

MASRAF AL RAYAN (Q.P.S.C.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2019

Masraf Al Rayan (Q.P.S.C.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019

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RN: 0658/WS/FY2019

INDEPENDENT AUDITOR'S REVIEW REPORT

**To The Board of Directors
Masraf Al Rayan (Q.P.S.C.)
Doha – Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Masraf Al Rayan (Q.P.S.C.) (“the Bank”) and its subsidiaries (together referred to as the “Group”) comprising the interim consolidated statement of financial position as at 31 March 2019, and the related interim consolidated statements of income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three month period then ended, and certain explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Conclusion

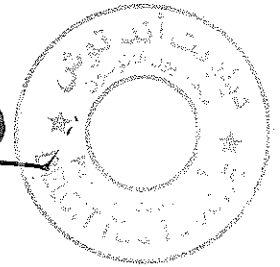
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with the Financial Accounting Standards issued by AAOIFI and applicable provisions of Qatar Central Bank regulations.

**Doha – Qatar
April 17, 2019**

**For Deloitte & Touche
Qatar Branch**



**Walid Slim
Partner
License No. 319
QFMA Auditor License No. 120156**




INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

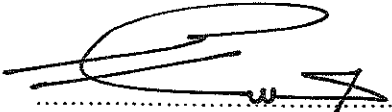
As at 31 March 2019

	Notes	31 March 2019 (Reviewed)	31 December 2018 (Audited)	31 March 2018 (Reviewed)
ASSETS				
Cash and balances with Qatar Central Bank		2,987,558	3,026,994	3,067,019
Due from banks		972,848	1,512,865	2,087,000
Financing assets	8	75,878,482	72,515,286	72,584,790
Investment securities	9	19,502,187	19,222,111	24,795,899
Investment in associates		539,212	525,859	524,653
Fixed assets		198,183	188,979	170,173
Other assets		235,183	302,119	269,496
TOTAL ASSETS		100,313,653	97,294,213	103,499,030
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY				
LIABILITIES				
Due to banks	10	17,374,301	16,546,010	26,694,144
Customer current accounts		7,746,181	7,268,816	7,563,015
Sukuk financing	11	1,681,774	1,721,339	-
Other borrowings	12	2,053,847	2,052,993	-
Other liabilities		2,227,128	1,931,221	2,183,893
TOTAL LIABILITIES		31,083,231	29,520,379	36,441,052
EQUITY OF INVESTMENT ACCOUNT HOLDERS	13	56,697,384	54,300,051	55,110,520
EQUITY				
Share capital	14 (a)	7,500,000	7,500,000	7,500,000
Legal reserve	14 (b)	2,278,783	2,278,783	2,065,741
Risk reserve	14 (c)	1,574,695	1,574,695	1,507,567
Fair value reserves	14 (d)	15,055	9,768	5,543
Foreign currency translation reserve	14 (e)	(11,289)	(13,809)	(3,645)
Other reserves	14 (f)	118,910	118,910	113,001
Retained earnings		853,204	1,808,968	548,957
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		12,329,358	13,277,315	11,737,164
Non-controlling interest	15	203,680	196,468	210,294
TOTAL EQUITY		12,533,038	13,473,783	11,947,458
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		100,313,653	97,294,213	103,499,030

These interim condensed consolidated financial statements were approved by the Board of Directors on 17 April 2019 and were signed on its behalf by:



 Dr. Hussain Ali Al Abdulla
 Chairman and Managing Director



 Adel Mustafawi
 Group Chief Executive Officer

The attached notes 1 to 21 form part of, and should be read in conjunction with, these interim condensed consolidated financial statements

INTERIM CONSOLIDATED INCOME STATEMENT

For the Three-Month Period Ended 31 March 2019

	Notes	For the Three-Month Period Ended 31 March	
		2019 (Reviewed)	2018 (Reviewed)
Net income from financing activities		897,044	885,415
Net income from investing activities		215,659	220,122
Total net income from financing and investing activities		1,112,703	1,105,537
Fee and commission income		96,246	67,869
Fee and commission expense		(467)	(1,102)
Net fee and commission income		95,779	66,767
Foreign exchange gain (net)		33,750	51,943
Share of results of associates		14,079	8,760
Other income		4,137	962
TOTAL INCOME		1,260,448	1,233,969
Staff costs		(96,823)	(90,453)
Depreciation		(4,572)	(3,829)
Other expenses		(57,838)	(66,964)
Finance expense		(208,382)	(207,487)
TOTAL EXPENSES		(367,615)	(368,733)
Net reversal of impairment losses on due from banks	3 (b)	147	249
Net impairment losses on financing assets		(3,599)	(10,601)
Net reversal / (impairment losses) on investment securities		621	(8,794)
Net reversal of impairment losses on off balance sheet exposures subject to credit risk	3 (b)	2,243	2,660
PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		892,245	848,750
Less: Return to investment account holders		(343,145)	(312,711)
PROFIT BEFORE TAX FOR THE PERIOD		549,100	536,039
Tax expense		(2,237)	(1,763)
NET PROFIT FOR THE PERIOD		546,863	534,276
Net profit for the period attributable to:			
Equity holders of the Bank		544,236	531,065
Non-controlling interests		2,627	3,211
		546,863	534,276
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	17	0.726	0.708

The attached notes 1 to 21 form part of, and should be read in conjunction with, these interim condensed consolidated financial statements

Masraf Al Rayan (Q.P.S.C.)

