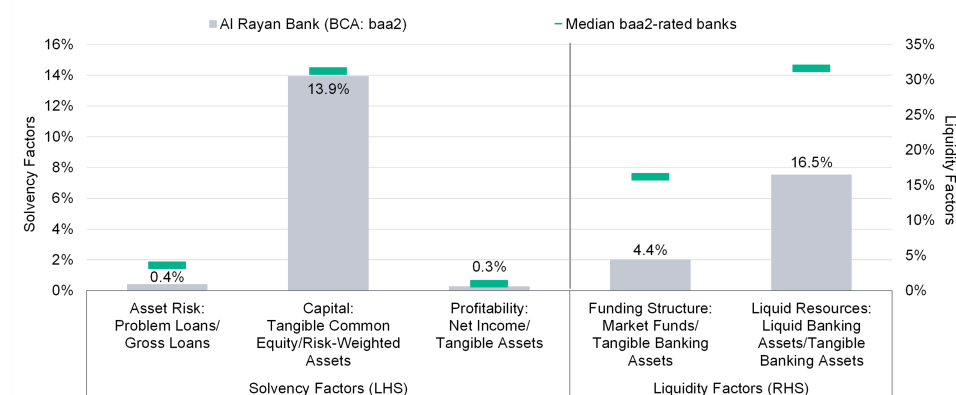
Summary

[Al Rayan Bank PLC](#) (ARB's) A1/Prime-1 bank deposit ratings reflect (1) the bank's Baseline Credit Assessment (BCA) of baa2; (2) our assumption of a very high probability of support for ARB's senior creditors from the bank's parent bank, [Masraf Al Rayan \(Q.P.S.C.\)](#) (MAR, A1 stable, baa2)¹, but this does not result in additional uplift and leads to an Adjusted BCA of baa2 in line with the BCA; (3) the results of our Advanced Loss Given Failure (LGF) analysis, which results in no additional uplift due to low level of bail-in able junior deposits due to ARB's reliance on primarily retail funding sources; and (4) our expectation of a very high probability of support from [Government of Qatar \(Aa3 stable\)](#), resulting in a four notches of uplift for deposit ratings, which is to the same support assumption incorporated in MAR's ratings. We assume a low probability of support from the [Government of United Kingdom \(Aa3 stable\)](#) because of ARB's very small role domestically. ARB's Counterparty Risk Rating (CRRs) is Aa3/Prime-1 and its Counterparty Risk (CR) Assessment is Aa3(cr)/Prime-1(cr).

ARB's baa2 BCA is supported by the bank's sound asset quality profile, strong capital and granular retail base. These strengths are moderated by a deposit base likely to be less stable given its cost-sensitive nature and internet sourcing, a high concentration in its financial assets book and its limited operating history and product offering.

Exhibit 1

Rating Scorecard - Key financial ratios



Note: When we state "Loans", "Interest" and "debt" in the exhibits, we are referring to "Financing assets", "Income from Islamic financing transactions" and "Funding".

Source: Moody's Investors Service

Credit strengths

- » Low level of non-performing financing book
- » Robust capitalisation, which supports solid loss absorption
- » Adequate levels of high-quality liquidity resources
- » Very high likelihood of support from parent bank MAR and Qatar

Credit challenges

- » Limited operating history and evolving business model
- » Evolving funding profile and a relatively high-cost deposit base
- » Modest profitability constrained by the high investment cost relative to the size of the financing book, margin pressure and expected subdued financing volumes

Outlook

The stable outlook on the long-term deposit ratings reflects the stable outlook on MAR's and Government of Qatar's ratings.

Factors that could lead to an upgrade

- » An upgrade of ARB's long-term deposit ratings could be driven by an upgrade of the Adjusted BCA of the bank, following an upgrade of the BCA of MAR, or following a significant increase in its bail-in-able funding sources. This may however be offset by a reduction in the support uplift from the Government of Qatar.
- » An upgrade of the bank's BCA is subject to an upgrade of MAR's BCA, which we consider likely to constrain ARB's own BCA due to the bank's material interlinkages with its parent. In case of a upgrade of MAR's BCA, ARB's BCA could be triggered by an improvement in asset risk and profitability, as well as the bank achieving a longer operating history, expanded product offering and client base.

Factors that could lead to a downgrade

- » A downgrade of ARB's deposit ratings could be driven by a downgrade of MAR's BCA, or a lower probability of government support.
- » A downgrade of ARB's BCA could also be driven by a material deterioration in its solvency and liquidity, but the very high likelihood of support from MAR and from the Government of Qatar could offset the impact of a lower BCA on the bank's Adjusted BCA and ratings.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Al Rayan Bank PLC (Consolidated Financials) [1]

	12-21 ²	12-20 ²	12-19 ²	12-18 ²	12-17 ²	CAGR/Avg. ³
Total Assets (GBP Billion)	2.3	2.3	2.2	2.0	1.8	5.7 ⁴
Total Assets (USD Billion)	3.0	3.2	3.0	2.5	2.4	5.7 ⁴
Tangible Common Equity (GBP Billion)	0.2	0.1	0.1	0.1	0.1	4.0 ⁴
Tangible Common Equity (USD Billion)	0.2	0.2	0.2	0.2	0.2	3.9 ⁴
Problem Loans / Gross Loans (%)	0.4	0.3	0.2	0.1	0.1	0.2 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	--	13.9	14.4	14.4	15.4	14.5 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	5.1	3.2	2.7	1.7	0.6	2.7 ⁵
Net Interest Margin (%)	1.9	1.6	1.9	2.0	2.0	1.9 ⁵
PPI / Average RWA (%)	--	0.6	0.8	0.7	1.3	0.8 ⁶
Net Income / Tangible Assets (%)	0.4	0.2	0.3	0.3	0.5	0.3 ⁵
Cost / Income Ratio (%)	79.4	85.3	83.0	83.5	70.6	80.4 ⁵
Market Funds / Tangible Banking Assets (%)	4.4	7.9	9.8	12.4	3.4	7.6 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	16.5	23.9	25.3	16.0	21.4	20.6 ⁵
Gross Loans / Due to Customers (%)	95.2	89.3	89.8	105.6	88.2	93.6 ⁵

[–] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

Al Rayan Bank PLC (ARB) is the first wholly Shariah-compliant retail bank based in the [United Kingdom](#) (Aa3 stable) serving more than 90,000 personal, business and premier customers. It is a majority-owned subsidiary of [Masraf Al Rayan \(Q.P.S.C\)](#) (Masraf), the second-largest Islamic bank in [Qatar](#) (Aa3 stable) (fourth largest overall), with total assets of \$48 billion as of the year-end 2021, which acquired the bank in 2014. Formerly called Islamic House of Britain PLC, it was established in 2002 and obtained a licence in August 2004 as Islamic Bank of Britain PLC. Qatar Holding (wholly owned by Qatar Investment Authority [QIA]) acquired a 30% stake in the bank from Masraf in December 2016. Qatar government via QIA and its other entities owns around 66% of ARB on a look-through basis. There is no letter of comfort in relation to the QIA investment.

Recent Developments

The economic spillovers of the Russia-Ukraine military conflict and the slowdown of the economy of China (A1 stable) due to the strict enforcement of its zero-COVID policy are key drivers of inflation, financial market volatility, asset repricing and tighter credit conditions, resulting in a slow down of global economic growth (see the May 2022 update of our [Global Macro Outlook 2022-23 \(May 2022 Update\): Price pressures and financial tightening slow global economic momentum](#)).

In 2021, the Bank of England (BOE) established a [Shari'ah compliant non-interest-based deposit facility](#) in 2021. The first alternative liquidity funding facility in Europe available for UK-based Islamic banks improving their liquidity management capabilities, a credit positive. The BOE deposit facility, the first in Europe, enables Islamic banks to hold a reserves-like asset in a non interest-based environment when meeting High Quality Liquid Assets (HQLA) requirements. In December 2021, Al Rayan begun to participate in the Alternative Liquidity Facility (ALF).

ARB reconstituted its board in 2021 and appointed Giles Cunningham as its Chief Executive Officer on September 2021.