QAR '000s

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three-Month Period Ended 31 March 2019

	Share capital	Legal reserve	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 31 December 2018	7,500,000	2,278,783	1,574,695	9,768	(13,809)	118,910	1,808,968	13,277,315	196,468	13,473,783
Change in foreign currency translation reserve	-	-	-	-	(89,222)	-	-	(89,222)	-	(89,222)
Net gain on hedging of net investment in a foreign subsidiary	-	-	-	-	91,742	-	-	91,742	-	91,742
Fair value reserve movement (Note 9)	-	-	-	5,287	-	-	-	5,287	-	5,287
Profit for the period	-	-	-	-	-	-	544,236	544,236	2,627	546,863
Dividend declared and approved for 2018 (Note 14g)	-	-	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	4,585	4,585
Balance at 31 March 2019 (Reviewed)	7,500,000	2,278,783	1,574,695	15,055	(11,289)	118,910	853,204	12,329,358	203,680	12,533,038
Balance at 31 December 2017	7,500,000	2,065,741	1,507,567	3,074	(7,519)	113,001	2,009,007	13,190,871	199,067	13,389,938
Adoption of ECL regulations (Note 3a)	-	-	-	-	-	-	(491,115)	(491,115)	-	(491,115)
Balance at 1 January 2018 (Audited)	7,500,000	2,065,741	1,507,567	3,074	(7,519)	113,001	1,517,892	12,699,756	199,067	12,898,823
Change in foreign currency translation reserve	-	-	-	-	(62,045)	-	-	(62,045)	-	(62,045)
Net gain on hedging of net investment in a foreign subsidiary	-	-	-	-	65,919	-	-	65,919	-	65,919
Fair value reserve movement (Note 9)	-	-	-	2,469	-	-	-	2,469	-	2,469
Profit for the period	-	-	-	-	-	-	531,065	531,065	3,211	534,276
Dividend declared and approved for 2017 (Note 14g)	-	-	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	8,016	8,016
Balance at 31 March 2018 (Reviewed)	7,500,000	2,065,741	1,507,567	5,543	(3,645)	113,001	548,957	11,737,164	210,294	11,947,458

The attached notes 1 to 21 form part of, and should be read in conjunction with, these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three-Month Period Ended 31 March 2019

	Notes	For the Three-Month Period Ended 31 March	
		2019 (Reviewed)	2018 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the period		549,100	536,039
Adjustments for:			
Net impairment losses on financing assets		3,599	10,601
Net (reversals) / impairment losses on investment securities		(621)	8,794
Net reversal of impairment losses on other financial assets		(2,243)	(2,660)
Fair value loss on investment securities carried as fair value through income statement		4	33
Unrealized gain on revaluation of Shari'a compliant risk management instruments		(10,226)	(51,013)
Depreciation		4,572	3,829
Amortization of transaction costs		1,165	-
Net gain on sale of investment securities		(41)	(14,967)
Dividend income		(1,431)	(4,718)
Share of results of associates		(14,079)	(8,760)
Loss on disposal of fixed assets		25	-
Amortisation of premium and discount on investment securities		(3,304)	(1,034)
Employees' end of service benefit provisions		1,445	1,403
Profit before changes in operating assets and liabilities		527,965	477,547
Change in reserve account with Qatar Central Bank		(27,556)	(45,521)
Change in due from banks		91,013	305,000
Change in financing assets		(3,366,974)	(759,944)
Change in other assets		52,614	19,038
Change in profit receivable from investments		(15,735)	(10,039)
Change in due to banks		828,291	1,510,798
Change in customer current accounts		477,365	942,175
Change in other liabilities		126,672	34,852
Change in profit payable on sukuk financing and other borrowings		13,126	-
		(1,293,219)	2,473,906
Dividend received		-	4,718
Employees' end of service benefits paid		(730)	-
Net cash (used in) / from operating activities		(1,293,949)	2,478,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		(261,226)	(1,458,333)
Proceed from sale / redemption of investment securities		23,786	351,316
Acquisition of fixed assets		(13,162)	(12,843)
Dividend received from associates		-	4,000
Net cash used in investing activities		(250,602)	(1,115,860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in equity of investment account holders		2,397,108	(799,927)
Repayment of sukuk financing and other borrowings		(77,092)	-
Dividends paid		(1,306,926)	(1,261,334)
Net movement in non-controlling interest		4,585	8,016
Net cash from / (used in) financing activities		1,017,675	(2,053,245)
Net decrease in cash and cash equivalents		(526,876)	(690,481)
Cash and cash equivalents at 1 January		1,790,022	3,145,344
NON-CASH ITEMS			
Impact from adoption of ECL regulations		-	(792)
Effects of exchange rate changes on cash and cash equivalents held		10,880	(28,241)
Cash and cash equivalents at 31 March	18	1,274,026	2,425,830

The attached notes 1 to 21 form part of, and should be read in conjunction with, these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month Period Ended 31 March 2019

1 REPORTING ENTITY

Masraf Al Rayan (Q.P.S.C.) (“Masraf” or “the Bank”) is an entity domiciled in the State of Qatar and was incorporated on 4 January 2006 as a Qatari Public Shareholding Company under Qatar Commercial Companies’ Law No. 5 of 2002, as amended by Qatar Commercial Companies’ Law No. 11 of 2015 under decision No. 11 of 2006. The commercial registration number of the Bank is 32010. The address of the Bank’s registered office is at P.O. Box 28888, Grand Hamad Steet, Doha, Qatar. The interim condensed consolidated financial statements of the Bank for the three-month period ended 31 March 2019 comprise the Bank and its subsidiaries (together referred to as “the Group” and individually as “Group entities”). The Group is primarily involved in Islamic banking, financing, investing and brokerage activities, and has 18 branches in Qatar. The Parent Company / Ultimate Controlling Party of the Group is Masraf Al Rayan (Q.P.S.C.).