In 2020, the bank launched its new mobile banking app aiming to significantly improve the security of customers' accounts and to provide a substantial upgrade to customer service and accessibility.

Detailed credit considerations

Low level of NPLs but overall risk profile constrained by its evolving business model

Our assigned baa1 Asset Risk score is six notches below our Macro-Adjusted score of aa1, reflecting the low non-performing asset levels, but also takes into consideration the risks that may arise through rapid growth in financing assets which have only recently

slowed as well as its limited operating history and evolving business model. The bank also has relevant concentration to Gulf Cooperation Council (GCC) countries.

The high-growth strategy was implemented following the takeover and led to a compound annual growth rate of 46% between 2014 and 2017, which fell to 16% in 2018. However, growth has since moderated and in 2021, the financing book growth was more moderate at 6% following ARB's decision to reign in its growth and focus on investment and upgrades to its processes and controls to address the challenges it was facing.

ARB focuses on three business segments (see Exhibit 3).

1. The retail business is mostly composed of Shariah-compliant Home Purchase Plans (HPPs) and Buy-to-Let Home Purchase Plan products (BTL-HPP), which adhere to Shariah principles. Unlike traditional mortgage lenders, ARB retains ownership of the property, with customers paying a rent, circumventing the payment of interest by customers, which is forbidden under Sharia (Islamic law). We deem this feature as credit positive, given that customers cannot take a second-line mortgage on the property, as they themselves are not the legal owners. As of year-end 2021, ARB's total retail financing book was £894 million, equating to 48% of total financing assets.
2. The commercial property finance portfolio, which amounted to £670 million (36% of total financing assets as of year-end 2021), and covers large residential investment private rental sector schemes, mixed use retail park, student property, as well as prime offices. The client base is composed of both UK and GCC corporates and family offices.
3. The GCC segment offers private banking services to GCC customers, including real estate finance and day-to-day banking services. The portfolio reached £298 million as of year-end 2021 and represents 16% of total financing assets and has and will continue to be a key area of focus and growth for the bank.

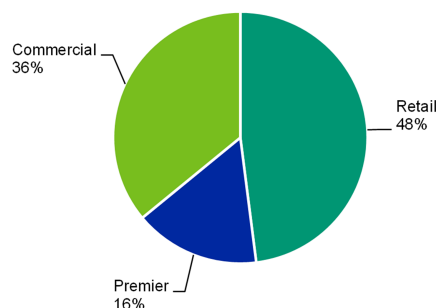
ARB has improved its asset-risk track record since the financial crisis by moving out of unsecured financing, where it had incurred some losses, and into secured financing. The non-performing financings were strong at 0.43% as of year-end 2021 and ARB continues to maintain a conservative approach to asset risk.

Reflective of the customer base, ARB's financing is concentrated in the south east of England, particularly London. In addition, ARB has large average ticket size financings of £1 million to primarily new London-based GCC customers, exposing the bank to higher-than-average single-name concentration risk.

On a positive note, the average finance-to-value ratio for BTL-HPP and HPP are targeted to be at mid 50% and comfortably below the limit of 75%.

Exhibit 3

ARB's financing assets' breakup
As of year-end 2021



HPP = Home Purchase Plans; BTL = Buy-to-Let Home Purchase Plan
Source: ARB's Annual report

Robust capitalisation supports solid loss absorption

We view ARB's capital levels as solid and assign an a3 Capital score, one notch down from Macro-Adjusted a2 score, which reflects the short track record and the susceptibility of the riskiness of the business in case of market uncertainty.

ARB's tangible common equity (TCE) capital is composed by £155 million common equity, including positive retained earnings of £34 million are positive while in 2020 year-end it was still negative because of the historical losses incurred prior to the acquisition by Masraf. Our TCE now excludes high trigger Additional Tier 1 notes; ARB's TCE to risk-weighted assets was 13.9% in 2021 same as in 2020; while TCE leverage was 6.7% as of 31 December 2021. ARB uses the standardised approach to calculate risk weighted assets and has adequate capital to meet its growth plans, without the further need for a capital injection. However, if asset risk was to deteriorate through lower underwriting standards or a deterioration in the UK macro environment, additional capital may be required or reduced financing growth would have to take place. In fact, ARB raised £3 million external Shariah-compliant high-trigger AT1 capital in July 2019, the first by a bank in the UK, that boosts its Tier 1 ratio by 30bps.

Modest profitability constrained by high cost to income ratio and funding costs

We view ARB's profitability as weak and assign a b1 Profitability score, in line with its Macro-Adjusted score. Our assigned score reflects the bank's modest profitability, cost to income ratio and relatively higher funding costs.

The bank's profitability had been largely negative until 2014, historically driven by losses made from financing and the high cost base maintained by ARB. The bank reported a return on assets of 0.40% as of year-end 2021, up from 0.16% as of year-end 2020, and its cost-to-income ratio was 79.4%, remaining above that of its peers. Net income from financing increased in the year due to strong financing book and the reduction in returns payable to customers. The reduction in returns payable began in 2020 when the Bank lowered rates on many of its savings products part way through the year, and when older fixed rate deposits came to an end these were replaced by new funds at lower rates. The underlying cost to income ratio is high due to a mixture of the low interest rate environment in recent years and higher regulatory and compliance costs. ARB's profitability is likely to improve because rental rates will increase while their cost of funding will reduce as a result of the Sukuk issuance resulting in a reduced reliance on more expensive retail deposits.

Evolving funding profile and a relatively high-cost deposit base

Overall, ARB has good liquidity, supported by a sound funding profile and an adequate level of liquid assets.

We assign an a3 Funding Risk score, adjusted downward by two notches from the Macro-Adjusted score of a1. Our adjustment reflects ARB's material reliance on internet sourced deposits which we view as likely to be less stable given its cost-sensitive nature and its evolving funding profile.

As of year-end 2021, ARB's limited external market funding decreased to 4.4% of tangible banking assets (TBA) from 7.9% as of year-end 2020. In 2018, ARB issued the UK's first asset-backed Sukuk through a special-purpose vehicle, with total proceeds of £250 million backed by £250 million in HPP financing. ARB's liability structure has been shifting towards retail deposit funding sourced via its branch network as well as internet, and away from deposits from Qatar-affiliated entities. To support its funding profile, ARB offers very competitive retail profit rates on the best buy tables, attracting mainly retail deposits. However, this increases the overall cost of funding, reduces margins and strains profitability, and exposes the bank to less-stable funding sources. This combined with the continued strength of the term deposits' expected profit rates offered by the Bank to offset the scheduled run-off of the Tolkien sukuk, which was called April 20, 2021.

Secured funding raised on HPP provides ARB with a cheap alternative to deposit funding. While other UK challenger banks have had access to the Bank of England's (BoE) Term funding scheme (TFS) and post the outbreak of the coronavirus to the newly introduced Term Funding Scheme with additional incentives for lending to Small and Medium-sized Enterprises (TFSME), ARB has not been able to tap the scheme because it is not Shariah compliant. On December 2020, the BoE announced that in 2021, it will establish a Shari'ah compliant non-interest-based deposit facility. The first alternative liquidity funding facility in Europe will be available for UK-based Islamic banks and will improve their liquidity management capabilities. In December 2021 the Bank participated in the Bank of England Alternative Liquidity Facility (ALF) which has been set up to facilitate access for Sharia compliant banks in the UK to High Quality Liquid Assets (HQLA) denominated in GBP.

The availability of such cheap BoE funding in recent years led conventional high-street lenders to turn to the mortgage-backed bond market more sporadically. This led to a decline in prime residential mortgage-backed securities, which made the ARB deal more appealing to traditional UK securitisation investors.

Adequate levels of high-quality liquidity resources

Our assigned Liquid Resources score of baa1 is in line with Macro-Adjusted score. Our overall assessment of ARB's liquidity profile reflects the adequate level of liquidity held by ARB to meet its short-term requirements as well as the fact that ARB cannot readily access BoE liquidity lines, unlike peer conventional UK banks. We view liquidity as a strength for the bank, with above-average liquid banking assets/tangible banking assets compared with that of its peers. The bank's liquidity is largely made up of HQLA² from the Bank of England ALF and cash on demand and short-term commodity Murabaha and Wakala³ transactions equating to 17% of TBA as of year-end 2021, down from 24% a year earlier.