The principal subsidiaries of the Group are as follows:

<i>Entity’s name</i>	<i>Country of incorporation</i>	<i>Entity’s capital</i>	<i>Entity’s activities</i>	<i>Effective percentage of ownership</i>	
				<i>31 March 2019</i>	<i>31 December 2018</i>
Al Rayan Investment L.L.C.	Qatar	USD 100,000,000	Investment banking	100.0%	100.0%
Al Rayan Financial Brokerage ¹	Qatar	QAR 50,000,000	Financial brokerage	100.0%	100.0%
Al Rayan (UK) Limited ²	UK	GBP 100,000,000	Investment activities	70.0%	70.0%
Al Rayan Partners	Qatar	QAR 10,000,000	Real estate consulting	100.0%	100.0%
Lusail Waterfront Investment Co.	Cayman Islands	USD 50,000	Investment activities	100.0%	100.0%
MAR Sukuk Limited ³	Cayman Islands	USD 50,000	Sukuk issuance	100.0%	100.0%

¹ The operations have ceased since 12 January 2017 after Qatar Financial Markets Authority (“QFMA”) approved to freeze its license for two years. The freezing of the license has been extended up to 10 September 2019.

² Al Rayan (UK) Limited owns 98.34% of its subsidiary, Al Rayan Bank PLC (formerly known as Islamic Bank of Britain PLC). Effectively, the Bank owns 68.84% of Al Rayan Bank PLC. Al Rayan Bank PLC is the designated “Servicer” of Tolkien Funding Sukuk No. 1 Plc, a special purpose entity incorporated in the UK for the purpose of sukuk issuance for the benefit of Al Rayan Bank PLC.

³ MAR Sukuk Limited was incorporated in the Cayman Islands as an exempted company with limited liability for the purpose of sukuk issuance and other activities, for the benefit of the Bank.

2 BASIS OF PREPARATION**(a) Statement of compliance**

The interim condensed consolidated financial statements have been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) and the applicable provisions of Qatar Central Bank (“QCB”) regulations. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, the interim condensed consolidated financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018 except for the changes in the policies as disclosed in Note 3. In addition, results for the three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

(b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial investments classified as “investments at fair value through equity”, “investments at fair value through income statement” and Shari’a-compliant risk management instruments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Period Ended 31 March 2019

2 BASIS OF PREPARATION (continued)

(c) Functional and presentational currency

The interim condensed consolidated financial statements are presented in Qatari Riyals (“QAR”), which is the Bank’s functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(d) New standards, amendments and interpretations issued but not yet effective

The Group has not yet applied the following new and revised FASs that have been issued but are not yet effective:

New and revised FASs	Effective for annual periods beginning on or after
FAS 31 Investment Agency (Al – Wakala Bi-Al – Istithmar)	1 January 2020
FAS 35 Risk Reserves	1 January 2021

3 EXPECTED CREDIT LOSSES (“ECL”)

As required by the QCB, the Group has adopted the ECL regulations, which is similar to FAS 30 with effect from 1 January 2018 and as permitted by those ECL regulations, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and non-controlling interest of the current period.

Set out below are the ECL regulations transition impact disclosures as at 1 January 2018 for the Group.

(a) Impact of adopting the ECL regulations

The impact from the adoption of the ECL regulations as at 1 January 2018 has been to decrease retained earnings by QAR 496 million and non-controlling interest by QAR 2 million.

	<i>Retained earnings</i>	<i>Non-controlling interest</i>
Closing balance as at 31 December 2017	2,009,007	199,067
<i>Impact on recognition of Expected Credit Losses</i>		
Due from banks	792	-
Financing assets	424,203	-
Debt type securities at amortized cost	3,017	-
Off balance sheet exposures subject to credit risk	63,103	-
	<u>491,115</u>	<u>-</u>
Opening balance under ECL regulations on date of initial application of 1 January 2018	<u>1,517,892</u>	<u>199,067</u>

Financial Liabilities

There were no changes to the classification and measurement of financial liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month Period Ended 31 March 2019

3 EXPECTED CREDIT LOSSES (“ECL”)

(b) Expected credit loss / Impairment allowances

	Stage 1	Stage 2	Stage 3	Total
Exposure (carrying value) subject to ECL as at 31 March 2019				
- Due from banks	972,186	918	-	973,104
- Financing assets	66,009,828	9,907,443	556,503	76,473,774
- Debt type investments carried at amortised cost	19,289,665	40,167	50,967	19,380,799
- Off balance sheet exposures subject to credit risk	13,791,100	411,380	21,636	14,224,116
	100,062,779	10,359,908	629,106	111,051,793
Opening Balance - as at 1 January 2019				
- Due from banks	403	-	-	403
- Financing assets	58,657	225,239	304,978	588,874
- Debt type investments carried at amortised cost	5,991	230	28,610	34,831
- Off balance sheet exposures subject to credit risk	11,724	35,287	-	47,011
	76,775	260,756	333,588	671,119
Foreign currency translation for the period				
- Due from banks	-	-	-	-
- Financing assets	95	83	-	178
- Debt type investments carried at amortised cost	1	-	-	1
- Off balance sheet exposures subject to credit risk	-	-	-	-
	96	83	-	179
Net transfer between stages				
- Due from banks	-	-	-	-
- Financing assets	5,545	(5,545)	-	-
- Debt type investments carried at amortised cost	(34)	34	-	-
- Off balance sheet exposures subject to credit risk	1,240	(1,240)	-	-
	6,751	(6,751)	-	-
Charge for the period (net)				
- Due from banks	(147)	-	-	(147)
- Financing assets	(5,706)	5,929	6,017	6,240
- Debt type investments carried at amortised cost	(1,344)	370	-	(974)
- Off balance sheet exposures subject to credit risk	(2,783)	540	-	(2,243)
	(9,980)	6,839	6,017	2,876
Write offs				
- Due from banks	-	-	-	-
- Financing assets	-	-	-	-
- Debt type investments carried at amortised cost	-	-	-	-
- Off balance sheet exposures subject to credit risk	-	-	-	-
	-	-	-	-
Closing Balance - as at 31 March 2019				
- Due from banks	256	-	-	256
- Financing assets	58,591	225,706	310,995	595,292
- Debt type investments carried at amortised cost	4,614	634	28,610	33,858
- Off balance sheet exposures subject to credit risk	10,181	34,587	-	44,768
	73,642	260,927	339,605	674,174

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Period Ended 31 March 2019

3 EXPECTED CREDIT LOSSES (“ECL”)

(b) Expected credit loss / Impairment allowances (continued)

	Stage 1	Stage 2	Stage 3	Total
Exposure (carrying value) subject to ECL as at 31 March 2018				
- Due from banks	1,812,543	275,000	-	2,087,543
- Financing assets	68,380,701	4,420,636	386,898	73,188,235
- Debt type investments carried at amortised cost	24,376,609	189,319	50,967	24,616,895
- Off balance sheet exposures subject to credit risk	12,830,516	515,928	15,304	13,361,748
	101,538,315	5,155,073	437,865	107,131,253
Opening Balance (Day 1 impact) - as at 1 January 2018				
- Due from banks	531	261	-	792
- Financing assets	129,979	294,224	165,680	589,883
- Debt type investments carried at amortised cost	1,879	1,138	28,610	31,627
- Off balance sheet exposures subject to credit risk	13,151	49,952	-	63,103
	145,540	345,575	194,290	685,405
Foreign currency translation for the period				
- Due from banks	-	-	-	-
- Financing assets	-	-	281	281
- Debt type investments carried at amortised cost	-	-	-	-
- Off balance sheet exposures subject to credit risk	-	-	-	-
	-	-	281	281
Net transfer between stages				
- Due from banks	-	-	-	-
- Financing assets	(15,500)	15,500	-	-
- Debt type investments carried at amortised cost	-	-	-	-
- Off balance sheet exposures subject to credit risk	(49)	49	-	-
	(15,549)	15,549	-	-
Charge for the period (net)				
- Due from banks	(22)	(227)	-	(249)
- Financing assets	10,230	31	3,095	13,356
- Debt type investments carried at amortised cost	2,704	444	-	3,148
- Off balance sheet exposures subject to credit risk	3,333	(5,993)	-	(2,660)
	16,245	(5,745)	3,095	13,595
Write offs				
- Due from banks	-	-	-	-
- Financing assets	-	-	(75)	(75)
- Debt type investments carried at amortised cost	-	-	-	-
- Off balance sheet exposures subject to credit risk	-	-	-	-
	-	-	(75)	(75)
Closing Balance - as at 31 March 2018				
- Due from banks	509	34	-	543
- Financing assets	124,709	309,755	168,981	603,445
- Debt type investments carried at amortised cost	4,583	1,582	28,610	34,775
- Off balance sheet exposures subject to credit risk	16,435	44,008	-	60,443
	146,236	355,379	197,591	699,206

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Period Ended 31 March 2019

3 EXPECTED CREDIT LOSSES (“ECL”)

(c) Credit quality assessments

The table below provides an analysis of counterparties by rating grades and credit quality of the Group’s credit risk, based on Moody’s ratings (or their equivalent):

Rating grade	Financing assets	Debt type investments carried at amortised cost	Off balance sheet exposures subject to credit risk	Due from Banks
AAA to AA-	39,210,688	17,967,096	5,289,306	26,146
A+ to A-	11,585,491	177,243	4,473,366	915,967
BBB to BBB-	11,612,700	356,830	3,302,137	16,258
BB+ to B-	2,848,284	573,489	1,049,997	997
Unrated	11,216,611	306,141	109,310	13,736
Totals as of 31 March 2019	76,473,774	19,380,799	14,224,116	973,104

Rating grade	Financing assets	Debt type investments carried at amortised cost	Off balance sheet exposures subject to credit risk	Due from Banks
AAA to AA-	35,823,456	23,622,230	2,874,274	115,071
A+ to A-	8,768,899	582,233	4,714,420	1,386,805
BBB to BBB-	7,324,713	46,808	3,332,693	294,514
BB+ to B-	10,650,502	271,880	2,387,999	131
Unrated	10,620,665	93,744	52,362	291,022
Totals as of 31 March 2018	73,188,235	24,616,895	13,361,748	2,087,543

4 FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

(i) Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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4 FINANCIAL RISK MANAGEMENT (continued)

(i) Valuation of financial instruments (continued)

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

(ii) Financial asset and liability classification

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
31 March 2019 (Reviewed)				
Financial assets				
Shari'a-compliant risk management instruments	-	65,965	-	65,965
Investment securities	54,875	100,371	-	155,246
	<u>54,875</u>	<u>166,336</u>	<u>-</u>	<u>221,211</u>
Financial liabilities				
Shari'a-compliant risk management instruments	-	51,444	-	51,444
	<u>-</u>	<u>51,444</u>	<u>-</u>	<u>51,444</u>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
31 December 2018 (Audited)				
Financial assets				
Shari'a-compliant risk management instruments	-	80,287	-	80,287
Investment securities	68,170	95,511	-	163,681
	<u>68,170</u>	<u>175,798</u>	<u>-</u>	<u>243,968</u>
Financial liabilities				
Shari'a-compliant risk management instruments	-	75,992	-	75,992
	<u>-</u>	<u>75,992</u>	<u>-</u>	<u>75,992</u>

The fair values of financial assets and financial liabilities carried at amortized cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investment securities for which the fair value amounts to QAR 2,896 million (31 December 2018: QAR 2,575 million), which is derived using Level 1 fair value hierarchy. The details of the Group's classification of financial assets and liabilities are disclosed in Note 6.