ARB's BCA is supported by the UK's Strong+ Macro Profile

ARB's operating environment is influenced largely by the UK; the bank's Macro Profile is thus in line with the UK's [Macro Profile](#) of Strong+. We expected UK's GDP to grow by 7.5% in 2021 and 2.8% in 2022, compared with the 9.4% decline in 2020, with unemployment peaking at 5.3% in 2021. The strong recovery partly reflects a rapid coronavirus vaccine roll out, which has led to a relaxation of social distancing restrictions. However, the country's exit from the European Union (EU, Aaa stable) have weakened its growth prospects, and will continue to hinder both trade and investments; and the military conflict in [Ukraine](#) (Caa3 negative) will continue weaken the economic forecast and tightens inflationary pressures.

Qualitative adjustments

ARB's Financial Profile score of baa1 is subject to a negative one-notch downward qualitative adjustment for Corporate Behaviour, given the bank's relatively limited operating history, and its evolving business model.

The rating is capped by close links between ARB and MAR

When a bank is owned by another entity, the probability of default of the bank is unlikely to be significantly lower than that of its parent, and the BCA of a bank is, therefore, typically constrained by the rating of its owner. This is because credit issues at one part of a group can be transmitted to another. We believe that ARB's credit profile could be weakened by a deterioration in its parent's creditworthiness. The shared branding and overlapping customer base between the two entities expose the bank to reputational risk, potentially leading to adverse credit events, such as deposit outflow at the bank, in the event of severe credit problems at Masraf. ARB's BCA is currently positioned in line with the baa2 BCA of Masraf and not constrained by it. At the same time we view Masraf's BCA as a constraint on ARB's BCA, if its financial profile were to improve, due to the above mentioned interlinkages.

ESG considerations

In line with our general view for the banking sector, ARB has a low exposure to Environmental risks and moderate exposure to Social risks. See our [Environmental risks heatmap](#) and [Social risks heatmap](#) for further information.

The most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy, which are partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage because of product mis-selling or other types of misconduct are a further social risk. We also view the coronavirus outbreak as a social risk given the substantial implications for public health and safety and given that its business continues to be impacted by the coronavirus crisis.

Governance is highly relevant for ARB, as it is to all banks and building societies. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for ARB we do not have any particular governance concern. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Affiliate support

Given the strategic importance of ARB to its parent Masraf, which allows GCC customers to have access to private banking services in the UK, we expect the probability of support from Masraf to be very high. The parent has representation on ARB's board and is active

in the development of its forward-looking strategy. We use the parent's BCA of baa2 as the basis for deriving support to ARB. However, this does not result in any rating uplift due to ARB's and Masraf's BCA being positioned at the same level.

Loss given failure and additional notching

We apply our Advanced LGF analysis to ARB because it is domiciled in the UK, which we consider has an operational resolution regime, following the implementation of the EU Bank Recovery and Resolution Directive. Our standard assumptions, which are applied to ARB, assume residual tangible common equity at failure of 3% of TBA, losses post-failure of 8% of TBA, junior wholesale deposits of 10% of the bank's total deposit book, instead of the standard 26% assumption, a 25% run-off in junior wholesale deposits, a 5% run-off in preferred deposits and a 25% probability of deposits being preferred to senior unsecured funding.

We use the 10% junior wholesale deposits assumption to reflect the shift in deposit mix from Qatar-affiliated entities to more retail and small-middle enterprise deposit funding. Under these assumptions, ARB's deposits are likely to face a moderate loss given failure because of the loss absorption provided by the volume of deposits themselves. This results in a Preliminary Rating Assessment (PRA) for ARB's deposits of baa2, in line with the Adjusted BCA.