Investment securities totalling nil are carried at cost (31 December 2018: QAR nil).

During the reporting periods 31 March 2019 and 31 December 2018, there were no transfers among Levels 1, 2 and 3 fair value measurements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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5 USE OF ESTIMATES AND JUDGMENTS

Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Allowances for credit losses

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in significant accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

6 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<i>Fair value through income statement</i>	<i>Fair value through equity</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
31 March 2019 (Reviewed)					
Cash and balances with QCB	-	-	2,987,558	2,987,558	2,987,558
Due from banks	-	-	972,848	972,848	972,848
Financing assets	-	-	75,878,482	75,878,482	75,878,482
Investment securities:					
- Measured at fair value	4,429	150,817	-	155,246	155,246
- Measured at amortised cost	-	-	19,346,941	19,346,941	19,104,456
Other assets	-	-	2,237	2,237	2,237
Shari'a-compliant risk management instruments	65,965	-	-	65,965	65,965
	<u>70,394</u>	<u>150,817</u>	<u>99,188,066</u>	<u>99,409,277</u>	<u>99,166,792</u>
Due to banks	-	-	17,374,301	17,374,301	17,374,301
Customer current accounts	-	-	7,746,181	7,746,181	7,746,181
Sukuk financing	-	-	1,681,774	1,681,774	1,681,774
Other borrowings	-	-	2,053,847	2,053,847	2,053,847
Other liabilities	-	-	1,209,839	1,209,839	1,209,839
Equity of investment account holders	-	-	56,697,384	56,697,384	56,697,384
Shari'a-compliant risk management instruments	51,444	-	-	51,444	51,444
	<u>51,444</u>	<u>-</u>	<u>86,763,326</u>	<u>86,814,770</u>	<u>86,814,770</u>

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6 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

	<i>Fair value through income statement</i>	<i>Fair value through equity</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
31 December 2018 (Audited)					
Cash and balances with QCB	-	-	3,026,994	3,026,994	3,026,994
Due from banks	-	-	1,512,865	1,512,865	1,512,865
Financing assets	-	-	72,515,286	72,515,286	72,515,286
Investment securities:					
- Measured at fair value	4,375	159,306	-	163,681	163,681
- Measured at amortised cost	-	-	19,058,430	19,058,430	18,991,949
Other assets	-	-	9,605	9,605	9,605
Shari'a-compliant risk management instruments	80,287	-	-	80,287	80,287
	<u>84,662</u>	<u>159,306</u>	<u>96,123,180</u>	<u>96,367,148</u>	<u>96,300,667</u>
Due to banks	-	-	16,546,010	16,546,010	16,546,010
Customer current accounts	-	-	7,268,816	7,268,816	7,268,816
Sukuk financing	-	-	1,721,339	1,721,339	1,721,339
Other borrowings	-	-	2,052,993	2,052,993	2,052,993
Other liabilities	-	-	1,053,277	1,053,277	1,053,277
Equity of investment account holders	-	-	54,300,051	54,300,051	54,300,051
Shari'a-compliant risk management instruments	75,992	-	-	75,992	75,992
	<u>75,992</u>	<u>-</u>	<u>82,942,486</u>	<u>83,018,478</u>	<u>83,018,478</u>

7 OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments.

- Corporate Banking provides an extensive range of Islamic funded and non-funded credit facilities, deposit services, investment advisory, currency exchange facilities, profit rate swaps, financing syndication and other services to Corporate, Commercial and Multinational Customers.
- Retail Banking provides investment accounts services, credit card and Islamic financing to retail and individual customers.
- Asset Management has two distinct functions. Firstly, the management of Masraf Al Rayan's portfolio of listed and private equities and funds, strategic investments, income producing instruments such as sukuk and real estate investments. Secondly, the development and operation of Masraf Al Rayan's investment products, asset management and investment placement business.
- International Operations includes loans, deposits and other products and services with corporate and individual customers in the Group's international locations.

Unallocated assets, liabilities and revenues are related to some central functions and non-core business operations, like common property & equipment, cash functions, development projects related payables etc.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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7 OPERATING SEGMENTS (continued)

Information about operating segments

31 March 2019 (Reviewed)	Corporate Banking	Retail Banking	Asset Management	International operations	Unallocated	Total
<i>External revenue:</i>						
Total income from financing and investing activities	748,276	272,448	7,716	84,263	-	1,112,703
Net fee and commission income	90,979	-	3,770	1,030	-	95,779
Foreign exchange gain / (loss)	33,483	-	(78)	345	-	33,750
Share of results of associates	-	-	-	-	14,079	14,079
Other income	-	-	-	-	4,137	4,137
Total segment revenue	872,738	272,448	11,408	85,638	18,216	1,260,448
<i>Other material non-cash items:</i>						
Net (impairment losses) / recoveries and reversals on financing assets	(3,492)	43	-	(150)	-	(3,599)
Net reversals / (impairment losses) on investment securities	2,654	-	(2,030)	(3)	-	621
Net reversals on off balance sheet exposures subject to credit risk	2,390	-	-	-	-	2,390
Reportable segment profit before tax	449,148	180,787	3,272	10,403	(94,510)	549,100
Reportable segment assets	69,402,588	19,584,625	646,350	9,438,972	1,241,118	100,313,653
Reportable segment liabilities	23,995,577	2,435,332	134,119	2,622,474	1,895,729	31,083,231
Reportable segment equity of investment account holders	37,122,383	13,412,753	-	6,162,248	-	56,697,384

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7 OPERATING SEGMENTS (continued)

Information about operating segments (continued)

31 March 2018 (Reviewed)	Corporate Banking	Retail Banking	Asset Management	International operations	Unallocated	Total
<i>External revenue:</i>						
Total income from financing and investing activities	779,636	236,799	15,146	73,956	-	1,105,537
Net fee and commission income	60,811	-	3,447	2,509	-	66,767
Foreign exchange gain / (loss)	51,928	-	(1)	16	-	51,943
Share of results of associates	-	-	-	-	8,760	8,760
Other income	-	-	-	-	962	962
Total segment revenue	892,375	236,799	18,592	76,481	9,722	1,233,969
<i>Other material non-cash items:</i>						
Net recoveries and reversals on financing assets	(7,243)	(2,972)	-	(386)	-	(10,601)
Net impairment losses on investment securities	(4,134)	-	(4,660)	-	-	(8,794)
Net reversal of impairment losses on other financial assets	2,909	-	-	-	-	2,909
Reportable segment profit before tax	458,118	168,418	8,659	11,616	(110,772)	536,039
Reportable segment assets	73,797,985	17,669,261	501,644	10,220,061	1,310,079	103,499,030
Reportable segment liabilities	30,088,756	2,645,958	9,648	2,070,261	1,626,429	36,441,052
Reportable segment equity of investment account holders	36,375,279	11,253,957	-	7,481,284	-	55,110,520

8 FINANCING ASSETS

	31 March 2019 (Reviewed)	31 December 2018 (Audited)	31 March 2018 (Reviewed)
(a) By type			
Receivables and balances from financing activities:			
Murabaha	56,455,257	53,960,332	55,769,072
Ijarah	15,844,040	15,421,063	13,651,508
Istisna'a	1,101,869	1,009,207	1,820,479
Musharaka	5,696,365	6,281,030	6,100,197
Others	1,148,961	378,307	601,332
Accrued profit receivable	357,269	351,450	270,252
Total financing assets	80,603,761	77,401,389	78,212,840
Deferred profit	(4,129,987)	(4,297,229)	(5,024,605)
Allowance for impairment - Performing (Stages 1 and 2)*	(284,297)	(283,896)	(434,464)
Allowance for impairment - Non-performing (Stage3)*	(284,131)	(280,754)	(156,206)
Profit in suspense*	(26,864)	(24,224)	(12,775)
Net financing assets	75,878,482	72,515,286	72,584,790

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8 FINANCING ASSETS (continued)

*For stage-wise exposure and allowance for impairment, refer to Note 3(b).

The total non-performing financing assets net of deferred profit at 31 March 2019 amounted to QAR 566,459 thousand representing 0.74% of the gross financing assets net of deferred profit (31 December 2018: QAR 604,040 thousand representing 0.83% of the gross financing assets net of deferred profit; 31 March 2018: QAR 358,824 thousand representing 0.49% of the gross financing assets net of deferred profit).

Specific impairment of financing assets includes QAR 26,864 thousand of profit in suspense (31 December 2018: QAR 24,224 thousand; 31 March 2018: QAR 12,775 thousand).

9 INVESTMENT SECURITIES

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
<i>Investments classified as fair value through income statement</i>			
Investments classified as held for trading (Quoted)			
Debt type investments - Fixed profit rate	4,369	4,372	4,441
Accrued profit receivable	60	3	60
	<u>4,429</u>	<u>4,375</u>	<u>4,501</u>
<i>Debt-type investments classified as amortised cost</i>			
Fixed profit rate - Quoted	1,619,915	1,350,495	1,501,622
Floating profit rate - Quoted	-	-	20,933
Government of Qatar Sukuk - Quoted	1,324,324	1,323,060	1,314,018
Government of Qatar Sukuk - Unquoted	16,200,000	16,200,000	21,550,000
Accrued profit receivable	236,560	219,706	230,322
Less: Allowance for impairment*	<u>(33,858)</u>	<u>(34,831)</u>	<u>(34,775)</u>
	<u>19,346,941</u>	<u>19,058,430</u>	<u>24,582,120</u>
<i>Investments classified as fair value through equity</i>			
• Equity type investments			
- Quoted	49,936	48,939	80,652
- Unquoted	100,371	95,511	96,821
• Debt type investments - Fixed profit rate	-	14,601	31,299
Accrued profit receivable	510	255	506
	<u>150,817</u>	<u>159,306</u>	<u>209,278</u>
	<u>19,502,187</u>	<u>19,222,111</u>	<u>24,795,899</u>

*For stage-wise exposure and allowance for impairment, refer to Note 3(b).

The Group has recognized impairment loss for certain equity-type investments classified as fair value through equity during the period totalling QAR 353 thousand (31 March 2018: QAR 5,646 thousand), due to significant and prolonged reduction in fair values.