Government support

Our assumption of very high government support reflects (1) MAR's evolving role as a flagship Islamic bank in Qatar with ARB as its largest overseas subsidiary; (2) ARB's direct and indirect ownership by the Qatari government and related institutions; and (3) the strong track record of the Qatari government preemptively supporting its banks in the past. This results in a four notches of uplift to the deposit ratings, in line with the support assumption incorporated in MAR's, a two notch uplift to the Counterparty Risk (CR) Assessment and a three notch uplift to the Counterparty Risk Ratings (CRRs).

We have a low expectation of support from the Government of the United Kingdom because of ARB's very small role domestically.

Counterparty Risk (CR) Assessment and Counterparty Risk Ratings (CRRs)

ARB's CR Assessment is Aa3(cr)/Prime-1(cr)

The CR Assessment of ARB, per our Advanced LGF approach, is three notches above the Adjusted BCA of baa2, based on the buffer against default provided to the senior obligations represented by the CR Assessment by more subordinated instruments, such as bail-in-able funding and deposits. The CR Assessment benefits from two additional notches of uplift because of government support, in line with our assumptions of a very high probability of support from the Qatar government in the event of failure.

ARB's CRRs are Aa3/Prime-1

Our Advanced LGF approach provides two notches of uplift to the CRRs above the Adjusted BCA which takes into account the level of subordination to CRR liabilities in the bank's balance sheet, and assume a nominal volume of such liabilities. The CRRs benefit from three additional notches of uplift because of government support, in line with our assumptions of a very high probability of support from the Qatar government in the event of failure.

About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 4

Al Rayan Bank PLC

Macro Factors							
Weighted Macro Profile		Strong +	100%				
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	0.3%	aa1	↓↓	baa1	Loan growth	Single name concentration	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	13.9%	a2	↔	a3	Stress capital resilience		
Profitability							
Net Income / Tangible Assets	0.2%	b1	↔	b1	Earnings quality	Expected trend	
Combined Solvency Score		a2		baa2			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	7.9%	a1	↔	a3	Deposit quality	Expected trend	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	23.9%	baa1	↔	baa1	Expected trend	Access to committed facilities	
Combined Liquidity Score		a2		a3			
Financial Profile							
Qualitative Adjustments				Adjustment			
Business Diversification				0			
Opacity and Complexity				0			
Corporate Behavior				-1			
Total Qualitative Adjustments				-1			
Sovereign or Affiliate constraint				-			
BCA Scorecard-indicated Outcome - Range				baa1 - baa3			
Assigned BCA				baa2			
Affiliate Support notching				0			
Adjusted BCA				baa2			
Balance Sheet							
		in-scope (GBP Million)		% in-scope		at-failure (GBP Million)	% at-failure
Other liabilities		272		11.6%		419	18.0%
Deposits		1,965		84.2%		1,827	78.3%
Preferred deposits		1,769		75.7%		1,680	72.0%
Junior deposits		197		8.4%		147	6.3%
Dated subordinated bank debt		25		1.1%		15	0.6%
Preference shares (bank)		3		0.1%		3	0.1%
Equity		70		3.0%		70	3.0%
Total Tangible Banking Assets		2,335		100.0%		2,335	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	10.1%	10.1%	10.1%	10.1%	2	2	2	2	0	a3
Counterparty Risk Assessment	10.1%	10.1%	10.1%	10.1%	3	3	3	3	0	a2 (cr)
Deposits	10.1%	3.8%	10.1%	3.8%	0	0	0	0	0	baa2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Assessment	3	0	a2 (cr)	2	Aa3(cr)	
Deposits	0	0	baa2	4	A1	A1

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 5

Category	Moody's Rating
AL RAYAN BANK PLC	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
PARENT: MASRAF AL RAYAN (Q.P.S.C.)	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
ST Issuer Rating	P-1

Source: Moody's Investors Service

Endnotes

- 1 The bank ratings shown in this report are the bank's deposit rating and BCA.
- 2 High Quality Liquid Assets
- 3 Commodity Murabaha is a contract for purchase and resale for cost plus profit, which provides cash or liquidity facility without having to take out a loan and pay interest. Wakala is an investment agency contract, which usually includes in its terms a fee for the expertise of the agent.

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