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9 INVESTMENT SECURITIES (continued)

The cumulative change in fair value of investments designated as fair value through equity during the period / year is as follows:

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
<i>Positive fair value:</i>			
Balance at 1 January	10,241	5,525	5,525
Net change in fair value	5,584	11,576	4,067
Transferred to consolidated income statement on sale	(11)	(6,587)	(1,228)
Transferred to consolidated income statement due to impairment	-	-	-
Share of other comprehensive income of associates	(726)	(273)	(394)
Net fair value movement	4,847	4,716	2,445
Balance at 31 March / 31 December	<u>15,088</u>	<u>10,241</u>	<u>7,970</u>
<i>Negative fair value:</i>			
Balance at 1 January	(473)	(2,451)	(2,451)
Net change in fair value	87	(3,831)	(756)
Transferred to consolidated income statement on sale	-	-	(4,866)
Transferred to consolidated income statement due to impairment	353	5,809	5,646
Net fair value movement	440	1,978	24
Balance at 31 March / 31 December	<u>(33)</u>	<u>(473)</u>	<u>(2,427)</u>
Total fair value at 31 March / 31 December	<u>15,055</u>	<u>9,768</u>	<u>5,543</u>

10 DUE TO BANKS

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Current accounts	108,001	138,316	77,280
Commodity murabaha payable	817,001	856,505	897,424
Short-term Murabaha facilities from banks	441,775	272,310	767,418
Wakala payable	14,548,076	14,193,217	16,585,771
Repurchase agreements	1,392,481	1,023,428	8,317,107
Profit payable to banks	66,967	62,234	49,144
	<u>17,374,301</u>	<u>16,546,010</u>	<u>26,694,144</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Period Ended 31 March 2019

11 SUKUK FINANCING

The Group has issued the following debt securities under its sukuk programs:

Instrument	Issuer	Issued amount	Issued on	Maturity	Profit rate
Sukuk	MAR Sukuk Limited	USD 100 million	20 November 2018	20 November 2023	3-month USD LIBOR + 1.75% p.a. payable quarterly
Sukuk	MAR Sukuk Limited	USD 90 million	21 November 2018	21 November 2023	3-month USD LIBOR + 1.75% p.a. payable quarterly
Sukuk	Tolkien Funding Sukuk No.1 Plc	GBP 250 million	20 February 2018	20 July 2052	3-month Sterling LIBOR + 0.8% p.a. payable quarterly

12 OTHER BORROWINGS

Other borrowings are USD floating rate syndications that are priced at spreads over LIBOR and which have residual maturities of 1 to 3 years. The movement in other borrowings issued by the Group during the year is as follows:

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Balance at 1 January	2,052,993	-	-
Issuances during the period / year	-	2,042,356	-
Repayments during the period / year	(10,055)	-	-
Amortisation of transaction cost	1,119	582	-
Profit payable on borrowings	9,790	10,055	-
Balance at 31 March / 31 December	<u>2,053,847</u>	<u>2,052,993</u>	<u>-</u>

13 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Saving accounts	5,998,421	4,365,748	6,347,046
Term accounts	46,604,300	46,050,982	44,357,374
Short-term investment accounts	3,796,934	3,559,045	4,118,627
Profit payable to equity of investment account holders	297,087	323,859	287,247
Share in the fair value reserves	642	417	226
	<u>56,697,384</u>	<u>54,300,051</u>	<u>55,110,520</u>

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14 OWNERS' EQUITY

(a) Share capital

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
<i>Authorised</i> 750,000,000 shares at QAR 10 each	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>

(b) Legal reserve

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Balance at 1 January	2,278,783	2,065,741	2,065,741
Transfer from retained earnings	-	213,042	-
Balance at 31 March / 31 December	<u>2,278,783</u>	<u>2,278,783</u>	<u>2,065,741</u>

According to QCB Law No. 13 of 2012, 10% of the profit for the year is required to be transferred to the legal reserve until the reserve equals 100% of paid up capital. No transfer has been made for the period ended 31 March 2019 as Masraf will transfer the required amount by 31 December 2019.

(c) Risk reserve

In accordance with QCB circular 102/2011, risk reserve has been created to cover contingencies on both the public and private sector financing activities, with a minimum requirement of 2.5% of the total private sector exposure granted by Masraf and its branches inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees are excluded from the gross direct financing, which should be appropriated from shareholders' profit according to QCB instructions. No transfer has been made for the period ended 31 March 2019 as Masraf will transfer the required amount by 31 December 2019.

(d) Fair value reserves

This reserve comprises changes in fair value of investments designated as fair value through equity.

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Balance at 1 January	9,768	3,074	3,074
Net unrealised losses	6,313	8,162	3,537
Transferred to consolidated income statement	(11)	(6,587)	(6,094)
Transferred to consolidated income statement due to impairment	353	5,809	5,646
Share of other comprehensive income of associates	(726)	(273)	(394)
Share of equity of investment account holders in the fair value reserve	(642)	(417)	(226)
Net fair value movement	5,287	6,694	2,469
Balance at 31 March / 31 December (shareholders' share)	<u>15,055</u>	<u>9,768</u>	<u>5,543</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14 OWNERS' EQUITY (continued)

(d) Fair value reserves (continued)

Fair value reserves represent unearned gains / (losses), being not available for distribution unless realised and charged to the condensed consolidated income statement.

(e) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities and gains and losses on Shari'a-compliant risk management instruments that hedge the Group's net investment in foreign operations.

(f) Other reserves

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Balance at 1 January	118,910	113,001	113,001
Share of results of associates	-	21,904	-
Dividend from associates transferred to retained earnings	-	(4,000)	-
Other movement	-	(11,995)	-
Balance at 31 March / 31 December	<u>118,910</u>	<u>118,910</u>	<u>113,001</u>

No transfer has been made for the period ended 31 March 2019 as Masraf will transfer the share of results of associates to other reserves by 31 December 2019.

(g) Dividend

On 25 February 2019, the General Assembly approved a cash dividend of 20% of the paid up share capital (2018: 20%) amounting to QAR 1,500 million (2018: QAR 1,500 million).

15 NON-CONTROLLING INTERESTS

This represents the Group's non-controlling interest in Al Rayan (UK) Limited (30%) and Al Rayan Bank PLC (31.16%) (31 December 2018: Al Rayan (UK) Limited - 30% and Al Rayan Bank PLC - 31.16%).

16 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Capital commitments

The Group has long-term lease agreements for its office premises. The future aggregate minimum lease payments under these lease agreements are as follows:

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Payable not later than 1 year	16,010	15,251	28,857
Payable later than 1 year and not later than 5 years	<u>27,349</u>	<u>30,518</u>	<u>68,436</u>
	<u>43,359</u>	<u>45,769</u>	<u>97,293</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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16 CONTINGENT LIABILITIES AND COMMITMENTS

(b) Contingent liabilities

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Unutilised credit facilities	748,915	630,007	2,498,664
Guarantees	13,144,402	14,389,848	11,905,032
Letters of credit	1,079,714	1,047,117	1,456,716
	<u>14,973,031</u>	<u>16,066,972</u>	<u>15,860,412</u>

(c) Other undertakings and commitments

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Profit rate swap	3,906,568	3,834,929	4,187,003
Unilateral promise to buy/sell currencies	18,135,175	17,396,419	12,995,625
	<u>22,041,743</u>	<u>21,231,348</u>	<u>17,182,628</u>
Capital commitments in respect of Head Office building under construction	<u>415,974</u>	<u>418,320</u>	<u>436,590</u>

17 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>For the Three-Month Period Ended 31 March</i>	
	<i>2019 (Reviewed)</i>	<i>2018 (Reviewed)</i>
Profit for the period attributable to equity holders of the Bank	<u>544,236</u>	<u>531,065</u>
Weighted average number of shares outstanding during the period	<u>750,000</u>	<u>750,000</u>
Basic earnings per share (QAR)	<u>0.726</u>	<u>0.708</u>

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

18 CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

	<i>31 March 2019 (Reviewed)</i>	<i>31 March 2018 (Reviewed)</i>
Cash on hand and balances with QCB excluding cash reserve	483,203	702,880
Due from banks	790,823	1,722,950
	<u>1,274,026</u>	<u>2,425,830</u>

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19 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant owners and entities over which the Group and the owners exercise significant influence, directors and executive management of the Group.

Transactions with related parties

(a) Condensed consolidated statement of financial position items

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Liabilities			
Equity of investment account holders - customer	<u>3,117,673</u>	<u>3,098,096</u>	<u>3,044,182</u>

(b) Condensed consolidated income statement items

	<i>For the Three-Month Period Ended 31 March</i>	
	<i>2019 (Reviewed)</i>	<i>2018 (Reviewed)</i>
Return on equity of investment account holders - customer	<u>18,791</u>	<u>7,512</u>

(c) Transactions with key management personnel

Key management personnel and their immediate relatives have transacted with the Group during the period as follows:

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Financing	<u>652</u>	<u>584</u>	<u>814</u>

The remuneration of directors and other members of key management during the period were as follows:

	<i>For the Three-Month Period Ended 31 March</i>	
	<i>2019 (Reviewed)</i>	<i>2018 (Reviewed)</i>
Remuneration to Board of Directors including meeting allowances	<u>7,708</u>	<u>6,725</u>
Salaries and other benefits	<u>4,283</u>	<u>4,837</u>

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20 CAPITAL ADEQUACY RATIO

As per Qatar Central Bank regulations, the Group has calculated the above ratios in accordance with Basel III guidelines. The Group's minimum QCB regulatory limit, including the Capital Conservation Buffer and the applicable Domestically Systemically Important Bank ("DSIB") Buffer, is 1% for 2018.

The table below summarises the composition of prevailing regulatory capital and the ratios of the Group. The Group and the individual entities within it complied with the externally imposed capital requirements to which they are subject to:

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
Common Equity Tier 1 (CET 1) capital	11,968,406	11,955,147	11,425,485
Tier 1 capital	-	-	-
Tier 2 capital	<u>334,842</u>	<u>338,142</u>	<u>551,749</u>
Total regulatory capital	<u>12,303,248</u>	<u>12,293,289</u>	<u>11,977,234</u>
Risk weighted assets			
Risk weighted assets for credit risk	56,692,718	56,446,425	55,296,906
Risk weighted assets for market risk	2,533,386	2,895,665	3,873,263
Risk weighted assets for operational risk	<u>4,601,974</u>	<u>4,601,974</u>	<u>4,359,598</u>
Total risk weighted assets	<u>63,828,078</u>	<u>63,944,064</u>	<u>63,529,767</u>

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Tier 1 and 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and DSIB ¹ buffer	Total capital including conservation buffer, DSIB ¹ buffer and ICAAP Pillar II capital charge
31 March 2019						
Actual	18.75%	18.75%	18.75%	19.28%	19.28%	19.28%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	14.55%
31 December 2018						
Actual	18.70%	18.70%	18.70%	19.23%	19.23%	19.23%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	14.55%
31 March 2018						
Actual	17.92%	17.92%	17.98%	18.85%	18.85%	18.85%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	14.78%

¹ Domestic Systemically Important Bank

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20 CAPITAL ADEQUACY RATIO (continued)

Had the Group not adopted the ECL regulations, total Capital Adequacy Ratio and Common Equity Tier 1 (CET 1) Capital Adequacy Ratio would have been as follows:

	<i>31 March 2019 (Reviewed)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Reviewed)</i>
CET 1 / Tier 1 Ratio	<u>19.52%</u>	<u>19.46%</u>	<u>18.77%</u>
Total Capital Ratio	<u>19.52%</u>	<u>19.46%</u>	<u>18.84%</u>

21 COMPARATIVE FIGURES

The comparative figures presented have been reclassified where necessary to preserve consistency with the current period figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative period. Profit receivable amounting to QAR 584,857 thousand and QAR 513,634 thousand and profit payable amounting to QAR 75,796 thousand and QAR 49,144 thousand as at 31 December 2018 and 31 March 2018, respectively, have been reclassified to each of the respective account balances.